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

Focus on MCC's
Principal Business
for a Better Future

2013 ANNUAL REPORT

* For identification purpose only

Contents

CHAIRMAN'S STATEMENT

Guo Wenqing Chairman

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

I am very grateful for your long-term care and support to the Company. I hereby present the Company's 2013 Annual Report to the shareholders on behalf of the board of directors.

For MCC, 2013 was not only a year full of difficulties, changes and struggle, but also a year full of gratification. Confronted with the complex and changing economic momentums at home and abroad, coupled with severe situation in which MCC ranked the third in losses among listed companies of state-owned enterprises in 2012, the Company was united wholeheartedly. With a positive enterprising spirit of "without wasting one day, without being lazy for one day" (一天也不耽誤、一天也不懈怠), the company was encouraged to fight against the arduousness and advance forward, and its economic benefits were obviously improved with an overall positive development. During the Reporting Period, the operating revenue of the Company amounted to RMB202,241 million; whilst its profit amounted to RMB3,078 million, representing a year-on-year increase of RMB13,426 million. Net profit attributable to shareholders of the Company amounted to RMB2,981 million, representing a year-on-year increase of RMB9,924 million. The MCC Group, with MCC as its core asset, ranked the 302nd in Top 500 Global Enterprises (世界企業500強), and the 9th in Top 225 Global Contractors, which was selected by ENR (《工程新聞記錄》) in the U.S.

The attainment was not easy and very precious! This is the result of that the MCC staff stern adherence to the guideline and development vision of "focusing on the core businesses in building a better MCC". It is the achievement created under the responsibilities, unity, wisdom and hard work of all MCC staff. It is also the result of investors' and the society's strong support.

2014 is a significant year for MCC to step on the new stage of reform and innovation, a year for MCC to lay and strengthen its foundations, and a year to shoulder the responsibility of our nation and the enterprise from a fresh start. We look expectantly towards 2014. The transformation and upgrade of iron and steel industry have created new development needs, and MCC will firmly consolidate its position as the world's largest contractor of metallurgical construction and service provider for the operation of metallurgical enterprises so as to undertake the national responsibility of advancing the quality of iron and steel in the PRC to a new stage and leading the development of the national iron and steel industry. The comprehensive, healthy and sustainable new-type urbanization will effectively promote the developments of architecture, environmental protection, real estate, transportation and other fields. Facing new opportunities, we will lay a solid foundation and focus on the main business in a down-to-earth manner with the reform and innovation as the driving forces and the quality and efficiency enhancement as the focus, so as to continue striving for the development vision of "focusing on the core businesses in building a better MCC". We are confident that we can deliver a better performance in 2014 which will create more value for our investors.

Dear valued Shareholders, the current MCC is no longer the one in the past, and the outstanding MCC in the future will be even better than the current one. MCC will uphold the principles of reform and innovation and stride on the road of market exploration. Standing on a new starting point and aiming at new targets with new steps to take, all the MCC staff will come together to write a new chapter of "building a better MCC"!

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CORPORATE INFORMATION

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

* *For identification purpose only*

CORPORATE INFORMATION

H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
Address of H Share registrar and transfer office	17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
PRC auditor	PricewaterhouseCoopers Zhong Tian LLP
Office address of the PRC auditor	26/F, Office Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District, Beijing, PRC
International auditor	PricewaterhouseCoopers
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

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 in many countries, with engineering and construction, equipment manufacturing, resources development, and property development as its principal businesses. The Company has 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. The parent Group, which holds the Company as its core asset, ranked the 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, SSE 380 Index, CSI 300 Index, SSE Corporate Governance Index, CSI Urbanisation Index and CSI Services Index, while the H Shares had been selected to be a constituent stock of, among others, the Hang Seng Conglomerate Index, Bloomberg's global index and S&P China BMI Index.

As at 31 December 2013, the Company has 51 principal wholly-owned or non-wholly owned subsidiaries (二級全資及控股子公司) both in the PRC and abroad, which are detailed as follows:

Central Research Institute of Building and Construction Co., Ltd., MCC Group

Beijing MCC Equipment Research & Design Corporation Ltd.

China ENFI Engineering Co., Ltd.

MCC Capital Engineering & Research Incorporation Limited

CISDI Group Corp. Ltd.

WISDRI Engineering & Research Incorporation Limited

Huatian Engineering & Technology Corporation, MCC

ACRE Coking & Refractory Engineering Consulting Corporation, MCC

Zhong Ye Chang Tian International Engineering Co., Ltd.

Beris Group Corporation

Northern Engineering & Technology Corporation, MCC

China Metallurgical Construction Engineering Group Co., Ltd.

China MCC 19 Group Co., Ltd.

China MCC 20 Group Co., Ltd.

China 22MCC Group Co., Ltd.

Shanghai Baoye Group Corp., Ltd.

China Huaye Group Co., Ltd.

MCC Baosteel Technology Services Co., Ltd.

MCC Hi-Tech Engineering Co., Ltd.

MCC Communication Engineering Technology Co., Ltd.

MCC Mining (Western Australia) Pty Ltd.

MCC Tongsin Resources Ltd.

COMPANY PROFILE

Shen Kan Engineering & Technology Corporation, MCC

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

China First Metallurgical Group Co., Ltd.

China Second Metallurgical Group Corporation Limited

China MCC 3 Group Co., Ltd.

China MCC 5 Group Co., Ltd.

MCC TianGong Group Corporation Limited

China MCC 17 Group Co., Ltd.

China MCC International Economic and Trade Co., Ltd.

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

MCC Seawater Desalination Investment Co., Ltd.

MCC Holding (Hong Kong) Corporation Limited

MCC-SFRE Heavy Industry Equipment Co., Ltd.

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

Wuhan Iron and Steel Design & Research Incorporation Limited

MCC Australia Holding Pty Ltd.

MCC Minera Sierra Grande S.A

MCC-JJJ Mining Development Company Limited

Ramu NiCo Management (MCC) Limited

MCC Real Estate Group Co., Ltd.

MCC Finance Corporation Ltd.

MCC International Incorporation Ltd.

MCC Overseas Ltd.

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

Anshan Engineering & Research Incorporation of Metallurgical Industry

Anshan Coking and Refractory Engineering Consulting Corporation

Changsha Metallurgical Design & Research Institute Co., Ltd.

Shenyang Institute of Geotechnical Investigation Corporation, MCC

China 13th Metallurgical Construction Corporation

FINANCIAL HIGHLIGHTS

1. OVERVIEW

The Company's financial position as at 31 December 2013 and the operating results for 2013 are highlighted as follows:

- Revenue amounted to RMB202,241 million, representing a year-on-year decrease of RMB14,001 million or 6.47% from RMB216,242 million in 2012.

- Profit of the year amounted to RMB3,078 million, all of which were profit from continuing operations. Loss for 2012 amounted to RMB10,348 million, of which loss from continuing operations amounted to RMB1,157 million.

- Profit attributable to owners of the Company amounted to RMB2,981 million, all of which were profit from continuing operations. Loss attributable to owners of the Company for 2012 amounted to RMB6,943 million, of which loss from continuing operations attributable to owners of the Company amounted to RMB1,596 million.

- Basic earnings per share amounted to RMB0.16, all of which were basic earnings per share from continuing operations attributable to owners of the Company. Basic loss per share for 2012 amounted to RMB0.36, of which basic loss per share from continuing operations attributable to owners of the Company amounted to RMB0.08.

- As at 31 December 2013, total assets amounted to RMB322,884 million, representing a decrease of RMB3,343 million or 1.02% from RMB326,227 million as at 31 December 2012.

- As at 31 December 2013, total equity amounted to RMB55,065 million, representing an increase of RMB2,230 million or 4.22% from RMB52,835 million as at 31 December 2012.

- Value of newly-signed contracts amounted to RMB255,289 million, representing a year-on-year decrease of RMB10,244 million or 3.86% from RMB265,533 million in 2012.

2. REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

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

- Engineering and construction business

  Segment revenue amounted to RMB164,887 million, representing a decrease of RMB10,106 million or 5.78% from RMB174,993 million in 2012.

- Equipment manufacturing business

  Segment revenue amounted to RMB9,465 million, representing a decrease of RMB1,842 million or 16.29% from RMB11,307 million in 2012.

- Resources development business

  Segment revenue amounted to RMB3,327 million, representing an increase of RMB549 million or 19.76% from RMB2,778 million in 2012.

- Property development business

  Segment revenue amounted to RMB26,309 million, representing an increase of RMB1,083 million or 4.29% from RMB25,226 million in 2012.

- Other businesses

  Segment revenue amounted to RMB2,670 million, representing a decrease of RMB2,606 million or 49.39% from RMB5,276 million in 2012.

Note: The segment revenue above is the revenue before inter-segment elimination.

FINANCIAL HIGHLIGHTS

3. SUMMARY OF FINANCIAL STATEMENTS

Summary of financial statements prepared in accordance with IFRS

Consolidated Income Statement

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		Restated
Continuing operations		
Revenue	**202,241**	216,242
Cost of sales	**(181,173)**	(200,202)
Gross profit	**21,068**	16,040
Selling and marketing expenses	**(1,617)**	(1,622)
Administrative expenses	**(11,270)**	(11,144)
Other income	**1,202**	1,041
Other gains-net	**203**	480
Other expenses	**(297)**	(117)
Operating profit	**9,289**	4,678
Finance income	**2,043**	1,828
Finance expenses	**(5,426)**	(4,695)
Share of (losses)/profits of investments in associates	**(137)**	16
Profit before income tax	**5,769**	1,827
Income tax expense	**(2,691)**	(2,984)
Profit/(loss) for the year from continuing operations	**3,078**	(1,157)
Discontinued operations		
Loss for the year from discontinued operations	**—**	(9,191)
Profit /(loss) for the year	**3,078**	(10,348)
Profit/(loss) attributable to:		
Owners of the Company	**2,981**	(6,943)
Non-controlling interests	**97**	(3,405)
	3,078	(10,348)

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		Restated
Profit/(loss) attributable to owners of the Company arising from:		
Continuing operations	**2,981**	(1,596)
Discontinued operations	**—**	(5,347)
	2,981	(6,943)

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
		Restated
Earnings/(loss) per share from continuing operations and discontinued operations attributable to owners of the Company during the year		
Basic earnings/(loss) per share		
From continuing operations	**0.16**	(0.08)
From discontinued operations	**—**	(0.28)
	0.16	(0.36)
Diluted earnings/(loss) per share		
From continuing operations	**0.16**	(0.08)
From discontinued operations	**—**	(0.28)
	0.16	(0.36)

Please refer to Note 37 of Consolidated Financial Statements for details of dividends attributable to owners of the Company for the years ended 31 December 2013 and 2012.

Summary of Consolidated Total Assets and Total Liabilities

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		Restated
Total assets	**322,884**	326,227
Total liabilities	**267,819**	273,392
Total equity	**55,065**	52,835

REPORT OF DIRECTORS

I. BUSINESS OVERVIEW

(I) Business Segments of the Company

1. Engineering and Construction Business

(1) Industry Overview

In 2013, the total output of the construction industry of China maintained a relatively rapid growth and recorded an amount of RMB15,931.3 billion, representing a year on year growth of 16.10%.

Affected by various factors of the domestic and overseas economic situations, etc., the growth of the iron and steel market demand decelerated. Due to the overcapacity, decline in earnings and limitation of the expansion of production scale of the iron and steel companies, part of the capacity was transferred abroad. The fixed-asset investment of ferrous metal metallurgy and rolling processing industry throughout the country in 2013 amounted to RMB506.0 billion, representing a year-on-year decrease of 2.06%. The large-scale and high-intensity construction period of the domestic iron and steel industry has ended. As for the non-ferrous metallurgy in 2013, the nationwide fixed-asset investment of the non-ferrous metal mining and processing industry was RMB165.9 billion, representing a year-on-year growth of 19.72% while the fixed-asset investment of the smelting and rolling processing industry for nonferrous metals was RMB546.5 billion, representing a year-on-year growth of 20.60%. Generally speaking, the focus of metallurgical engineering was shifted from acquisitions of new projects to technology upgrading and overhaul, of the existing projects and production lines, energy saving, environmental protection and structural adjustment.

The house construction engineering and fundamental facilities construction markets were developing rapidly as urbanisation process was sped up. During the year of 2013, the investment of property development in China amounted to RMB8,601.3 billion, representing a year-on-year growth of 19.8%. Gross floor area under construction by real estate developers was 6,655.72 million square meters ("sq.m."), representing a year-on-year growth of 16.1%; gross floor area of new homes construction was 2,012.08 million sq.m., representing a year-on-year growth of 13.5%. In 2013, the construction of infrastructure in China amounted to RMB9,353.582 billion, representing a year-on-year growth of 21.2%.

(2) The Operating Results of the Segment

In 2013, under the severe market situation of the overcapacity of iron and steel, the downturn of the metallurgical engineering and construction market, the overall slowdown of domestic economic increase, etc, the Company adjusted its management model and operating strategies in a timely manner, expanded operating methods, continuously strengthened the adjustment of industrial structure, and intensified the upstream and downstream market development of the Group as a whole. While maintaining the domestic traditional leading position in the metallurgical market, it actively developed the non-metallurgical engineering and construction projects such as public construction, public transportation and facilities and stadium, etc. and has made progress. As a result, the Company's ability to resist market risks reinforced further. During the Reporting Period, the new construction contracts entered into by the Company amounted to RMB224.3 billion, among which, the new contracts of metallurgical engineering amounted to RMB81.9 billion while that of non-metallurgical engineering amounted to RMB142.4 billion. Meanwhile, the Company is also committed to carrying out EPC contract model and improving the ability of management and risk control through intensifying construction projects management to increase the profitability of projects.

The operating results of the engineering and construction segment in 2013

Unit: RMB 'million

	2013	% of the total	2012	Year-on-year growth
Segment revenue	164,887	79.79%	174,993	–5.78%
Segment gross profit	16,385	77.20%	14,128	15.98%

Note: The segment data above is before inter-segment elimination.

Metallurgical Engineering and Construction Market

In 2013, under the unfavorable situation of metallurgical industry, the Company intensified market exploration and closely tracked project information through creative marketing model. The Company's subsidiaries newly entered into major contracts in the traditional metallurgical engineering and construction industry, e.g. the project of the newly constructed comprehensive raw materials factory of Yingkou Jinghua Iron and Steel Co., Ltd. (營口京華鋼鐵有限公司新建綜合原料場工程), General Contracting of 605m^2 Sintering Production Line of Cangzhou China Railway (滄州中鐵605平燒結生產線總包工程), General Contract of Project Design and Construction and General Contract of Supply of Complete Set of Equipment for the Modification of Fifth Coking Plant of Angang Steel (鞍鋼股份五煉焦大修工程設計施工總承包合同和設備總成套供貨合同), a series of general contracts for Baosteel Guangdong Zhanjiang Iron & Steel Base Project (寶鋼廣東湛江鋼鐵基地項目系列總包合同), Converter Steel-making Project and Endless Strip Production (ESP) of Rizhao Steel Co., Ltd. (日照鋼鐵有限公司轉爐煉鋼工程和ESP無頭帶鋼生產線), Environmental Relocation Project of Qingdao Iron & Steel Co., Ltd. - Steel-making Project (青島鋼鐵有限公司環保搬遷工程-煉鋼項目), Coke Dry Quenching Production Capacity Expansion and Enhancement project of Coke Workshop II of Coking Plant of Bengang Steel Plates Co., Ltd. (本鋼板材股份有限公司焦化廠焦二車間乾熄焦擴能改造工程) and other projects.

REPORT OF DIRECTORS

Non-metallurgical Engineering and Construction Market

In 2013 the Company continuously accelerated products transformation, and strived to promote its products in the non-metallurgical engineering and construction market. It actively developed and made progress in the areas of public construction, public transportation, municipal administration, urban complex construction, etc. It also newly entered into many contracts of significant engineering and construction projects with an amount exceeding RMB1 billion (please see the section of "Other material contracts" on page 74 to 77 of this report for details). The implementation of these projects played an active role in improving the brand influence of the Company in the non-metallurgical market and promoting the transformation and upgrade of engineering and construction section.

Overseas Engineering and Construction Market Expansion

As at the end of the Reporting Period, the Company has mainly carried out engineering and construction business in 48 countries and regions. The Company has a total of 114 existing overseas projects in 34 countries and regions. During the Reporting Period, the value of newly signed contracts of the Company is US$3.04 billion, representing 8.39% of the total value of newly signed contracts of the Company.

Awards Received

During the Reporting Period, the Company was granted a number of awards for the projects that it undertook or participated in, including 1 China Civil Engineering Zhan Tianyou Award (中國土木工程詹天佑獎); 5 National Construction Project of Luban Awards (中國建設工程魯班獎) (including projects we participated in construction), 1 of which was for overseas project; 16 National Quality Construction Project Awards (including projects we participated in construction), among which, 2 were Gold Prize Construction Projects and 1 was for overseas project, 34 Quality Construction Projects in metallurgical industry, 107 Outstanding Construction Project Design Awards in metallurgical industry, 33 Outstanding Engineering Investigation Prizes; and 19 Prominent Software Projects.

2. Equipment Manufacturing Business

(1) Industrial Overview

In 2013, the production volume of national metal smelting equipment was 862,300 tons, representing a year-on-year growth of 5.75%. Metal rolling equipment was 629,300 tons, representing a decrease of 5.08% year-on-year. Revenue from the principal business in the specialised metallurgical equipment manufacturing industry recorded a year-on-year increase of 2.93%, maintaining a moderate growth.

REPORT OF DIRECTORS

The over-capacity of iron and steel in the PRC had slowed down the domestic growth in production volume of iron and steel. The iron and steel industry was confronted with structural adjustment and bore the mission of phasing out obsolete productivity, while the metallurgical equipment manufacturing industry gradually entered into a critical period of structural adjustment and upgrading. The State had consecutively rolled out relevant policies and important documents to identify the high-end equipment manufacturing industry as one of the key strategic new industries for the nation to cultivate and develop at the current stage. The underlying aim is to promote the structural upgrade of the equipment manufacturing industry. With the assistance of the nation and the policies and the drive of market demand, the Company will expedite the elimination of obsolete products with high consumption and high pollution in the future, and focus on the sustainability of the industrial chain. The Company will be independent and innovative, manufacturing high-tech and high value-added products and developing highly efficient and low pollution products which conform to the energy saving and emission reduction requirements of the iron and steel industry. The mainstay and direction of development of the metallurgical equipment manufacturing industry are to improve the localization rate of the major equipment.

Furthermore, the steel structure industry of the PRC shows bright prospects. The steel structure market is mainly diversified into areas such as metallurgy, electricity, roads and bridges, marine engineering, property construction, large venues, transport hubs, residential housing, machinery and equipment as well as furniture and home appliances. At present, the country has made greater efforts in constructing infrastructures. The application of construction steel structures will tilt to areas such as energy, infrastructures and high-storey residential buildings. The proportion of steel structures in the construction of public roads and railways and bridges will increase, same as the application of steel structures in urban public facilities such as metro railways and light rail construction, bridges and viaducts. The application of steel structure construction is expanding with higher standards of quality due to the continuous growth of bridges used in traffic engineering, civil construction and steel structure housing, hence the steel structure market will gradually see ample room for development.

(2) The Operating Results of the Segment

Business under the Company's equipment manufacturing segment mainly includes research and development, design, manufacturing, sales, installation, fine-tuning, inspection and repair of metallurgical equipment and its spare parts, steel structures and other metal products as well as related services.

The operating results of the equipment manufacturing segment in 2013

Unit: RMB 'million

	2013	% of the total	2012	Year-on-year growth
Segment revenue	9,465	4.58%	11,307	–16.29%
Segment gross profit	826	3.89%	492	67.89%

Note: The segment data above is before inter-segment elimination.

REPORT OF DIRECTORS

During the Reporting Period, to implement the Company's industrial restructuring policy for its steel structure enterprises, relevant construction subsidiaries of the Company continued to penetrate into the non-metallurgical business market and moved beyond to the construction of high-end steel structure buildings such as large-scale venues and municipal railway transport. It had gradually achieved diversity and characteristic development through adjusting and optimising product structures as well as regional layout. China Metallurgical Construction Engineering Group Co., Ltd. newly established a steel structure processing station to reinforce patent, scientific results and thesis composition. The traditional steel structure market was then well maintained while municipal railway transport, bullet trains, national power grids, goods supply and installation for BASF (巴斯夫), ABB products processing, steel structures for high-storey buildings and bridges as well as other new areas were explored. MCC TianGong Group Corporation Limited, a subsidiary of the Company, shifted from the business of the ordinary processing of steel structures to the business of producing high value-added products such as high-end non-standard steel structures. Its product manufacturing involves high-end steel structures, special transportation equipment, tanks and others. China MCC 5 Group Co., Ltd. achieved satisfying results in areas such as municipal railway transport and larger-span spatial steel structures.

In terms of special-purpose equipments, China First Metallurgical Group Co., Ltd. is now qualified to manufacture A2 and A3 pressure vessels and has been certified by ASME, U.S. with U and U2 code stamps, and by the National Board of Boiler and Pressure Vessel Inspectors (NBBI), U.S. and The China Classification Society (CCS). It has also been certified by Nippon Kaiji Kyokai (NK) and Bureau Veritas (BV). Its pressure vessel brand is highly recognised in the industry. The three core technologies invented by Central Research Institute of Building and Construction Co. Ltd., MCC Group, namely the "flame cutting system technology and equipment for highly efficient and energy saving continuous steel slab casting" (高效節能連鑄坯火焰切割系統技術與設備), "continuous casting of steel slabs flame oxy-hydrogen flame cutting technology and equipment" (連鑄坯氫氧火焰切割技術與設備) and "continuous steel slab casting of on-line high air pressure purging and residue-removing technology and equipment" (連鑄坯線上高壓氣體吹掃去渣技術與設備) combined to form a characterized "highly efficient and environmentally friendly flame cutting system for continuous casting of steel slabs" (高效環保連鑄坯火焰切割系統) which is favored and recognised by world renowned enterprises.

3. *Resources Development Business*

(1) *Industry Overview*

Resources development business mainly refers to exploration, mining, processing, smelting and advanced processing of metal and non-metal mineral resources.

In 2013, the global economy experienced weak recovery and the growth of the domestic economy slowed down. The iron and steel industry operated under adversity and difficulties. According to the Annual Research Report of China Iron Ore Spot Trading Market (中國鐵礦石現貨市場年度研究報告) published by the China Beijing International Mining Exchange (北京國際礦業權交易所), the foreign-trade dependence of iron ore exceeded 70%. The output of crude steel for 2013 amounted to 752 million tons, representing a year-on-year increase of 9.35%. The import of iron ores for 2013 amounted to 819 million tons, representing an increase of 10.2% as compared with 744 million tons in 2012; the average import price was US$129 per ton, representing an increase of 0.2% as compared with that of 2012. Unlike overseas mines, the mines in China are of low grade and difficult to exploit which requires higher production cost. The price of iron ore will remain firm generally in 2014.

In 2013, the output of ten types of nonferrous metals in the nation amounted to 40.29 million tons, representing a year-on-year increase of 9.9%, which ranked first in the global context for 11 consecutive years. Among which, the output of refined copper (minerals) increased by 13.1%, the output of lead (minerals) increased by 4.5%, and the output of zinc (minerals) increased by 10.6%.

In 2013, the overall price of copper fell. In June, its lowest price for the year was set at US$6,602/ton. After that, the Chinese government introduced some supportive measures to stabilize economic growth. As a result, different macroeconomic indicators gradually recovered. The consumption of copper was stimulated to a certain extend. The price of copper in the second half of the year somewhat increased but in a narrow range. According to the predictions of ICSG (International Copper Study Group), in 2014 the overproduction problem of refined copper will remain serious.

As at the end of 2013, the spot price of nickel quoted at LME lingered at a low level at US$14,000 per tonne. The overcapacity in the global nickel market had principally led to the fall of the nickel price for the past 3 years, and such problem of overcapacity is estimated to be difficult to turnaround significantly in 2014. Yet, the excess capacity will not increase significantly and the problem may be alleviated. Relevant institution estimate that the nickel price will be US$16,000 per tonne in 2014.

In 2013, the price of polysilicon remained at a low level continuously due to various reasons such as excess capacity, exportation obstructions, and strikes of imported polysilicon. However, the price of polysilicon was stimulated, to a certain extent, by the urgent installation of photovoltaic power stations in the downstream of the nation at the fourth quarter. Its highest price was approximately US$23/kg.

REPORT OF DIRECTORS

(2) *The Operating Results of the Segment*

The Company's resources development business mainly focuses on sectors such as the mining of mineral products such as iron, copper, nickel, lead and zinc, the smelting and processing of copper and nickel as well as the production of polysilicon.

In 2013, the Company, based on the principle "distinguish arrangement and categorised implementation for key promoting projects, postponed projects and assets disposal projects", continued to give classification and guidance to the existing overseas resources projects. In relation to key promoting projects, the Company concentrated and actively proceeded various resources to urge for early fulfillment of the production target and make profits. In relation to postponed projects or projects currently in the stage of preliminary work, the Company made adjustment on development ideas and strategy, and searched for opportunity to develop. In relation to assets disposal projects, the Company began to conduct research on withdrawal solution to minimise loss of assets.

The operating results of the resources development segment in 2013

Unit: RMB 'million

	2013	% of the total	2012	Year-on-year growth
Segment revenue	**3,327**	1.61%	2,778	19.76%
Segment gross profit	**–176**	–0.83%	–2,871	–93.87%

Note: The segment data above is before inter-segment elimination.

In 2013, the operating conditions of certain resources projects of the Company which were undergoing production are as follows:

Saindak Copper-Gold Mine, Pakistan: Having experienced a major maintenance of reverberatory furnace in the smelting plant, which resulted in various problems such as production suspension of crude copper, reduction of minable ore and increased hardness of ore, the mine yielded production of 13,500 tons of crude copper, representing 108% of the annual plan, and reached 15,700 tons of sales. Operating revenue reached RMB1.044 billion. The total profit amounted to RMB110 million.

Sierra Grande Iron Ore, Argentina: It produced 435,000 tons of refined iron ore in the year, accomplishing 96.7% of the annual plan, and reached 488,000 tons of sales. Sales income amounted to RMB357 million, representing a loss of RMB162.72 million. Foreign exchange losses due to depreciation of peso amounted to RMB176.08 million. The aggregate profit in ordinary course of business amounted to RMB13.36 million less foreign exchange losses.

Ramu Nico Project, Papua New Guinea: The annual production target of Ramu Nico Project was to complete 50% of its design capacity. 2013 was the first year for the project to commence production, and it faced various difficulties and technological bottlenecks. It was the local rainy season in the first quarter, which affected the operation at the mine. What's more, the technology was not yet stable and trial runs and adjustments were needed, therefore the target set at the beginning of 2013 had not been reached. Its production of nickel and cobalt hydroxide products (on dry basis) amounted to 29,736 tons. The production of nickel amounted to 11,369 tons in total and the production of cobalt amounted to 1,013 tons, which completed 69.3% and 60.7% of the annual plan respectively. The sales of nickel amounted to 15,000 tons and that of cobalt amounted to 1,330 tons in the year. The sales revenue reached RMB1,134 million, and the loss for the year was RMB1,372 million (among which provision for impaired assets amounted to RMB538 million and foreign exchange losses amounted to RMB36.02 million).

Luoyang China Silicon Hi-tech Corporation: As the price of polysilicon market deteriorated severely, it suspended production for overhaul in September 2012 and did not resume production until September 2013. In 2013, it produced an aggregate of 2,359 tons of polysilicon while sales volume amounted to 1,916 tons; the production of silicon chips was 8.84 million pieces with 14.22 million silicon chips sold; Sales income amounted to RMB292 million, representing a loss of RMB436 million.

In 2013, the progress of the construction projects in resources segment of the Company was as follows:

Aynak Copper Mine Project, Afghanistan: The Afghanistan government did not implement phosphate and coal mining resources in accordance with the contract requirements. It still had not completed the excavation of relics, land requisition, village relocation and mine clearance, which seriously affected normal development of the project. Based on the current position of the project and relevant requirements of the contract, MCC Tongsin Resources Limited, a subsidiary of the Company, and the Afghanistan government have carried out two rounds of negotiations in relation to the amendments of the contract. On the basis of the reached preliminary consensus as at present, the parties are now actively discussing and striving for entering into the memorandum of the revised contract. Upon entering into the memorandum of the revised contract, the Company shall negotiate with the Afghanistan government in various aspects such as reliable safety guarantee.

Duddar Lead-Zinc Mine Project, Pakistan: It was still suspended, mainly for on-site maintenance and maintenance of underground system, etc. As at the end of the Reporting Period, research and verification were still being conducted for the next steps to be taken.

Cape Lambert Project, Australia: As at the end of the Reporting Period, the Company endeavoured to seek appropriate strategic investors and conducted daily maintenance for the mining rights. For details on the arbitration of the dispute please refer to "Material Litigation and Arbitration Matters" on page 70 of the report.

4. *Property Development Business*

(1) *Industry Overview*

In 2013, the tone of macroeconomic control has been consistent in the PRC. The new office of government continued to stick to regulation and control while paying attention to establishing a long lasting mechanism for the sound development of property industry. It had made its goal clear that it would build a house supply mechanism which is market-oriented on the whole with welfare housing as support. Influenced by the economic recovery and insufficient inventory, the volume and prices for urban residences in tier one and tier two cities had been rising, yet the housing price in certain tier three and tier four cities remained relatively stable because of over-development over recent years. In terms of competition in the industry, the advantage of model property enterprises in the industry have been more pronounced while minor enterprises have been marginalised.

In 2013, the real estate investment in the PRC amounted to RMB8,601.3 billion, representing a nominal increase of 19.8% over last year (a real increase of 19.4% after excluding the price factor), 3.6 percentage points higher in terms of growth rate than 2012. In particular, residential property investment amounted to RMB5,895.1 billion, representing a year-on-year growth of 19.4% and 68.5% in proportion to the property development investment. The gross floor area ("GFA") under construction by property development enterprises was 6,655.72 million sq.m., representing a year-on-year growth of 16.1%. In particular, the area under construction for residential purposes was 4,863.47 million sq.m., representing a year-on-year growth of 13.4%. The newly-commenced GFA was 2,012.08 million sq.m., representing a year-on-year growth of 13.5%, among which the newly-commenced GFA for residential purposes was 1,458.45 million sq.m., representing a year-on-year growth of 11.6%. The completed construction area amounted to 1,014.35 million sq.m., representing a year-on-year growth of 2.0%, among which the completed construction area for residential purposes was 787.41 million sq.m., representing a year-on-year decrease of 0.4%.

In 2013, the sales area of commodity properties in China amounted to 1,305.51 million sq.m., representing a year-on-year growth of 17.3%. In particular, the sales area of residential properties increased by 17.5%, that of office buildings increased by 27.9%, and that of commodity properties increased by 9.1%. The sales of commodity properties amounted to RMB8,142.8 billion, representing a year-on-year growth of 26.3%, among which the sales of residential properties increased by 26.6%, that of office buildings increased by 35.1% and that of commodity properties increased by 18.3%.

(2) *The Operating Results of the Segment*

The operating results of the property development segment in 2013

Unit: RMB 'million

	2013	% of the total	2012	Year-on-year growth
Segment revenue	**26,309**	12.73%	25,226	4.29%
Segment gross profit	**4,012**	18.90%	4,642	–13.57%

Note: The segment data above is before inter-segment elimination.

In 2013, under the background of continuous regulation and control in the industry, the Company enhanced the regulation and control on its property business. By enhancing the supervision and regulation on the process of major projects and the integration of segment resources, it streamlined various business types and sustained stable and sound development of its property business.

In 2013, the revenue of commodity properties development of the Group was RMB12,400 million, representing a year-on-year increase of 5.98%, with a gross profit margin of 21.7%. The revenue of welfare houses and primary land development was RMB13,900 million, representing a year-on-year increase of 3%, with a gross profit margin of 9.5%. In 2013, the area under construction within the property segment of the Group was 20,013 million sq.m., in particular, the newly-commenced GFA amounted to 2.342 million sq.m., the newly acquired land area amounted to 0.797 million sq.m., and the GFA of reserve calculated with plot ratio at the end of the year was 8.26 million sq.m. (interested area attributable to the Group based on contribution ratio was 7.3 million sq.m.).

(II) Technical Innovation

In 2013, with focus on improvement of technology management and service level, the Company made remarkable achievements by implementing certain significant tasks, including establishing and enhancing the evaluation system for technical innovation and relevant incentive and control mechanism, tightening the management on core business's procedures, strictly carrying out in-progress inspection on major science and technology projects, establishing and improving our expert database, standardising achievement management, reviewing technology awards as well as conducting the construction work of innovative and demonstrative projects.

— The MCC Group, with MCC as its core, was granted Technology Innovation Enterprise Award, a special award of the 2010-2012 Performance Appraisal of State-owned Enterprise Representatives, indicating that the MCC Group has ranked in the "most advanced group" in term of technology innovation among its peers.

REPORT OF DIRECTORS

— The Company adhered to the opinion of "paying equal attention to quality and quantity while the quality prevailing" and actively promoted classic examples in extensive application of patent technologies, and eventually made new breakthrough by patent analysing and organising to provide stronger support in technology for the operating development of the Company. This made the Company become one of the first companies recognised as "Enterprise with National Strength in Intellectual Property Rights (國家級知識產權優勢企業)" by State Intellectual Property Office while three patents of its subsidiaries, CISDI Group Co., Ltd. and WISDRI Engineering & Research Incorporation Limited, were granted Excellent Award at the 15th China Patent Award. As at the end of the Reporting Period, the Company possessed 11,547 valid patent, ranking the fifth among state-owned enterprises, 2,214 out of which were invention patents, representing a further increase in the proportion of invention patents.

— The Key Technologies of Preparation and Application of High-performance Fiber Composite Materials Used for Civil Engineering (《土木工程用高性能纖維複合材料製備及應用關鍵技術》), whose leading unit is Central Research Institute of Building and Construction Co., Ltd. MCC Group, a subsidiary of the Company, were awarded the National Second Class Prize in Technology Progress. The Company was also granted 8 prizes at the 2013 Metallurgical Technology Award organised by China Iron and Steel Association, among which, there was 1 First Class Prize, 1 Second Class Prize and 6 Third Class Prizes; it also obtained 3 prizes at the 2013 Technology Progress Award organised by China Nonferrous Metals Industry Association, among which, there were 2 First Class Prizes and 1 Second Class Prize.

— The operating management of national R&D platform was enhanced. The Company led the acceptance inspection with the "National Engineering Research Center of Industrial Environment Protection" established by Central Research Institute of Building and Construction Co., Ltd., MCC Group a subsidiary of the Company, and submitted the summary report for the preparation period and relevant audit report prepared by the center to High-tech Industry Department of the NDRC for the approval of competent authority.

— The Company was authorised to formulate: 26 national standards and 9 industrial standards; It was also authorised to issue: 13 national standards and 21 industrial standards.

(III) Analysis on Core Competitiveness

The Company, a metallurgical engineering and construction contractor with the largest domestic market share, the longest history in specialized operation and the strongest capacity in the professional designing, is the leader in the metallurgy construction field in the PRC. Possessing some top designing institutes in the country, such as MCC Capital Engineering & Research Incorporation Limited (中冶京誠工程技術有限公司), WISDRI Engineering & Research Incorporation Limited, CISDI Group Corp. Ltd. (中冶賽迪集團有限公司) and China Enfi Engineering Corporation (中國恩菲工程技術有限公司), the Company excels in technological innovation and industrialization. Leveraging on the extensive experience and technological strength accumulated in the metallurgical engineering and construction field, the Company proactively develops the business in other non-metallurgical engineering and construction fields, and utilizes relevant technologies as connection to achieve synergistic development with different sectors supplementing and promoting each other.

During the Reporting Period, there were no significant changes in the core competitiveness of the Company.

(IV) Risk Factors

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

1. Trends of Global and National Macroeconomies

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

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

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

Points 1 and 2 mentioned above are the major risk factors that influence the results of the Company in 2013.

3. Changes in State Policy on Taxation and Exchange Rate

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

(1) The Influence of Changes in Policy on Taxation

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

Some of the subsidiaries of the Company are benefiting from the tax incentive policy for the development of China's west, the tax incentive policy for coastal development zones, special economic zones and new and high technology companies, as well as resource tax and property development tax, which all can be affected by changes in State policy on taxation. Changes in relevant tax incentive policies may affect the financial performance of the Company.

REPORT OF DIRECTORS

(2) *The Influence of Monetary Policy*

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

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

4. The Risks of Overseas Tax Policies and Changes

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

5. Changes in Major Raw Material Prices

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

6. Construction Subcontracting Expense

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

7. State of Operation of Subsidiaries and Key Projects

Since the Company's Ramu Nico Laterite Mine Project in Papua New Guinea was at the commissioning stage, its actual output was below the designed capacity and substantial loss was made. The polysilicon business of the Company still generated loss due to the continuous decline in the price of polysilicon during the Reporting Period. The above issues posed great impact on the operating performance of the Company in 2013.

The progress and final result of the Western Australia SINO Iron Ore EPC General Contract Project, the Project of MCC Real Estate in Xiaguan District of Nanjing and the recovery of payment for contract work from the government and its financing vehicles will significantly affect the future financial performance of the Company.

8. *Enhancement in Operation Management Quality*

The quality of operation management can significantly influence the result of the Company. The Company will strive further to perfect the corporate governance, strengthen the implementation of operation management and internal control, improve management quality and effectiveness, and perfect assessment and incentive system of the Company. Through reform and innovation, as well as scientific decision-making, energy and creativity will be stimulated throughout the Company. Whether these management goals are effectively implemented will also considerably influence the improvement in operating results of the Company.

9. *Non-even Distribution of Revenue*

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

(V) Board's Discussion and Analysis on the Future Development of the Company

Generally speaking, we will still see a complicated economy in 2014. The overall global economy will witness slow recovery while domestic economy will maintain a positive development in a long run. Nonetheless, the foundation for steady recovery remains weak, which pose a downward pressure on the economy.

For quite a long time, the main theme of metallurgical engineering will remain in system upgrading through technical reform, energy conservation and emission reduction, and relocating iron and steel enterprises in the inner city to outskirts. Thus, it still has market to a certain extent.

In the non-metallnrgical engineering market, new urbanization construction had provided opportunities for businesses such as the real estate, housing engineering construction and urban public facilities of the Company.

Given the prominent prospect in energy conservation and environmental protection market with the strong support from policy, the Company faced a new opportunity to develop its emerging businesses. Some of its subsidiaries have accumulated certain experience in design, construction and contracting of sewage treatment, laying a sound foundation for their vigorous development in the future.

In respect of oversea market, as the industrialisation and urbanisation in the emerging market economies continued to improve, rapid development was found in the metallurgical engineering market while housing and traffic construction was facilitated. Economic exchanges between China and its neighboring countries, especially those along the economic corridors and the new Silk Road, brought about opportunity to the Company for overseas expansion.

REPORT OF DIRECTORS

Facing the complicated economy situation both at home and overseas, the major risks exposed to the Company in the near future are as follows:

1. Risk arising from the industrial restructure in the iron and steel industry. As the excess capacity still generally exists in the iron and steel industry, the iron and steel enterprises continued to record lackluster performance. The industry will undergo restructure for a long term.

2. Risk in the real estate segment. The government's macro-control ability on real estate industry was enhanced, restraining the booming house price and widening growth span, and thus bringing about adverse factors to the real estate segment of the Company.

3. Financial and policy risks. As the government intensified the banking regulation, imposed restrictions on capital raising at local government level and standardised transactions in bond market, the credit scale was shrunk national wide, resulting in fewer financing channels. Facing the unoptimistic financial environment, it is more difficult for the Company to recover its capital and obtain financing. In the meantime, given the increasing cost, enterprises with abundant interest-bearing liabilities, will expose to higher liquidity risk.

4. Risks arising from tax policy. Upon the implementation of "BT-VAT reform" in the construction industry, businesses involving in engineering design, engineering investigation and project supervision will fall in the trial scope. As such businesses have little deductible income tax, the revenue and profit of the Company will be affected.

5. Risks arising from overseas market. Our metallurgical engineering business faces challenges when it explore in the overseas market due to scant demand for investment and decreasing foreign demand as a result from the sluggish recovery of global economy. Projects of the Company that are located in countries and regions with war, civil strife and continuous turmoil, such as Afghanistan, are exposed to high political risks. In addition, disputes, conflicts and other unstable factors caused by unfamiliar with the local policies relating to society, culture and environmental protection will also have adverse effect on project implementation to a certain extent.

II. RESULTS

The annual results of the Company for the year ended 31 December 2013 are set out in the consolidated income statement on pages 123 to 124. The financial highlights of the Company for the last five financial years on pages 272 to 273 are extracted from the financial statements for the year and the H Share prospectus of the Company.

III. DIVIDEND

The Board recommends a distribution of cash bonus of RMB0.61 (including tax) per ten shares to the shareholders as a whole. On the equity base of a total of 19,110,000,000 shares of the Company as at 31 December 2013, an aggregate cash dividend of RMB1,165,710 thousand will be distributed. It was recommended that the distribution of final dividend should take effect after the approval of shareholders at the annual general meeting. The Company will pay the dividend within two months after the annual general meeting upon approval. For details of arrangement in relation to the distribution of dividend to shareholders, the Company will make a separate announcement. The Company did not distribute any interim dividend for the six months ended 30 June 2013.

IV. INVESTMENT

(I) External Equity Investments

1 Securities investment

Unit: RMB

No.	Stock variety	Stock code	Stock abbreviation	Initial investment amount	Number of shares held *(share)*	Carrying amount at the end of the period	Percentage in securities investment held at the end of the period *(%)*	Gain or loss incurred in the Reporting Period
1	Shares	600787	CMST Development Corp (中儲股份)	498,768	57,528	591,388	100	2,876
		Total		498,768	/	591,388	100	2,876

2 Equity interests in other listed companies held by the Company

Unit: RMB'000

Stock code	Stock abbreviation	Initial investment cost	Percentage of shareholding to the company *(%)*	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	171,241	0	-47,968	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	64,704	0	-5,348	Available-for-sale financial assets	Initial shares
600643	AJ Corporation	2,166	0.15	18,712	0	5,638	Available-for-sale financial assets	Initial shares
600729	Chongqing Department Store	450	0.11	10,071	261	-1,762	Available-for-sale financial assets	Initial shares
000709	Hebei Steel	5,800	0.02	5,691	0	-1,935	Available-for-sale financial assets	Initial shares
600117	Xining Special Steel	1,400	0.20	5,452	19	-1,912	Available-for-sale financial assets	Initial shares
600322	Tianjin Reality Development	1,600	0.09	3,320	0	-550	Available-for-sale financial assets	Initial shares
600282	Nanjing Iron & Steel Corp	530	0.03	2,162	0	-482	Available-for-sale financial assets	Initial shares
000005	Fountain	420	0.04	933	0	-175	Available-for-sale financial assets	Initial shares
600665	Tande	1,122	0.02	513	0	-152	Available-for-sale financial assets	Initial shares
Total		108,889	/	282,799	280	-54,646	/	/

REPORT OF DIRECTORS

3 *Equity interests in unlisted financial companies held by the Company*

Unit: RMB

Name of investee	Initial investment cost	Percentage of shareholding to the company (%)	Carrying value at the end of the period	Gain or loss incurred in the Reporting Period	Account category	Source of shares
Changcheng Life Insurance Co., Ltd. (長城人壽保險股份公司)	30,000,000	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	0.74	27,696,000	3,600,000	Available-for-sale financial assets	By acquisition
Baosteel Group Finance Co., Ltd. (寶鋼集團財務有限責任公司)	10,497,680	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	4,416,900	0	Available-for-sale financial assets	By acquisition
Wusteel Group Financial Company (武鋼集團財務公司)	2,000,000	0.13	2,000,000	200,000	Available-for-sale financial assets	By acquisition
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	2,000,000	0.02	2,000,000	161,943	Available-for-sale financial assets	By acquisition
Nanjing Bank of Communications (南京交通銀行)	563,096	1.00	563,096	0	Available-for-sale financial assets	By acquisition
Total	77,173,676	/	77,173,676	3,961,943	/	/

(II) Entrusted Asset Management and Derivative Investment of Non-financial Companies

1. Entrusted Asset Management

Unit: RMB0'000

<table>
<tr><th>No.</th><th>Name of the principal</th><th>Name of the trustee</th><th>Product categories of entrusted assets</th><th>Amount of entrusted assets</th><th>Commencement and expiry date of investment</th><th>Calculation method of remuneration</th><th>Estimated returns</th><th>Actual principal amount recovered as at the end of the Reporting Period</th><th>Actual revenue earned</th><th>Whether it is subject to legal procedures</th><th>Amount provided for impairment</th><th>Whether it is a connected transaction</th><th>Is it involved in litigation</th><th>Whether it is financed by the proceeds raised</th><th>Note</th></tr>
<tr><td>1</td><td>China MCC 17 Group Co., Ltd.</td><td>Anhui Guoyuan Trust Co., Ltd.</td><td>Trusted asset management product</td><td>500</td><td>20120/1/01 to 2013/12/31</td><td>Annual rate of return 8.5%, settled once a year, and all principal to be returned at maturity</td><td>Revenue for 2013 was RMB425,000</td><td>0</td><td>42.5</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td><td></td></tr>
<tr><td>2</td><td>MCC Finance Corporation Ltd.</td><td>China Construction Bank Corporation</td><td>Open-end asset management products</td><td>20,000</td><td>2012/12/7 to 2013/1/29</td><td>Correspond different rates of return based on actual holding period of products</td><td>Redeem from time to time according to liquidity need and determined by holding period of products</td><td>20,000</td><td>83.44</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td><td></td></tr>
<tr><td>3</td><td>MCC Finance Corporation Ltd.</td><td rowspan="2">China Construction Bank Corporation</td><td rowspan="2">Open-end asset management products</td><td rowspan="2">30,000</td><td>2012/12/31 to 2013/1/29</td><td>Correspond different rates of return based on actual holding period of products</td><td>Redeem from time to time according to liquidity need and determined by holding period of products</td><td>10,000</td><td>23.18</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td><td rowspan="2">Purchased in one lot and redeemed in two lots</td></tr>
<tr><td>4</td><td>MCC Finance Corporation Ltd.</td><td>2012/12/31 to 2013/4/25</td><td>Correspond different rates of return based on actual holding period of products</td><td>Redeem from time to time according to liquidity need and determined by holding period of products</td><td>20,000</td><td>207.85</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td>5</td><td>MCC Finance Corporation Ltd.</td><td>China Construction Bank Corporation</td><td>Corporate asset management products with principal guaranteed</td><td>20,000</td><td>2012/12/31 to 2013/2/1</td><td>Fixed income</td><td>71.8</td><td>20,000</td><td>71.89</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td><td></td></tr>
<tr><td>6</td><td>CISDI Group Corp. Ltd.</td><td>Agricultural Bank of China, Chongqing City Branch</td><td>Collective asset management plan</td><td>30,000</td><td>2013/10/15 to 2013/12/24</td><td>Fixed income</td><td>261.78</td><td>30,000</td><td>261.78</td><td>N/A</td><td>0</td><td>No</td><td>No</td><td>No</td><td></td></tr>
</table>

2. *Entrusted Loans*

Unit: RMB'0,000

No.	Name of the lender	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Term 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 total revenue	Investment gain/loss during the Reporting Period	Related note and explanation
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	2013/3/28 to 2016/3/27	4.305	Waste incineration power generation	None	No	No	No	No	No	338.0	85.8	
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	2013/3/28 to 2016/3/27	4.305	Waste incineration power generation	None	No	No	No	No	No	273.9	69.6	
3	Metallurgical Corporation of China Ltd.	Beijing MCC Equipment Research & Design Corporation Ltd.	Subsidiary	1,167	2013/3/28 to 2016/3/27	4.305	Engineering segment	None	No	No	No	No	No	152.8	38.8	
4	Metallurgical Corporation of China Ltd.	MCC-SFRE Heavy Industry Equipment Co., Ltd.	Subsidiary	547	2013/3/28 to 2016/3/27	4.305	Manufacturing segment	None	No	No	No	No	No	71.6	18.2	
5	Metallurgical Corporation of China Ltd.	Central Research Institute of Building and Construction Co., Ltd., MCC Group	Subsidiary	1,511	2013/3/28 to 2016/3/27	4.305	Engineering segment	None	No	No	No	No	No	197.9	50.2	
6	Metallurgical Corporation of China Ltd.	MCC-JJJ Mining Development Company Limited	Subsidiary	162,500	2009/11/18 to 2017/11/17	5.94	Mineral exploration	None	No	No	No	No	Yes	78,319.31	9,786.5	Note 1
7	Huatian 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	2012/8/31 to 2015/8/30	6.15	Environmental works	None	No	No	No	No	No	322.9	124.1	Received RMB3.5 million with an outstanding amount of RMB17.50 million at the end of the period
8	Huatian 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	2012/8/31 to 2015/8/30	6.15	Environmental works	None	No	No	No	No	No	369.0	141.9	Received RMB4 million with an outstanding amount of RMB20 million at the end of the period
9	Huatian Engineering & Technology Corporation, MCC	Lai'an MCC Huatian Water Service Company Limited (來安縣中冶華天水務有限公司)	Subsidiary	3,000	2013/8/14 to 2016/8/13	6.15	Environmental works	None	No	No	No	No	No	461.3	66.1	
10	Huatian Engineering & Technology Corporation, MCC	Tianchang MCC Huatian Water Service Company Limited (天長市中冶華天水務有限公司)	Subsidiary	2,200	2013/8/14 to 2016/8/13	6.15	Environmental works	None	No	No	No	No	No	338.3	48.5	
11	Huatian Engineering & Technology Corporation, MCC	Xuancheng MCC Huatian Water Service Company Limited (宣城市中冶華天水務有限公司)	Subsidiary	2,300	2013/8/14 to 2016/8/13	6.15	Environmental works	None	No	No	No	No	No	353.6	50.7	
12	Huatian Engineering & Technology Corporation, MCC	Shouguang MCC Water Service Company Limited (壽光市中冶水務有限公司)	Subsidiary	1,500	2013/8/14 to 2016/8/13	6.15	Environmental works	None	No	No	No	No	No	230.6	33.1	
13	Huatian Engineering & Technology Corporation, MCC	Northern Shouguang MCC Water Service Company Limited (壽光市城北中冶水務有限公司)	Subsidiary	1,000	2013/8/14 to 2016/8/13	6.15	Environmental works	None	No	No	No	No	No	153.8	22.0	
14	MCC Capital Engineering & Research Incorporation Limited	MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Joint venture	8,288	2012/06/28 to 2014/06/28	6.00	Manufacturing segment	None	No	No	Yes	No	No	994.5	504.2	Roll over to another one year from 28 June 2013, the due date

REPORT OF DIRECTORS

Unit: RMB'0,000

No.	Name of the lender	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Term 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 total revenue	Investment gain/loss during the Reporting Period	Related note and explanation
15	MCC Capital Engineering & Research Incorporation Limited	MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Joint venture	9,500	2013/05/29 to 2014/05/29	5.60	Manufacturing segment	None	No	No	Yes	No	No	532.0	304.4	Roll over to another half year from 29 November 2013, the due date
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	1,500	2011/01/05 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	283.0	97.3	
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	1,500	2011/05/10 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	273.3	97.3	
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	1,200	2011/06/15 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	181.2	77.9	
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	1,500	2011/08/16 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	225.5	97.3	
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	800	2011/10/24 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	119.5	51.9	
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	1,000	2011/10/25 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	153.9	64.9	
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	800	2011/11/03 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	113.8	51.9	
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	200	2011/11/21 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	31.2	13.0	
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	550	2011/12/26 to 2014/01/31	6.40	Engineering segment	None	No	No	No	No	No	73.2	35.7	
25	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	2012/01/16 to 2014/01/31	6.15	Engineering segment	None	No	No	No	No	No	62.5	29.3	
26	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	2012/03/19 to 2014/01/31	6.15	Engineering segment	None	No	No	No	No	No	34.1	17.5	

Unit: RMB'0,000

No.	Name of the lender	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Term 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 total revenue	Investment gain/loss during the Reporting Period	Related note and explanation
27	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	2012/05/24 to 2014/01/31	6.15	Engineering Segment	None	No	No	No	No	No	44.3	24.9	
28	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	2012/06/19 to 2014/01/31	6.15	Engineering Segment	None	No	No	No	No	No	80.0	62.4	
29	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (濰坊中冶基礎設施投資建設有限公司)	Subsidiary	320	2012/11/20 to 2014/01/31	6.15	Engineering Segment	None	No	No	No	No	No	23.9	20.0	
30	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (濰坊中冶基礎設施投資建設有限公司)	Subsidiary	700	2012/12/20 to 2014/01/31	6.15	Engineering Segment	None	No	No	No	No	No	48.5	43.6	
31	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	2013/12/03 to 2014/01/31	6.15	Engineering Segment	None	No	No	No	No	No	9.8	2.8	
32	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	500	2012/05/25 to 2013/05/24	6.31	Manufacturing segment	None	No	No	No	No	No	31.6	14.0	
33	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Shanghai Baoxuan Metallic Products Co., Ltd. (上海寶煊金屬製品有限公司)	Subsidiary	500	2013/06/14 to 2014/06/13	6.00	Manufacturing segment	None	No	No	No	No	No	30.5	15.8	
34	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Equipment Engineering of Shanghai No.5 Steel Co., Ltd. (上海五鋼設備工程有限公司)	Subsidiary	2,000	2012/08/16 to 2013/08/15	5.40	Manufacturing segment	None	No	No	No	No	No	108.0	71.1	
35	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Equipment Engineering of Shanghai No.5 Steel Co., Ltd. (上海五鋼設備工程有限公司)	Subsidiary	500	2012/09/19 to 2013/09/18	5.40	Manufacturing segment	None	No	No	No	No	No	27.0	20.3	
36	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Equipment Engineering of Shanghai No.5 Steel Co., Ltd. (上海五鋼設備工程有限公司)	Subsidiary	2,000	2013/09/26 to 2014/09/25	5.40	Manufacturing segment	None	No	No	No	No	No	108.0	25.8	
37	Shanghai Baoye Group Corp., Ltd.	Shaoxing Zhongye Xinyu Real Estate Company Limited (紹興中冶新域置業有限公司)	Subsidiary	25,000	2012/9/26 to 2014/9/26	6.60	Real Estate	None	No	No	Yes	No	No	3,337.0	1,668.3	Roll over to another one year from 26 September 2013, the due date
38	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	2013/6/14 to 2016/6/13	4.305	Waste incineration power generation	None	No	No	No	No	No	1,449.3	255.0	
39	China Enfi Engineering Corporation (中國恩菲工程技術有限公司)	Luoyang Silicon High Technology Company Limited (洛陽中矽高科技有限公司)	Subsidiary	4,800	2013/6/21 to 2014/6/20	4.20	Resources segment	None	No	No	No	No	No	201.6	102.5	
40	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	2007/6/14 to 2007/10/15	Default fine of 0.05% per day	Real Estate	Guarantee provided by Shenzhen Development Bank, Dalian Xi Gang Branch	Yes	No	No	Yes	No	—	—	Note 2
41	MCC Real Estate Group Co., Ltd.	Beijing Zhongye Minghong Real Estate Co., Ltd. (北京中冶名弘置業有限公司)	Subsidiary	100,000	2013/07/05 to 2015/07/05	7.00	Real Estate	Credit	None	No	No	No	No	13,700.0	3,136.1	

Note 1: 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.

Note 2: Since the borrower, Dalian Haoyi Real Estate Development Co., Ltd. (大連豪億房地開發有限公司) ("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. As the loan has entered into the phase of actual execution since November 2011, MCC 20 Group Co., Ltd. applied to the court for enforcement on Dalian Haoyi and Shenzhen Development Bank, Dalian Xi Gang Branch, with appraisal and auction of the frozen assets of Dalian Haoyi. As at the end of the Reporting Period, the total amount related to the litigation was RMB37.97 million (including capital of RMB18.50 million, interest and penalty of RMB19.47 million), which was received in total by MCC 20 Group. The litigation was then settled.

(III) Use of Proceeds and Particulars of Projects Undertaken

1. *Overall status of the 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 used the proceeds of HK$1,873 million raised through the H Share offering. As at the end of the Reporting Period, the used H Share proceeds amounted to HK$12,782 million in aggregate, while the balance of the unused H Share proceeds amounted to HK$3,059 million (including unused listing expenses, withholding taxes and interests, etc). The H Share proceeds which remain temporarily unused have been deposited in the account designated for raised proceeds of the Company and will continue to be used in the relevant projects committed by 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 Company has used the proceeds of RMB3,624 million raised through the A Share offering. As at the end of the Reporting Period, the used A Share proceeds amounted to RMB17,408 million in aggregate, while the unused portion amounted to RMB1,205 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 and will continue to be appropriated for the relevant projects undertaken by the Company.

(2) *Unused A Share proceeds during the Reporting Period to temporarily supplement the liquidity 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 (please refer to the Company's overseas regulatory announcement disclosed on 30 August 2012 for details). 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 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 (please refer to the Company's overseas regulatory announcement disclosed on 28 March 2013 for details). 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. Except for the portion approved to be allocated to permanent replenishment at the general meeting, the remaining RMB1,046 million was fully returned to the designated account for A Share proceeds on 20 March 2014.

(3) *Changes in the use of proceeds during the Reporting Period*

In November 2013, as considered and approved at the 2013 first extraordinary general meeting of the Company, a fraction of the proceeds raised through the A Share offering to finance projects and relevant interest amounting to RMB3,457 million was approved to change into permanent replenishment of working capital, and the H Share proceeds of approximately HK$1,833 million was approved to change into working capital of overseas engineering and construction projects (please refer to the overseas regulatory announcement published by the Company on 30 August 2013 for details).

2. *Use of proceeds for projects undertaken*

(1) Use of proceeds in projects undertaken to be financed by H Share proceeds

Unit: HKD'0,000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Progress of utilisation	Revenue generated	Explanation of falling behind schedule or failing to achieve returns as expected
Overseas resources development projects	No	Approximately 32% of H Share proceeds	220,253.79	In progress	Cannot be confirmed until completion of the project	Project still in investment 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 investment period
Potential acquisitions of overseas resources	No	Approximately 0.1% of H Share proceeds	1,062.62	Completed	Cannot be confirmed until completion of the project	Project still in investment 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
Working capital of overseas construction projects (Note)	Yes	Approximately 12% of H Share proceeds	183,330.39	Completed	Cannot be confirmed until completion of the project	Project still in investment period
Sub-total			1,278,198.46			

Note: As considered and approved at the 2013 first extraordinary general meeting convened on 22 November 2013, the H Share proceeds of approximately HK$1,833 million was changed into working capital of overseas engineering and construction projects.

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

Unit: RMB0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested(1)	Amount to be invested as at the end of the period (2)	Amount of proceeds invested in the current year	Actual amount of proceeds invested (3)	Is it up to schedule	Project progress =(3)/(1)	Percentage of projects in line with schedule =(3)/(2)	Estimated revenue	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve revenue as expected
Afghanistan Aynak copper mine project	No	85,000.00	85,000.00	0.00	0.00	No	0.00%	0.00%	Internal rate of return of 11.01%	Cannot be confirmed until completion of the project	—	As at the end of the Reporting Period, the Afghanistan government has not completed excavation of relics, expropriation of land, relocation of villages and mine clearance and removal of mines and so forth. Pursuant to the confirmed relocation plan, the Afghanistan government carried out land requisition that involves village relocation. The experts of relics had been excavating relics in the most urgent sites of the mining area in operation. Pursuant to the mining contract signed by both parties, the Company and Afghanistan government have carried out two rounds of negotiations in relation to the amendments to the contract. Currently, both parties are actively negotiating to endeavour to revise the memorandum of the contract under the basis of preliminary consent.
Ramu nickel laterite mine project	No	250,000.00	250,000.00	0.00	250,000.04 (Note 1)	Yes	100.00%	100.00%	Internal rate of return of 12.67%	Total loss accumulated to RMB 1,510.79 million	No	The project is in the preliminary stage of production. Conditions have not been satisfied, and more time to reach to the target of output and standard is required. In addition, nickel and cobalt market is in downturn. At present,.the project is in the preliminary stage of production and loss is incurred.
The innovation base project of the National Steel Structures Engineering Technology Research Center	Yes	55,453.95 (Note 2)	55,453.95	347.71	42,568.88	No	76.76%	76.76%	N/A	N/A	N/A	The project is under progress and part of the proceeds has not been put in place.
Equipment purchase for engineering, contracting and research and development	Yes	187,036.12 (Note 4)	187,036.12	10,764.96	199,304.73 (Note 1)	No	100.00%	100.00%	Internal rate of return of 15.99%	N/A	N/A	
The new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province	No	64,300.00	64,300.00	8.53	64,308.53 (Note 1)	Yes	100.00%	100.00%	Internal rate of return of 10.65%	Cannot be confirmed until completion of the project	N/A	The testing of the project equipment has been completed. The project is under trial production, and has not reached the output target. The project is still in the stage of loss after putting into production.

Unit: RMB0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested(1)	Amount to be invested as at the end of the period (2)	Amount of proceeds invested in the current year	Actual amount of proceeds invested (3)	Is it up to schedule	Project progress =(3)/(1)	Percentage of projects in line with schedule =(3)/(2)	Estimated revenue	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve revenue as expected
The project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project	No	44,000.00	44,000.00	0.00	44,044.10 (Note 1)	Yes	100.00%	100.00%	Internal rate of return of 17.60%	Profit accumulated to RMB 18.0584 million	No	Affected by market environment, product prise is low, while the cost is high. At present, the revenue generated from the project has not met the expectation.
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)	Yes	20,436.04 (Note 5)	20,436.04	1,254.21	20,667.54 (Note 1)	Yes	100.00%	100.00%	Internal rate of return of 20.90%	Loss accumulated to RMB 5.5417 million	No	Affected by the market, the production and operation and each operating indicator of the project have not met the expectation.
The project in relation to the production base for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tube) in Anshan, Liaoning	Yes	0.00 (Note 3)	0.00	0	0.00	–	–		–	–	–	As approved at the 2010 annual general meeting, the project had been entirely changed to "large multi-ram die forgings and heavy equipment automation industrial base construction project".
Land development project in Gaohang Town, Pudong	No	58,800.00	58,800.00	0.00	58,800.00	No	100.00%	100.00%	Internal rate of return of 16.35%	Profit accumulated to RMB 575.6794 million	Yes	
The property 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	50,000.00	0	50,693.73 (Note 1)	Yes	100.00%	100.00%	Internal rate of return 29.07%	Profit accumulated to RMB 441.7292 million	Yes	
Large multi-ram die forgings and heavy equipment automation industrial base construction project	No	48,200.00 (Note 3)	48,200.00	3,515.67	37,769.64	Yes	78.36%	78.36%	Internal rate of return of 17.10%	Profit accumulated to RMB 435,800	N/A	The production line of 40MN multi-ram forging hydraulic pressure machine is in the stage of trial production. The main engine and auxiliary equipment of the production line of 120MN multi-ram forging hydraulic pressure machine, such as heating furnace, car bottom furnace, heavy mechanical arm, and descaling machine has completed testing, and are under joint testing.

REPORT OF DIRECTORS

Unit: RMB0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested(1)	Amount to be invested as at the end of the period (2)	Amount of proceeds invested in the current year	Actual amount of proceeds invested (3)	Is it up to schedule	Project progress =(3)/(1)	Percentage of projects in line with schedule =(3)/(2)	Estimated revenue	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve revenue as expected
Replenishment of working capital and repayment of bank loans	No	821,573.89 (Note 2, 4, 5)	821,573.89	346,573.89	821,573.89	N/A	N/A	N/A	N/A	N/A	N/A	
Replenishment of working capital and repayment of bank loans by over-subscription proceeds	No	151,097.24	151,097.24	0.00	151,097.24	N/A	N/A	N/A	N/A	N/A	N/A	
Subtotal		1,835,897.24	1,835,897.24	362,464.97	1,740,828.32							

Note 1: the actual amount of proceeds invested in the projects 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, had been changed into replenishment of working capital of the Company. Upon consideration and approval at the 2013 first extraordinary general meeting held on 22 November 2013, it was agreed that the principal and interest of proceeds intended to be invested for the planned use of the project after 2014 had been changed into replenishment of working capital.

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 changed to "large multi-ram die forgings and heavy equipment automation industrial base construction project".

Note 4: upon consideration and approval at the 2013 first extraordinary general meeting held on 22 November 2013, it was agreed that the remainder of the proceeds and the interest of the project had been changed into replenishment of working capital of the related subsidiaries.

Note 5: upon consideration and approval at the 2013 first extraordinary general meeting held on 22 November 2013, it was agreed that the remainder of the A share proceeds intended to be invested in fixed assets and the interest of the project had been changed into working capital.

(IV) MAJOR PROJECTS NOT INVESTED BY PROCEEDS

During the Reporting Period, the Company had no major project not invested by proceeds with total investment exceeding 10% of its audited net assets as at the end of the previous year.

V. CONNECTED TRANSACTIONS

Transactions between the Company and its connected persons (as defined in the Hong Kong Listing Rules) constitute connected transactions and continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. These transactions have been monitored and managed by the Company in accordance with the Hong Kong Listing Rules.

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. Under the Loan Transfer Agreement, MCC Group shall deliver such excess amount to the Company within 30 days upon receipt (for details, please refer to the Connected Transaction announcement issued by the Company on 5 February 2013). The Company has received full payment for the transaction on 7 February 2013.

2. Set out below are the annual caps of continuing connected transactions of the Company pursuant to the relevant waivers granted by the Hong Kong Stock Exchange and the actual amount of continuing connected transactions of the Company in 2013.

Unit: RMB'million

Item	Transaction	Annual Cap for 2013	For the year ended 31 December 2013
	With MCC Group		
1	Leasing of properties from MCC Group and other subsidiaries to the Company and subsidiaries.	90	56
2	Provision of raw materials, products and services to the Company and subsidiaries by MCC Group and other subsidiaries	400	4
3	Provision of raw materials, products and services to MCC Group and other subsidiaries by the Company and subsidiaries	1,000	60

The Company's independent non-executive Directors have reviewed the above connected transactions and confirmed that these continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or provided from (as appropriate) independent third parties; and

(3) in accordance with relevant agreements governing them that are fair and reasonable and in the interests of the Company's shareholders as a whole.

REPORT OF DIRECTORS

The Company's auditors were engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed by the Company on pages 39 of the Annual Report in accordance with Rule 14A.38 of the Hong Kong Listing Rules. A copy of such letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in respect of the above connected transactions.

VI. DONATIONS

During the Reporting Period, the Company had no significant charity or other donations.

VII. PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company are set out in Note 6 of the consolidated financial statements.

VIII. SUBSIDIARIES AND ASSOCIATES

Details of our interests in our major subsidiaries and the interests in our major associates shared between the Company and our major subsidiaries on 31 December 2013 are set out in Note 45 of the consolidated financial statements.

IX. DIRECTORS AND SUPERVISORS

For information of the current Directors and Supervisors, please see "PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF" on pages 88 to 99 of this annual report.

X. DISCLOSURE OF INTEREST

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 31 December 2013, as far as the Company is aware, details of the interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors or Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules 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 shares in issue
Directors							
Guo Wenqing	Chairman and executive Director	A shares	Long position	Beneficial owner	130,000	0%	0%
Jing Tianliang	Non-executive Director	A shares	Long position	Beneficial owner	150,000	0%	0%
Shen Heting	Executive Director	A shares	Long position	Beneficial owner	150,000	0%	0%
Chen Yongkuan	Independent non-executive Director	A shares	Long position	Beneficial owner	30,000	0%	0%
		H shares	Long position	Beneficial owner	100,000	0%	0%
Lin Jinzhen	Employee Representative Director	A shares	Long position	Beneficial owner	60,000	0%	0%
Supervisors							
Shan Zhongli	Chairman of 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%
Chief executive							
Zhang Zhaoxiang	President	A Shares	Long position	Beneficial owner	80,000	0%	0%

REPORT OF DIRECTORS

Save as disclosed above and as at 31 December 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 Securities and Futures Ordinance) which are recorded in the register of the Company required to be kept pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange by Directors or Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules.

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

As at 31 December 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 shares in issue
Huang Dan	Vice President	A Shares	Long position	Beneficial owner	80,000	0%	0%
Wang Yongguang	Vice President	A Shares	Long position	Beneficial owner	50,000	0%	0%
Li Shiyu	Vice President and Chief Accountant (chief financial officer)	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 Company Secretary	A Shares	Long position	Beneficial owner	80,000	0%	0%

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 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 Securities and Futures Ordinance:

Holders of A Shares

Unit: Share

Name of substantial shareholder	Capacity	Number of A Shares held	Nature of interest	Approximate percentage of total issued A Shares *(%)*	Approximate percentage of total issued shares *(%)*
China Metallurgical Group Corporation	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 held	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 best knowledge of the Directors, Supervisors and chief executive of the Company, as at 31 December 2013, no other person or corporation was recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance 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 Securities and Futures Ordinance.

REPORT OF DIRECTORS

XI. MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the amount of purchase from top five suppliers of the Company accounted for not more than 10% of the purchase amount of the Company, while aggregate revenue from top five customers of the Company accounted for not more than 10% of the total revenue of the Company.

XII. 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.

XIII. MINIMUM PUBLIC FLOAT

As at the date of this report, the Company has maintained sufficient public float, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

XIV. RESERVES AND DISTRIBUTABLE RESERVES

Details of changes in reserves of the Company during the Reporting Period are set out in the Consolidated Statement of Changes in Equity on pages 126 to 127 of this report and Note 21 of the consolidated financial statements.

In accordance with the Articles of Association of the Company, the reserve available for distribution for relevant period is the lower of the amounts as shown in the financial statements prepared in accordance with the PRC GAAP and the IFRSs should there be any discrepancy between them.

In accordance with the PRC Company Law, the profits after tax may be distributed as dividends after being appropriated to statutory reserves. As at 31 December 2013, the Company had a distributable reserve of approximately RMB1,182 million.

XV. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders. Subject to the Hong Kong Listing Rules, pursuant to the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing bonus shares to the existing Shareholders, converting capital reserve to share capital or using other methods as allowed by applicable laws and administrative regulations or approved by relevant authorities.

Currently, the Company does not have any share option arrangements.

XVI. BANK AND OTHER LOANS

Details of the bank loans and other borrowings of the Company are set out in Note 23 of the consolidated financial statements.

XVII. MANAGEMENT CONTRACT

Apart from the service contracts of management personnel of the Company, the Company has not entered into any contract with any individual, company or body corporate to manage or handle the whole department or any material part of the Company's business.

XVIII. COMPETITION

The Parent confirmed that during the Reporting Period it did not breach any undertakings under the Non-competition Undertaking Letter signed on 5 December 2008 and the Non-competition Agreement signed with the Company on 31 August 2009.

XIX. PROPERTIES HELD FOR FURTHER DEVELOPMENT OR SALE

Location	Current use of land	Occupied area *s.q.m.*	Floor area *s.q.m.*	Status of project	Progress towards completion	Estimated completion date	Percentage of the interest attributable to the Company in the development projects
Land lot in Binjiang, Nanjing City, Jiangsu Province (江蘇省南京市濱江地塊)	Complex	667,546.00	3,001,700.00	Under construction	—	2017	98.52%
East to Runze Road, South to Cao Xueqin West Road, West to Tangfeng Road, North to Tiedao Road, Tangshan City (唐山市豐潤區潤澤路以東、曹雪芹西道以南、唐豐路以西、 鐵道路以北)	Residential and commercial	367,164.01	882,943.64	Under construction	35%	2020	100%
Land lot in Tieshanping, Jiangbei District, Chongqing City (重慶市江北區鐵山坪)	Residential and commercial	678,259.00	218,634.00	Under construction	Obtained the Land Planning Permit, not put in to construction.	2017	100%
Road 7, Yishun District, Singapore	Residential	27,154.00	67,884.00	Under construction	75%	2015	100%
Kundulun District, Baotou City (包頭市昆都侖區)	Residential	253,672.84	611,200.00	Under construction	24%	2014	70%
Lazishan, Ganjingzi District, Dalian, Liaoning (遼寧大連甘井子區砬子山)	Residential and commercial	377,700.00	418,000.00	Under construction	80%	2018	60%
Road 11, Yishun District, Singapore	Residential	15,074.20	46,413.00	Completed	100%	—	100%
Gaoxin District,Chengdu City, Sichuan Province (四川省成都市高新區)	Complex	126,602.27	950,123.48	Under construction	17%	2017	51%
Raolefu, Fangshan District, Beijing City (北京市房山區鐃樂府)	Residential	61,100.25	134,871.00	Under construction	30%	2015	100%
Land lot in Wutong Road, Lubei District, Tangshan City, Hebei Province (河北省唐山市路北區梧桐大道地塊)	Residential and commercial	134,338.62	331,598.75	Held for sale	100%	—	51%

XX. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE HONG KONG LISTING RULES

During the Reporting Period, the Company had complied with the code provisions of the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules, except as otherwise explained in the Corporate Governance Report of this annual report, which sets out the details of the Company's corporate governance practices.

XXI. AUDITORS

After consideration and approval in the 2012 AGM, the Company appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as its international and domestic auditors for the year ended 31 December 2013 respectively, and appointed PricewaterhouseCoopers Zhong Tian LLP as internal control auditor of the Company for the year 2013. The financial statements prepared in accordance with IFRSs have been audited by PricewaterhouseCoopers. A resolution for the appointments of the auditor and internal control auditor of the Company respectively for the year ending 31 December 2014 will be submitted to the 2013 AGM of the Company for consideration and approval after separate review. The Company did not change auditor in the last three years.

XXII. FULFILMENT OF SOCIAL RESPONSIBILITIES

During the Reporting Period, the Company was not involved in any situation of industries of heavy pollution as stipulated by the national departments of environmental protection. The Company has prepared and disclosed 2013 Social Responsibility Report of Metallurgical Corporation of China Ltd. pursuant to relevant requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW

The Company's revenue amounted to RMB202,241 million for 2013, representing a decrease of 6.47% compared to the same period of last year. Profit attributable to owners of the Company amounted to RMB2,981 million. Basic earnings per share for 2013 was RMB0.16.

The following are the financial results of the Company for the year ended 31 December 2013 compared to that for the year ended 31 December 2012.

II. CONDENSED CONSOLIDATED OPERATING RESULTS

1. Revenue

The Company is mainly engaged in engineering and construction, equipment manufacturing, resources development, property development and other businesses. The revenue of the Company amounted to RMB202,241 million for 2013, representing a decrease of RMB14,001 million or 6.47% compared to RMB216,242 million for 2012. The decrease was mainly attributable to the decrease in segment revenues of engineering and construction, equipment manufacturing and other businesses of RMB10,106 million or 5.78%, RMB1,842 million or 16.29% and RMB2,606 million or 49.39% respectively before elimination of inter-segment transactions. Segment revenues of resources development and property development increased by RMB549 million or 19.76% and RMB1,083 million or 4.29% respectively (all the segment data is 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. The cost of sales of the Company amounted to RMB181,173 million for 2013, representing a decrease of RMB19,029 million or 9.50% compared to RMB200,202 million for 2012.

The gross profit of the Company amounted to RMB21,068 million for 2013, representing an increase of RMB5,028 million or 31.35% compared to RMB16,040 million for 2012. Gross profit margin of the Company was 10.42 % for 2013, representing an increase of 3.00% compared to 7.42% for 2012.

All business segments of the Company except resources development business, namely engineering and construction, equipment manufacturing, property development and other businesses, recorded a gross profit of RMB16,385 million, RMB826 million, RMB4,012 million and RMB179 million respectively for 2013, and the gross profit margins were 9.94%, 8.73%, 15.25% and 6.70% respectively; Resources development business recorded a gross loss of RMB176 million, and the gross profit margin was -5.29% (all the segment data is before elimination of inter-segment transactions).

MANAGEMENT DISCUSSION AND ANALYSIS

3. **Operating profit**

The operating profit of the Company amounted to RMB9,289 million for 2013, representing an increase of RMB4,611 million or 98.57% compared to RMB4,678 million for 2012. The increase in operating profit was mainly attributable to the decreased loss of some businesses. The loss of segment results of the resources development business of the Company amounted to RMB1,372 million for 2013, compared to the loss of segment results of RMB3,697 million for 2012. The equipment manufacturing business recorded a loss of segment results of RMB171 million for 2013 compared to a loss of segment results of RMB668 million for 2012. Other businesses recorded a profit of segment results of RMB73 million for 2013 compared to a loss of segment results of RMB258 million for 2012. The segment results of the engineering and construction business increased by RMB1,802 million or 29.97% compared to that for 2012. The segment results of the property development business decreased by RMB515 million or 13.46% as compared to that for 2012 (all the segment data 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 2013 amounted to RMB2,043 million, representing an increase of RMB215 million or 11.76% compared to RMB1,828 million for 2012, mainly attributable to the increase in interest income on receivables incurred by advances for projects of the Company during the year.

5. **Finance expenses**

The Company's finance expenses 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. The finance expenses of the Company for 2013 increased by RMB731 million or 15.57% to RMB5,426 million from RMB4,695 million for 2012, mainly attributable to the increase in net foreign exchange losses of borrowings and the decrease in amounts capitalized.

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

The Company's share of profits of investments in 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. The Company's share of losses of investments in associates was RMB137 million for 2013, and the Company's share of profits of investments in associates was RMB16 million for 2012.

7. **Profit before income tax**

The Company's profit before income tax for 2013 increased by RMB3,942 million or 215.76% to RMB5,769 million from RMB1,827 million for 2012.

8. **Income tax expense**

The Company's income tax expense for 2013 decreased by RMB293 million or 9.82% from RMB2,984 million for 2012 to RMB2,691 million. The Company's effective tax rate was 46.65% for 2013, representing a decrease of 116.68% compared to 163.33% for 2012, which was mainly attributable to the decrease in losses of certain subsidiaries which incurred tax loss but did not recognize deferred income tax assets.

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

Prifit/(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 profit attributable to non-controlling interests for 2013 amounted to RMB97 million, while the loss attributable to non-controlling interests for 2012 amounted to RMB3,405 million.

10. Profit/(loss) attributable to owners of the Company

The profit attributable to owners of the Company amounted to RMB2,981 million for 2013, all of which was profit from continuing operations attributable to owners of the Company. The loss attributable to owners of the Company amounted to RMB6,943 million, of which loss from continuing operations attributable to owners of the Company amounted to RMB1,596 million for 2012.

III. DISCUSSION OF RESULTS BY SEGMENT

The following table sets forth the Company's segment revenue, gross profit and segment results for the years ended 31 December 2013 and 2012.

	Segment revenue For the year ended 31 December		Gross profit For the year ended 31 December		Gross profit margin For the year ended 31 December		Segment results For the year ended 31 December		Segment results margin(note1) For the year ended 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*			*RMB'million*	*RMB'million*		
								Restated		Restated
Engineering and construction	164,887	174,993	16,385	14,128	9.94%	8.07%	7,814	6,012	4.74%	3.44%
% of the total	79.79%	79.69%	77.20%	86.40%			80.93%	115.31%		
Equipment manufacturing	9,465	11,307	826	492	8.73%	4.35%	(171)	(668)	–1.81%	–5.91%
% of the total	4.58%	5.15%	3.89%	3.01%			–1.77%	–12.81%		
Resources development	3,327	2,778	(176)	(2,871)	–5.29%	–103.35%	(1,372)	(3,697)	–41.24%	–133.08%
% of the total	1.61%	1.27%	–0.83%	–17.56%			–14.21%	–70.91%		
Property development	26,309	25,226	4,012	4,642	15.25%	18.40%	3,310	3,825	12.58%	15.16%
% of the total	12.73%	11.49%	18.90%	28.39%			34.29%	73.36%		
Other businesses	2,670	5,276	179	(40)	6.70%	–0.76%	73	(258)	2.73%	–4.89%
% of the total	1.29%	2.40%	0.84%	–0.24%			0.76%	–4.95%		
Subtotal	206,658	219,580	21,226	16,351	10.27%	7.45%	9,654	5,214	4.67%	2.37%
Inter-segment elimination	(4,417)	(3,338)	(158)	(311)			(158)	(311)		
Total	202,241	216,242	21,068	16,040	10.42%	7.42%	9,496	4,903	4.70%	2.27%
Unallocated administrative expenses							(207)	(225)		
Total operating profit							9,289	4,678		

Note1: Segment results margin represents a percentage of segment results 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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Segment revenue	**164,887**	174,993
Cost of sales	**(148,502)**	(160,865)
Gross profit	**16,385**	14,128
Selling and marketing expenses	**(705)**	(729)
Administrative expenses	**(8,401)**	(8,271)
Other income and gains	**535**	884
Segment results	**7,814**	6,012
Depreciation and amortization	**1,594**	1,529

Segment revenue. Segment revenue from the engineering and construction business decreased by RMB10,106 million or 5.78% from RMB174,993 million for 2012 to RMB164,887 million for 2013. The decrease was mainly attributable to the slight decrease in revenue from new projects and implementation of previously undertaken projects during the year.

Cost of sales and gross profit. Cost of sales incurred from the engineering and construction business decreased by RMB12,363 million or 7.69% from RMB160,865 million for 2012 to RMB148,502 million for 2013. Percentage of cost of sales against segment revenue decreased to 90.06% for 2013 from 91.93% for 2012.

Gross profit of the engineering and construction business increased by RMB2,257 million or 15.98% from RMB14,128 million for 2012 to RMB16,385 million for 2013. Gross profit margin of the engineering and construction business increased from 8.07% for 2012 to 9.94% for 2013. Net of the effects from several overseas loss-making projects, the gross profit margins for 2013 and 2012 were 10.09% and 9.95%, respectively.

Selling and marketing expenses. Selling and marketing expenses incurred for the engineering and construction business decreased by RMB24 million or 3.29% from RMB729 million for 2012 to RMB705 million for 2013.

Administrative expenses. Administrative expenses incurred for the engineering and construction business increased by RMB130 million or 1.57% from RMB8,271 million for 2012 to RMB8,401 million for 2013.

Other income and gains. Other income and gains from the engineering and construction business decreased by RMB349 million or 39.48% from RMB884 million for 2012 to RMB535 million for 2013.

Segment results. Segment results of the engineering and construction business increased by RMB1,802 million or 29.97% from RMB6,012 million for 2012 to RMB7,814 million for 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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Segment revenue	**9,465**	11,307
Cost of sales	**(8,639)**	(10,815)
Gross profit	**826**	492
Selling and marketing expenses	**(210)**	(271)
Administrative expenses	**(1,154)**	(1,179)
Other income and gains	**367**	290
Segment results	**(171)**	(668)
Depreciation and amortization	**441**	548

Segment revenue. Segment revenue from the equipment manufacturing business decreased by RMB1,842 million or 16.29% from RMB11,307 million for 2012 to RMB9,465 million for 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 CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備技術有限公司). 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 RMB2,176 million or 20.12% from RMB10,815 million for 2012 to RMB8,639 million for 2013. Percentage of cost of sales against segment revenue decreased from 95.65% for 2012 to 91.27% for 2013.

Gross profit of the equipment manufacturing business increased by RMB334 million or 67.89% from RMB492 million for 2012 to RMB826 million for 2013. Gross profit margin of the equipment manufacturing business increased from 4.35% for 2012 to 8.73 % for 2013, mainly attributable to the decrease in the proportion of revenue from the loss-generating enterprises.

Selling and marketing expenses. Selling and marketing expenses incurred for the equipment manufacturing business decreased by RMB61 million or 22.51% from RMB271 million for 2012 to RMB210 million for 2013.

Administrative expenses. Administrative expenses incurred for the equipment manufacturing business decreased by RMB25 million or 2.12% from RMB1,179 million for 2012 to RMB1,154 million for 2013.

Other income and gains. Other income and gains from the equipment manufacturing business increased by RMB77 million or 26.55% from RMB290 million for 2012 to RMB367 million for 2013.

Segment results. Segment results of the equipment manufacturing business recorded a loss of RMB171 million for 2013 compared to the loss of RMB668 million for 2012.

3. Resources development business

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

The following table sets forth the principal profit or loss information for the resources development business for the years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Segment revenue	**3,327**	2,778
Cost of sales	**(3,503)**	(5,649)
Gross profit	**(176)**	(2,871)
Sales and marketing expenses	**(235)**	(169)
Administrative expenses	**(829)**	(630)
Other expenses	**(132)**	(27)
Segment results	**(1,372)**	(3,697)
Depreciation and amortization	**1,014**	429

Segment revenue. Segment revenue from the resources development business increased by RMB549 million or 19.76% from RMB2,778 million for 2012 to RMB3,327 million for 2013. It was mainly attributable to the fact that the Ramu Project of MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), a subsidiary of the Company, had commenced production and contributed revenue.

Cost of sales and gross profit. Cost of sales incurred from the resources development business decreased by RMB2,146 million or 37.99% from RMB5,649 million for 2012 to RMB3,503 million for 2013. Percentage of the cost of sales against revenue decreased from 203.35% for 2012 to 105.29% for 2013.

The resources development business recorded a gross loss of RMB176 million for 2013, compared to the gross loss of RMB2,871 million for 2012. Gross profit margin of the resources development business increased from -103.35% for 2012 to -5.29% for 2013, mainly attributable to the provision for impairment of exploration rights amounted to RMB2,296 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.

Selling and marketing expenses. Selling and marketing expenses incurred for the resources development business increased by RMB66 million or 39.05% from RMB169 million for 2012 to RMB235 million for 2013.

Administrative expenses. Administrative expenses incurred for the resources development business increased by RMB199 million or 31.59% from RMB630 million for 2012 to RMB829 million for 2013. It was mainly attributable to the fact that the Ramu Project of MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), a subsidiary of the Company, had commenced production and the expenditure which met certain capitalisation conditions in the previous year had to be expensed.

Other expenses. Other expenses of the resources development business for 2013 reached RMB132 million, representing an increase of RMB105 million or 388.89% from RMB27 million for 2012.

Segment results. Segment results of the resources development business recorded a loss of RMB1,372 million for 2013, and a loss of RMB3,697 million was recorded for 2012. The decrease in loss was mainly because of the provision for impairment of exploration rights amounted to RMB2,296 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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Segment revenue	**26,309**	25,226
Cost of sales	**(22,297)**	(20,584)
Gross profit	**4,012**	4,642
Selling and marketing expenses	**(374)**	(363)
Administrative expenses	**(620)**	(634)
Other income and gains	**292**	180
Segment results	**3,310**	3,825
Depreciation and amortization	**64**	50

Segment revenue. Segment revenue from the property development business increased by RMB1,083 million or 4.29% from RMB25,226 million for 2012 to RMB26,309 million for 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 2013 was RMB22,297 million, representing an increase of RMB1,713 million or 8.32% from RMB20,584 million for 2012. Percentage of the cost of sales against segment revenue increased from 81.60% for 2012 to 84.75% for 2013.

Gross profit of the property development business decreased by RMB630 million or 13.57% from RMB4,642 million for 2012 to RMB4,012 million for 2013. Gross profit margin of the property development business decreased from 18.40% for 2012 to 15.25% for 2013, which was mainly due to the fact that the projects with low gross profit margin contributed more revenue.

Selling and marketing expenses. Selling and marketing expenses incurred for the property development business increased by RMB11 million or 3.03% from RMB363 million for 2012 to RMB374 million for 2013.

Administrative expenses. Administrative expenses incurred for the property development business decreased by RMB14 million or 2.21% from RMB634 million for 2012 to RMB620 million for 2013.

Other income and gains. Other income and gains from the property development business for 2013 amounted to RMB292 million, representing an increase of RMB112 million or 62.22% from RMB180 million for 2012, mainly attributable to the increase in gains from the disposal of subsidiaries.

Segment results. Segment results of the property development business decreased by RMB515 million or 13.46% from RMB3,825 million for 2012 to RMB3,310 million for 2013.

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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013 (RMB 'million)	2012 (RMB 'million) Restated
Segment revenue	2,670	5,276
Cost of sales	(2,491)	(5,316)
Gross profit	179	(40)
Selling and marketing expenses	(93)	(90)
Administrative expenses	(59)	(205)
Other income and gains	46	77
Segment results	73	(258)
Depreciation and amortization	50	56

Segment revenue. Segment revenue from the other businesses decreased by RMB2,606 million or 49.39% from RMB5,276 million for 2012 to RMB2,670 million for 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 RMB2,825 million or 53.14% from RMB5,316 million for 2012 to RMB2,491 million for 2013. Percentage of the cost of sales against segment revenue decreased from 100.76% for 2012 to 93.30% for 2013.

Gross profit of the other businesses was RMB179 million in 2013, while a gross loss of RMB40 million was recorded in 2012. Gross profit margin of the other businesses increased from -0.76% for 2012 to 6.70% for 2013, which was mainly attributable to the decrease in the amount of trading with low gross profit and the large amount of provision for inventory impairment by China MCC International Economic and Trade Co., Ltd., a subsidiary of the Company, in 2012.

Selling and marketing expenses. Selling and marketing expenses incurred for the other businesses increased by RMB3 million or 3.33% from RMB90 million for 2012 to RMB93 million for 2013.

Administrative expenses. Administrative expenses incurred for the other businesses decreased by RMB146 million or 71.22% from RMB205 million for 2012 to RMB59 million for 2013.

Other income and gains. Other income and gains of the other businesses decreased by RMB31 million or 40.26% from RMB77 million for 2012 to RMB46 million for 2013.

Segment results. Segment results of the other businesses was RMB73 million for 2013, as compared with a loss of RMB258 million for 2012.

IV. LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds have been cash generated from operations and various short-term and long-term bank borrowings and lines of credit, as well as equity contributions from shareholders. The Company's liquidity requirements involve primarily 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 consolidated statement of cash flows of the Company for the years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
Net cash generated from operating activities	**20,022**	4,387
Net cash generated from /(used in) investing activities	**405**	(4,890)
Net cash used in financing activities	**(21,153)**	(10,113)
Net decrease in cash and cash equivalents	**(726)**	(10,616)
Cash and cash equivalents at beginning of the year	**32,084**	42,721
Exchange losses on cash and cash equivalents	**(115)**	(21)
Cash and cash equivalents at end of the year	**31,243**	32,084

2. Cash flows from operating activities

In 2013, the Company's net cash from operating activities amounted to RMB20,022 million compared to net cash generated from operating activities of RMB4,387 million in 2012. The increase of RMB15,635 million in net cash generated from operating activities was mainly due to the fact that part of the repayment of advances was received this year, which accounted for a large amount of operating cash outflows in previous years for some of the Company's BT and property projects. In addition, deposits were received by some of the Company's subsidiaries engaging in property development business during the year. Besides, factoring and debt transfer businesses were another reason for net cash inflow of the Company's operating activities.

3. Cash flows from investing activities

In 2013, the Company's net cash generated from investing activities amounted to RMB405 million compared to net cash used in investing activities amounted to RMB4,890 million in 2012, mainly due to the decrease in cash used in purchases of property, plant and equipment and the increase in cash received from disposal of fixed assets and intangible assets, disposal of subsidiaries, repayment of loan from related parties, etc.

4. Cash flows from financing activities

In 2013, the Company's net cash used in financing activities amounted to RMB21,153 million, representing an increase of RMB11,040 million from the net cash used in financing activities of RMB10,113 million in 2012, which was mainly attributable to the increase in the cash outflow due to the payment of debts.

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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
Engineering and construction business	**2,432**	3,608
Equipment manufacturing business	**678**	1,298
Resources development business	**1,838**	2,604
Property development business	**180**	485
Other businesses	**48**	42
Total	**5,176**	8,037

The Company's capital expenditures for the year ended 31 December 2013 amounted to RMB5,176 million, representing a decrease of RMB2,861 million or 35.60% from RMB8,037 million for the year ended 31 December 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 years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	days	*days*
The turnover days of the average trade receivables*(1)*	**166**	144
The turnover days of the average trade payables*(2)*	**148**	119

(1) The average trade receivables are the sum of the opening balance and the closing balance of trade receivables divided by two. The turnover days of the average trade receivables are the average trade receivables divided by revenue and multiplied by 365.

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

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

	As at 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
Less than one year	**61,856**	63,032
One to two years	**18,914**	18,142
Two to three years	**8,799**	5,386
Three to four years	**2,395**	1,706
Four to five years	**1,142**	807
Over five years	**1,254**	1,005
Total	**94,360**	90,078

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

	As at 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
Less than one year	**58,891**	51,966
One to two years	**10,614**	9,692
Two to three years	**4,470**	4,146
Over three years	**3,822**	2,923
Total	**77,797**	68,727

7. **Retentions**

The following table sets forth the carrying balances as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
Current portion	**3,645**	2,941
Non-current portion	**37**	78
Total	**3,682**	3,019

8. **Assets-liabilities ratio**

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

	As at 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Total liabilities	**267,819**	273,392
Total assets	**322,884**	326,227
Assets-liabilities ratio	**82.95%**	83.80%

9. Gearing ratio

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

	As at 31 December	
	2013	2012
	(RMB 'million)	*(RMB 'million)*
		Restated
Total borrowings	**116,567**	131,502
Less: Cash and cash equivalents	**(31,243)**	(32,084)
Net debt	**85,324**	99,418
Total equity	**55,065**	52,835
Total capital	**140,389**	152,253
Gearing ratio	**61%**	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.

10. Cash and cash equivalents

The following table sets forth the cash and cash equivalents of the Company as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cash at bank and in hand	**28,624**	29,071
Bank deposits with original maturities of three months or less	**2,617**	3,006
Other deposits for investment	**2**	7
Cash and cash equivalents	**31,243**	32,084
Denominated in:		
— RMB	**28,777**	29,721
— USD	**1,660**	1,592
— EUR	**59**	28
— AUD	**108**	133
— Others	**639**	610
	31,243	32,084

The maximum exposure to credit risk approximates the carrying amounts of the Company's cash and cash equivalents at the balance sheet date.

As at 31 December 2013, the Company's weighted average effective interest rate per annum on bank deposits was approximately 2.80% (2012: 2.54%).

V. INDEBTEDNESS

1. Borrowings

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

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Non-current		
Long-term bank borrowings:		
Secured*(a)*	**5,843**	10,543
Unsecured	**15,765**	18,988
	21,608	29,531
Other long-term borrowings:		
Secured*(a)*	**–**	75
Unsecured	**10**	6,011
Debentures*(b)*	**20,606**	21,448
	20,616	27,534
Total non-current borrowings	**42,224**	57,065
Current		
Short-term bank borrowings:		
Secured*(a)*	**588**	1,615
Unsecured	**41,601**	37,433
	42,189	39,048
Other short-term borrowings:		
Secured*(a)*	**–**	160
Unsecured	**2,891**	3,305
Debentures*(c)*	**18,900**	21,400
	21,791	24,865

	As at 31 December	
	2013	2012
	RMB 'million	RMB 'million
Current portion of long-term bank borrowings:		
Secured*(a)*	1,187	1,508
Unsecured	4,680	9,016
	5,867	10,524
Current portion of other long-term borrowings:		
Unsecured	4,496	—
	4,496	—
Total current borrowings	74,343	74,437
Total borrowings	116,567	131,502

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

(b) Non-current portion of debentures

Debentures	Par value	Issue date	Maturity	Issue price	As at 31 December 2013
	RMB 'million			RMB 'million	RMB 'million
2008 MCC Debentures*(i)*	3,500	23/07/2008	10 years	3,500	2,704
Tranche I MTN Debentures*(ii)*	10,000	19/09/2010	10 years	9,971	10,149
Tranche II MTN Debentures*(iii)*	4,700	15/11/2010	5 years	4,686	4,722
United States Dollar ("USD") Debentures*(iv)*	3,322	29/07/2011	5 years	3,188	3,031
	21,522			21,345	20,606

(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. The Company repurchased debentures amounted to RMB796 million sold back by bondholders on 24 July 2013.

(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.

(c) Current portion of debentures

Debentures	**Par value** *RMB 'million*	**Issue date**	**Maturity**	**Issue price** *RMB 'million*	**As at 31 December 2013** *RMB 'million*
Tranche I Short-Term Debentures*(i)*	2,000	12 March 2013	1 year	2,000	2,000
Tranche II Short-Term Debentures*(ii)*	3,000	25 April 2013	1 year	3,000	3,000
Tranche III Short-Term Debentures*(iii)*	3,900	12 July 2013	1 year	3,900	3,900
Tranche I Extra Short-Term Debentures*(iv)*	4,000	7 May 2013	270 days	4,000	4,000
Tranche II Extra Short-Term Debentures*(v)*	3,000	22 May 2013	270 days	3,000	3,000
Tranche III Extra Short-Term Debentures*(vi)*	3,000	18 September 2013	270 days	3,000	3,000
	18,900			18,900	18,900

(i) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) 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.

(iii) As approved by the acceptance notice for registration (中市協注[2013]CP238號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 12 July 2013 at par value of RMB3,900 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.98% per annum. Principal and interests are paid upon maturity date.

(iv) 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.

(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 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.

(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 III Extra Short-Term Debentures on 18 September 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 5.43% per annum. Principal and interests are paid upon maturity date.

(d) For the year ended 31 December 2013, the Company repaid debentures amounted to RMB22,196 million.

(e) The carrying amounts of the Company's borrowings are denominated in the following currencies:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**108,175**	124,115
USD	**6,058**	5,750
Singapore dollar	**2,266**	1,570
Others	**68**	67
	116,567	131,502

(f) The weighted average effective interest rates (per annum) at the balance sheet date are as follows:

	As at 31 December	
	2013	2012
Bank borrowings		
RMB	**6.06%**	6.25%
USD	**4.56%**	4.64%
Singapore dollar	**2.71%**	2.34%
Other borrowings		
RMB	**9.05%**	10.27%

2. Financial guarantees

The nominal values of the financial guarantees issued by the Company as at 31 December 2013 are analysed as below:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Outstanding guarantees*(i)*		
— Third parties	**145**	174
— Related parties	**824**	130
	969	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.

(ii) 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 financial statement for the guarantees.

3. Contingencies

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Pending lawsuits/arbitrations	**1,080**	951

MANAGEMENT DISCUSSION AND ANALYSIS

(i) The Company has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. 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.

(ii) Out of above lawsuits that the Company is named as defendants, there is a lawsuit in relation to the final tranche of certain assets purchase with a claim of AUD80 million and related late payment interests. In August 2013, Arbitration Centre in Singapore has ordered the Company to deposit the AUD80 million into an escrow account in the joint names of the Company and claimants which is opened with a major trading bank in Australia. The order does not constitute the final judgement of the disputes between the parties. As of 31 December 2013, the Company has paid the above sum into the escrow account according to the arbitration result and such amount has already been recorded in Trade and other payables. Based on current situation, the Company believes that the outcome of this lawsuit cannot be estimated and hence no provision is made.

(iii) During the year 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 of the project 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 year 2013, there was a further delay in commissioning of the second production line due to the technical issues of the cyclo electric motors, which were purchased from an overseas equipment vendor by a subsidiary of CITIC Group. Based on the assessment performed by the Company, the Company 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 Company.

As at the date of approval of these consolidated financial statements, the Owner of the project 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 provision was made.

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.

(a) 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.

As at 31 December 2013, if RMB had strengthened/weakened by 5% (2012: 5%) against USD, AUD, EUR and other foreign currencies with all other variables held constant, which were considered reasonably possible by management, the profit after tax for the year ended 31 December 2013 would have been approximately RMB305 million higher/lower (2012: RMB56 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of USD, AUD, EUR and other foreign currencies denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

(b) Interest rate risk

The Company's exposure to interest rate risk relates principally to its restricted cash, cash and cash equivalents and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose the Company to cash flow interest-rate risk, and those restricted cash, cash and cash equivalents and borrowings at fixed rates expose the Company to fair value interest-rate risk. As at 31 December 2013, approximately RMB352 million (2012: RMB299 million) of the Company's restricted cash, approximately RMB654 million (2012: RMB435 million) of the Company's cash and cash equivalents and approximately RMB60,840 million (2012: RMB70,299 million) of the Company's borrowings were at fixed rates.

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

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

As at 31 December 2013, if the respective interest rates on RMB-denominated borrowings and USD and other currency-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, which was considered reasonably possible by management, profit after income tax for the year ended 31 December 2013 would have been RMB112 million lower/higher and RMB29 million lower/higher respectively (for the year ended 31 December 2012: RMB175 million lower/higher and RMB28 million lower/higher), mainly as a result of higher/lower interest expenses on bank borrowings.

(c) Price risk

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

The following table details the Company's sensitivity to a 10% increase or 10% decrease in equity price on the available-for-sale financial assets or financial assets at fair value through profit or loss at each balance sheet date while all other variables were held constant. Management has used 10% to illustrate the equity price risk as the fluctuation in equity price is unpredictable.

	As at 31 December	
	2013	2012
Change in equity price	**10%**	10%

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Impact on profit for the year		
Increase/(decrease) in profit for the year		
— as a result of increase in equity price	**3**	23
— as a result of decrease in equity price	**(3)**	(23)
Impact on equity		
Increase/(decrease) in equity for the year		
— as a result of increase in equity price	**23**	25
— as a result of decrease in equity price	**(23)**	(25)

(d) Credit risk

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 risk in relation to financial assets.

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

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

(e) Liquidity risk

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.

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 *(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 31 December 2013					
Borrowings	79,411	26,523	16,927	18,573	141,434
Trade and other payables	99,504	337	—	—	99,841
	178,915	26,860	16,927	18,573	241,275
As at 31 December 2012					
Borrowings	84,262	28,523	25,314	31,283	169,382
Trade and other payables	84,417	222	—	—	84,639
	168,679	28,745	25,314	31,283	254,021

SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

It was published in the announcement of "Explanation on the Dispute in Respect of the Cape Lambert Iron Ore Project in Western Australia" (《關於西澳大利亞蘭伯特角鐵礦項目糾紛的説明》) issued by the Company on 10 September 2010 that disputes in relation to the final tranche of AUD$80.00 million for the mining tenements and related asset of Cape Lambert Iron Ore in Western Australia between the Company, the MCC Australia Sanjin Mining Pty Ltd, a subsidiary of the Company, with Cape Lambert Resources Limited and Mt Anketell Pty Ltd. In accordance with the judgement of the Arbitration Centre in Singapore, the Company disclosed progress of the dispute on 12 August 2013. Pursuant to the arbitration of the Arbitration Centre in Singapore, the Company transferred the final tranche of AUD$80.00 million to a joint account of both parties on 22 November 2013. It is estimated that the arbitral decision of this case will be made in around late July 2014.

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

II. THE STATUS OF CAPITAL USED AND REPAID AS AT THE END OF THE REPORTING PERIOD

51.06% of the equity interests in MCC Huludao Nonferrous Metals Group Co., Ltd. ("Huludao Nonferrous") was transferred from the Company to MCC Group on 31 December 2012, while the Company remained as the creditor of Huludao Nonferrous. Non-operational usage of capital by Huludao Nonferrous was re-classified from "capital used by the subsidiaries of the listed company" to "capital used by a substantial shareholder and its subsidiaries". On 5 February 2013, the Company transferred the receivables due from Huludao Nonferrous with gross amount of approximately RMB7.75 billion at the consideration of the appraised value of RMB859.823 million. The proceeds were received in full as cash and balances on 7 February 2013.

III. INSOLVENCY- OR RESTRUCTURING-RELATED MATTERS

During the Reporting Period, the Company did not have any insolvency or restructuring related matters.

IV. TRANSACTIONS OF ASSETS AND MERGER OF ENTERPRISES

On 20 October 2013, MCC Capital Engineering & Research Incorporation Limited* (中冶京誠工程技術有限公司) ("CERI"), a non-wholly owned subsidiary of the Company, introduced Shijiazhuang Iron & Steel Co., Ltd.* (石家莊鋼鐵有限責任公司) ("Shigang") as a strategic investor for a joint capital increase for CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd.* (中冶京誠(營口)裝備技術有限公司) ("Yingkou Company"), a subsidiary of CERI. Following the capital increase, there was a change of control over Yingkou Company with Shigang holding 51.042% and CERI holding 48.958% of equity interests. Since the audited net profit of Yingkou Company for 2012 exceeded 10% of the net profit attributable to the shareholders of the Company in the consolidated statements of the Company for 2012, and the joint capital increase by CERI and Shigang resulted in the Company's cease of control over Yingkou Company, the capital increase is deemed as the disposal of equity interests in Yingkou Company according to relevant regulations (for details please refer to the overseas regulatory announcement published by the Company on 22 October 2013).

On 23 December 2013, Zhuhai MCC Infrastructure Construction and Investment Co., Ltd.* (珠海中冶基礎設施建設投資有限公司) (being a subsidiary of the Company, 100% equity interest of which is held by China MCC 20 Group Co., Ltd., a non-wholly owned subsidiary of the Company), transferred its asset income rights of RMB5,000 million of Zhuhai Dahengqin Investment Co., Ltd. (珠海大橫琴投資有限公司) ("Zhuhai Dahengqin"), i.e. the ownership of the repurchase consideration receivable of the BT project in the amount of RMB5,000 million determined in accordance with the quantity of completed construction of the BT project pursuant to the Agreement of Specific Investment and Construction of Municipal Infrastructure (BT) Project (''BT Project'') in Hengqin District, Zhuhai City (《珠海市橫琴新區市政基礎設施(BT)項目投資建設合同》) and its corresponding return on investment and liquidated damages to Zhuhai Branch of China Construction Bank Corporation, the consideration for the transfer amounted to RMB5,000 million. Such consideration was equivalent to the book value of the receivable repurchase consideration of the transferred BT project of Zhuhai Dahengqin (for details, please referred to the announcement published on 23 December 2013 by the Company).

Save as the matters mentioned above, during the Reporting Period, the Company did not have other material events of acquisition and disposal of assets, as well as merger of enterprises.

SIGNIFICANT EVENTS

V. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Trusteeship, contracting and leasing

During the Reporting Period, the Company did not have substantial trusteeship, contracting and leasing.

(II) Guarantee

Unit: RMB'000

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

Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee (agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether fully fulfilled	Whether overdue	Whether any counter guarantee of overdue amount was available	Whether guarantee for a related party	Related party relationship
MCC Capital Engineering & Research Incorporation Limited	Non-wholly owned subsidiary	CERI Yingkou Equipment Technology Co., Ltd. (Note 1)	222,390	14 January 2009	14 January 2009	14 July 2015	Under joint and several liabilities	No	No	No	No	Holding 49% shares
MCC Capital Engineering & Research Incorporation Limited	Non-wholly owned subsidiary	CERI Yingkou Equipment Technology Co., Ltd. (Note 1)	354,000	18 June 2009	18 June 2009	2 December 2017	Under joint and several liabilities	No	No	No	No	–
MCC Capital Engineering & Research Incorporation Limited	Non-wholly owned subsidiary	CERI Yingkou Equipment Technology Co., Ltd. (Note 1)	247,800	2 February 2010	2 February 2010	2 December 2017	Under joint and several liabilities	No	No	No	No	–
China 22 MCC Group Co., Ltd.	Wholly-owned subsidiary	Hebei Steel Luan County Sijiaying Iron Ore Co., Ltd.	60,000	10 October 2007	10 October 2007	30 August 2014	Under joint and several liabilities	No	No	No	No	–
China 22 MCC Group Co., Ltd.	Wholly-owned subsidiary	Hebei Steel Luan County Sijiaying Iron Ore Co., Ltd.	20,580	7 September 2007	7 September 2007	6 September 2015	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.	35,000 (Note 2)	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 & Steel Co., Ltd. (邯鄲鋼鐵股份有限公司)	28,761	19 December 2003	19 December 2003	19 December 2015	Under joint and several liabilities	No	No	No	No	–

Total amount of guarantee occurred during the Reporting Period (excluding guarantee to subsidiaries)	664,919
Total amount of outstanding guarantee as at the end of the Reporting Period (A) (excluding guarantee to subsidiaries)	968,531
Guarantee provided by the Company to its controlled subsidiaries	
Total amount of guarantee occurred by the Company to its subsidiaries during the Reporting Period	-2,776,749 *(Note 3)*
Balance of guarantee provided by the Company to its subsidiaries at the end of the Reporting Period (B)	11,131,028
Total guarantee provided by the Company (including guarantee to controlled subsidiaries)	
Total amount of guarantee (A+B)	12,099,559
Total amount of guarantee as a percentage of the Company's net assets *(%)*	21.97
Including:	
Amount of guarantee provided to shareholders, the de facto controller and its related parties (C)	0
Debt guarantee directly or indirectly provided to parties with gearing ratio of over 70% (D)	8,855,030
The excess of total amount of guarantee over 50% of the net assets (E)	0
Total amount of above 3 guarantees (C+D+E)	8,855,030

Note 1: On 20 October 2013, MCC Capital Engineering & Research Incorporation Limited ("CERI"), a non-wholly owned subsidiary of the Company, introduced Shijiazhuang Iron & Steel Co., Ltd. ("Shijiazhuang Iron & Steel") as strategic investor, jointly contributed to CERI Yingkou Equipment Development and Manufacturing Co., Ltd. ("Yingkou Company"). Upon completion of contribution, the Company lost control on Yingkou Company, and Yingkou Company renamed as CERI Yingkou Equipment Technology Co., Ltd. (石鋼京誠裝備技術有限公司). The previous guarantee made by CERI to Yingkou Company changed from guarantee provided to subsidiaries to external guarantee.

Note 2: The amount of previous guarantees was RMB65 million. According to the loan and guarantee agreement, the loan of RMB30 million to Xi'an Sanjiao Aviation Technology Co., Ltd. became due on 31 December 2013, and the guarantee amount at the end of the period was RMB35 million.

Note 3: During the Reporting Period, most guarantee incurred were negative, mainly because the guarantees expired were more than the amount of new guarantees.

SIGNIFICANT EVENTS

(III) Other material contracts

1. Material contracts in the PRC

No.	Name of Project	Contractual Amount *(RMB'00 million)*	Party to the Contract	Term *(months)*
1	The Project of Earth-Rock Stripping in Hongbin Coal Mine of Inner Mongolia Yili Energy Company Limited (內蒙古億利能源股份有限公司宏斌煤礦土石剝離工程)	20.0	China MCC 20 Group Co., Ltd.	48
2	Reconstruction Project (Phase II) of the "Inner-City Villages" of Yangchang village in Kunming, Yunnan (雲南昆明羊腸村「城中村」改造項目二期工程)	20.0	China 22MCC Group Co., Ltd.	As per progress
3	General Contracting of 605 m^2 Sintering Production Line of Cangzhou China Railway (滄州中鐵605平燒結生產線總包工程)	18.8	Northern Engineering & Technology Corporation, MCC	30
4	Phase 1 of the New Construction Project of the Converter Plant of Formosa Plastics Ha Tinh Steel Plant (台塑河靜鋼廠轉爐工廠一期新建工程)	18.5	Shanghai Baoye Group Corp., Ltd.	30
5	Redevelopment Project of Changfeng Avenue in Wuhan (武漢市長豐大道改造工程)	18.1 (Note 1)	China First Metallurgical Group Co., Ltd.	25
6	No.1 Project of Sports Park and Huitong Park in Shahe City, Hebei Province (河北省沙河市體育公園、匯通公園壹號工程)	15.5	China MCC 20 Group Co., Ltd.	As per progress
7	The 1.3 million t/a Coking Construction of the Reconstruction and Expansion Project of Zhongtai Coking in Baicheng County of Xinjiang Energy and Chemical Limited of Henan Coal and Chemical (河南煤化新疆能源化工有限公司拜城縣眾泰煤焦化改擴建130萬t/a焦化工程)	14.7 (Note 2)	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	24
8	Converter Steel-making Project of Rizhao Steel Co., Ltd. (日照鋼鐵有限公司轉爐煉鋼工程)	13.8	WISDRI Engineering & Research Incorporation Limited	15

No.	Name of Project	Contractual Amount (RMB'00 million)	Party to the Contract	Term (months)
9	Part I and Part III of Chongqing Gateway Plaza Project (重慶佳程廣場項目一、三標段)	13.7 (Note 2)	China Metallurgical Construction Engineering Group Co., Ltd.	41
10	The Modification of Fifth Coking Plant of Angang Steel (鞍鋼股份五煉焦大修工程)	13.2 (Note 2)	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	28
11	Central Xinfadi Agricultural Products Park Project of Xiangyang Xinfadi Agricultural By-Products Co., Ltd. (襄陽新發地農副產品有限公司中原新發地農產品博覽城工程)	13.0	China First Metallurgical Group Co., Ltd.	26
12	Phase I Project of Comprehensive Utilization and Coal Grading of Qinghua Group (慶華集團煤炭分質綜合利用一期項目)	13.0	China 22MCC Group Co., Ltd.	As per progress
13	Housing Development Project in Suzhou-Maanshan Modern Industrial Park (宿馬現代產業園區住房代開發項目)	13.0	China MCC 17 Group Co., Ltd.	As per progress
14	General Contract for the Design and Construction of Bowu International Convention and Exhibition Building, Public Rental Apartments for Blue-collars, Community Centre and Zhang He Renovation Project in Bozhou-Wuhu Modern Industrial Park (亳州蕪湖現代產業園區亳蕪國際會展 大廈、藍領公寓公租房、鄰裡中心、張河整治項目設計施工總承包合同)	12.4 (Note 1)	China MCC 20 Group Co., Ltd.	34
15	Environmental Relocation Project of Qingdao Iron & Steel Co., Ltd. — Steel-making Project (青島鋼鐵有限公司環保搬遷工程—煉鋼項目)	12.2	WISDRI Engineering & Research Incorporation Limited	15
16	Bozhou Newspaper Communications Square Project (亳州報業傳媒廣場項目工程)	12.0	China MCC 17 Group Co., Ltd.	18
17	Tianzi Four Seasons Project in Tongcheng City (桐城市天紫四季城項目)	12.0	China MCC 20 Group Co., Ltd.	25

SIGNIFICANT EVENTS

No.	Name of Project	Contractual Amount (RMB'00 million)	Party to the Contract	Term (months)
18	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)	11.7	China MCC 20 Group Co., Ltd.	20
19	Large H-shaped Steel Project of Rizhao Steel Holding Group Company Limited (日照鋼鐵控股集團有限公司大H型鋼工程)	11.4	CISDI Group Corp. Ltd.	12
20	Steel-making Project of Baosteel Guangdong Zhanjiang Iron & Steel Base Project (寶鋼廣東湛江鋼鐵基地項目煉鐵工程)	10.7	Shanghai Baoye Group Corp., Ltd.	36
21	Coking and Gagate Project of Baosteel Guangdong Zhanjiang Steel Base Project (寶鋼廣東湛江鋼鐵基地項目煉焦及煤精工程)	10.7	China MCC 5 Group Co., Ltd.	30
22	Reconstruction Project for Converting Shanty Towns into Neighborhood in Binya, Haikou (海口市濱涯村棚改片區改造項目)	10.6 (Note 1)	China MCC 20 Group Co., Ltd.	28
23	Road Construction of Xianjia Lingang New City (咸嘉臨港新城道路工程)	10.5	China First Metallurgical Group Co., Ltd.	19
24	Endless Strip Production (ESP) of Rizhao Steel Co., Ltd. (日照鋼鐵有限公司ESP無頭帶鋼生產線)	10.1	WISDRI Engineering & Research Incorporation Limited	27
25	Residential Redevelopment Project in the Area of Oriental Park in Dezhou, Shandong (山東德州東方公園片區住宅改造工程)	10.1	China MCC 20 Group Co., Ltd.	24
26	Construction of Hebei International Business Plaza (河北國際商務廣場工程)	10.0	Shanghai Baoye Group Corp., Ltd.	29
27	Jingmen Qilin Wanhua City Project (Phase I) of Weida Hubei Property Co., Ltd.* (煒達湖北置業有限公司荊門麒麟萬華城項目工程一期工程)	10.0	China First Metallurgical Group Co., Ltd.	44
28	The General Contract and Construction of Section I of the Resettlement Housing Project of Ninghe Xincheng (Renovation of Shanty Areas) (Parcel 3, 4) (寧河新城安置房(棚戶區改造)項目一期(地塊三、四)總承包建設)	10.0 (Note 2)	China Metallurgical Construction Engineering Group Co., Ltd.	As per progress

Note 1: Due to the execution of supplemental agreements or the execution of new contracts, the contractual amounts were slightly different from that stated in the announcements disclosed every month concerning the newly signed contracts.

Note 2: It is the accumulated amount of the relevant contracts for the same project signed in succession.

2. *Material contracts of overseas projects*

No.	Name of project	Contractual amounts (RMB'00 million)	Parties	Term (Months)
1	The OCH Project in Sri Lanka (斯裡蘭卡OCH項目)	32.7	MCC International Incorporation Ltd.	42
2	General Contract of Overseas Pellet Project (境外球團項目總承包合同)	18.4	Zhong Ye Chang Tian International Engineering Co., Ltd.	42
3	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)	11.0	China MCC 5 Group Co., Ltd.	38
4	Sulawesi Mineral Investment Co., Ltd. (SMI) 300,000 t/a (Annual Capacity) Ferronickel Smelting Project and its Matching 2x65 MW Thermal Power Project (蘇拉威西礦業投資有限公司(SMI)年產30萬噸鎳鐵冶煉及其配套2x65MW火力發電項目)	11.0	China MCC 20 Group Co., Ltd.	18
5	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鄰裡第15合同政府新建組屋合同)	10.2	Central Research Institute of Building and Construction Co., Ltd., MCC Group	32

VI. PERFORMANCE STATUS OF THE UNDERTAKINGS

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

1. *Undertaking for share lock-up*

For the long-term healthy 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 undertakings.

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.

During the Reporting Period, MCC Group has complied with the above undertakings.

SIGNIFICANT EVENTS

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

The disclosure of undertakings regarding housing property rights and application for certificates of lands 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 of the date on which the A Share prospectus was executed, MCC and its subsidiaries still owned 324 buildings with total GFA of 653,547.95 sq.m. for which building ownership certificates had not been granted. The Company and MCC Group are actively applying for building ownership certificates for those buildings and have undertaken to obtain the relevant certificates within 18 months from the completion of the public offering and listing of the MCC.

   As of the end of the Reporting Period, among the aforementioned 324 buildings for which certificates for the confirmation of ownership were outstanding, 142 buildings had been granted building ownership certificates, whereas the building ownership certificates for the rest of the 182 buildings are still outstanding due to the reasons such as application not completed, pending approval from local government and involvement in relocation. Application of building ownership certificates was still actively in progress.

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 sq.m. As of 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 the MCC and its subsidiaries had obtained land use rights, 15 land use rights 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 sq.m. 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 of 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 of land 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 of land were still undergoing relevant procedures due to reasons such as change of planning and being reviewed by local government.

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

VIII. During the Reporting Period, the Company did not have any risk of suspension or termination of listing.

IX. EXPLANATION ON OTHER SIGNIFICANT EVENTS

1. MCC Mining (Western Australia) Pty Ltd ("MCC WA"), a wholly-owned subsidiary of the Company, undertook the Western Australia SINO Iron Ore Project of CITIC. With unremitting efforts of the Company and MCC WA as well as support and cooperation of the owner, the second production line succeeded in load commissioning on 28 September 2013 and smoothly realized stable operation of 80 hours in succession from 1 October to 4 October 2013. Given that the first and the second production lines of the Australia SINO Iron Ore Project had been completed and put into operation, and the first shipment of concentrate fines had arrived in China, MCC WA and Sino Iron Pty Ltd. (hereafter referred to as "Sino Iron"), a wholly-owned subsidiary of CITIC Pacific Limited, entered into the Fourth Supplemental Contract to the General Contract for Sino Iron Ore Project in Western Australia (《關於西澳大利亞SINO鐵礦項目的工程總承包合同補充協議(四)》) (the "Fourth Supplemental Contract") and other relevant agreements on 24 December 2013. Accordingly, MCC WA shall hand over the first two production lines and related construction works to Sino Iron. All the construction, installation and commissioning works of MCC WA under the original general contract shall been terminated. The performance guarantee under the original general contract shall remain in effect until 31 December 2013. MCC and CITIC have agreed to jointly commission an independent third party to conduct an audit on the project and proceeded with the final handover and construction settlements. Through amicable negotiation between the parties, MCC will continue to take part in the subsequent technical service and management of the Sino Iron Ore Project, and both parties will launch the construction works on the third to sixth production lines as soon as possible. MCC WA and Northern Engineering & Technology Corporation, MCC, a subsidiary of the Company, have already entered into a Project Management Service Agreement and a Technical Supporting Agreement for Engineering & Procurement with Sino Iron. Currently, a third party has been conducting the relevant audit.

2. As published in the overseas regulatory announcement of the Company dated 28 October 2009 regarding the newly signed material project agreement, the Company had entered into the Master Agreement of Specific Investment and Construction of Municipal Infrastructure (BT) Project in Hengqin District, Zhuhai city (珠海市橫琴區市政基礎設施(BT)項目投資建設總體協議) with Zhuhai Dahengqin Investment Co., Ltd. (珠海大橫琴投資有限公司) ("Zhuhai Dahengqin"). The project was implemented by Zhuhai MCC Infrastructure Construction and Investment Co., Ltd. (珠海中冶基礎設施建設投資有限公司) ("Zhuhai MCC"), a wholly-owned subsidiary of China MCC 20 Group Co., Ltd., a non-wholly owned subsidiary of the Company. 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 of the end of the Reporting Period, the construction and other works of the project were proceeded in an orderly manner, and the construction of several roads and bunds had been completed for verification.

SIGNIFICANT EVENTS

On 23 December 2013, Zhuhai MCC entered into the Asset Income Rights Transfer Contract with Zhuhai Branch of CCB and Zhuhai Dahengqin, pursuant to which Zhuhai MCC transferred its asset income rights of RMB5,000 million of Zhuhai Dahengqin to Zhuhai Branch of CCB (please refer to the announcement of the Company published on 23 December 2013 for details).

3. 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) (the "Project Company"), which is owned by MCC Real Estate Group Co., Ltd., 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 on 19 September 2010. The consideration of the land transfers were RMB12,141 million and RMB7,893 million respectively with the total amount of RMB20,034 million (please refer to the announcement of the Company published on 20 September 2010 for details). On 30 November 2012, the Project Company won the bid for the Land Use Right of Land No. 2 at the west of Jiangbian Road, Binjiang, Xiaguan District of Nanjing at a consideration of RMB5,620 million (please refer to the announcement of the Company published on 30 November 2012 for details).

   In July 2013, Nanjing Bureau of Land Resources (南京市國土資源局) terminated the land transfer procedures of Land No. 2. Through the communication with Nanjing Bureau of Land Resources, the returned bidding deposit of Land No. 2 amounting to RMB1,130 million and the corresponding financial expenses had been settled on 12 July 2013 (please refer to the announcements of the Company published on 8 July and 12 July 2013, respectively for details).

   Given the quantity of works required by the overall development of Lands No.1 and No.3 as well as the long development cycle of the project, the development of Land No.3 will be prioritised while other parties will be invited to participate in the development of Land No. 1 in accordance with the business nature specified in project plan or such part of project will be disposed through listing procedures at different stages in order to guarantee the return on investment of the project. On 10 March 2014, equity interests in three companies were transferred through the Shanghai United Assets and Equity Exchange by the Project Company (please refer to the announcement published by the Company on 10 March 2014 for details).

4. On 17 July 2012, the consortium jointly established through agreement by MCC Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company, and Beijing No.5 Construction Co., Ltd. (北京第五建築工程有限公司) won the bid for the land use right of plot A1 under Phase II of the Green Belt Construction and Old Village Reconstruction Project at Jiugong Town, Daxing District, Beijing city (北京市大興區舊宮鎮綠隔地區建設舊村改造二期A1地塊) at a public auction for a consideration of RMB2,200 million in cash, together with an obligation to construct public rental housing of 4,700 sq.m. (please refer to the announcement of the Company published on 18 July 2012 for details). During the Reporting Period, the project received the Construction Work Planning Permits in the non-civil air defense and civil air defense categories and completed the general bidding on 31 December 2013. The construction of the earthworks and supporting works of the projects commercial parts was completed, while the drill detection was also completed. The earthwork construction in the residential part reserved a covering of 1 meter. The design of the project plan was completed and the assessment was in progress. The temporary sales office had been put into use with the sales agency moving in and the preliminary works aiming at securing customers had been launched successively.

5. As considered and approved at the general meeting of the Company, and registered with the National Association of Financial Market Institutional Investors, the Company issued the following short-term and ultra-short-term financing bills during the Reporting Period:

Unit: RMB' million

Number	Issue Date	Name	Amount	Interest Rate	Term	Date of Announcement on the Results of Issue
1	12 March 2013	The First Tranche of Short-Term Financing Bills 2013	2,000	4.03%	365 days	14 March 2013
2	25 April 2013	The Second Tranche of Short-Term Financing Bills 2013	3,000	4.10%	365 days	2 May 2013
3	7 May 2013	The First Tranche of Ultra-Short-Term Financing Bills 2013	4,000	3.90%	270 days	9 May 2013
4	22 May 2013	The Second Tranche of Ultra-Short-Term Financing Bills 2013	3,000	3.85%	270 days	24 May 2013
5	12 July 2013	The Third Tranche of Short-Term Financing Bills 2013	3,900	4.98%	365 days	17 July 2013
6	18 September 2013	The Third Tranche of Ultra-Short-Term Financing Bills 2013	3,000	5.43%	270 days	24 September 2013

6. Change of accounting policy

   For details about the change in accounting policy of the Company during the Reporting Period, please refer to note 2.1.2 to the consolidated financial statements.

7. Mr. Cheung Yukming, an independent non-executive Director of the Company abstained from voting on the Resolution in relation to the 2013 Annual Report of MCC at the 65th meeting of the first session of the Board held by the Company from 27 March to 28 March 2014, for the following reasons: "Because no effective solution and clarification in respect of the overspending and delay in construction of Western Australia SINO Iron Ore Project were arrived in a substantial manner and according to the laws of Australia over the year. Therefore, I do not have adequate information to conclude that whether the annual report fully reflects the operation results and year-end condition of MCC."

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

Unit: Share

	Before Change		Increase/decrease (+, -)					After Change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to selling restrictions									
1. State-owned shares	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal person	–	–	–	–	–	–	–	–	–
3. Other domestic shareholding	–	–	–	–	–	–	–	–	–
Including: Shares held by domestic non-state-owned legal person	–	–	–	–	–	–	–	–	–
Shares held by domestic individuals	–	–	–	–	–	–	–	–	–
4. Foreign shareholding	–	–	–	–	–	–	–	–	–
Including: Shares held by overseas legal person	–	–	–	–	–	–	–	–	–
Shares held by overseas individuals	–	–	–	–	–	–	–	–	–
II. Shares not subject to selling restrictions									
1. Renminbi-denominated ordinary shares	16,239,000,000	84.98	–	–	–	–	–	16,239,000,000	84.98
2. PRC-listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas-listed foreign shares	2,871,000,000	15.02	–	–	–	–	–	2,871,000,000	15.02
4. Others	–	–	–	–	–	–	–	–	–
III. Total number of shares	19,110,000,000	100.00	–	–	–	–	–	19,110,000,000	100.00

(II) Changes in shares subject to selling restrictions

During the Reporting Period, there were no changes in the Company's shares subject to selling restrictions.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities in the last three years as at the end of the Reporting Period

In the last three years as at the end of the Reporting Period, there was no issue and listing of securities of the Company. For details of the initial public offering of A Shares and H Shares by the Company in September 2009, please refer to the section "Changes in Share Capital and Particulars of Shareholders" of the 2009 Annual Report.

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

There were no changes in the total share capital and share capital structure of the Company due to bonus issue and share placement or otherwise during the Reporting Period.

(III) Existing internal employee shares

There were no internal employee shares of the Company during the Reporting Period.

III. PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLING PERSON

(I) Number of Shareholders and their shareholdings

As at the end of the Reporting Period, the Company had a total of 327,413 Shareholders, among which, 319,245 were A Share Shareholders and 8,168 were H Share Shareholders. As at 24 March 2014, the Company had a total of 324,157 Shareholders, among which, 316,021 were A Share Shareholders and 8,136 were H Share Shareholders.

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

Name of Shareholder	Change during the Reporting Period	Total number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restrictions held	Number of shares pledged or frozen	Nature of Shareholder
China Metallurgical Group Corporation	0	12,265,108,500	64.18	0	0	State-owned legal person
HKSCC Nominees Limited (Note 2)	331,000	2,838,729,000	14.85	0	0	Others
Baosteel Group Corporation	0	121,891,500	0.64	0	0	State-owned legal person
Minsheng Life Insurance Co., Ltd. — conventional insurance products (民生人壽保險股份有限公司 — 傳統保險產品)	-1,318,988	26,480,155	0.14	0	0	Others
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)	-12,678,204	26,210,603	0.14	0	56,000 (Pledged)	Others
China Life Insurance Company Limited — Dividend distribution - Individual dividend — 005L — FH002 HU (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	Others
Industrial and Commercial Bank of China Limited — Huaxia CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300交易型開放式指數證券投資基金)	1,279,900	17,430,900	0.09	0	0	Others
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	Others
China Petroleum Finance Co., Ltd. (中油財務有限責任公司)	0	16,537,948	0.09	0	0	Others
Li Gelan (李格蘭)	14,675,302	14,675,302	0.08	0	0	Others

Note1: Figures in the table were extracted from the Company's register of Shareholders as at 31 December 2013.

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

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

2. *Particulars of top 10 holders of shares not subject to selling restrictions (Note 1)*

Name of Shareholder	Number of shares not subject to selling restrictions held	Type of shares
China Metallurgical Group Corporation	12,265,108,500	A Share
HKSCC Nominees Limited (Note 2)	2,838,729,000	H Share
Baosteel Group Corporation	121,891,500	A Share
Minsheng Life Insurance Co., Ltd. — Conventional insurance products (民生人壽保險股份有限公司 — 傳統保險產品)	26,480,155	A Share
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)	26,210,603	A Share
China Life Insurance Company Limited — Dividend distribution — Individual dividend — 005L — FH002 HU (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 Share
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)	17,430,900	A Share
China Heavy Shipping Finance Co., Limited (中船重工財務有限責任公司)	16,537,948	A Share
China Petroleum Finance Co., Ltd. (中油財務有限責任公司)	16,537,948	A Share
Li Gelan (李格蘭)	14,675,302	A Share

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 31 December 2013.

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

3. *Number of shares held by top 10 holders of shares subject to selling restrictions and information on the selling restrictions*

At the end of the Reporting Period, none of the shares of the Company were subject to selling restrictions.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(II) Specifications on Controlling Shareholder and ultimate controlling person

1. *Controlling shareholder*

The controlling shareholder of the Company is China Metallurgical Group Corporation, whose registered office is 28 Shuguang Xili, Chaoyang District, Beijing and the legal representative is Guo Wenqing, and 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.

In 2012, the operating revenue of MCC Group amounted to RMB231,900 million, its total profit amounted to RMB-7,300 million, and its net cash flow generated from operating activities amounted to RMB5,000 million; its total asset amounted to RMB336,500 million as at the end of 2012 (the above data are amounts subsequent to retrospective adjustment). In 2013, its operating revenue experienced a slight decrease, the total profit increased by a large scale, and its net cash flow generated from operating activities also recorded a dramatic increase.

As at the end of the Reporting Period, MCC Group, through MCC Huludao Nonferrous Metals Group Co., Ltd., had an indirect shareholding of 23.59% in Huludao Zinc Industry Co., Ltd. (Stock code: 000751, Shenzhen Stock Exchange).

2. *Ultimate controlling person*

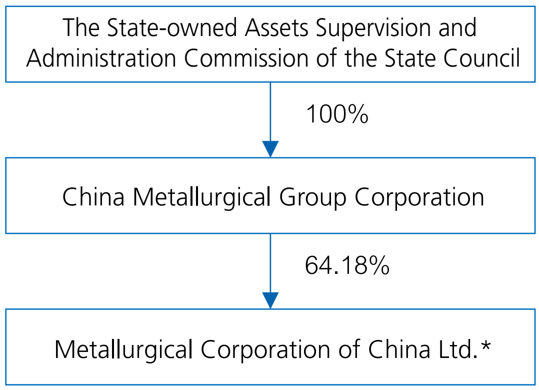
SASAC is the ultimate controlling person of the Company.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

3. *Changes of controlling shareholder and ultimate controlling person*

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

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



(IV) Other corporate Shareholders holding more than 10% of the Company's shares

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

* *For identification only*

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) List of Directors and Supervisors

As at the end of the Reporting Period, the members of the Board were as below:

Name	Position	Nominating Party	Commencement of Term of Office
Guo Wenqing	Chairman and executive Director	MCC Group	4 September 2013 29 October 2012
Jing Tianliang	Non-executive Director (served as the Chairman of the Company from June 2010 to September 2013)	MCC Group	29 June 2010
Shen Heting	Executive Director (served as the President of the Company from November 2008 to September 2013)	MCC Group	28 November 2008
Jiang Longsheng	Independent non-executive Director	MCC Group	28 November 2008
Wen Keqin	Independent non-executive Director	MCC Group	28 November 2008
Liu Li	Independent non-executive Director	MCC Group	28 November 2008
Chen Yongkuan	Independent non-executive Director	MCC Group	28 November 2008
Cheung Yukming	Independent non-executive Director	MCC Group	19 June 2009
Lin Jinzhen	Employee Representative Director (non-executive Director)	Employee Representative Congress	29 October 2012

As at the end of the Reporting Period, members of the Company's Supervisory Committee were as follows:

Name	Position	Nominating Party	Commencement of Term of Office
Shan Zhongli	Chairman of Supervisory Committee	MCC Group	29 October 2012
Peng Haiqing	Supervisor	MCC Group	28 November 2008
Shao Bo	Employee Representative Supervisor (職工代表監事)	Assembly of Employee Representatives	28 January 2011

From November 2008 to November 2011, the members of the first session of the Board and the Supervisory Committee of the Company as well as senior management had been in office for three years. Pursuant to the provisions of the Articles of Association, prior to the establishment of the second session of the Board and the Supervisory Committee and the election of new Directors and Supervisors, the members of the first session of the Board and the Supervisory Committee shall still discharge their duties. Prior to the establishment of the second session of the Board and the appointment of new senior management, the current senior management of the Company shall still discharge their duties. The Company is considering the composition of the second session of the Board and the Supervisory Committee, subject to approval of relevant regulatory authorities. The Company will submit any nomination or reelection information of proposed Directors and Supervisors to general meetings for consideration and approval where applicable according to legal procedures.

(II) BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of the Directors, Supervisors and Senior Management of the Company as at 31 December 2013 are set out below.

1. *DIRECTORS*

Mr. Guo Wenqing (國文清)

aged 49, is the chairman and executive Director of the Company. Mr. Guo is a senior engineer who graduated from Hebei University of Science and Technology in 2001 with a Bachelor's degree in business administration, and obtained an Executive MBA degree from Tsinghua University in 2008. Prior to joining the Company in December 2008, Mr. Guo had served as deputy director, and director and secretary of the Communist Party Committee of the Hebei Province Highways Authority (河北省高速公路管理局), chairman of the board of directors and general manager of Hebei Province Highways Development Company Limited (河北省高速公路開發有限公司) and director of the Hebei Province Ports Authority (河北省港航管理局) since 1994. From 2002 to 2008, he was a secretary of the Communist Party Committee, executive director and vice general manager of CRBC International Co., Ltd. From December 2008 to August 2012, Mr. Guo served as the deputy secretary of the Communist Party Committee of the Company. From June 2009 to October 2012, he served as the employee representative Director of the Company. From April 2009 to July 2012, he served as the director and the deputy secretary of the Communist Party Committee of China Metallurgical Group Corporation. He has served as the vice chairman, general manager (legal representative) and deputy secretary of the Communist Party Committee of China Metallurgical Group Corporation since July 2012 and the secretary of the Communist Party Committee of the Company since August 2012. From October 2012 to September 2013, Mr. Guo served as the vice chairman and executive Director of the Company. Mr. Guo was appointed as the chairman and executive Director of the Company with effect from 4 September 2013.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Mr. Jing Tianliang (經天亮)

aged 68, is a non-executive Director of the Company. Mr. Jing is a professor-level senior engineer and is entitled to special subsidy granted by the State Council. He graduated from Xi'an Mining Institute with an associate degree in electrical and mechanical engineering in 1967. Mr. Jing joined China Metallurgical Group Corporation in March 2010. He has served as the deputy director general of the Ministry of Coal Industry, the Ministry of Energy Resources and China National Coal Corporation* (中國統配煤礦總公司), the chairman and general manager of China Coal Industrial Import and Export Corporation* (中國煤炭工業進出口集團公司), the director general of the General Office of the Administration of Coal Industry, the director general of the General Office and the Department of Foreign Affairs of the State Administration of Coal Industry, the general manager of China National Coal Group Corporation* (中國中煤能源集團有限公司) and the chairman of China Coal Energy Company Limited (中國中煤能源股份有限公司). Mr. Jing has served as the external director of Baosteel Group Corporation (寶鋼集團有限公司) since January 2009, while with effect from March 2010, Mr. Jing was appointed as the chairman of China Metallurgical Group Corporation and has served as the external director of State Development & Investment Corporation since May 2011. Mr. Jing was appointed as the non-executive Director of the Company on 29 June 2010 and served as the chairman of the Company from 29 June 2010 to 4 September 2013.

Mr. Shen Heting (沈鶴庭)

aged 59, is an executive Director of the Company. Mr. Shen is a professor-level senior engineer who graduated from Tianjin Commercial College in 1987, majoring in business enterprise management, and completed a postgraduate course at the Central Communist Party School in 2004 majoring in world economics. He had served as manager assistant, vice manager and manager in the Furnace Construction Company under the 22nd China Metallurgical Construction Corporation (中國第二十二冶金建設公司築爐公司), and general manager of the 22nd China Metallurgical Construction Corporation. Mr. Shen served as a director and general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from October 2004 to July 2007 and a director, general manager (legal representative) and vice secretary of the Communist Party Committee of China Metallurgical Group Corporation from July 2007 to September 2008, and has been serving as chairman of MCC Xinao Real Estate Development Co., Ltd. (中冶新奧房地產開發有限公司) (which changed its name to MCC Real Estate Co., Ltd.) from March 2005 to October 2010 and vice chairman and secretary of the Communist Party Committee of China Metallurgical Group Corporation since September 2008. Mr. Shen has served as the deputy secretary of the Communist Party Committee of the Company since October 2008, and the president of the Company from November 2008 to September 2013. Mr. Shen was awarded as the "National May 1 Labour Medalist" (全國五一勞動獎章) in 2004. Mr. Shen was appointed as an executive Director of the Company with effect from 28 November 2008.

Mr. Jiang Longsheng (蔣龍生)

aged 68, is an independent non-executive Director of the Company. Mr. Jiang is a senior engineer who graduated from Beijing Petroleum Institute (北京石油學院) in 1970, majoring in oil and gas well engineering. Mr. Jiang joined China Metallurgical Group Corporation in December 2006. Previously he had served as vice chief engineer and chief engineer (drilling) of China National Offshore Oil Corporation Nanhai West Corporation and general manager of China Offshore Oil Southern Drilling Company. Mr. Jiang served as vice general manager and a member of the Party Group of China National Offshore Oil Corporation from March 1998 to May 2005. He served as an external director of China National Pharmaceutical Group Corporation from December 2005 to January 2012 and was an external director of China Metallurgical Group Corporation from December 2006 to September 2008. Mr. Jiang was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Mr. Wen Keqin (文克勤)

aged 69, is an independent non-executive Director of the Company. Mr. Wen graduated in 1968 from the Department of Engineering of Railway Guard Engineering Institute (鐵道兵學院), majoring in linear tunnel (線隧). Mr. Wen joined China Metallurgical Group Corporation in December 2006. Previously he had served as director of the Local Cadres Administration of the Organisation Department of the Central Committee of the Communist Party of China (中央組織部地方幹部局), vice director-general of the Senior Civil Servants Administration Department of the PRC (國家人事部高級公務員管理司) and vice director-general of the Personnel Administration Department (國管人事司). When he served as the director general of the Personal Administration Department, director of the Enterprise Leaders Administrative Bureau (企業領導人員管理局) and director-general of the Policy and Regulation Administration Department of the Ministry of Personnel (政策法規司), Mr. Wen concurrently served as member of the Party Group (黨組成員) of the Ministry of Personnel. Mr. Wen had served as vice general manager, vice secretary of the Party Group and a member of the Party Group of China Grain Reserves Corporation from 2000 to 2005. He has been an external director of China National Pharmaceutical Group Corporation from September 2006 to December 2012, and was an external director of China Metallurgical Group Corporation from December 2006 to September 2008. Mr. Wen currently serves as consultant of China National Pharmaceutical Group Corporation, consultant of Chinese Grain Economics Association and consultant to the Reserves Branch of China Grain Industry Association (中國糧食行業協會儲備分會). Mr. Wen was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Mr. Liu Li (劉力)

aged 58, is an independent non-executive Director of the Company. Mr. Liu is a professor who graduated from Peking University in 1982 and 1984 with a Bachelor's and a Master's degree in physics, respectively, and obtained an MBA degree from Catholic University of Louvain, Belgium in 1989, majoring in applied economics. Mr. Liu joined the Company in December 2006. He is a professor of finance and tutor to doctorate candidates in Guanghua School of Management of Peking University and MBA course director and dean of the Finance Department of the Guanghua School of Management of Peking University. He has been vice director of the Research Center for Finance & Securities of Peking University since August 2002 and dean of the Department of Finance of Guanghua School of Management of Peking University from September 2007 to March 2013 and executive director of the Center of Financial Engineering and Financial Mathematics of Peking University since September 2008. Mr. Liu served as an external director of China Metallurgical Group Corporation from December 2006 to September 2008. He has served as an independent director of China Oil HBP Science & Technology Co., Ltd. since December 2009. He has been an independent director of Bohai Ferry Co., Ltd. (渤海輪渡股份有限公司) since December 2009 and an independent director of C&T Techlangfang Development Co., Ltd. (廊坊發展股份有限公司) since August 2010 and the independent director of Zhongyuan Special Steel Co., Ltd. from July 2007 to June 2013. Mr. Liu has had over 20 years of experience in teaching, research and corporate training in relation to corporate finance and the securities market, and has advised on numerous corporate management projects and served as independent directors of listed companies. He was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Mr. Chen Yongkuan (陳永寬)

aged 67, is an independent non-executive Director of the Company. Mr. Chen is a professor who graduated from Wuhan Institute of Hydraulic and Electrical Engineering (武漢水利電力學院) in 1968, majoring in farm hydraulic engineering, and obtained a Master's degree in engineering from Wuhan Institute of Hydraulic and Electrical Engineering (武漢水利電力學院) in 1982. Before Mr. Chen joined the Company in November 2008, he had served as associate professor, deputy department head, assistant to the dean, deputy dean and dean of the Department of Civil Engineering of Changsha Communications University (長沙交通學院) and director-general of the Education Department of the Ministry of Communications. Mr. Chen had served as secretary of the Communist Party Committee, vice chairman and vice president of China Harbour Construction Company (Group) (中國港灣建設 (集團) 總公司) from October 1998 to August 2005 and secretary of the Communist Party Committee and vice chairman of China Communications Construction Group Ltd. from August 2005 to August 2007, during which he also served as vice chairman of China Communications Construction Company Limited. Mr. Chen has served as an independent director of CSR Corporation Limited since December 2007. Mr. Chen was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Mr. Cheung Yukming (張鈺明)

aged 60, is an independent non-executive Director of the Company. Mr. Cheung is a member of the Construction Management Association of America (USA), the Canadian Institute of Mining, Metallurgy and Petroleum (Canada), the Charter Institute of Arbitrators (UK), Institute of Bankers (HK), Alliance of Merger & Acquisition Advisors (US, Chicago), the Institute of Chartered Accountants in England and Wales, the Institute of Internal Auditors (USA) and the Hong Kong Securities and Investment Institute (HK). Mr. Cheung obtained a master's degree in business administration from the University of East Asia, Macau in 1987 and has completed studies in construction management, mineral resource development, mining finance, petroleum economics and risk management in the oil and gas industry from the China University of Geosciences, the Chartered Institution of Civil Engineering Surveyors and other bodies. Prior to joining the Company, Mr. Cheung had worked at Pricewaterhouse, the Hong Kong Government and other institutions. He has been an executive director of Lawrence CPA Limited since January 2005 and an independent non-executive director of TravelSky Technology Limited since March 2010. He was an independent non-executive director of EPI (Holdings) Limited from March 2011 to July 2013. Mr. Cheung was appointed as an independent non-executive Director of the Company with effect from 19 June 2009.

Mr. Lin Jinzhen (林錦珍)

aged 52, is the employee representative Director and the head of the organisation department under the Communist Party Committee of the Company. He also serves as an employee director of China Metallurgical Group Corporation. Mr. Lin is a senior engineer who graduated from Northeastern University with a Bachelor's degree in mining and construction in July 1983. Prior to joining the Company in December 2008, Mr. Lin once served as an assistant engineer and principal staff member in the business administration office under the Infrastructure Construction Bureau, as well as an engineer and a senior engineer in the general office of the Construction Department of the Ministry of Metallurgical Industry, an engineer of China Metallurgical Construction (Group) Corporation (during preparation of its establishment) (中國冶金建設集團公司(籌備)工程師、高級工程師), the deputy chief of the personnel division, the manager of the personnel department II, and deputy head of the human resources department of China Metallurgical Construction (Group) Corporation. Mr. Lin has served as the head of the human resources department (head of the organisation department under the Communist Party Committee) of MCC Group from November 2003 to September 2013, an employee director of MCC Group since November 2006, the head of the human resources department (head of the organisation department under the Communist Party Committee) of the Company from May 2009 to September 2013, and the head of the the organisation department under the Communist Party Committee of the Company since September 2013. Mr. Lin was appointed as the employee representative Director and a non-executive Director of the Company with effect from 29 October 2012.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

2. *SUPERVISORS*

Mr. Shan Zhongli (單忠立)

aged 49, is the chairman of the Supervisory Committee, the deputy secretary of the Communist Party Committee and secretary of the Commission for Discipline Inspection of the Company. Mr. Shan is an engineer who concurrently graduated from the Machinery Manufacturing Department of Dalian Railway Institute with a major in machinery manufacturing techniques and equipment, and School of Correspondence and Continuing Education of Tongji University with a major in construction management engineering. Prior to joining the Company in August 2012, Mr. Shan served as an assistant engineer and an engineer at Beijing Erqi Machine Tool Factory of the Ministry of Railways (鐵道部北京二七機車廠), and a deputy-chief-level staff member at Beijing Machinery Administration Bureau (北京市機械管理局) since 1987. From 1995 to 2010, Mr. Shan served a number of positions such as a deputy-chief-level staff member and a chief-level staff member at the Bureau of Retired Cadres of the Central Commission for Discipline Inspection (中央紀委離休幹部局), a chief-level staff member and a deputy-chief-level inspector and ombudsman at the First Disciplinary Inspection Division (第一紀檢監察室) as well as the deputy chief, the chief of the first division and the third division of the corporate guidance division of the Central Commission for Discipline Inspection. From January 2010 to May 2012, Mr. Shan served as the deputy chief of the disciplinary team of the communist party committee, the head of the Inspection Department and the director of the inspection office of the communist party committee at China Shipping (Group) Company (中國海運(集團)總公司). From May 2012 to August 2012, Mr. Shan served as the deputy head (general-assistant-level) of the disciplinary team of the communist party committee of China State Shipbuilding Corporation (中國船舶工業集團公司). He has served as the deputy secretary of the Communist Party Committee and secretary of the Commission for Discipline Inspection of the Company since August 2012. Mr. Shan was appointed as the chairman of the Supervisory Committee of the Company with effect from 29 October 2012.

Mr. Peng Haiqing (彭海清)

aged 42, is a Supervisor of the Company and deputy head of the Finance Department. Mr. Peng is a senior accountant who graduated from the Department of Economic Management of the Qinhuangdao branch of Northeastern University in 1993 with a Bachelor's degree in industrial accounting. Mr. Peng graduated from Central University of Finance and Economics in 2013 with a Master's degree in accounting. Mr. Peng joined the Company in July 1993. Previously he had served as assistant to the director of the Finance Division, deputy director of the Enterprise Management Office and deputy director of the Economic Office and secretary to the manager of the 3rd Company under Shanghai Bao Steel Metallurgical Construction Corp. (上海寶鋼冶金建設公司). Mr. Peng was director of the Cost Management Division of the Finance Office of Shanghai Bao Steel Metallurgical Construction Corp. from September 2000 to January 2003 and deputy director of the Planning and Finance Department and deputy director of the Audit Department of Shanghai Baoye Construction Corp., Ltd. from January 2003 to December 2005. He was director of the Property Office of the Planning and Finance Department of China Metallurgical Group Corporation from January 2006 to November 2008, and served as director of the Property Office of the Planning and Finance Department of the Company from December 2008 to June 2009. He has served as deputy head of Finance Department of the Company since October 2012. Mr. Peng was appointed as a Supervisor of the Company with effect from 28 November 2008.

Mr. Shao Bo (邵波)

aged 50, is the current employee representative Supervisor of the Company and deputy head of the Corporate Planning and Management Department. Mr. Shao is a professor-level senior engineer who graduated in 1987 from East China Institute of Chemical Technology (華東化工學院), majoring in coal chemistry. Mr. Shao joined the Company in August 1987. He once served as assistant engineer, secretary of the Communist Youth League, engineer and deputy director of the business office at Beijing Central Engineering and Research Incorporation of Iron & Steel Industry (北京鋼鐵設計研究總院), vice division chief level investigator (副處級調研員) of the general office of the Ministry of Metallurgical Industry, secretary of the office of director general (vice division chief level) of the National Metallurgical Bureau and project manager of the No.6 project division of China Metallurgical Equipment Corporation (中國冶金設備總公司項目六部項目經理). He served as deputy general manager of Real Estate Company under China Metallurgical Mining Corporation (中國冶金礦業總公司房地產公司) from May 2001 to December 2002, assistant to the head of Beijing Central Engineering and Research Incorporation of Iron & Steel Industry (北京鋼鐵設計研究總院) from December 2002 to November 2003 and deputy head of Beijing Central Engineering and Research Incorporation of Iron & Steel Industry Co., Ltd. from November 2003 to January 2013. He served as secretary to the board of directors from November 2003 to January 2009 and director of MCC Capital Engineering & Research Incorporation Limited (中冶京誠工程技術有限公司) from November 2003 to November 2012. From February 2007 to September 2009, he served as standing deputy director of the listing office of China Metallurgical Group Corporation (中國冶金科工集團公司, whose Chinese name has been renamed 中國冶金科工集團有限公司 in April 2009 with English name unchanged) and head of the General Affairs Department of the Company from January 2009 to September 2012, general manager and legal representative of Beijing Dongxing Metallurgical New-Tech & Development Corp. since January 2009. He has been serving as part-time supervisor of China Metallurgical Group Corporation since March 2010, the head of Corporate Management Department of the Company from September 2012 to September 2013 and the head of the Corporate Planning and Management Department since September 2013. Mr. Shao was appointed as the employee representative Supervisor of the Company with effect from 28 January 2011.

3. *SENIOR MANAGEMENT*

Mr. Zhang Zhaoxiang (張兆祥)

aged 50, is the president of the Company. Mr. Zhang is a professor-level senior engineer who obtained a Bachelor's and a Master's degree in chemical machinery from Tianjin University in 1984 and 1987, respectively. Mr. Zhang had served as engineer, deputy director of the Jinchuan Branch, director of the General Office and vice president of Beijing Research Institute of Non-ferrous Metallurgical Equipment (北京有色冶金設計研究總院), and vice president, president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute. During the period from December 2005 to February 2008, he had served as chairman and general manager of China Enfi Engineering Corporation, and president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute. He was chairman of China Enfi Engineering Corporation and president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute from February 2008 to November 2008 and was an executive director, general manager and secretary of the Communist Party Committee of China Enfi Engineering Co., Ltd. from August 2008 to November 2008 following the conversion of China Nonferrous Engineering and Research Institute into China Enfi Engineering Co., Ltd. in August 2008. Mr. Zhang was the vice president of the Company from November 2008 to September 2013. Mr. Zhang was appointed as the president of the Company with effect from 4 September 2013.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Ms. Huang Dan (黃丹)

aged 52, is the vice president of the Company. Ms. Huang is a professor-level senior engineer who graduated from the Central-South Institute with a Bachelor's degree in mineral processing and a doctoral degree in iron and steel metallurgy. Ms. Huang joined the Company in January 1982. Previously she had served as associate engineer, engineer, senior engineer and professor-level senior engineer of the Mineral Separation Office, director of the Department of Science and Technology, director of the Department of Personnel, assistant to the president and president of Changsha Metallurgical Design & Research Institute. Ms. Huang was the chairman and general manager of Zhong Ye Chang Tian International Engineering Co., Ltd. and president of Changsha Metallurgical Design & Research Institute from March 2003 to October 2004. She served as vice general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from October 2004 to September 2008 and concurrently served as secretary to the board of directors of China Metallurgical Group Corporation from November 2006 to January 2009. She has also concurrently served as the secretary to the Board and the joint company secretary of the Company from November 2008 to November 2010 and her appointment as the vice president of the Company took effect from 28 November 2008.

Mr. Wang Yongguang (王永光)

aged 55, is the vice president of the Company. Mr. Wang is a professor-level senior engineer who graduated from Northeastern Institute of Technology in 1982 with a Bachelor's degree in mining, and obtained a Master's degree in mining engineering from Beijing General Research Institute of Mining & Metallurgy in 1986. Mr. Wang joined China Metallurgical Construction (Group) Corporation in November 2004. Previously he had served as an assistant engineer in Zhangjiakou Gold Mine (張家口金礦) in Hebei Province, engineer in the Mining Office of the Beijing General Research Institute of Mining & Metallurgy, deputy director of the Mine Department of the Copper and Nickel Office of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), deputy director of the Enterprise Management Department, manager of the Gansu Branch, director of the Information Center, director-level commissioner in the Copper Center of China National Nonferrous Metals Import and Export Corporation (中國有色金屬進出口總公司), and vice general manager of the Raw Materials Center of Non-Ferrous Metal Industrial and Trade Group Corporation of China (中國有色金屬工業貿易集團公司). Mr. Wang was deputy general manager of China Shougang International Trade & Engineering Corporation from February 1999 to December 2003, during which he served as general manager of Shougang Hierro Peru S.A.A and manager of the Ore Import Department of China Shougang International Trade & Engineering Corporation. He served as chief representative of HISMELT Project of Shougang Group in Australia from December 2003 to November 2004 and vice general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from November 2004 to September 2008. Mr. Wang was appointed as the vice president of the Company with effect from 28 November 2008.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Mr. Li Shiyu (李世鈺)

aged 57, is the vice president and chief accountant (chief financial officer) of the Company. Mr. Li is a senior accountant who graduated from Liaoning University in 1991, majoring in corporate management, and obtained a Master's degree in accounting from Northern Jiaotong University in 1999. Mr. Li joined China Metallurgical Group Corporation in August 2006. Previously he had served as deputy director and director of the Accounting Division of the Finance Department of the 19th Engineering Bureau of the Ministry of Railway (鐵道部第十九工程局) and accountant of the Finance Department of China Railway Construction Corporation. He served as deputy director of the Finance Department of China Railway Construction Corporation from March 1996 to November 1998 and director of the Finance Department of China Railway Construction Corporation from November 1998 to December 2005. Mr. Li was deputy chief accountant of China Railway Construction Corporation from December 2005 to August 2006 and the chief accountant of China Metallurgical Group Corporation from August 2006 to September 2008. Mr. Li was appointed as the vice president and chief accountant (chief financial officer) of the Company with effect from 28 November 2008.

Mr. Wang Xiufeng (王秀峰)

aged 43, is the vice president of the Company. Mr. Wang is a senior accountant who graduated from Northeastern University in 1993 with a Bachelor's degree in industrial accounting. He graduated from Tsinghua University and obtained an Executive MBA degree in 2010. Mr. Wang joined the Company in 1993. Previously he had served as deputy chief accountant and chief accountant of the Electromechanical Company of the 22nd China Metallurgical Construction Corporation (中國第二十二冶金建設公司機電公司) and director of the Planning and Finance Department, deputy chief accountant and vice general manager of the 22nd China Metallurgical Construction Corporation. Mr. Wang was the general manager and vice secretary of the Communist Party Committee of the 22nd China Metallurgical Construction Corporation from December 2004 to November 2006 and was chairman and secretary of the Communist Party Committee of MCC Jingtang Construction Corporation Limited and general manager of the 22nd China Metallurgical Construction Corporation from November 2006 to November 2008 (he was an executive director and general manager of China 22nd Metallurgical Construction Corporation Limited from August 2008 to November 2008 following the conversion of the 22nd China Metallurgical Construction Corporation into China 22nd Metallurgical Construction Corporation Limited in August 2008). Mr. Wang was appointed as the vice president of the Company with effect from 28 November 2008.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Mr. Kang Chengye (康承業)

aged 56, is currently the secretary to the Board and the company secretary of the Company. Mr. Kang is a professor-level senior engineer and is entitled to special subsidy granted by the State Council. He graduated in 1986 from the Xi'an Institute of Metallurgical Construction where he majored in industrial and civil construction. He obtained an MBA degree in 2004 from The Open University of Hong Kong and an EMBA degree in 2006 from Fudan University. Mr. Kang graduated in 2008 from Party School of the Central Committee of C.P.C. where he attended a graduate programme in law theory, and obtained a doctoral degree in management in 2010 from Tianjin University where he specialised in management science and engineering. Mr. Kang graduated in 2011 from Grenoble Ecole de Management, France, and obtained a DBA from Grenoble Ecole de Management, France. He is a PhD supervisor at Xi'an University of Architecture and Technology. Mr. Kang joined the Company in 1975. Mr. Kang was a member of China MCC 20th Machinery and Transportation Company, technician of the Electrical Installation Office of China MCC 20th Construction Corporation ("MCC 20th Construction"), member, deputy head and head of the Planning Office and Economist, deputy head and head of the Business Planning Office of MCC 20th Construction. He was deputy chief economist and head of the Business Planning Office of MCC 20th Construction from September 1996 to March 2001, deputy general manager and chief economist of MCC 20th Construction from March 2001 to October 2006, and director, standing deputy general manager and chief economist of China MCC 20 Construction Co., Ltd. from October 2006 to June 2008. He was the chairman of the board of directors and secretary of the Communist Party Committee of China MCC 17 Group Co., Ltd. (previously named "China MCC 17 Construction Co., Ltd.") from June 2008 to November 2010. He was appointed as the secretary to the Board and the joint company secretary of the Company with effect from 29 November 2010, and was appointed as the secretary to the Board and the company secretary with effect from 19 November 2013.

(III) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 4 September 2013, the Board of the Company received the resignation report tendered by Mr. Jing Tianliang. As considered and approved at the general meeting on 29 June 2010, Mr. Jing Tianliang was elected as an non-executive director, and he was elected as the Chairman of the Company at the Board meeting convened on the same day. Mr Jing Tianliang resigned from the positions of the Chairman of the Company and the convener of the Strategic Committee and Risk Management Committee of the Board as his tenure has surpassed three years. The 56th meeting of the first session of the Board of the Company was convened on 4 September 2013, at which Mr. Guo Wenqing (the former vice Chairman), an executive director, was elected as the Chairman of the Company and the convener of the Strategic Committee and Risk Management Committee of the Board.

On 4 September 2013, the Board of the Company received a resignation report from Mr. Shen Heting, an executive director and the President. Mr. Shen Heting resigned from the position of the President due to his health reason. The 56th meeting of the first session of the Board of the Company was convened on the same day, at which Mr. Zhang Zhaoxiang (former vice President) was elected as the President of the Company.

(IV) DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

None of the Directors and Supervisors of the Company has entered into a service contract with the Company or any of its subsidiaries that is not determinable within one year without payment of compensation (other than statutory compensation).

(V) DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the Reporting Period, none of the Directors or Supervisors, unless disclosed in the relevant announcements, directly or indirectly had a material interest in any contract of significance to the Company which was entered into by the Company, its subsidiaries or subsidiaries of its holding company.

(VI) DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

During the Reporting Period, none of the Directors has any interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

(VII) DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

The emoluments received by the Directors and Supervisors of the Company in 2013 were as follows:

Unit: RMB'000

Name	Basic salaries, housing allowances, other allowances and benefits in-kind	Contributions to pension plans	Discretionary bonuses	Total
Directors				
Guo Wenqing	215.77	36.62	229.40	481.79
Jing Tianliang	212.00	—	—	212.00
Shen Heting	237.37	36.62	229.20	503.19
Jiang Longsheng	190.02	—	—	190.02
Wen Keqin	189.02	—	—	189.02
Liu Li	196.02	—	—	196.02
Chen Yongkuan	180.04	—	—	180.04
Cheung Yukming	151.04	—	—	151.04
Lin Jinzhen	186.73	36.62	368.26	591.61
Supervisors				
Shan Zhongli,	105.37	36.62	84.60	226.59
Peng Haiqing	172.45	36.62	269.46	478.53
Shao Bo	182.79	36.62	368.26	587.67

During the Reporting Period, none of the Directors or Supervisors waived any emoluments and no emoluments were paid by the Company to any of the Directors or Supervisors as an inducement to join or upon joining the Company as compensation for loss of office.

During the Reporting Period, the total amount of remuneration payable (before tax) of each of the senior management was between RMB400,000 and RMB500,000.

PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

II. EMPLOYEES AND REMUNERATION POLICY

(I) Remuneration policy for Directors, Supervisors and Senior Management

1. *Determination procedures for remunerations of Directors, Supervisors and Senior Management*

Remunerations of Directors and Supervisors (not being employee representatives) were considered and approved at the general meetings. The Remuneration Committee of the Board makes remuneration recommendations for senior management which is subject to the Board's review and approval.

2. *Basis for Determination of Remunerations of Directors, Supervisors and Senior Management*

The remuneration of independent non-executive Directors of the Company for 2013 comprised of basic salary and conference allowances. The standards on the annual basic salary and conference allowances were determined with reference to the Remuneration Standards for External Directors of Pilot Enterprises as promulgated by the SASAC. The Company's executive Directors do not receive remuneration from their positions as Directors but are remunerated in accordance with their positions and performance at the Company.

The Company's Supervisors receive remuneration in accordance with Management Rules on Remuneration and Assessment (總部薪酬與考核管理辦法) and their positions.

Senior management members of the Company are remunerated in accordance with relevant regulations of the SASAC.

(II) Overview of the employees of the headquarters of the Company and principal subsidiaries

1. *Overview of employees*

Overview of employees of the Company as at 31 December 2013 is as follows:

Unit: person

Number of existing staff of headquarters of the Company	202
Number of existing staff of principal subsidiaries	111,374
Total numbers of existing staff	111,576
Number of quitted or retired staff to whom headquarters of the Company and subsidiaries are liable for	129,495

Composition of Professions

Categories of Professions	**Number of persons in the professions**
Project contracting	100,150
Equipment manufacturing	8,911
Resource development	1,669
Property development and others	846
Total	111,576

Education level

Categories of education level	**Number**
About graduate degree	7,900
Undergraduate degree	38,227
Associate degree	22,537
Below associate degree	42,912
Total	111,576

2. *Remuneration policies*

The Company implements a remuneration system on the basis of market-orientation and performance appraisal. In accordance with applicable regulations, the Company established the basic pension contribution plan, basic medical insurance, unemployment insurance, maternity insurance, workers' injury compensation insurance and housing fund for employees. In accordance with applicable laws and regulations, the amount of contribution to the aforesaid social security and housing fund are strictly based on State, provincial and municipal requirements. As approved by relevant authorities, the Company also set up its enterprise annuity for employees according to applicable regulations.

3. *Staff Training*

According to the corporate development and actual business needs, the Company utilised various channels and actively commenced trainings for operation and management personnel, professional technical personnel and other categories of professions. The Company carried out trainings for senior management mainly through higher education training resources such as Party School of the Central Committee of C.P.C., China National Institute of Cadre (國家幹部學院), Chinese Academy of Governance, conducted trainings for senior and mid-level management and reserve personnel of subsidiaries through talents institute of the Group, colleges and universities and other training resources, and developed trainings for professional technical personnel by way of invitation and assignment, arranged front-line management such as monitors and headmen to participate in the position capability training in rotation. Each second-tier enterprise also fully utilised various training resources inside and outside of the Company and actively carried out management trainings, professional technology trainings, diploma and degree education, quality certification, continuing education and so forth for each category of personnel. In 2013, there were a total of 98,575 person-time of trainings participated in by each level of operation and management personnel, professional technology personnel science and technology personnel and skilled personnel and etc. of the Company.

CORPORATE GOVERNANCE REPORT

I. OVERVIEW

During the Reporting Period, the Company had strictly complied with laws and regulations including the Company Law, the Securities Law, the Standards on Governance of Listed Companies and the Hong Kong Listing Rules as well as the relevant requirements of regulatory authorities such as CSRC, further standardised the governance structure of the Company, optimised the governance system of the Company and further improved the governance level of the Company with fully transparent information disclosure, well interactive investor relations and strictly efficient internal control system. In accordance with provisions and requirements of relevant laws, regulations, the Articles of Association and related rules of procedures, the general meetings of the Company, the Board and its special committees as well as the Supervisory Committee operated in compliance with the laws and regulations in an efficient manner, and feasibly fulfilled responsibilities and obligations assumed.

Pursuant to the latest regulatory requirements of regulators, the Company revised and optimised its governance system such as the Articles of Association of MCC, the Rules of Procedures for Board Meetings (《董事會議事規則》) and the work rules for each special committee, with consideration of actual practices of the existing governance system. To satisfy the actual needs of the Company, the Supervisory System for Key Items (《重點事項督辦制度》) was considered and passed, which on institutional level guaranteed the timely and efficient implementation of key items such as relevant resolutions and requirements of Board. As at the end of the Reporting Period, except for the amendments to Article 5 of the Articles of Association as approved by the general meeting, the Company did not make any other changes in the Articles of Association.

As at the end of the Reporting Period, the first session of the Board and the Supervisory Committee of the Company has been in office for 3 years. Pursuant to the provisions of the Articles of Association, prior to the establishment of the second session of the Board and the Supervisory Committee as well as the election of new Directors and Supervisors, the members of the first session of the Board and the Supervisory Committee shall continue to discharge 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 or 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.

The Board has reviewed the corporate governance report of the Company. Except for the requirements that "every director, shall be subject to retirement by rotation at least once every three years" (refer to the previous paragraph for details) as set out in the code provision A.4.2 of the Corporate Governance Code, and "to review the issuer's financial controls, internal control and risk management systems" as set out in the code provision C.3.3 regarding the "Terms of Reference of the Audit Committee" of the Corporate Governance Code, the Board is of the view that during the Reporting Period the Company has complied with the requirements and principles of the code provisions of Code on Corporate Governance Practices contained in Appendix 14 of the Hong Kong Listing Rules.

II. GENERAL MEETINGS

During the Reporting Period, with a view to ensuring that all the Shareholders, especially the minority Shareholders, are treated as equals and are able to effectively exercise their rights as Shareholders, the Company convened and held the 2012 AGM and the first 2013 EGM in accordance with the requirements provided in the Articles of Association and the Terms of Reference of the General Meetings.

On 7 June 2013, the Company convened the 2012 AGM. Mr. Guo Wenqing, Mr. Jing Tianliang, Mr. Shen Heting, Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Chen Yongkuan, Mr. Cheung Yukming and Mr. Lin Jinzhen, Directors of the Company, attended in person. 8 proposals were considered and approved at the meeting, including 7 ordinary proposals and 1 special proposal. Such proposals involved the work report of the Board, the work report of the Supervisory Committee, the financial report for 2012, the proposed profit distribution plan for 2012, the appointment of domestic and overseas auditors for 2013, the remunerations for Directors and Supervisors for 2012, the guarantee plans for 2013, the issue plan of bonds for 2013 and so forth. Meanwhile, the 2012 Performance Report by Independent Non-executive Directors of the Company was received. Please refer to the announcement of the poll results of the AGM published by the Company on 7 June 2013 for details of the resolutions of the AGM. Upon consideration and approval at the AGM, the Company had appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic and international auditor of the Company for 2013 respectively.

On 22 November 2013, the Company convened the first 2013 EGM. Mr. Guo Wenqing, Mr. Jiang Longsheng, Mr. Chen Yongkuan and Mr. Lin Jinzhen, Directors of the Company, attended in person. 3 proposals were considered and approved at the meeting, including 2 ordinary proposals and 1 special proposal. Such proposals involved the change of use of certain A Share proceeds, change of the use of certain H share proceeds and amendments to the Articles of Association. Please refer to the announcement of the poll results of the EGM published by the Company on 22 November 2013 for details of the resolutions of the EGM. Upon consideration and approval at the EGM, the Company completed the change in use of proceeds and the relevant procedures for the registration of amendments to the Articles of Association with Administration for Industry and Commerce.

III. THE BOARD

(I) Composition of the Board

As the term of office had surpassed three years, Mr. Jing Tianliang tendered his resignation to the Board on 4 September 2013, in which he resigned from the positions of Chairman and member of the relevant special committees under the Board. On the same date, the Company held the 56th meeting of the first session of the Board, on which Guo Wenqing, the Vice Chairman and an executive Director of the Company was elected as the Chairman of the Company and the convenor of the Strategy Committee and that of the Risk Management Committee of the Board.

CORPORATE GOVERNANCE REPORT

As at the end of the Reporting Period, the Board of the Company comprised 9 Directors, 5 of whom were independent non-executive Directors, representing a majority of the members of the Board. Mr. Guo Wenqing served as the Chairman and executive Director, Mr. Jing Tianliang served as non-executive Director, Mr. Shen Heting served as executive Director, Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming served as independent non-executive Directors, and Mr. Lin Jinzhen served as the employee representative Director (non-executive Director), among whom Mr. Liu Li and Mr. Cheung Yukming have expertise in the fields of finance, financial management and accounting, which was in compliance with the requirements of the Hong Kong Listing Rules. None of the 5 independent non-executive Directors held positions other than Directors within the Company. Meanwhile, the Company has received the confirmation of independence from each independent non-executive Director pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that each of the independent non-executive Directors remained independent. The independent non-executive Directors gave objective and independent opinions on significant events, thus ensuring the independence and fairness of the decisions made by the Board on such matters.

All members of the Board have performed their duties with loyalty, honesty and diligence to serve the interests of the Company and all the Shareholders. In accordance with the Articles of Association, the term of office of each session of the Board is three years. The Directors, other than employee representative Directors, are elected or replaced at general meetings and serve a term of office from the date of passing the resolutions of general meetings to the expiry date of the term of office of the current session of the Board. The Directors may serve consecutive terms upon expiry of their term of office if re-elected. During the Reporting Period, the Company purchased liability insurance policies for all directors.

Save for their services to the Company, there is no financial, business and familial connection among the Directors and between them and chief executive officer, nor any other material relations among them.

During the Reporting Period, for the purpose of further raising capabilities to perform duties and promptly upgrade professional knowledge and techniques, all the Directors of the Company studied Guide to External Directors of Central Enterprises for Performance of Duties (《中央企業外部董事履職指南》) published by the SASAC of the State Council. Director Jiang Longsheng participated in the communication training for convenor of the remuneration committee of central enterprises organised by the SASAC of the State Council, Director Liu Li participated in the communication training for directors organised by the SASAC of the State Council, Directors Chen Yongkuan and Cheung Yukming participated in the subsequent training for independent directors organised by the Shanghai Stock Exchange, and Directors Guo Wenqing, Jing Tianliang, Shen Heting and Lin Jinzhen studied a series of books such as Investment Decision Management, Comprehensive Risk Management, Legal Management, Budget Management and so forth prepared by the Leading Group to Improve Management Activities of Central Enterprises (中央企業管理提升活動的領導小組).

(II) Board meetings

During the Reporting Period, the Company held 17 Board meetings (including 10 on-site meetings and 7 meetings held via communications). The attendance of each Board meeting by each of the Directors during the Reporting Period is as follows:

Name of Directors	Number of attendance at Board meetings required for the year	Number of meetings attended in person	Attendance through communication tools	Number of meetings attended by proxy
Guo Wenqing	17	9	7	1
Jing Tianliang	17	10	7	0
Shen Heting	17	9	7	1
Jiang Longsheng	17	10	7	0
Wen Keqin	17	10	7	0
Liu Li	17	9	7	1
Chen Yongkuan	17	10	7	0
Cheung Yukming	17	8	7	2
Lin Jinzhen	17	10	7	0

(III) Duties and performance of the Board

The Board of the Company was elected at and accountable to Shareholders at general meetings. In accordance with the requirements of the Articles of Association, the Board is mainly responsible for convening general meetings, submission of work reports at general meetings, implementation of the resolutions of general meetings, deciding on the Company's business and investment plans, deciding on matters such as foreign investment, asset acquisition and disposal, asset guarantee, entrusted asset management and connected transactions within the authorisation of general meetings, the formulation of the Company's annual financial budgets and final accounts, the formulation of the Company's profit distribution plans and plans for making up for losses, the formulation of proposals for increase or reduction in the Company's registered capital, the issuance of corporate bonds or other securities and the listing plans, the preparation for the Company's material acquisitions, purchases of the Company's shares, mergers, demergers, dissolutions or changes in the Company's form, as well as the formulation of the revision plan for the Articles of Association. In addition, pursuant to the requirements of Corporate Governance Code, the Board undertakes corporate governance functions such as formulating corporate governance policy and practice, monitoring the trainings for Directors and senior management and supervising the Company's compliance of laws and regulations as well as Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the roles of Chairman and President of the Company were segregated and served by different Directors. Based on the principle of "division of labour for the overall interests and respect of each other's duties", the Chairman and the President performed their respective duties in accordance with relevant regulations regarding duty division set out in corporate governance rules such as the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for President of the Company. The Chairman of the Company is Mr. Guo Wenqing and the president of the Company is Mr. Zhang Zhaoxiang.

The Chairman is mainly responsible for presiding over general meetings and convening and presiding over Board meetings, checking and facilitating the implementation of the resolutions of the Board; nominating candidates for the Secretary to the Board, supervising and examining the performance of each special committee under the Board, organising and formulating rules for different operations of the Board, coordinating the operation of the Board, receiving regular or random work reports submitted by the senior officers of the Company and advising on the implementation of the resolutions of the Board as well as other functions conferred by laws, administrative regulations, department regulations or the Articles of Association and duties authorised by the Board.

The President is accountable to the Board and is mainly responsible for taking charge of the Company's production, operation, management and reporting to the Board, the organisation of the implementation of the resolutions of the Board, the organisation of the implementation of the Company's annual business plans and investment plans formulated by the Board, drafting plans for the establishment of the Company's internal management structure, drafting the Company's basic management system, the formulation of specific rules and regulations of the Company, the preparation of the merger, demerger or restructuring plans for subsidiaries of the Company under the requirements of the laws, administrative regulations, department rules or the Articles of Association, as well as other duties authorised by the Board.

In 2013, the Board paid attention to the following major events:

Firstly, the Board strengthened the strategic management and the top level design to accurately design the Company's development direction. After taking into account of the changes in operating environment as well as learning lessons from the past, it adjusted the existing management institutes in the headquarters and the functions of different positions. It clearly adopted a management mode of "leading by strategic management and control and functional control of key operations" and confirmed the strategy of "focus on building the scale and strength of principal businesses, whilst diversify the operation moderately to achieve a sound development" at different stages, with the purpose to highlight our principal businesses. Resources were focused on principle business with advantages and steady development, so as to maintain the sound development of our traditional core business, i.e. engineering project contracting as well as the real estate business, while speeding up the strategic development in emerging industries.

Secondly, reform was its important theme, promoting internal reform and management innovation with efforts. With reform as its top priority in the near future, the Board made clear its reform target to implement thorough reforms with determination in management system, remuneration and appraisals, personnel selection and placement, integration of internal resources and other aspects. It is required to promote centralised purchasing through integration of internal resources. It will clear its management problems and launch internal reform at the same time to strengthen the profitability and management of the Company.

Thirdly, it controlled risks, reduced cost and improved efficiency to ensure growth. Job requirements were specified while procuring the management to take measures in respect of cost decreasing and benefits increasing. It promoted centralized procurement of bulk commodities, revitalized idled fund, controlled the growth of salary and strictly controlled cost expenses. It established regional companies, increased the efforts in enlarging its market and optimised its market layout. The Company opened up resources and reduced expenditure while strictly controlling risks by forbidden to enter into any new projects with advance under the BT category. It strengthened its clearance of receivables and inventories, and governance and management in losing companies. Budget management was strengthened with stringent budget target.

Fourthly, it further strengthened its appraisal of the management. It studied and determined the principle of determining remuneration based on indicators for 2013 performance appraisal of management and subsidiaries of the Company. It also linked reduction of receivables and inventories, turning from losses of losing companies, and the growth of economic benefits to the appraisal of the person in charge of its subsidiaries and that of deputy management.

Fifthly, it further strengthened the establishment of the Board to increase the weight of scientific rationale in decision-making. It continued its insistence on strict procedural consideration of proposals with stringent control over the content and submission time of resolutions as well as thorough discussion of the proposed matters, so that Directors can get a full picture of the proposed matters and thus ensure the weight of scientific rationale in decision-making. It continued to strengthen the abilities and team work of the Board. The Board maximised its profitability, providing leverage to its scientific decision-making by various means including taking trainings, carrying out internal investigation and research as well as circulating and studying managerial experience drawn from central emterprises.

(IV) Special Committees of the Board

There was a total of five special committees under the Board of the Company, namely the Strategy Committee, the Finance and Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Each committee was accountable to the Board. The independent non-executive Directors formed the majority of all the special committees (except the Strategy Committee) and served as chairman of the Finance and Audit Committee, the Nomination Committee and the Remuneration Committee.

During the Reporting Period, the Board gave more prominence to the supporting role and professional discussion and consultation function of the relevant special committees. Before special issues were submitted to the Board for consideration, such issues would be thoroughly investigated by the relevant special committees, where specific review opinions were raised and thus provided a basis of decision-making for the Board, and performed important function on improving the work quality of the Board.

1. Strategy Committee

In accordance with the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Strategic Committee, the Strategy Committee shall be accountable to the Board and mainly responsible for conducting research and submitting proposals regarding the Company's mid-to-long term development strategies and decision-making over material investments, regularly evaluating the management and organisational structure of the Company combined with the requirements of the business and management of the Company, and discharging other duties authorised by the Board.

At the end of the Reporting Period, the Strategy Committee under the Board of the Company was composed of 7 Directors, namely Mr. Guo Wenqing, Mr. Jing Tianliang, Mr. Shen Heting, Mr. Liu Li, Mr. Chen Yongkuan, Mr. Cheung Yukming and Mr. Lin Jinzhen. Mr. Guo Wenqing, served as the convener.

During the Reporting Period, the Strategy Committee the Strategy Committee under the Board held one meeting, on which it considered the Position Scheme of the Design and Function of MCC Headquarter Management Organisation (《中國中冶總部管理機構設計與職能定位方案》). It was in the view that the management and control model of "strategic management and control-dominated with key operation management and control" and corresponding headquarter organisation setting scheme were in accordance with the actual situation of the Company, and in favour of solving the problems existed in the existing organisational setting and operation of the headquarter. And it could further strengthen the strategic management and control ability of the headquarter, increase management efficiency and overall operation management and control results. The meeting agreed to this scheme, and submitted it to the Board for consideration and approval. Mr. Guo Wenqing, Mr. Jing Tianliang, Mr. Shen Heting, Mr. Liu Li, Mr. Chen Yongkuan, Mr. Cheung Yukming and Mr. Lin Jinzhen attended this meeting.

2. *Finance and Audit Committee*

In accordance with the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Finance and Audit Committee, the Finance and Audit Committee shall be accountable to the Board and is mainly responsible for reviewing major financial control targets, supervising the implementation of financial regulatory system and guiding the finance functions of the Company, formulating guarantee management policies and reviewing guarantee business, reviewing annual financial budgets and final accounts and supervising the implementation thereof, reviewing the financial analysis of major investment projects, monitoring the execution outcome of investment projects, and arranging for the review of the subsequent evaluation of the major investing and financing projects. The Finance and Audit Committee is also accountable for reviewing the Company's proposals for profit distribution and recovery of losses and making recommendations in respect thereof, reviewing the Company's quality indicators of assets and finance and making recommendations to the Board in respect thereof, supervising the Company's internal audit system and its implementation, proposing the appointment or change of external auditors for financial statements, reviewing the Company's financial information and its disclosure, independently auditing the financial statements of the Company and issuing opinions in respect thereof, discharging the control and management of connected transactions of the Company, examining the Company's feedback channels to ensure employees can raise objections to the improprieties in financial reporting, internal control and other areas as well as other duties authorised by the Board.

In accordance with the requirements of paragraphs (f), (g) and (h) of the code provision C.3.3 of the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules, 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 the management to ensure that the management have performed their duties in establishing an effective internal control system, and considering major investigation findings on internal control matters and management's response to these findings as delegated by the Board or on its own initiative. Since the Company attaches great importance to risk management, it established the Risk Management Committee in 2010 to be responsible for internal control and risk management, therefore leading to a technical deviation from the requirement of paragraphs (f), (g) and (h) of the code provision C.3.3.

At the end of the Reporting Period, the Finance and Audit Committee under the Board of the Company comprises 5 Directors, namely Mr. Liu Li, Mr. Jing Tianliang, Mr. Jiang Longsheng, Mr. Wen Keqin and Mr. Cheung Yukming. Mr. Liu Li served as the convenor.

During the Reporting Period, the Finance and Audit Committee under the Board held 10 meetings, considered 39 issues for discussion. It selected and engaged the PRC and international auditors for the 2013 annual financial report of MCC, and audited the annual audit remuneration. It communicated and convened three special meetings to communicate with the auditors in relation to the audit of the 2012 annual financial statements and the review of the 2013 interim report. Study and audit had been made to matters such as the 2012 financial statements, 2012 annual profit distribution plan and periodic reports of MCC and its subsidiaries, the SINO ore mine project in Western Australia, change of actuarial accounting policies for employee benefits, loan transfer of Huludao Nonferrous, amendments to the use of proceeds and its related system, financing and liability management and other matters. It also specified the requirements of the management.

The attendance of meetings by each committee member is as follows:

Name of Directors	Number of attendance required for the Directors	Number of meetings attended in person
Liu Li	10	10
Jing Tianliang	10	10
Jiang Longsheng	10	7
Wen Keqin	10	10
Cheung Yukming	10	7

3. *Nomination Committee*

Pursuant to the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Nomination Committee, the Nomination Committee shall be accountable to the Board and is mainly responsible for studying and preparing the standards, procedures and methodology for the election of Directors, Presidents and other senior management of the Company and submitting the proposals to the Board, extensively identifying qualified candidates to fill the positions of Directors, Presidents and other senior management, assessing the candidates for Directors, Presidents and other senior management and advising to the Board in this respect. The Nomination Committee should stipulate the Board diversity policy (including gender, age, culture and education background or professional experience), and at least once per year studies and examines the structure, size and composition of the Board; evaluate the independence of independent non-executive Directors; and discharge other duties authorised by the Board.

At the end of the Reporting Period, the Nomination Committee of the Board of the Company comprised 5 Directors, namely Mr. Wen Keqin, Mr. Guo Wenqing, Mr. Shen Heting, Mr. Jiang Longsheng and Mr. Chen Yongkuan. Mr. Wen Keqin served as the convenor.

During the Reporting Period, the Nomination Committee under the Board held one meeting, studied the candidates for executive Directors of the Company. It was in the view that Mr. Zhang Zhaoxiang satisifed the conditions of taking up the post of the president of the Company, and agreed to nominate him to the Board for appointing him as the president of MCC. Mr. Wen Keqin, Mr. Guo Wenqing, Mr. Shen Heting, Mr. Jiang Longsheng and Mr. Chen Yongkuan attended the meeting.

4. *Remuneration Committee*

Pursuant to the requirement of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Remuneration Committee, the Remuneration Committee shall be accountable to the Board and is mainly responsible for studying and preparing the assessment criteria of Directors and senior management, organising assessment initiatives and offering recommendations in respect thereof, studying and reviewing the remuneration policies and proposals of Directors and senior management and discharging other duties authorised by the Board. Remuneration plans for Directors of the Company proposed by the Remuneration Committee shall be subject to the consent of the Board and submitted to general meetings for consideration and approval prior to implementation. Remuneration distribution plans for the senior management of the Company shall be subject to approval of the Board.

At the end of the Reporting Period, the Remuneration Committee of the Board of the Company comprised 5 Directors, namely Mr. Jiang Longsheng, Mr. Jing Tianliang, Mr. Wen Keqin, Mr. Liu Li and Mr. Chen Yongkuan. Mr. Jiang Longsheng served as the convenor.

During the Reporting Period, the Remuneration Committee under the Board held 5 meetings and studied 8 issues for discussion. The Remuneration Committee studied and determined the principle that 2013 results assessment indicator of the management and the subsidiaries linked to the remuneration, requested that they should decrease the account receivables and inventory, and stop the loss of unprofitable enterprises, link the results of economic benefits to the results assessment of the person in charge, and to the person in charge of the certain section of the management; reviewed and studied the remuneration scheme of the senior management of the Company. The attendance of meetings by each committee member is as follows:

Name of Directors	Number of attendance required for the Directors	Number of meetings attended in person
Jiang Longsheng	5	5
Jing Tianliang	5	4
Wen Keqin	5	5
Liu Li	5	5
Chen Yongkuan	5	5

5. *Risk Management Committee*

Pursuant to the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Risk Management Committee, the Risk Management Committee shall be accountable to the Board and is mainly responsible for reviewing the construction plan of the comprehensive risk management and internal control systems, considering the regulations, procedures and major control targets in risk management and internal control as well as recommending to the Board based upon the research on the risks and risk control of major investment and finance projects and major events in business management. In addition, it is responsible for reviewing resolution for management on material risks along with risks management strategies, considering the work evaluation program proposed by the internal control evaluation department as well as reviewing the evaluation report on internal control and submitting the same to the Board, proposing the appointment or change of external auditors for internal control, handling other issues authorised by the Board in relation to comprehensive risk management and internal control management and discharging other duties as required by applicable laws, regulations and listing rules of stock exchange on which the shares of the Company are listed.

At the end of the Reporting Period, the Risk Management Committee of the Board of the Company comprised 7 Directors, namely Mr. Guo Wenqing, Mr. Jing Tianliang, Mr. Shen Heting, Mr. Jiang Longsheng, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming. Mr. Guo Wenqing, served as the convenor.

During the Reporting Period, the Risk Management Committee under the Board held 3 meetings and studied 5 issues for discussion. The Risk Management Committee considered the Evaluation Report on Internal Control of MCC for 2012 (《中國中冶2012年度內部控制評價報告》) and the Work Proposal of Standardisation and Implementation of Internal Control of MCC for 2013 (《中國中冶2013年度內部控制規範實施工作方案》), studied the matters of selecting and hiring internal control auditor for 2013, and considered the basic standardisation and revision of specific internal control system of the Company. The attendance of meetings by each committee member is as follows:

Name of Directors	Number of attendance required for the Directors	Number of meetings attended in person
Guo Wenqing	3	2
Jing Tianliang	3	2
Shen Heting	3	1
Jiang Longsheng	3	2
Liu Li	3	3
Chen Yongkuan	3	3
Cheung Yukming	3	3

IV. SUPERVISORY COMMITTEE

During the Reporting Period, the Company's Supervisory Committee comprised 3 members, namely Mr. Shan Zhongli, the Chairman of the Supervisory Committee, Mr. Peng Haiqing, the Supervisor, and Mr. Shao Bo, the employee representative Supervisor. The term of office of the Supervisors shall be three years, and is renewable upon re-election. The Company's Supervisory Committee is accountable to Shareholders at general meetings. In the spirit of being accountable to all the Shareholders, the Supervisory Committee is mainly responsible for monitoring the Company's financial condition, internal control, connected transactions, major events, implement of registration and management system insider of inside information and the performance of duties by Directors and senior management of the Company to ensure their compliance with relevant laws and regulations, which in turn safeguards the statutory rights and interests of the Company and the Shareholders.

During the Reporting Period, the Company's Supervisory Committee held 5 meetings with 17 considered proposals and 6 received reports. The attendance of meetings by each Supervisor is as follows:

Name of Supervisor	Number of attendance required for the Supervisor	Number of meetings attended in person
Shan Zhongli	5	5
Peng Haiqing	5	5
Shao Bo	5	5

During the Reporting Period, the Supervisory Committee reviewed the financial reports which were disclosed on a regular basis by the Company, conscientiously studied the final account and profit distribution schemes for 2013 and supervised the internal control, the lists of related parties/connected persons as well as the utilisation and change of relevant raised proceeds; and continually paid attention to Western Australia SINO Iron Ore Project, Ramu Nico Project, Papua New Guinea, Development Project of Land at the west of Jiangbian Road, Binjiang, Xiaguan District of Nanjing and other assets or business influencing the operating performance of the Company, and had no objection on the disposal measures and methods on these assets or business of the Board and management.

V. MODEL CODE FOR SECURITIES DEALINGS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of List Issuers as the codes governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that all Directors and Supervisors had complied with the required standard provisions and requirements provided by the above code during the Reporting Period.

VI. INTERNAL CONTROL

(I) Statement of the accountability of the Directors in relation to internal control

The Board is the decision-making body of internal control and is responsible for the establishment of the internal control system of the Company as well as the sound and effective implementation thereof. The Board's duties include establishment and optimisation of the internal control system and the implementation plan as well as supervision of the effective implementation of internal control.

(II) Establishment of the internal control regime

During the Reporting Period, the Company strengthened its compliance with all laws and regulations in all respect. Catering to the internal demand for improvement of corporate management, it focused on the alignment between the internal control system and risk management. The Company organised all functional departments to emphasize on key businesses and major risks according, and revised all basic regimes, management measures and implementation rules of the Company according to its risk mapping. The Company promulgated all regulations and regimes in strict compliance with relevant requirements in corporate governance and undertook the corresponding procedures of drafting, consultation and review to ensure a rational and serious design of system. The Compilation of Regulation System of MCC (《中國中冶規章制度彙編》), covers over 200 internal control regimes and supporting supplemental guiding documents in 17 domains such as corporate governance and organisation as well as structure, strategic development and investment management, human resources management, social responsibility and emergency management, legal and contract management, internal control and risk management, market management, purchase management, asset management, research and development and innovation management, budget and financial management, fund and guarantee management, assessment management, technology and communicating, internal review and supervision, operation management and administration management.

The Company established a comprehensive financial management system including, among others financial reporting, budget management, capital management, management of financial staff and information, assets management, cost management and tax management. The Company had established internal control system in relation to the financial report, including Accounting System for Enterprises (《企業會計制度》), Management Rules of Scope of Consolidation Check List (《合併範圍清單管理辦法》), Management Rules of Evaluation of Supplementary Accounting Information, Change of Business and Significant Accounting Issues (《會計信息補充、業務變更和重大會計事項評估管理辦法》), Management Rules of Formulation of Financial Report (《財務報告編製進度管理辦法》), Management Rules of Declaration and Disclosure of Financial Report (《財務報告申報及披露管理辦法》), Management Rules for Closure of Account Sets of Financial Statements (《財務報表賬套關閉管理辦法》), Management Rules for Internal Transactions and Account Reconciliation (《內部往來及交易對賬管理辦法》), Management Rules for Auditing and Analyzing of Financial Statements (《財務報告審核與分析管理辦法》), Construction Contract Management Rules (《建造合同管理辦法》), Management Rules of Impairment of Assets (《資產減值管理辦法》), Fixed Assets Management Rules (《固定資產管理辦法》), Cost Management Rules (《成本管理辦法》), Tax Management Rules (《稅務管理辦法》), Financial Management Rules of Purchase Business (《採購業務財務管理辦法》), Financial Management Rules of Sales Business (《銷售業務財務管理辦法》), Management Rules of Information Disclosure (《信息披露管理辦法》), Management Rules of Financial Information Technology (《財務信息化管理辦法》), covering the aspects of primary control of the significant business process, such as: quality control of the data input of financial statement system, preparation of financial statement and disclosure.

CORPORATE GOVERNANCE REPORT

The aforesaid internal control systems has been fully implemented in the Company. By analyzing the quality of financial reports in recent years and according to the conclusion upon the inspection, evaluation and audit of internal control, relevant internal control system of the Company's financial report achieved the goal of internal control.

The Company prepared and disclosed the Evaluation Report on Internal Control (《內部控制評價報告》).

(III) Relevant explanations on the audit report of internal control

PricewaterhouseCoopers Zhong Tian LLP issued the internal control audit report and is of the opinion that as at 31 December 2013, the Company had maintained an effective internal control over its financial report in all major respect with reference to the Basic Standard for Enterprise Internal Control ("企業內部控制基本規範") and relevant requirements.

VII. ACCOUNTABILITY OF THE DIRECTORS IN RELATION TO FINANCIAL REPORTS

The Directors are responsible for the preparation of financial statements. In preparing the financial statements for the year ended 31 December 2013, the Directors selected and applied appropriate accounting policies and made prudent and reasonable judgment and estimates, so as to give a true and fair view of the state of affairs of the Company and of the results and cash flow for such financial year. The statement of the auditors of the Company concerning their reporting responsibilities is set out in the Independent Auditor's Report on page 117 to 118 of this annual report.

VIII. AUDITOR'S REMUNERATION

The Company appointed PricewaterhouseCoopers (''PwC Hong Kong'') and PricewaterhouseCoopers Zhong Tian LLP (''PwC Zhong Tian'') as the international and domestic auditors, respectively, of the Company. Other than annual financial auditing, PwC Zhong Tian also provided internal control auditing services related to financial reports for the Company, statutory audits of the financial statements of certain subsidiaries in the PRC and other non-audit services.

The remuneration of independent auditors for 2013 is set out in auditors' remuneration in note 30 to the consolidated financial statements.

IX. INFORMATION DISCLOSURE AND INVESTOR RELATIONS

In 2013, the Company had organised and completed the work of information disclosure in strict compliance with relevant requirements of CSRC, Shanghai Stock Exchange and Hong Kong Stock Exchange. Pursuant to the principle of concurrent disclosure by companies listed across the border and by means of statutory channels such as designated newspapers and websites, the Company had made the information disclosure in a truthful, accurate, complete, timely and fair manner. In the meantime, the Company valued the management of investors relations and stepped up efforts in communications with investors, analysts and financial media, in order to protect the statutory rights and interest of the investors, especially the small and medium investors.

1. The information disclosure system was reviewed comprehensively pursuant to the updated regulatory requirements and in consideration of the actual conditions of the Company, which effectively guaranteed the compliance, timeliness and smoothness of the information circulation mechanism of the Company at both the systematic and operational levels. The Company had amended the Management Rules of Information Disclosure of MCC (《中國中冶信息披露管理制度》) and Management Measures on Information Disclosure of Equity Markets of MCC (《中國中冶股票市場信息披露管理辦法》) and the contents relating to operation in the Information Reporting Manual (《信息填報手冊》).

2. The Company continued the work in internal trainings, which strengthened the awareness of being a public issuer within the Company. Video conferences were held with the information disclosure and public sentiment control as the main contents. In the trainings, the Company publicised and promoted the monitory regulations and the latest requirements in relation to information disclosure of the Company. The Company organised trainings in the theme of investor protections to further improve investors' awareness of laws in relevant field.

3. The Company continued to develop and facilitate the voluntary disclosure while disclosing information on the basis of disclosing legal information. In regard to significant events disclosed and matters with market's concern, the Company conducted regular disclosure in periodic reports, information of progresses was disclosed in the announcements in a timely manner.

4. The Company established communication through various means with investors, analysts and financial media. The Company held sincere communication specialised for the operating loss in 2012 in Shanghai and Hong Kong to express our sincere apology to shareholders and explain the situation in details to the capital market in a timely manner. Consolidating turning the results from loss to profit in 2013, the Company issued its results projection timely and organised an interim results discussion, reverse roadshow and other activitiesto share the measures and ideas about corporate reform and development to the capital market. Meanwhile, the Company continued to perform well in the reception of the regular visits and calls from investors.

CORPORATE GOVERNANCE REPORT

X. RIGHTS OF INVESTORS

To safeguard the statutory rights of investors, the Article 66 of the Articles of Association of the Company prescribes that the Shareholders holding more than 10% of the Company's shares either independently or collectively can request an extraordinary general meeting in writing. In addition, the Articles 71 and 76 of the Articles of Association of the Company prescribe that the Shareholders holding more than 10% of the shares that are entitled to voting rights at the meeting requested either independently or collectively can execute one or several written requests of the same format and content to propose the Board to convene extraordinary general meeting or class meeting of shareholders and elaborate the subject of the meeting. Shareholders holding more than 3% of the Company's Shares can either independently or collectively raise extraordinary proposal and submit in writing to the convenor 10 days prior to the general meeting. The convenor shall issue supplementary notice to the general meeting within 2 days upon receipt of the proposal to announce the content thereof. The aforesaid written requests can be delivered to the place of business of the Company. The Company set an exclusive session for communication with Shareholders in the general meeting, during which Shareholders can raise their concerns and suggestions. Shareholders can also lodge their enquiries and suggestions through investor relations hotline (+86-10-5986-8666), fax (+86-10-5986-8999) and email (ir@mccchina.com).

XI. COMPANY SECRETARY

From 1 January 2013 to 18 November 2013, Mr. Kang Chengye, Secretary to the Board, and Ms. Ma Sau Kuen Gloria, a director of KCS Hong Kong Limited, together served as joint company secretaries of the Company. During the period, Mr. Kang Chengye acted as the internal key liaison between the Company and Ms. Ma Sau Kuen Gloria.

During the Reporting Period, the Company received the confirmation from the Hong Kong Stock Exchange acknowledging that the relevant experience of Mr. Kang Chengye is in compliance with the requirements in relation to "company secretary" under the Rule 3.28 to the Hong Kong Listing Rules.

On 19 November 2013, Ms. Ma Sau Kuen Gloria tendered her resignation to the Board from the position of joint company secretary. After the resignation of Ms. Ma Sau Kuen Gloria, Mr. Kang Chengye served as the sole company secretary of the Company.

Pursuant to the Rule 3.29 to the Hong Kong Listing Rules, as at the year ended 31 December 2013, Mr. Kang Chengye, Secretary to the Board and Company Secretary and Ms. Ma Sau Kuen Gloria, the former joint company secretary attended the professional skills trainings for not less than 15 hours.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the shareholders of
Metallurgical Corporation of China Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Metallurgical Corporation of China Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 119 to 271, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the shareholders of
Metallurgical Corporation of China Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2014

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 *RMB 'million*	As at 31 December 2012 *RMB 'million* As restated	As at 1 January 2012 *RMB 'million* As restated
ASSETS				
Non-current assets				
Property, plant and equipment	6	36,287	39,333	42,533
Land use rights	7	6,253	6,323	8,195
Mining rights	8	2,164	2,457	5,025
Investment properties	9	1,818	1,574	978
Intangible assets	10	7,140	7,041	6,992
Investments in associates	12	4,134	2,504	1,980
Available-for-sale financial assets	14	1,400	1,348	1,479
Deferred income tax assets	27	2,987	2,670	2,573
Trade and other receivables	15	20,342	23,492	22,239
Other non-current assets		405	222	334
		82,930	86,964	92,328
Current assets				
Inventories	18	8,530	9,467	13,896
Properties under development	18	55,963	56,677	54,844
Completed properties held for sale	18	9,442	7,694	4,277
Trade and other receivables	15	98,396	93,713	87,880
Amounts due from customers for contract work	17	33,995	36,502	33,104
Available-for-sale financial assets	14	—	700	50
Financial assets at fair value through profit or loss	16	42	302	352
Restricted cash	19	2,343	2,124	2,560
Cash and cash equivalents	19	31,243	32,084	42,721
		239,954	239,263	239,684
Total assets		322,884	326,227	332,012
EQUITY				
Equity attributable to owners of the Company				
Share capital	20	19,110	19,110	19,110
Reserves	21	25,431	22,075	29,126
— Proposed dividend	37	1,166	—	—
— Other reserves		24,265	22,075	29,126
		44,541	41,185	48,236
Non-controlling interests		10,524	11,650	9,981
Total equity		55,065	52,835	58,217

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 RMB 'million	As at 31 December 2012 RMB 'million As restated	As at 1 January 2012 RMB 'million As restated
LIABILITIES				
Non-current liabilities				
Borrowings	23	42,224	57,065	52,485
Deferred income	24	1,601	1,477	1,636
Retirement and other supplemental benefit obligations	25	3,952	4,674	5,344
Provisions for other liabilities and charges	26	98	66	79
Trade and other payables	22	337	222	357
Deferred income tax liabilities	27	562	536	524
		48,774	64,040	60,425
Current liabilities				
Trade and other payables	22	130,722	121,589	114,625
Amounts due to customers for contract work	17	11,588	11,029	11,825
Current income tax liabilities		1,770	1,692	1,612
Borrowings	23	74,343	74,437	84,676
Retirement and other supplemental benefit obligations	25	615	605	632
Provisions for other liabilities and charges	26	7	—	—
		219,045	209,352	213,370
Total liabilities		267,819	273,392	273,795
Total equity and liabilities		322,884	326,227	332,012
Net current assets		20,909	29,911	26,314
Total assets less current liabilities		103,839	116,875	118,642

On behalf of the board

Guo Wenqing
Director

Shen Heting
Director

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2013 *RMB 'million*	As at 31 December 2012 *RMB 'million* As restated	As at 1 January 2012 *RMB 'million* As restated
ASSETS				
Non-current assets				
Property, plant and equipment		**182**	202	208
Intangible assets		**16**	14	12
Investments in subsidiaries	11	**68,028**	55,205	54,791
Investments in associates		**15**	—	—
Trade and other receivables	15	**8,866**	5,385	11,809
		77,107	60,806	66,820
Current assets				
Inventories		**1**	54	2
Trade and other receivables	15	**35,530**	36,520	40,143
Amounts due from customers for contract work	17	**309**	517	174
Restricted cash	19	**437**	—	—
Cash and cash equivalents	19	**6,495**	9,211	14,153
		42,772	46,302	54,472
Total assets		**119,879**	107,108	121,292
EQUITY				
Share capital	20	**19,110**	19,110	19,110
Reserves	21	**35,096**	20,309	32,876
— Proposed dividend		**1,166**	—	—
— Other reserves		**33,930**	20,309	32,876
Total equity		**54,206**	39,419	51,986
LIABILITIES				
Non-current liabilities				
Borrowings	23	**21,171**	21,311	23,522
Trade and other payables	22	**78**	—	—
Deferred income		**1**	1	—
Retirement and other supplemental benefit obligations		**22**	24	27
		21,272	21,336	23,549

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2013 RMB 'million	As at 31 December 2012 RMB 'million As restated	As at 1 January 2012 RMB 'million As restated
Current liabilities				
Trade and other payables	22	**8,917**	10,173	11,821
Amounts due to customers for contract work	17	**—**	690	862
Borrowings	23	**35,455**	35,486	33,070
Current income tax liabilities		**25**	—	—
Retirement and other supplemental benefit obligations		**4**	4	4
		44,401	46,353	45,757
Total liabilities		**65,673**	67,689	69,306
Total equity and liabilities		**119,879**	107,108	121,292
Net current (liabilities)/assets		**(1,629)**	(51)	8,715
Total assets less current liabilities		**75,478**	60,755	75,535

On behalf of the board

Guo Wenqing
Director

Shen Heting
Director

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2013 RMB 'million	2012 RMB 'million As restated
Continuing operations			
Revenue	5	**202,241**	216,242
Cost of sales	30	**(181,173)**	(200,202)
Gross profit		**21,068**	16,040
Selling and marketing expenses	30	**(1,617)**	(1,622)
Administrative expenses	30	**(11,270)**	(11,144)
Other income	28	**1,202**	1,041
Other gains - net	29	**203**	480
Other expenses		**(297)**	(117)
Operating profit		**9,289**	4,678
Finance income	32	**2,043**	1,828
Finance expenses	32	**(5,426)**	(4,695)
Share of (losses)/profits of investments in associates		**(137)**	16
Profit before income tax		**5,769**	1,827
Income tax expense	34	**(2,691)**	(2,984)
Profit/(loss) for the year from continuing operations		**3,078**	(1,157)
Discontinued operations			
Loss for the year from discontinued operations	40	**—**	(9,191)
Profit/(loss) for the year		**3,078**	(10,348)
Profit/(loss) attributable to:			
Owners of the Company		**2,981**	(6,943)
Non-controlling interests		**97**	(3,405)
		3,078	(10,348)
Profit/(loss) attributable to owners of the Company arising from:			
Continuing operations		**2,981**	(1,596)
Discontinued operations		**—**	(5,347)
		2,981	(6,943)

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2013 RMB	2012 RMB As restated
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company during the year			
Basic earnings/(loss) per share			
From continuing operations		**0.16**	(0.08)
From discontinued operations		**—**	(0.28)
	36	**0.16**	(0.36)
Diluted earnings/(loss) per share			
From continuing operations		**0.16**	(0.08)
From discontinued operations		**—**	(0.28)
	36	**0.16**	(0.36)

Details of dividends attributable to owners of the Company for the years ended 31 December 2013 and 2012 are set out in Note 37.

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Profit/(loss) for the year	**3,078**	(10,348)
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of retirement and other supplemental benefit obligations	**308**	(116)
Total items that will not be reclassified subsequently to profit or loss	**308**	(116)
Items that may be reclassified subsequently to profit or loss:		
Fair value losses on available-for-sale financial assets, net of tax	**(41)**	(27)
Currency translation differences	**38**	(83)
Total items that may be reclassified subsequently to profit or loss	**(3)**	(110)
Other comprehensive income/(loss) for the year, net of tax	**305**	(226)
Total comprehensive income/(loss) for the year	**3,383**	(10,574)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**3,381**	(7,049)
Non-controlling interests	**2**	(3,525)
	3,383	(10,574)
Total comprehensive income/(loss) attributable to owners of the Company arising from:		
Continuing operations	**3,381**	(1,702)
Discontinued operations	**—**	(5,347)
	3,381	(7,049)

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Capital premium	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
		Attributable to owners of the Company						
		RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
As at 1 January 2012 (As previously reported)		19,110	17,948	195	10,950	48,203	9,972	58,175
Adjustment for adoption of IAS 19 (revised)	2.1.2	—	—	304	(271)	33	9	42
As at 1 January 2012 (As restated)		19,110	17,948	499	10,679	48,236	9,981	58,217
Loss for the year		—	—	—	(6,943)	(6,943)	(3,405)	(10,348)
Other comprehensive loss:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(24)	—	(24)	(3)	(27)
Currency translation differences		—	—	(76)	—	(76)	(7)	(83)
Remeasurements of retirement and other supplemental benefit obligations		—	—	(6)	—	(6)	(110)	(116)
Total comprehensive loss for the year		—	—	(106)	(6,943)	(7,049)	(3,525)	(10,574)
Transaction with owners:								
Dividends	37	—	—	—	—	—	(393)	(393)
Transaction with non-controlling interests		—	—	(2)	—	(2)	(97)	(99)
Attributable to set-up of subsidiaries		—	—	—	—	—	21	21
Liquidation/disposal of subsidiaries		—	—	—	—	—	5,570	5,570
Investments in subsidiaries transferred to investments in associates		—	—	—	—	—	(277)	(277)
Additional capital injection from owners and non-controlling interests proportionally		—	—	—	—	—	370	370
Total transaction with owners		—	—	(2)	—	(2)	5,194	5,192
As at 31 December 2012		19,110	17,948	391	3,736	41,185	11,650	52,835

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Note	Share capital RMB 'million	Capital premium RMB 'million	Other reserves RMB 'million	Retained earnings RMB 'million	Subtotal RMB 'million	Non-controlling interests RMB 'million	Total 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)	2.1.2	–	–	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 for the year		–	–	–	2,981	2,981	97	3,078
Other comprehensive (loss)/income:								
Fair value (losses)/gains on available-for-sale financial assets, net of tax		–	–	(43)	–	(43)	2	(41)
Currency translation differences		–	–	147	–	147	(109)	38
Remeasurements of retirement and other supplemental benefit obligations		–	–	296	–	296	12	308
Total comprehensive income for the year		–	–	400	2,981	3,381	2	3,383
Transaction with owners:								
Dividends	37	–	–	–	–	–	(2,344)	(2,344)
Transaction with non-controlling interests		–	–	(25)	–	(25)	234	209
Attributable to set-up of subsidiaries		–	–	–	–	–	7	7
Liquidation/disposal of subsidiaries		–	–	–	–	–	(232)	(232)
Investments in subsidiaries transferred to investments in associates		–	–	–	–	–	(356)	(356)
Additional capital injection from owners and non-controlling interests proportionally		–	–	–	–	–	1,563	1,563
Appropriations		–	–	131	(131)	–	–	–
Total transaction with owners		–	–	106	(131)	(25)	(1,128)	(1,153)
As at 31 December 2013		19,110	17,948	897	6,586	44,541	10,524	55,065

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2013	2012
	Note	***RMB 'million***	*RMB 'million*
Cash flows from operating activities			
Cash generated from operations	38	**22,950**	7,537
Income tax paid		**(2,928)**	(3,150)
Net cash generated from operating activities		**20,022**	4,387
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,582)**	(4,891)
Purchases of land use rights		**(320)**	(102)
Purchases of mining rights		**—**	(341)
Purchases of investment properties		**(20)**	(6)
Purchases of intangible assets		**(338)**	(340)
Purchases of available-for-sale financial assets		**(368)**	(1,310)
Increase in investments in associates		**(326)**	(91)
Net cash inflow for acquisition of subsidiaries		**46**	—
Refund of prepayment for investments		**609**	679
Amounts received from/(paid to) related parties and third parties		**1,093**	(57)
Proceeds from disposal of property, plant and equipment		**415**	272
Proceeds from disposal of land use rights		**120**	81
Proceeds from disposal of investment properties		**38**	1
Proceeds from disposal of intangible assets		**87**	12
Proceeds from disposal of available-for-sale financial assets		**1,006**	762
Proceeds from disposal of investments in associates		**70**	140
Net cash outflow from losing control of subsidiaries		**—**	(4)
Net cash inflow from disposal of subsidiaries	39, 40	**754**	141
Transactions with non-controlling interests		**—**	(102)
Dividends received		**68**	100
Cash inflow from asset-related government grants		**53**	166
Net cash generated from/(used in) investing activities		**405**	(4,890)

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cash flows from financing activities		
Proceeds from borrowings	97,593	90,105
Repayments of borrowings	(110,705)	(90,969)
Contribution received from non-controlling interests	801	339
Dividends paid	(1,151)	(278)
Interest paid	(7,940)	(9,497)
Changes in restricted cash	258	210
Cash outflow from lease payments under finance leases	(9)	(23)
Net cash used in financing activities	(21,153)	(10,113)
Net decrease in cash and cash equivalents	(726)	(10,616)
Cash and cash equivalents at beginning of the year	32,084	42,721
Exchange losses on cash and cash equivalents	(115)	(21)
Cash and cash equivalents at end of the year	31,243	32,084

The notes on pages 130 to 271 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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").

(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");

— 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) These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements of Metallurgical Corporation of China Ltd. have been prepared in accordance with International Financial Reporting Standards (the "IFRS"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 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 "Noncurrent 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.

Details are disclosed in Note 40.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have material impact on the Group:

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).

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Changes in accounting policy and disclosures (Continued)

(a) New and amended standards adopted by the Group *(Continued)*

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

	As at 1 January 2012 *RMB 'million*	As at 31 December 2012 *RMB 'million*	Year ended 31 December 2012 *RMB 'million*
Decrease in administrative expenses	—	—	(172)
Decrease in income tax expense	—	—	(4)
Decrease in other gains	—	—	(69)
Decrease in loss attributable to non-controlling interests	—	—	98
Decrease in deferred income tax assets	(19)	(8)	—
Decrease in retirement and other supplemental benefit obligations	(61)	(41)	—
Increase in other capital reserves	304	298	—
Decrease in retained earnings	(271)	(262)	—
Increase/(decrease) in non-controlling interests	9	(3)	—

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. 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.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Changes in accounting policy and disclosures (Continued)

(a) New and amended standards adopted by the Group *(Continued)*

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

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.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

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 2010. 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 as 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 income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Changes in accounting policy and disclosures (Continued)

(b) New standards and interpretations not yet adopted *(Continued)*

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.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combination *(Continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.12).

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions - that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates *(Continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits/(losses) of investments in associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Under joint operation, a joint operator recognises in relation to its interest in a joint operation including its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation, including its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Joint arrangements *(Continued)*

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President's office which makes strategic decisions.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the ''functional currency''). These consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's and the Company's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains-net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the entities within the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Other than mining structures, depreciation on other assets is calculated using the straight-line method to allocate to their cost to their residual values over their estimated useful lives, as follows:

— Buildings	15 - 40 years
— Plant and machinery	3 - 14 years
— Transportation equipment	5 - 12 years
— Furniture, office and other equipment	3 - 8 years

Mining structures (including the main and auxiliary mine shaft and underground tunnels) are depreciated over their expected total production on a unit of production basis using proved reserve. The proved reserve used for depreciation is restricted to the total production expected to be extracted during the licence/lease term.

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings and costs of plant and machinery. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.13).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised within "other gains - net" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Deferred overburden removal costs

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases, and depreciation of those capitalised costs commences, at the time that saleable materials begin to be extracted from the mine. Depreciation of capitalised development stripping costs is determined on a unit of production basis for each separate area of interest.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences at the time that saleable materials begin to be extracted from the mine. The costs of production stripping are charged to the consolidated income statement as operating costs when the ratio of waste material to ore extracted from an area of interest is expected to be constant throughout its estimated life. When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- All costs are initially charged to the consolidated income statement and classified as operating costs;
- When the current ratio of waste to ore is greater than the estimated life-of-mine ratio, a portion of the stripping costs (inclusive of an allocation of relevant overhead expenditure) is capitalised; and
- In subsequent years when the ratio of waste to ore is less than the estimated life-of-mine ratio, a portion of capitalised stripping costs is charged to the consolidated income statement as operating costs.

The amount of production stripping costs capitalised or charged in consolidated income statement is determined so that the stripping expense for the financial year reflects the estimated life-of-mine ratio. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of the change.

Capitalised development stripping costs are classified as "Plant and machinery" and capitalised production stripping costs are classified as "Mining structures". These assets are considered in combination with other assets of an operation for the purpose of undertaking impairment assessment. Depreciation policy on these assets is described in Note 2.7.

2.9 Land use rights

Land use rights represent upfront operating lease payments made for the land and are stated at cost less accumulated amortisation and impairment loss. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 40 to 70 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment loss and are amortised on a units of production basis using proved reserves.

2.11 Properties

(a) *Investment properties*

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the companies comprising the Group, is classified as investment property. It also includes properties that are being constructed or developed for future use as investment properties. Investment properties are stated at cost including related transaction costs and where applicable borrowing costs, less accumulated depreciation and impairment losses. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate the cost of the asset over a period ranging from 20 to 40 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in the consolidated income statement.

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(b) *Properties under development and completed properties held for sale*

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and completed properties held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Patent and proprietary technologies

Patents and proprietary technologies are initially recorded at cost and are amortised on a straight-line basis over their useful lives of 5 to 20 years as stated in the contracts.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Intangible assets *(Continued)*

(d) Concession assets

The Group engages in certain service concession arrangements in which the Group carries out construction work for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. In accordance with IFRIC 12, "Service concession arrangements", the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangible assets if the operator receives a right (a licence) to charge users of the public service, or as financial assets if paid by the granting authority. If intangible assets model is applicable, the Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets classification on the consolidated balance sheets. Once the underlying infrastructure of the concession arrangements has been completed, the concession assets will be amortised over the term of the concession period on the straight-line basis under the intangible assets model. If financial assets model is applicable, the Group classifies the assets in relation to these concession arrangements within financial assets classification on the consolidated balance sheet. Once the underlying infrastructure of the concession arrangements has been completed, the interest of financial assets will be calculated using effective interest rate method and related interest will be credited to the consolidated income statement accordingly over the concession period.

2.13 Impairment of investments in subsidiaries and associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Financial assets

2.14.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled on expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted cash" and "cash and cash equivalents" in the consolidated balance sheets.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted for two full annual reporting periods and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period which are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Financial assets *(Continued)*

2.14.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'Other gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'gains and losses on disposals of investment securities of other gains — net'.

Interest on available-for-sale debt instruments calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Impairment of financial assets *(Continued)*

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits

The Group operates various post-employment schemes.

(a) Pension obligations

The full-time employees of the Group in the PRC are covered by various government sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

Meanwhile, the Group provides supplementary pension benefits to certain retired employees, which is considered as defined benefit plans. The defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Past-service costs are recognised immediately in income.

(b) Other post-employment obligations

Some companies of the Group provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits *(Continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Housing funds

All full-time employees of the Group in the PRC are entitled to participate in various governments sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Details are disclosed in Note 25.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Restoration and rehabilitation

The mining, extraction and processing activities normally give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; land rehabilitation; and site restoration. The extent of work required and the associated costs are dependent on the requirements of relevant authorities.

Provisions for the cost of each restoration and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all restoration and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of restoration and rehabilitation activities is classified as "mining structures" and amortised over the estimated economic life of the operation on a units of production basis. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance charges.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated income statement. Changes to the capitalised cost result in an adjustment to future amortisation charges. Adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include revisions to estimated reserves, resources and lives of operations; development in technology; regulatory requirements and environmental management strategies; changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and movements in interest rates affecting the discount rate applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.27 Contract work

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Contract costs will be recognised as expenses by reference to the stage of completion of the contract activity at the end of reporting period. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the ''percentage of completion method'' to determine the appropriate amount of profit to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with the future activity of a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories or prepayments, depending on their nature.

Contract work-in-progress is valued at the cost of the work done, plus the expected profit upon completion of the project in proportion to the progress made and less progress billings and provisions. Provisions are recognised for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost. The cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, borrowing costs directly attributable to the relevant contracts, rental charges and maintenance costs for the equipment used and other direct costs.

Profits are not recognised unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress billings is determined on a project to project basis. For projects where the progress billings exceed the value of contract work-in-progress, the balance is recognised under current liabilities instead of under current assets. The respective asset and liability items are ''amounts due to customers for contract work'' and ''amounts due from customers for contract work''.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the construction contracts and sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from construction and service contracts

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, revenue from construction and service contracts is recognised under the percentage of completion method, which is measured mainly by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and such contract costs is recognized as an expense in the period in which they are incurred.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statement in the period in which the circumstances that give rise to the revisions become known by management.

(b) Revenue from mining

Revenue from mining is recognised when the risks and rewards in relation to sales of mining products are transferred to the customers, which is at the date when the customer receives and accepts the goods and collectability of the related receivables is reasonably assured.

(c) Revenue from sales of properties

Revenue from sale of properties is recognised when the risks and rewards of the properties are transferred to the customers, which occurs when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of the related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Revenue recognition *(Continued)*

(d) Services rendered

Revenue for services rendered mainly includes technology development, design, consultation and supervision, and is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

(e) Sales of products

Sales of products are recognised when significant risks and rewards of ownership of the goods are transferred to the customers, and the customer has accepted the products and collectability of the related receivables is reasonably assured.

(f) Rental income

Rental income under operating leases of buildings is recognised on a straight-line basis over the lease term.

(g) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(h) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.29 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group rents certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) *it is technically feasible to complete the intangible asset so that it will be available for use or sale;*

(ii) *management intends to complete the intangible asset and use or sell it;*

(iii) *there is an ability to use or sell the intangible asset;*

(iv) *it can be demonstrated how the intangible asset will generate probable future economic benefits;*

(v) *adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and*

(vi) *the expenditure attributable to the intangible asset during its development can be reliably measured.*

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

2.31 Dividend distribution

Dividend distribution to the Company's owners is recognised as a liability in these consolidated financial statements in the period in which the dividends are approved by the Company's owners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.32 Financial guarantee contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the company.

2.33 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Foreign exchange risk

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

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

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

As at 31 December 2013, if RMB had strengthened/weakened by 5% (2012: 5%) against USD, AUD, EUR and other foreign currencies with all other variables held constant, which were considered reasonably possible by management, the profit after tax for the year ended 31 December 2013 would have been approximately RMB305 million higher/lower (2012: RMB56 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of USD, AUD, EUR and other foreign currencies denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

(b) Interest rate risk

The Group's exposure to interest rate risk relates principally to its restricted cash, cash and cash equivalents and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose the Group to cash flow interest-rate risk, and those at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2013, approximately RMB352 million (2012: RMB299 million) of the Group's restricted cash, approximately RMB654 million (2012: RMB435 million) of the Group's cash and cash equivalents and approximately RMB60,840 million (2012: RMB70,299 million) of the Group's borrowings were at fixed rates. The interest rates and maturities of the Group's restricted cash, cash and cash equivalents, and borrowings are disclosed in Notes 19 and 23 respectively.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Interest rate risk (Continued)

To monitor the impact of interest rate fluctuations, the Group continually assesses and monitors its exposure to interest rate risk and entered into fixed rate borrowings arrangements. The interest rates and maturities of these borrowings were disclosed in Note 23.

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

As at 31 December 2013, if the respective interest rates on RMB-denominated borrowings and USD and other currency-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, which was considered reasonably possible by management, profit after income tax for the year ended 31 December 2013 would have been RMB112 million lower/higher and RMB29 million lower/higher respectively, (2012: RMB175 million lower/higher and RMB28 million lower/higher), mainly as a result of higher/lower interest expenses on bank borrowings.

(c) Price risk

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

The following table details the Group's sensitivity to a 10% increase and 10% decrease in equity price on the available-for-sale financial assets or financial assets at fair value through profit or loss at each balance sheet date while all other variables were held constant. Management has used 10% to illustrate the equity price risk as the fluctuation in equity price is unpredictable.

	As at 31 December	
	2013	2012
Change in equity price	**10%**	10%

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Impact on profit for the year		
Increase/(decrease) in profit for the year		
— as a result of increase in equity price	**3**	23
— as a result of decrease in equity price	**(3)**	(23)
Impact on equity		
Increase/(decrease) in equity for the year		
— as a result of increase in equity price	**23**	25
— as a result of decrease in equity price	**(23)**	(25)

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(d) Credit risk

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 as disclosed in Note 41 represent the Group's main exposure to credit risk in relation to those financial assets.

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

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

(e) 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.

The maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in Note 23(f). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(e) Liquidity risk (Continued)

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

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
As at 31 December 2013					
Borrowings	79,411	26,523	16,927	18,573	141,434
Trade and other payables	99,504	337	—	—	99,841
	178,915	26,860	16,927	18,573	241,275
As at 31 December 2012					
Borrowings	84,262	28,523	25,314	31,283	169,382
Trade and other payables	84,417	222	—	—	84,639
	168,679	28,745	25,314	31,283	254,021

Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
As at 31 December 2013					
Borrowings	38,224	1,677	8,799	16,275	64,975
Trade and other payables	8,470	78	—	—	8,548
	46,694	1,755	8,799	16,275	73,523
As at 31 December 2012					
Borrowings	37,857	2,528	7,557	16,814	64,756
Trade and other payables	9,675	—	—	—	9,675
	47,532	2,528	7,557	16,814	74,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 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 31 December 2013:

	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 *(Note 16)*	42	—	—	42
Available-for-sale financial assets *(Note 14)*	283	1,117	—	1,400
Total assets	325	1,117	—	1,442

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 *(Note 16)*	302	—	—	302
Available-for-sale financial assets *(Note 14)*	338	1,710	—	2,048
Total assets	640	1,710	—	2,350

There were no transfers between levels 1 and 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Fair value estimation *(Continued)*

(a) *Financial instruments in level 1*

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.

(b) *Financial instruments in level 2*

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.

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

3.3 Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings (including 'current and non-current borrowings', as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet, plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Capital management *(Continued)*

The gearing ratios as at 31 December 2013 and 2012 are as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Total borrowings *(Note 23)*	**116,567**	131,502
Less: Cash and cash equivalents *(Note 19)*	**(31,243)**	(32,084)
Net debt	**85,324**	99,418
Total equity	**55,065**	52,835
Total capital	**140,389**	152,253
Gearing ratio	**61%**	65%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom completely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Construction contracts

Revenue from individual contracts is recognised under the percentage of completion method which requires estimations by management. Anticipated losses are fully provided on contracts when identified. Because of the nature of the activity undertaken in construction and engineering businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.

The Group reviews and revises the estimates of both contract revenue and contract costs (including material costs) in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statement in the year in which the circumstances that give rise to the revision become known by management.

Please refer to Note 17 for additional disclosure on certain construction contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Useful lives and residual value of property, plant and equipment

The Group's management determines the residual values, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where residual values or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of non-financial assets

At each balance sheet date, the Group considers both internal and external sources of information to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised to reduce the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Management estimates value in use based on the estimated discounted future cash flows of the cash generating unit at the lowest level to which the asset belongs. Management uses a series of assumptions and estimations to determine the recoverable amount, including useful life of the asset, future market anticipation, future revenue, gross margin rate and discount rate, etc. The Group performed impairment testing for the assets with impairment indicators for the year ended 31 December 2013.The pre-tax discount rates used by the Group to calculate discounted future cash flows are from 12.55% to 22.31%. The provision for impairment of property, plant and equipment were made by the Group based on the recoverable amount and disclosed in Note 6(c).

(d) Current taxation and deferred taxation

The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimates are changed. Deferred tax assets relating to certain temporary differences and tax losses are not recognised if management considers it is not probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 25.

5. SEGMENT INFORMATION

The President's office is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the President's office for the purpose of allocating resources and assessing performance.

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 6), land use rights (Note 7), mining rights (Note 8), investment properties (Note 9), intangible assets (Note 10), investments in associates (Note 12) and other non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

(a) As at and for the year ended 31 December 2013:

The segment results for the year ended 31 December 2013 are as follows:

	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*
Total segment revenue	164,887	9,465	3,327	26,309	2,670	(4,417)	202,241	–	202,241
Inter-segment revenue	(3,364)	(758)	(199)	–	(96)	4,417	–	–	–
Revenue from external customers	161,523	8,707	3,128	26,309	2,574	–	202,241	–	202,241
Segment results	7,814	(171)	(1,372)	3,310	73	(158)	9,496	–	9,496
Unallocated costs							(207)	–	(207)
Operating profit							9,289	–	9,289
Finance income	1,208	55	19	555	690	(484)	2,043	–	2,043
Interest income	1,170	57	19	366	688	(484)	1,816	–	1,816
Other finance income	38	(2)	–	189	2	–	227	–	227
Finance expenses	(3,827)	(248)	(975)	(324)	(536)	484	(5,426)	–	(5,426)
Interest expense	(3,593)	(225)	(583)	(324)	(536)	484	(4,777)	–	(4,777)
Other finance expenses	(234)	(23)	(392)	–	–	–	(649)	–	(649)
Share of losses of investments in associates	(131)	–	–	(6)	–	–	(137)	–	(137)
Profit before income tax							5,769	–	5,769
Income tax expense	(1,346)	(61)	(12)	(1,210)	(62)	–	(2,691)	–	(2,691)
Profit for the year							3,078	–	3,078

5. SEGMENT INFORMATION *(Continued)*

(a) As at and for the year ended 31 December 2013 *(Continued)*:

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

	Engineering and construction *RMB 'million*	Equipment manufacturing *RMB 'million*	Resources development *RMB 'million*	Property development *RMB 'million*	Others *RMB 'million*	Total *RMB 'million*
Depreciation *(Note 30)*	1,312	400	953	58	16	2,739
Amortisation	282	41	61	6	34	424
Provision for impairment of property, plant and equipment *(Note 30)*	15	53	—	—	—	68
Provision for/(reversal of) impairment of inventories *(Note 30)*	27	91	556	(27)	5	652
Foreseeable losses on construction contracts *(Note 30)*	228	—	—	—	—	228
Allowance for/(reversal of) impairment of trade and other receivables *(Note 30)*	1,301	65	4	(15)	(33)	1,322
Reversal of impairment of properties under development *(Note 30)*	—	—	—	(8)	—	(8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

(a) As at and for the year ended 31 December 2013 *(Continued)*:

The segment assets and liabilities as at 31 December 2013 and additions to non-current assets for the year then ended are as follows:

	Engineering and construction *RMB 'million*	Equipment manufacturing *RMB 'million*	Resources development *RMB 'million*	Property development *RMB 'million*	Others *RMB 'million*	Elimination *RMB 'million*	Total continuing operations *RMB 'million*	Discontinued operations *RMB 'million*	Total *RMB 'million*
Assets									
Segment assets	209,862	17,649	22,572	103,081	21,043	(59,886)	314,321	–	314,321
Investments in associates	3,460	–	–	674	–	–	4,134	–	4,134
Unallocated assets							4,429	–	4,429
Total assets							322,884	–	322,884
Liabilities									
Segment liabilities	190,911	10,965	19,924	86,376	17,844	(58,763)	267,257	–	267,257
Unallocated liabilities							562	–	562
Total liabilities							267,819	–	267,819
Additions to non-current assets arise from:									
Continuing operations	4,045	678	1,838	176	48	–	6,785	–	6,785
Discontinued operations	–	–	–	–	–	–	–	–	–
	4,045	678	1,838	176	48	–	6,785	–	6,785

5. SEGMENT INFORMATION *(Continued)*

(b) As at and for the year ended 31 December 2012:

The segment results for the year ended 31 December 2012 are as follows:

As 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*
Total segment revenue	174,993	11,307	2,778	25,226	5,276	(3,338)	216,242	4,499	220,741
Inter-segment revenue	(2,542)	(529)	(198)	(54)	(15)	3,338	—	—	—
Revenue from external customers	172,451	10,778	2,580	25,172	5,261	—	216,242	4,499	220,741
Segment results	6,012	(668)	(3,697)	3,825	(258)	(311)	4,903	(8,369)	(3,466)
Unallocated costs							(225)	—	(225)
Operating profit							4,678	(8,369)	(3,691)
Finance income	1,450	55	27	337	518	(559)	1,828	19	1,847
Interest income	1,359	53	27	333	518	(559)	1,731	19	1,750
Other finance income	91	2	—	4	—	—	97	—	97
Finance expenses	(4,087)	(314)	(235)	(231)	(387)	559	(4,695)	(814)	(5,509)
Interest expense	(4,012)	(303)	(225)	(240)	(386)	559	(4,607)	(719)	(5,326)
Other finance expenses	(75)	(11)	(10)	9	(1)	—	(88)	(95)	(183)
Share of profits/(losses) of investments in associates	18	6	—	(8)	—	—	16	(2)	14
Profit/(loss) before income tax							1,827	(9,166)	(7,339)
Income tax expense	(1,325)	(1)	134	(1,696)	(96)	—	(2,984)	(25)	(3,009)
Loss for the year							(1,157)	(9,191)	(10,348)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

(b) As at and for the year ended 31 December 2012 *(Continued)*:

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

	Engineering and construction *RMB 'million*	**Equipment manufacturing** *RMB 'million*	**Resources development** *RMB 'million*	**Property development** *RMB 'million*	**Others** *RMB 'million*	**Total** *RMB 'million*
Depreciation *(Note 30)*	1,280	507	406	41	26	2,260
Amortisation	249	41	23	9	30	352
Provision for impairment of property, plant and equipment *(Note 30)*	14	151	890	—	—	1,055
Provision for impairment of inventories *(Note 30)*	44	320	119	—	143	626
Foreseeable losses on construction contracts *(Note 30)*	288	—	—	—	—	288
Allowance for impairment of trade and other receivables *(Note 30)*	1,142	78	2	13	120	1,355
Provision for impairment of mining rights *(Note 30)*	—	—	2,296	—	—	2,296
Provision for impairment of goodwill *(Note 30)*	7	10	—	1	—	18
Provision for impairment of properties under development *(Note 30)*	—	—	—	55	—	55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

(b) As at and for the year ended 31 December 2012 *(Continued)*:

The segment assets and liabilities as at 31 December 2012 and additions to non-current assets for the year then ended are as follows:

As 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 arise from:									
Continuing operations	3,815	1,298	2,182	485	36	—	7,816	—	7,816
Discontinued operations	—	—	422	—	—	—	422	—	422
	3,815	1,298	2,604	485	36	—	8,238	—	8,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

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

	As at 31 December 2013		As at 31 December 2012	
	Assets	**Liabilities**	Assets	Liabilities
	RMB 'million	***RMB 'million***	*RMB 'million*	*RMB 'million*
			As restated	As restated
Segment assets/liabilities	**314,321**	**267,257**	318,703	272,856
Investments in associates	**4,134**	**—**	2,504	—
Unallocated:				
Deferred income tax	**2,987**	**562**	2,670	536
Available-for-sale financial assets	**1,400**	**—**	2,048	—
Financial assets at fair value through profit or loss	**42**	**—**	302	—
Total	**322,884**	**267,819**	326,227	273,392

(d) Revenue from external customers for each category is as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Construction contracts	**161,523**	172,451
Sales of goods	**38,144**	38,530
Others (i)	**2,574**	5,261
	202,241	216,242

(i) Others mainly represented import and export trading business and other businesses.

(e) Revenue from external customers in the PRC and other countries is analysed as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
The PRC	**190,370**	206,906
Other countries	**11,871**	9,336
	202,241	216,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(Continued)*

(f) As at 31 December 2013, the total of non-current assets, other than available-for-sale financial assets, deferred income tax assets and non-current portion of trade and other receivables located in the PRC, amounted to RMB43,320 million (2012: RMB44,984 million), and the total of these non-current assets located in other countries amounted to RMB14,881 million (2012: RMB14,470 million).

(g) Total assets

Total assets are allocated based on the location of the assets as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
The PRC	**282,741**	285,920
Other countries	**35,714**	35,287
	318,455	321,207
Unallocated assets	**4,429**	5,020
	322,884	326,227

(h) Additions to non-current assets

Additions to non-current assets are allocated based on the location of the assets as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
The PRC	**5,444**	6,593
Other countries	**1,341**	1,645
	6,785	8,238
Additions to non-current assets arise from:		
Continuing operations	**6,785**	7,816
Discontinued operations	**—**	422
	6,785	8,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

Group

	Mining structure RMB 'million	Buildings RMB 'million	Plant and machinery RMB 'million	Transportation equipment RMB 'million	Furniture, office and other equipment RMB 'million	Construction -in-progress RMB 'million	Total RMB 'million
Cost							
At 1 January 2012	74	16,345	17,969	2,332	975	16,311	54,006
Additions	45	317	664	311	136	4,690	6,163
Transfer from investment properties *(Note 9)*	—	14	—	—	—	—	14
Transfer upon completion	1	5,302	6,779	169	2,383	(14,634)	—
Disposals/write-off	(3)	(572)	(1,150)	(186)	(42)	—	(1,953)
Disposal of subsidiaries/ discontinued operations *(Note 39,40)*	—	(3,015)	(2,567)	(162)	(70)	(1,313)	(7,127)
Currency translation differences	—	(18)	(63)	(7)	(13)	(8)	(109)
Transfer to investment properties *(Note 9)*	—	(158)	—	—	—	—	(158)
At 31 December 2012	117	18,215	21,632	2,457	3,369	5,046	50,836
Additions	—	1,336	1,309	237	102	1,461	4,445
Transfer from investment properties *(Note 9)*	—	23	—	—	—	—	23
Transfer upon completion	4	2,172	783	2	8	(2,969)	—
Disposals/write-off	(40)	(423)	(509)	(215)	(374)	(14)	(1,575)
Disposal of subsidiaries *(Note 39)*	—	(1,471)	(1,850)	(36)	(138)	(216)	(3,711)
Currency translation differences	—	(136)	(186)	(30)	(78)	(57)	(487)
Transfer to investment properties *(Note 9)*	—	(209)	—	—	—	—	(209)
At 31 December 2013	81	19,507	21,179	2,415	2,889	3,251	49,322
Accumulated depreciation							
At 1 January 2012	9	3,222	6,585	1,113	464	—	11,393
Depreciation	10	761	1,465	296	148	—	2,680
Transfer from investment properties *(Note 9)*	—	10	—	—	—	—	10
Disposals/write-off	—	(275)	(826)	(103)	(32)	—	(1,236)
Disposal of subsidiaries/ discontinued operations *(Note 39,40)*	—	(781)	(1,433)	(123)	(30)	—	(2,367)
Currency translation differences	—	(1)	(9)	(4)	(1)	—	(15)
Transfer to investment properties *(Note 9)*	—	(24)	—	—	—	—	(24)

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Mining structure *RMB 'million*	Buildings *RMB 'million*	Plant and machinery *RMB 'million*	Transportation equipment *RMB 'million*	Furniture, office and other equipment *RMB 'million*	Construction -in-progress *RMB 'million*	Total *RMB 'million*
At 31 December 2012	19	2,912	5,782	1,179	549	—	10,441
Depreciation	11	837	1,651	279	265	—	3,043
Transfer from investment properties *(Note 9)*	—	8	—	—	—	—	8
Disposals/write-off	(18)	(113)	(293)	(119)	(40)	—	(583)
Disposal of subsidiaries *(Note 39)*	—	(242)	(464)	(12)	(35)	—	(753)
Currency translation differences	—	(18)	(36)	(14)	(10)	—	(78)
Transfer to investment properties *(Note 9)*	—	(9)	—	—	—	—	(9)
At 31 December 2013	12	3,375	6,640	1,313	729	—	12,069
Impairment provision							
At 1 January 2012	—	1	70	2	1	6	80
Additions	—	875	927	19	17	368	2,206
Disposal of subsidiaries/ discontinued operations *(Note 39,40)*	—	(641)	(545)	(13)	(8)	(17)	(1,224)
At 31 December 2012	—	235	452	8	10	357	1,062
Additions	—	—	66	1	1	—	68
Disposal of subsidiaries *(Note 39)*	—	(63)	(80)	—	(6)	—	(149)
Currency translation differences	—	(2)	(2)	—	(1)	(10)	(15)
At 31 December 2013	—	170	436	9	4	347	966
Net book value							
At 31 December 2013	69	15,962	14,103	1,093	2,156	2,904	36,287
At 31 December 2012	98	15,068	15,398	1,270	2,810	4,689	39,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

(a) Depreciation of the Group's property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Cost of sales	**1,843**	1,430
Administrative expenses	**822**	782
Selling and marketing expenses	**19**	11
	2,684	2,223

Other depreciation not charged to the consolidated income statement has been capitalised in inventories and properties under development.

(b) As at 31 December 2013, bank borrowings are secured by certain property, plant and equipment of the Group with an aggregate carrying amount of approximately RMB1,107 million (2012: RMB784 million) (Note 23).

(c) For the year ended 31 December 2013, the Group made an impairment provision on property, plant and equipment amounting to RMB68 million (2012: RMB2,206 million).

(d) As the market price of poly-silicon remained low and its 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 15.00%. 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 31 December 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.

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

(e) 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 31 December 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.

(f) For the year ended 31 December 2013, nickel and cobalt saw a continued drop in price. The Group identified an impairment indicator of the related property, plant and equipment of Ramu Nico Project, Papua New Guinea, based on the revised financial forecast. As at 31 December 2013, the carrying value of the related property, plant and equipment of the project amounted to RMB11,474 million. 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 post-tax discount rate of 14.29%. The future cash flows are forecasted with reference to the nickel and cobalt price forecast, estimated production capacity, annual planned production volume, expected revenue growth and gross margin and estimated years of operation. Based on the result of this impairment assessment, the Group is of the view that the recoverable amount of the property, plant and equipment exceeded its book value and there was no impairment of property, plant and equipment. If the highest and lowest nickel and cobalt prices forecasted by metal price forecast institutions were used, the recoverable amounts of property, plant and equipment of the project would be RMB14,037 million and RMB8,250 million respectively. The Group will update the assessment on a timely basis and may recognise a provision of impairment of property, plant and equipment in the future if nickel and cobalt price or its forecast significantly decline in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LAND USE RIGHTS *(Continued)*

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cost		
At beginning of the year	**6,984**	8,962
Additions	**330**	196
Transfer from investment properties *(Note 9)*	**11**	—
Disposals	**(111)**	(173)
Transfer to investment properties *(Note 9)*	**(112)**	(47)
Disposal of subsidiaries/discontinued operations *(Note 39,40)*	**(71)**	(1,954)
At end of the year	**7,031**	6,984
Accumulated amortisation		
At beginning of the year	**661**	737
Amortisation	**144**	187
Transfer from investment properties *(Note 9)*	**2**	—
Disposals	**(14)**	(14)
Transfer to investment properties *(Note 9)*	**(6)**	(6)
Disposal of subsidiaries/discontinued operations *(Note 39,40)*	**(9)**	(243)
At end of the year	**778**	661
Impairment provision		
At beginning of the year	**—**	30
Additions	**—**	288
Disposals	**—**	(30)
Discontinued operations *(Note 40)*	**—**	(288)
At end of the year	**—**	—
Net book value	**6,253**	6,323

The Group's interests in land use rights represent prepaid operating lease payments. All of the Group's land use rights are located in the PRC and are with the lease periods as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Land use rights lease period between 10 to 50 years	**5,815**	5,876
Land use rights lease period over 50 years	**438**	447
	6,253	6,323

(a) Amortisation of the Group's land use rights has been included in cost of sales and administrative expenses in the consolidated income statement.

(b) As at 31 December 2013, bank borrowings are secured by certain land use rights of the Group with an aggregate carrying amount of approximately RMB302 million (2012: RMB388 million) (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. MINING RIGHTS

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cost		
At beginning of the year	**4,840**	5,155
Additions	**4**	340
Disposals	**(12)**	(14)
Discontinued operations *(Note 40)*	**—**	(686)
Currency translation differences	**(634)**	45
At end of the year	**4,198**	4,840
Accumulated amortisation		
At beginning of the year	**33**	130
Amortisation	**49**	35
Disposals	**—**	(6)
Discontinued operations *(Note 40)*	**—**	(126)
At end of the year	**82**	33
Impairment provision		
At beginning of the year	**2,350**	—
Additions	**—**	2,645
Currency translation differences	**(398)**	54
Discontinued operations *(Note 40)*	**—**	(349)
At end of the year	**1,952**	2,350
Net book value	**2,164**	2,457

(a) 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 RMB2,296 million for the year ended 31 December 2012.

As at 31 December 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 adjustment on impairment provision was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INVESTMENT PROPERTIES

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cost		
At beginning of the year	**1,887**	1,234
Additions	**331**	463
Transfer from property, plant and equipment *(Note 6)*	**209**	158
Transfer from land use rights *(Note 7)*	**112**	47
Disposals	**(330)**	(1)
Transfer to property, plant and equipment *(Note 6)*	**(23)**	(14)
Transfer to land use rights *(Note 7)*	**(11)**	—
At end of the year	**2,175**	1,887
Accumulated depreciation		
At beginning of the year	**313**	256
Depreciation	**55**	37
Transfer from property, plant and equipment *(Note 6)*	**9**	24
Transfer from land use rights *(Note 7)*	**6**	6
Disposals	**(16)**	—
Transfer to property, plant and equipment *(Note 6)*	**(8)**	(10)
Transfer to land use rights *(Note 7)*	**(2)**	—
At end of the year	**357**	313
Net book value	**1,818**	1,574
Fair value (a)	**4,228**	3,769

(a) The investment properties are valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer. Valuations are based on income approach or current price in an active market for residential investment properties, except for those located in areas where such information is not available, where depreciated replacement costs are used.

(b) Rental income of the Group's investment properties of RMB142 million (2012: RMB170 million) was recognised as "other income" and depreciation of the Group's investment properties of RMB55 million (2012: RMB37 million) was recognised as "other expenses" in the consolidated income statement for the year ended 31 December 2013.

10. INTANGIBLE ASSETS

Group

	Goodwill	Patent and proprietary technologies	Computer software	Concession assets	Total
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
Cost					
At 1 January 2012	798	45	275	6,482	7,600
Additions	—	1	51	287	339
Disposals	—	—	(1)	(12)	(13)
Disposal of subsidiaries/ discontinued operations *(Note 39,40)*	(96)	(1)	(3)	—	(100)
Currency translation differences	(24)	—	—	—	(24)
At 31 December 2012	678	45	322	6,757	7,802
Additions	—	1	51	414	466
Disposals	—	—	(1)	(101)	(102)
Liquidation of subsidiaries	(34)	—	—	—	(34)
Disposal of subsidiaries *(Note 39)*	(23)	—	(1)	—	(24)
Currency translation differences	(42)	—	—	—	(42)
At 31 December 2013	579	46	371	7,070	8,066
Accumulated amortisation					
At 1 January 2012	—	27	128	169	324
Amortisation	—	2	42	96	140
Disposals	—	—	(1)	—	(1)
Disposal of subsidiaries/ discontinued operations *(Note 39,40)*	—	(1)	(3)	—	(4)
At 31 December 2012	—	28	166	265	459
Amortisation	—	4	45	130	179
Disposals	—	—	(1)	(11)	(12)
Disposal of subsidiaries *(Note 39)*	—	—	(1)	—	(1)
At 31 December 2013	—	32	209	384	625
Impairment provision					
At 1 January 2012	284	—	—	—	284
Additions	114	—	—	—	114
Discontinued operations *(Note 40)*	(96)	—	—	—	(96)
At 31 December 2012	302	—	—	—	302
Liquidation of subsidiaries	(1)	—	—	—	(1)
At 31 December 2013	301	—	—	—	301
Net book value					
At 31 December 2013	278	14	162	6,686	7,140
At 31 December 2012	376	17	156	6,492	7,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS *(Continued)*

Group *(Continued)*

(a) Amortisation of the Group's intangible assets for the year ended 31 December 2013 amounting to RMB179 million (2012: RMB140 million) was charged to the consolidated income statement as "administrative expenses".

(b) For the purposes of impairment testing, goodwill has been allocated to 15 (2012: 18) individual cash generating units ("CGU") which comprise 15 (2012: 18) subsidiaries arising from business combinations other than common control combinations. The carrying amounts of goodwill as at 31 December 2013 which were allocated to the significant CGU in comparison with the Group's total carrying amount of goodwill were as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
MCC Minera Sierra Grande S.A. (i)	**122**	164
MCC Finance Corporation Ltd. (i)	**105**	105

Goodwill of other CGUs is less than RMB100 million.

(i) The recoverable amount is determined based on value-in-use calculations with certain key assumptions. Value-in-use calculations use cash flow projections based on financial forecasts approved by management, and a pre-tax discount rate of 22.31% (MCC Minera Sierra Grande S.A.) and 17.33% (MCC Finance Corporation Ltd.). Cash flow projections during the forecast period for the CGU are based on the expected growth rates and gross margins during the forecast period. Forecast growth rate is based on the expected growth rate for the industry. Forecast gross margin has been determined based on past performance and management's expectations for the market development. As at 31 December 2013, management of the Group is of the view that there was no impairment of goodwill and believes that any reasonably change in any of the key assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

11. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Unlisted investments:		
Investments in subsidiaries at cost	**68,203**	55,380
Impairment provision	**(175)**	(175)
Investments in subsidiaries, net	**68,028**	55,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INVESTMENTS IN ASSOCIATES

Group

(a) Movements of investments in associates are set out as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**2,504**	1,980
Additions	**1,866**	669
Share of (losses)/profits	**(159)**	5
Dividend distribution	**(18)**	(19)
Disposals	**(59)**	(125)
Impairment provision	**—**	(6)
At end of the year	**4,134**	2,504

(b) The Group's share of the results of its associates, all of which are unlisted, and its share of the aggregated assets and liabilities are as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Total assets	**15,667**	9,395
Total liabilities	**(11,533)**	(6,874)
Non-controlling interests	**—**	(17)
	4,134	2,504

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Revenue	**2,654**	1,202
(Loss)/profit from continuing operations	**(159)**	5
Post-tax profit from discontinued operations	**—**	—
Other comprehensive income	**—**	—
Total comprehensive (loss)/income	**(159)**	5

There are no material contingent liabilities and commitments relating to the Group's interests in the associates and no material contingent liabilities and commitments of the associates themselves. Particulars of the Group's principal associates are set out in Note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables RMB 'million	Assets at fair value through profit or loss RMB 'million	Held-to-maturity RMB 'million	Available-for-sale RMB 'million	Total RMB 'million
As at 31 December 2013					
Assets as per consolidated balance sheet					
Available-for-sale financial assets *(Note 14)*	—	—	—	1,400	1,400
Trade receivables *(Note 15)*	88,207	—	—	—	88,207
Deposits and other receivables *(Note 15)*	13,002	—	—	—	13,002
Financial assets at fair value through profit or loss *(Note 16)*	—	42	—	—	42
Restricted cash *(Note 19)*	2,343	—	—	—	2,343
Cash and cash equivalents *(Note 19)*	31,243	—	—	—	31,243
Total	134,795	42	—	1,400	136,237

	Loans and receivables RMB 'million	Assets at fair value through profit or loss RMB 'million	Held-to-maturity RMB 'million	Available-for-sale RMB 'million	Total RMB 'million
As at 31 December 2012					
Assets as per consolidated balance sheet					
Available-for-sale financial assets *(Note 14)*	—	—	—	2,048	2,048
Trade receivables *(Note 15)*	84,914	—	—	—	84,914
Deposits and other receivables *(Note 15)*	13,192	—	—	—	13,192
Financial assets at fair value through profit or loss *(Note 16)*	—	302	—	—	302
Restricted cash *(Note 19)*	2,124	—	—	—	2,124
Cash and cash equivalents *(Note 19)*	32,084	—	—	—	32,084
Total	132,314	302	—	2,048	134,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Group *(Continued)*

Other financial liabilities	**As at 31 December** **2013** *RMB 'million*	2012 *RMB 'million*
Liabilities as per consolidated balance sheet		
Borrowings *(Note 23)*	**116,567**	131,502
Trade payables *(Note 22)*	**77,797**	68,727
Accrued expenses, deposits payable and other payables *(Note 22)*	**22,044**	15,912
Total	**216,408**	216,141

Company

Loans and receivables	**As at 31 December** **2013** *RMB 'million*	2012 *RMB 'million*
Assets as per balance sheet		
Trade receivables *(Note 15)*	**805**	1,010
Amounts due from related parties and other receivables *(Note 15)*	**42,826**	39,603
Restricted cash *(Note 19)*	**437**	—
Cash and cash equivalents *(Note 19)*	**6,495**	9,211
Total	**50,563**	49,824

Other financial liabilities	**As at 31 December** **2013** *RMB 'million*	2012 *RMB 'million*
Liabilities as per balance sheet		
Borrowings *(Note 23)*	**56,626**	56,797
Trade payables *(Note 22)*	**943**	472
Interest payable, amounts due to related parties and other payables *(Note 22)*	**7,605**	9,203
Total	**65,174**	66,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

(a) Movements of the Group's available-for-sale financial assets are set out as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**2,048**	1,529
Additions	**424**	729
Disposals	**(1,003)**	(99)
Disposal of subsidiaries/discontinued operations *(Note 39,40)*	**—**	(55)
Net fair value losses transferred to equity	**(55)**	(22)
Provision for impairment	**(14)**	(34)
At end of the year	**1,400**	2,048
Less: non-current portion	**(1,400)**	(1,348)
Current portion	**—**	700

(b) Available-for-sale financial assets include the following:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Listed securities		
— Equity securities - China	**283**	338
Unlisted securities		
— Equity securities and others - China	**1,117**	1,710
	1,400	2,048
Market value of listed securities	**283**	338

(c) All available-for-sale financial assets are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

Group

	As at 31 December 2013 RMB 'million	As at 31 December 2012 RMB 'million
Trade receivables		
Trade receivables	**79,537**	75,747
Retentions	**3,682**	3,019
Notes receivables	**11,141**	11,312
	94,360	90,078
Less: Provision for impairment	**(6,153)**	(5,164)
Trade receivables - net	**88,207**	84,914
Other receivables		
Prepayments to suppliers	**15,037**	16,690
Deposits	**10,093**	9,769
Amounts due from related parties and third parties	**1,883**	9,664
Staff advances	**494**	519
Investments to be refunded	**427**	1,037
Equity transfer receivable	**244**	—
Others	**3,905**	2,778
	32,083	40,457
Less: Provision for impairment	**(1,552)**	(8,166)
Other receivables - net	**30,531**	32,291
Total trade and other receivables	**118,738**	117,205
Less: Non-current portion		
— Trade and other receivables	**(20,061)**	(23,414)
— Retentions	**(37)**	(78)
— Equity transfer receivable	**(244)**	—
	(20,342)	(23,492)
Current portion	**98,396**	93,713

Please refer to Note 44 for the Group's trade and other receivables due from related parties.

The carrying amounts of trade and other receivables (excluding prepayments) approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade receivables		
Trade receivables	**901**	1,091
Notes receivables	**20**	—
	921	1,091
Less: Provision for impairment	**(116)**	(81)
Trade receivables - net	**805**	1,010
Other receivables		
Prepayments to suppliers	**338**	255
Amounts due from subsidiaries	**49,072**	44,838
Amounts due from related parties	**—**	7,747
Investments to be refunded	**427**	1,037
Others	**66**	75
	49,903	53,952
Less: Provision for impairment	**(6,312)**	(13,057)
Other receivables - net	**43,591**	40,895
Total trade and other receivables	**44,396**	41,905
Less: Non-current portion		
— Trade and other receivables	**(8,866)**	(5,385)
Current portion	**35,530**	36,520

Please refer to Note 44 for the details of trade and other receivables due from related parties.

The carrying amounts of trade and other receivables (excluding prepayments) approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis of the trade receivables are as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**61,856**	63,032
1 year to 2 years	**18,914**	18,142
2 years to 3 years	**8,799**	5,386
3 years to 4 years	**2,395**	1,706
4 years to 5 years	**1,142**	807
Over 5 years	**1,254**	1,005
Trade receivables - gross	**94,360**	90,078
Less: Provision for impairment	**(6,153)**	(5,164)
Trade receivables - net	**88,207**	84,914

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**116**	455
1 year to 2 years	**433**	94
2 years to 3 years	**94**	330
3 years to 4 years	**66**	139
4 years to 5 years	**139**	73
Over 5 years	**73**	—
Trade receivables - gross	**921**	1,091
Less: Provision for impairment	**(116)**	(81)
Trade receivables - net	**805**	1,010

Settlement of trade receivables generated through engineering and construction services is made in accordance with terms specified in the contracts governing the relevant transactions. The Group and the Company do not hold any collateral as security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Credit risk of trade and other receivables categorised as financial assets, including trade receivables, deposits, amounts due from related parties and third parties and others, is analysed by class of financial assets in Note 15 (c), (d) and (e) below.

(c) As at 31 December 2013, the Group's trade and other receivables of RMB65,327 million (2012: RMB65,184 million) were fully performing. As at 31 December 2013, the Company's trade and other receivables of RMB40,420 million (2012: RMB39,867 million) were fully performing. Trade and other receivables that were fully performing mainly represent those due from customers with good credit history and low default rate. None of the trade and other receivables that were fully performing has been renegotiated during the year.

(d) As at 31 December 2013, the Group's trade and other receivables of approximately RMB36,179 million (2012: RMB32,738 million) were overdue but not impaired. As at 31 December 2013, the Company's trade and other receivables of approximately RMB597 million (2012: RMB709 million) were overdue but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade and other receivables is as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**26,293**	24,264
1 year to 2 years	**8,737**	6,879
2 years to 3 years	**378**	868
Over 3 years	**771**	727
Total	**36,179**	32,738

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**597**	709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

(e) As at 31 December 2013, the Group's trade and other receivables of approximately RMB8,735 million (2012: RMB14,367 million) were wholly or partially impaired. The amount of the related provisions for impairment of these receivables was approximately RMB7,705 million (2012: RMB13,330 million). As at 31 December 2013, the Company's trade and other receivables of approximately RMB9,042 million (2012: RMB13,175 million) were wholly or partially impaired. The amount of the related provisions for impairment of these receivables was approximately RMB6,428 million (2012: RMB13,138 million). The ageing analysis of these impaired trade and other receivables are as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**1,672**	5,654
1 year to 2 years	**1,190**	1,840
2 years to 3 years	**1,605**	4,280
3 years to 4 years	**1,862**	584
4 years to 5 years	**439**	583
Over 5 years	**1,967**	1,426
Total	**8,735**	14,367

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**592**	3,984
1 year to 2 years	**3,096**	4,930
2 years to 3 years	**4,650**	4,092
3 years to 4 years	**535**	44
Over 4 years	**169**	125
Total	**9,042**	13,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

(f) The movements of allowance for impairment of trade and other receivables are as follows:

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**13,330**	5,466
Additions	**1,322**	9,083
Write-off	**(40)**	(33)
Disposal of subsidiaries	**—**	(1,122)
Others	**(6,907)**	(64)
At end of the year	**7,705**	13,330

Company

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**13,138**	102
Additions	**268**	13,036
Others	**(6,978)**	—
At end of the year	**6,428**	13,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

(g) The carrying amounts of the Group and the Company's trade and other receivables are denominated in the following currencies:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**113,878**	114,677
USD	**3,115**	1,336
Others	**1,745**	1,192
	118,738	117,205

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**41,267**	40,713
USD	**2,932**	1,144
Others	**197**	48
	44,396	41,905

(h) As a result of transferred substantially all the risks and rewards of ownership of the asset to transferee, the Group derecognised trade receivables amounted to RMB6,050 million for the year ended 31 December 2013 (2012: RMB4,430 million), with no related loss recognised (2012: No related loss recognised).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	Investments in listed equity securities in China *RMB 'million*
At 1 January 2012	352
Additions	6,227
Disposals	(6,277)
At 31 December 2012	302
Additions	2,200
Disposals	(2,499)
Increase in fair value through profit or loss	39
At 31 December 2013	42

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains - net" in the consolidated income statements (Note 29).

17. CONTRACT WORK-IN-PROGRESS

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Contract cost incurred plus recognised profit less recognised losses	**723,734**	647,579
Less: Progress billings	**(701,327)**	(622,106)
Contract work-in-progress	**22,407**	25,473
Representing:		
Amounts due from customers for contract work	**33,995**	36,502
Amounts due to customers for contract work	**(11,588)**	(11,029)
	22,407	25,473

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Contract revenue recognised as revenue	**161,523**	172,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

During the year ended 31 December 2012, due to certain unexpected events including the severe weather conditions in Australia, there were further delays in the progress of the Western Australia Sino Iron Project undertaken by MCC Mining (Western Australia) Pty Ltd. ("MCC WA", a wholly-owned subsidiary of the Company). The Company had negotiated with the CITIC Group Corporation ("CITIC Group"), the parent company of CITIC Pacific Limited, on the arrangement to settle the contract value in light of the delays and overruns of project costs. 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 to be controlled at United States Dollar ("USD")4,357 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. Based on the above consent on contract value with the CITIC Group and the total cost estimate, the Group recognised total contract loss of USD481 million, which is approximately RMB3,035 million under this project for the year ended 31 December 2012.

As at 31 December 2013, the construction of the first and the second production lines of such project have been completed and put into production. On 24 December 2013, MCC WA entered into the fourth supplemental contract to the general contract for Sino Iron Ore Project in Western Australia with Sino Iron Pty Ltd. (the "Owner of the project", a wholly-owned subsidiary of CITIC Pacific Limited). Accordingly, MCC WA handed over the first two production lines and related construction works to the Owner of the project at the end of 2013. All the construction, installation and commissioning works of MCC WA under the original general contract were then completed. For the third to the sixth production lines, MCC WA and Northern Engineering & Technology Corporation (a subsidiary of the Company) have newly entered into a Project Management Service Agreement and a Technical Service Agreement for Engineering & Procurement with the Owner of the project, respectively, in order to provide subsequent technical and management services to the Owner of the project. Meanwhile, both parties agree to jointly appoint an independent third party to conduct an audit on the reasonableness of the total contract costs and valuation of the completed work, and as well as the reasons and responsibility of the delays on completion of the works. By reference to such third party audit results, both parties will then proceed with the final contract settlements.

As at 31 December2013, the consent of total construction costs to be controlled at USD4,357 million as previously reached between the Group and CITIC Group remains unchanged. Based on the updated cost estimation, the Group considers that the estimated total contract cost did not significantly change when compared with the estimation made as at 31 December 2012. As a result, for the year ended 31 December 2013, the Group did not make any adjustment on the contract loss recognised as at 31 December 2012.

Since 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 proactively communicate and negotiate with the CITIC Group and the Owner of the project to agree on the final contract value and make accounting treatment accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Contract cost incurred plus recognised profit less recognised losses	**11,420**	9,912
Less: Progress billings	**(11,111)**	(10,085)
Contract work-in-progress	**309**	(173)
Representing:		
Amounts due from customers for contract work	**309**	517
Amounts due to customers for contract work	**—**	(690)
	309	(173)

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Contract revenue recognised as revenue	**1,729**	1,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

(a) Inventories

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Raw materials	**3,902**	4,570
Work-in-progress	**2,189**	1,855
Finished goods	**2,439**	3,042
	8,530	9,467

The movement of provision for impairment of inventories is as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**757**	431
Additions	**708**	1,050
Write-off	**(1,145)**	(724)
Write back	**(6)**	—
At end of the year	**314**	757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

(b) Properties under development

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**56,677**	54,844
Additions	**19,566**	19,521
Transfer to completed properties held for sale	**(16,798)**	(16,037)
Disposal of subsidiaries *(Note 39)*	**(3,482)**	(1,651)
At end of the year	**55,963**	56,677

The analysis as at 31 December 2013 of the properties under development is as follows:

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Land use rights	**37,495**	34,731
Development costs	**13,867**	18,275
Finance expenses capitalised	**4,601**	3,671
	55,963	56,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

(b) Properties under development *(Continued)*

Group *(Continued)*

Movements of land use rights in properties under development are as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**34,731**	33,263
Additions	**7,609**	5,442
Transfer to completed properties held for sale	**(3,491)**	(3,477)
Disposal of subsidiaries	**(1,354)**	(497)
At end of the year	**37,495**	34,731

As at 31 December 2013, bank borrowings are secured by certain properties under development of the Group with an aggregate carrying amount of approximately RMB3,511 million (2012: RMB7,691 million) (Note 23).

18. INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

(c) Completed properties held for sale

The analysis as at 31 December 2013 of the completed properties held for sale is as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Land use rights	**1,419**	1,505
Development costs	**7,466**	5,593
Finance expenses capitalised	**557**	596
	9,442	7,694

Movements of land use rights in completed properties held for sale are as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
At beginning of the year	**1,505**	926
Transfer from properties under development	**3,491**	3,477
Transfer to cost of sales	**(3,117)**	(2,898)
Disposal of subsidiaries	**(460)**	—
At end of the year	**1,419**	1,505

The cost of inventories, properties under development and completed properties held for sale recognised as expenses and included in "cost of sales" amounted to RMB33,449 million for the year ended 31 December 2013 (2012: RMB32,073 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and bank balances

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cash at bank and in hand	**28,624**	29,071
Bank deposits with original maturities of three months or less	**2,617**	3,006
Other deposits for investment	**2**	7
	31,243	32,084
Denominated in:		
RMB	**28,777**	29,721
USD	**1,660**	1,592
EUR	**59**	28
AUD	**108**	133
Others	**639**	610
	31,243	32,084

The maximum exposure to credit risk approximates the carrying amounts of the Group's cash and cash equivalents at the balance sheet date.

As at 31 December 2013, the weighted average effective interest rate per annum on bank deposits was approximately 2.80% (2012: 2.54%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH *(Continued)*

(a) Cash and bank balances *(Continued)*

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Cash at bank and in hand	**6,495**	9,211
Denominated in:		
RMB	**6,461**	9,135
USD	**1**	3
Others	**33**	73
	6,495	9,211

The maximum exposure to credit risk approximates the carrying amounts of the Company's cash and cash equivalents at the balance sheet date.

(b) Restricted cash

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Restricted cash	**2,343**	2,124

The Group's restricted cash are denominated in RMB, USD and AUD.

The restricted cash is mainly the deposit for the issuance of bank acceptance notes to suppliers held in dedicated bank accounts, etc..

As at 31 December 2013, the weighted average effective interest rate per annum on restricted cash, with maturities ranging from 6 months to 1 year, was approximately 2.90% (2012: 2.64%).

The maximum exposure to credit risk approximates the carrying amounts of the Group's restricted cash at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH *(Continued)*

(b) Restricted cash *(Continued)*

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Restricted cash	**437**	—

The Company's restricted cash are denominated in USD and AUD.

As at 31 December 2013, the weighted average effective interest rate per annum on restricted cash, with maturities ranging from 6 months to 1 year, was approximately 2.90% (2012: Nil).

The maximum exposure to credit risk approximates the carrying amounts of the Company's restricted cash at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE CAPITAL

	As at 31 December			
	2013		2012	
	Number of shares *million*	**Nominal Value** *RMB' million*	Number of shares *million*	Nominal Value *RMB' million*
Registered, issued and fully paid				
— State-owned Shares of RMB 1.00 each *(a)*	**12,387**	**12,387**	12,651	12,651
— A Shares of RMB 1.00 each *(b)*	**3,852**	**3,852**	3,588	3,588
— H Shares of RMB 1.00 each *(c)*	**2,871**	**2,871**	2,871	2,871
	19,110	**19,110**	19,110	19,110

A summary of the movements in the Company's issued share capital is as follows:

	As at 31 December			
	2013		2012	
	Number of shares *million*	**Nominal Value** *RMB' million*	Number of shares *million*	Nominal Value *RMB' million*
At beginning and end of the year	**19,110**	**19,110**	19,110	19,110

(a) The 12,387 million state-owned shares comprise the following:

(i) 12,265 million shares are held by China Metallurgical Group Corporation (the "Parent");

(ii) 122 million shares are held by Baosteel Group Corporation.

(iii) 264 million shares were held by National Council for Social Security Fund ("NSSF") as at 31 December 2012, of which all shares were sold in 2013.

(b) The Company's A Shares were listed on the Shanghai Stock Exchange on 21 September 2009. 3,500 million A Shares were issued at RMB5.42 per A Share with a nominal value of RMB1.00 each. The Company received net proceeds of approximately RMB18,359 million from the issuance of A Shares, of which paid-up share capital was RMB3,500 million and share premium was approximately RMB14,859 million (net of shares issue costs). Since listing, a total of 352 million state-owned shares were sold by NSSF and Baosteel Group Corporation.

(c) The Company's H Shares were listed on the Main Board of Hong Kong Stock Exchange on 24 September 2009. 2,610 million H Shares were issued at HK$6.35 (equivalent to approximately RMB5.59) per H Share with a nominal value of RMB1.00 each. The Company received net proceeds of approximately HK$15,585 million (RMB13,730 million) from the issuance of H Shares, of which paid-up share capital was RMB2,610 million and share premium was approximately RMB11,120 million (net of shares issue costs). The Company also sold 261 million H Shares on behalf of NSSF.

21. RESERVES

Group

	Note	Capital premium RMB 'million	Other capital reserve RMB 'million	Available-for-sale fair value reserve 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)	2.1.2	—	304	—	—	—	(271)	33
As at 1 January 2012 (As restated)		17,948	387	94	(271)	289	10,679	29,126
Loss for the year		—	—	—	—	—	(6,943)	(6,943)
Other comprehensive loss:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(24)	—	—	—	(24)
Currency translation differences		—	—	—	(76)	—	—	(76)
Remeasurements of retirement and other supplemental benefit obligations		—	(6)	—	—	—	—	(6)
Total comprehensive loss for the year		—	(6)	(24)	(76)	—	(6,943)	(7,049)
Transactions with owners:								
Transaction with non-controlling interests		—	(2)	—	—	—	—	(2)
Total transactions with owners		—	(2)	—	—	—	—	(2)
As at 31 December 2012		17,948	379	70	(347)	289	3,736	22,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. RESERVES *(Continued)*

Group *(Continued)*

	Note	Capital premium *RMB 'million*	Other capital reserve *RMB 'million*	Available-for-sale fair value reserve *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)	2.1.2	—	298	—	—	—	(262)	36
As at 1 January 2013 (As restated)		17,948	379	70	(347)	289	3,736	22,075
Profit for the year		—	—	—	—	—	2,981	2,981
Other comprehensive income/(loss):								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(43)	—	—	—	(43)
Currency translation differences		—	—	—	147	—	—	147
Remeasurements of retirement and other supplemental benefit obligations		—	296	—	—	—	—	296
Total comprehensive income/(loss) for the year		—	296	(43)	147	—	2,981	3,381
Transactions with owners:								
Transaction with non-controlling interests		—	(25)	—	—	—	—	(25)
Appropriations		—	—	—	—	131	(131)	—
Total transactions with owners		—	(25)	—	—	131	(131)	(25)
As at 31 December 2013		17,948	650	27	(200)	420	6,586	25,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. RESERVES *(Continued)*

Company

	Capital reserve *RMB 'million*	Translation differences *RMB 'million*	Other reserves *RMB 'million*	(Accumulated deficit)/retained earnings *RMB 'million*	Total *RMB 'million*
As at 1 January 2012 (As previously reported)	33,494	2	289	(907)	32,878
Adjustment for adoption of IAS 19 (revised)	(2)	—	—	—	(2)
As at 1 January 2012 (As restated)	33,492	2	289	(907)	32,876
Loss for the year	—	—	—	(12,567)	(12,567)
Total comprehensive loss for the year	—	—	—	(12,567)	(12,567)
As at 31 December 2012	33,492	2	289	(13,474)	20,309
As at 1 January 2013 (As previously reported)	33,494	2	289	(13,474)	20,311
Adjustment for adoption of IAS 19 (revised)	(2)	—	—	—	(2)
As at 1 January 2013 (As restated)	33,492	2	289	(13,474)	20,309
Profit for the year	—	—	—	14,787	14,787
Total comprehensive income for the year	—	—	—	14,787	14,787
Transactions with owners:					
Appropriations	—	—	131	(131)	—
Total transactions with owners	—	—	131	(131)	—
As at 31 December 2013	33,492	2	420	1,182	35,096

The profit attributable to owners of the Company for the year ended 31 December 2013 is dealt with in the financial statements of the Company to the extent of profit of RMB14,787 million (2012: deficit of RMB12,567 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade payables	**77,797**	68,727
Other payables		
Accrued payroll and related expenses	**1,960**	2,342
Accrued expenses	**729**	669
Purchase deposits from customers	**23,723**	29,164
Deposits payable	**6,553**	6,549
Rental payable	**284**	286
Utilities payable	**276**	254
Repair and maintenance payable	**249**	289
Other taxes payable	**5,535**	5,666
Others	**13,953**	7,865
	53,262	53,084
Total trade and other payables	**131,059**	121,811
Less: Non-current portion		
— Other payables	**(337)**	(222)
Current portion	**130,722**	121,589

Please refer to Note 44 for the Group's trade and other payables to related parties.

The carrying amounts of trade and other payables (excluding purchase deposits from customers, accrued payroll and related expenses and other taxes payable) approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES *(Continued)*

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade payables	**943**	472
Other payables		
Accrued payroll and related expenses	**9**	13
Purchase deposits from customers	**408**	449
Other taxes payable	**30**	36
Interest payable	**771**	832
Amounts due to subsidiaries	**6,294**	7,918
Amounts due to related parties	**369**	370
Others	**171**	83
	8,052	9,701
Total trade and other payables	**8,995**	10,173
Less: Non-current portion		
— Other payables	**(78)**	—
Current portion	**8,917**	10,173

Please refer to Note 44 for the Company's trade and other payables to related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES *(Continued)*

(a) The ageing analysis of trade payables is as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Within 1 year	**58,891**	51,966
1 year to 2 years	**10,614**	9,692
2 years to 3 years	**4,470**	4,146
Over 3 years	**3,822**	2,923
	77,797	68,727

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Within 1 year	**801**	357
1 year to 2 years	**54**	105
2 years to 3 years	**82**	4
Over 3 years	**6**	6
	943	472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES *(Continued)*

(b) The carrying amounts of the Group and the Company's trade and other payables are denominated in the following currencies:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**120,057**	113,393
USD	**6,921**	6,306
Others	**4,081**	2,112
	131,059	121,811

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**7,717**	8,038
USD	**1,210**	2,060
Others	**68**	75
	8,995	10,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Non-current		
Long-term bank borrowings:		
Secured *(a)*	**5,843**	10,543
Unsecured	**15,765**	18,988
	21,608	29,531
Other long-term borrowings:		
Secured *(a)*	**—**	75
Unsecured	**10**	6,011
Debentures *(b)*	**20,606**	21,448
	20,616	27,534
Total non-current borrowings	**42,224**	57,065
Current		
Short-term bank borrowings:		
Secured *(a)*	**588**	1,615
Unsecured	**41,601**	37,433
	42,189	39,048
Other short-term borrowings:		
Secured *(a)*	**—**	160
Unsecured	**2,891**	3,305
Debentures *(c)*	**18,900**	21,400
	21,791	24,865
Current portion of long-term bank borrowings:		
Secured *(a)*	**1,187**	1,508
Unsecured	**4,680**	9,016
	5,867	10,524
Current portion of other long-term borrowings:		
Unsecured	**4,496**	—
	4,496	—
Total current borrowings	**74,343**	74,437
Total borrowings	**116,567**	131,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Non-current		
Long-term bank borrowings:		
Unsecured	**3,596**	2,981
Other long-term borrowings:		
Debentures *(b)*	**17,575**	18,330
Total non-current borrowings	**21,171**	21,311
Current		
Short-term bank borrowings:		
Unsecured	**11,945**	9,000
Other short-term borrowings:		
Unsecured *(d)*	**4,050**	2,400
Debentures *(c)*	**18,900**	21,400
	22,950	23,800
Current portion of long-term bank borrowings:		
Unsecured	**560**	2,686
Total current borrowings	**35,455**	35,486
Total borrowings	**56,626**	56,797

(a) Secured borrowings were secured by the Group's property, plant and equipment (Note 6), land use rights (Note 7), and properties under development (Note 18).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(b) Non-current portion of debentures

Debentures	**Par value** *RMB 'million*	**Issue date**	**Maturity**	**Issue price** *RMB 'million*	**As at 31 December 2013** *RMB 'million*
2008 MCC Debentures *(i)*	3,500	23/07/2008	10years	3,500	2,704
Tranche I MTN Debentures *(ii)*	10,000	19/09/2010	10years	9,971	10,149
Tranche II MTN Debentures *(iii)*	4,700	15/11/2010	5years	4,686	4,722
USD Debentures *(iv)*	3,322	29/07/2011	5years	3,188	3,031
	21,522			21,345	20,606

(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. The Company repurchased debentures amounted to RMB796 million sold back by bondholders on 24 July 2013.

(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.

23. BORROWINGS *(Continued)*

(c) Current portion of debentures

Debentures	Par value	Issue date	Maturity	Issue price	As at 31 December 2013
	RMB 'million			*RMB 'million*	*RMB 'million*
Tranche I Short-Term Debentures*(i)*	2,000	12/3/2013	1year	2,000	2,000
Tranche II Short-Term Debentures*(ii)*	3,000	25/4/2013	1year	3,000	3,000
Tranche III Short-Term Debentures*(iii)*	3,900	12/72013	1year	3,900	3,900
Tranche I Extra Short-Term Debentures*(iv)*	4,000	7/5/2013	270days	4,000	4,000
Tranche II Extra Short-Term Debentures*(v)*	3,000	22/5/2013	270days	3,000	3,000
Tranche III Extra Short-Term Debentures*(vi)*	3,000	18/9/2013	270days	3,000	3,000
	18,900			18,900	18,900

(i) 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 are unsecured and bear interests at a fixed rate of 4.03% per annum. Principal and interests are paid upon maturity date.

(ii) 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.

(iii) As approved by the acceptance notice for registration (中市協注[2013]CP238號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 12 July 2013 at par value of RMB3,900 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.98% per annum. Principal and interests are paid upon maturity date.

(iv) 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 were unsecured and bear interests at a fixed rate of 3.90% 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 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.

(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 III Extra Short-Term Debentures on 18 September 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 5.43% per annum. Principal and interests are paid upon maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(d) Other borrowings excluding debentures mainly represent borrowings from other state-owned enterprises and third parties, as follows:

Group

Lender	**As at 31 December** **2013** *RMB 'million*	2012 *RMB 'million*
Other state-owned enterprises *(Defined in Note 44)*	**6,401**	9,392
Third parties	**996**	159
	7,397	9,551

Company

Lender	**As at 31 December** **2013** *RMB 'million*	2012 *RMB 'million*
Subsidiaries *(Note 44(b)(iii))*	**4,050**	2,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(e) The exposure of the Group and the Company's borrowings to interest rate changes and contractual re-pricing at the balance sheet date are as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
6 months or less	**58,954**	71,866
6 to 12 months	**29,784**	32,969
1 year to 5 years	**13,339**	12,884
Over 5 years	**14,490**	13,783
	116,567	131,502

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
6 months or less	**20,719**	20,515
6 to 12 months	**14,736**	16,514
1 year to 5 years	**7,350**	6,141
Over 5 years	**13,821**	13,627
	56,626	56,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(f) The maturities of the Group's and the Company's total borrowings at the balance sheet date are set out as follows:

Group

	As at 31 December			
	2013		2012	
	Bank borrowings ***RMB 'million***	**Other borrowings** ***RMB 'million***	Bank borrowings *RMB 'million*	Other borrowings *RMB 'million*
Within 1 year	**48,056**	**26,287**	49,572	24,865
1 year to 2 years	**9,980**	**4,723**	10,345	6,076
2 years to 5 years	**6,585**	**5,737**	10,247	7,824
Wholly repayable within 5 years	**64,621**	**36,747**	70,164	38,765
Over 5 years	**5,043**	**10,156**	8,939	13,634
	69,664	**46,903**	79,103	52,399

Company

	As at 31 December			
	2013		2012	
	Bank borrowings ***RMB 'million***	**Other borrowings** ***RMB 'million***	Bank borrowings *RMB 'million*	Other borrowings *RMB 'million*
Within 1 year	**12,505**	**22,950**	11,685	23,800
1 year to 2 years	**798**	**—**	1,548	—
2 years to 5 years	**1,830**	**4,722**	390	4,704
Wholly repayable within 5 years	**15,133**	**27,672**	13,623	28,504
Over 5 years	**968**	**12,853**	1,044	13,626
	16,101	**40,525**	14,667	42,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(g) The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**108,175**	124,115
USD	**6,058**	5,750
Singapore dollar	**2,266**	1,570
Others	**68**	67
	116,567	131,502

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
RMB	**54,795**	55,951
USD	**1,763**	846
Others	**68**	—
	56,626	56,797

23. BORROWINGS *(Continued)*

(h) The weighted average effective interest rates (per annum) at the balance sheet date are as follows:

Group

	As at 31 December	
	2013	2012
Bank borrowings		
RMB	**6.06%**	6.25%
USD	**4.56%**	4.64%
Singapore dollar	**2.71%**	2.34%
Other borrowings		
RMB	**9.05%**	10.27%

Company

	As at 31 December	
	2013	2012
Bank borrowings		
RMB	**5.74%**	5.84%
USD	**3.17%**	3.81%
Other borrowings		
RMB	**5.32%**	4.20%

(i) The carrying amounts of the current borrowings approximate their fair values because of their short-term maturities. The fair values of non-current borrowings are set out as follows:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Fair value:		
Long-term bank borrowings	**21,226**	29,233
Long-term other borrowings (excluding debentures)	**8**	5,848
Debentures	**20,282**	21,390
	41,516	56,471

The fair values of non-current borrowings are estimated based on discounted cash flows and are within level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS *(Continued)*

(i) The carrying amounts of the current borrowings approximate their fair values because of their short-term maturities. The fair values of non-current borrowings are set out as follows *(Continued)*:

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Fair value:		
Long-term bank borrowings	**3,609**	2,972
Debentures	**16,598**	18,211
	20,207	21,183

The fair values of non-current borrowings are estimated based on discounted cash flows using the prevailing market rates of interest available to the Company for financial instruments with substantially the same terms and characteristics at the balance sheet date.

(j) As at 31 December 2013, the Group has no significant overdue long-term borrowings.

(k) For the year ended 31 December 2013, the Group repaid debentures amounted to RMB22,196 million.

24. DEFERRED INCOME

Group

	Government grants relating to research and development expenditure	**Government grants relating to property, plant and equipment**	**Subsidies relating to housing relocation and demolition**	**Others**	**Total**
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
At 1 January 2012	330	116	287	903	1,636
Additions	109	10	5	42	166
Decrease	(79)	(67)	(8)	(171)	(325)
At 31 December 2012	360	59	284	774	1,477
Additions	128	—	10	122	260
Decrease	(67)	(2)	(7)	(60)	(136)
At 31 December 2013	421	57	287	836	1,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

(a) The table below outlines where the Group's retirement and other supplemental benefit amounts and activity under defined benefit plans are included in the consolidated balance sheet and consolidated income statement.

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
As restated		
Balance sheet obligations for:		
— Defined benefit obligation	4,567	5,279
Liability in the balance sheet	4,567	5,279
Less: Current portion	(615)	(605)
Non-current portion	3,952	4,674
Income statement charge included in operating profit for:		
— Defined benefit obligation	193	208
Remeasurements for:		
— Defined benefit obligation	(333)	123

(b) The movement in the defined benefit liability over the year is as follows:

	Present value of obligation
	RMB 'million
At 1 January 2012 (As restated)	5,976
Benefit payments during the year	(621)
Defined benefit cost recognised in income statement:	
— Past service cost - plan amendments	26
— Effect of settlements	(8)
— Net interest cost	190
Remeasurements:	
— Actuarial gain due to liability experience	123
Discontinued operations	(407)
At 31 December 2012 (As restated)	5,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

(b) The movement in the defined benefit liability over the year is as follows:

	Present value of obligation *RMB 'million*
At 1 January 2013 (As restated)	**5,279**
Benefit payments during the year	**(572)**
Defined benefit cost recognised in income statement:	
— Past service cost - plan amendments	**16**
— Effect of settlements	**(4)**
— Net interest cost	**181**
Remeasurements:	
— Actuarial gain due to liability experience	**(333)**
At 31 December 2013	**4,567**

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Perrin Consulting Company Limited (member of the Society of Actuaries and the China Association of Actuaries).

The policies of supplemental post-employment benefits for internal retirees and beneficiaries have been changed for some subsidiaries of the Group. These changes have been accounted for as past service cost as at 31 December 2013 under IAS 19.

Some subsidiaries of the Group will no longer provide post-employment benefits for internal retirees. This change has been accounted for as settlements as at 31 December 2013 under IAS 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

(c) The significant actuarial assumptions were as follows:

	2013	2012
Discount rate	**4.50%**	3.50%
Mortality rate	**Chinese residents ordinary life span**	Chinese residents ordinary life span
Benefit increase rate for internal retirees and beneficiaries	**4.50%**	4.50%
Medical reimbursement increase rate of different employees	**8.00%**	8.00%

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	**0.25%**	-1.60%	1.60%
Benefit increase rate for internal retirees and beneficiaries	**1.00%**	1.60%	-1.40%
Medical reimbursement increase rate of different employees	**1.00%**	0.30%	-1.80%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the calculation method is the same as that used in the calculation of pension liability recognised in the financial statements (i.e. present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

(d) Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

The plan liabilities should be calculated using a discount rate set with reference to corporate bond yields; but in countries where there is no deep market in high quality corporate bonds, government bonds should be used to determine the discount rate. Because this is the case in China, the discount rate has been determined with reference to yields on Chinese government bonds.

A decrease in corporate bond yields will increase plan liabilities. However, the Group believes that there will not be significant change in rate of government bonds in future.

Inflation risk

Fluctuation of inflation will influence two following assumptions in actuarial assumptions: Benefit increase rate for internal retirees and beneficiaries plus medical reimbursement increase rate of different employees. These risks are not considered to be significant by the Group.

Life expectancy

Increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average duration of the defined benefit obligation is 6.45 years.

Expected maturity analysis of undiscounted post-employments benefits:

As at 31 December 2013	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
Employee benefit	614	459	1,558	3,934	6,565

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group

	Lawsuits *RMB 'million*	Warranties *RMB 'million*	Rehabilitation *RMB 'million*	Guarantee *RMB 'million*	Others *RMB 'million*	Total *RMB 'million*
At 1 January 2012	—	7	36	30	6	79
Additions	23	7	—	15	—	45
Decrease	—	(7)	(5)	(45)	(1)	(58)
At 31 December 2012	23	7	31	—	5	66
Additions	25	7	7	—	31	70
Decrease	(21)	(10)	—	—	—	(31)
At 31 December 2013	27	4	38	—	36	105
Less: non-current portion	(20)	(4)	(38)	—	(36)	(98)
Current portion	7	—	—	—	—	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX

(a) **Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The amounts are as follows:**

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Deferred income tax assets		
Deferred tax assets to be recovered after more than 12 months	**2,475**	2,167
Deferred tax assets to be recovered within 12 months	**512**	503
	2,987	2,670
Deferred income tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	**(457)**	(427)
Deferred tax liabilities to be recovered within 12 months	**(105)**	(109)
	(562)	(536)
Deferred income tax asset - net	**2,425**	2,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX *(Continued)*

(a) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The amounts are as follows: *(Continued)*

Group *(Continued)*

The gross movements on the deferred income tax are as follows:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
At beginning of the year	**2,134**	2,049
Credited to the consolidated income statement *(Note 34)*	**221**	70
Disposal/liquidation of subsidiaries/discontinued operations	**52**	(16)
(Charged)/credited to equity	**(12)**	11
Currency translation differences	**30**	20
At end of the year	**2,425**	2,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX *(Continued)*

(b) The movements in deferred income tax assets and liabilities during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

Group

As restated	Provision for impairment of assets	Provision for retirement and other supplemental benefit obligations	Deductible tax loss	Unrealised profit on inter-company transactions	Employee benefits	Others	Total
	RMB 'million	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*	*RMB 'million*
Deferred income tax assets							
At 1 January 2012	1,121	615	126	246	246	219	2,573
Credited/(charged) to the consolidated income statement	206	(58)	54	31	(47)	(59)	127
Credited directly to equity	—	7	—	—	—	—	7
Disposal/Liquidation of subsidiaries	(8)	—	(28)	—	—	(1)	(37)
At 31 December 2012	1,319	564	152	277	199	159	2,670
Credited/(charged) to the consolidated income statement	321	(76)	48	(10)	(82)	151	352
Disposal/liquidation of subsidiaries	(2)	—	(14)	—	—	4	(12)
(Charged)/credited directly to equity	—	(25)	—	—	—	2	(23)
At 31 December 2013	1,638	463	186	267	117	316	2,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX *(Continued)*

(b) The movements in deferred income tax assets and liabilities during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows *(Continued)***:**

Group *(Continued)*

	Changes in fair value of financial assets *RMB 'million*	**Fair value adjustments upon business combination** *RMB 'million*	**Others** *RMB 'million*	**Total** *RMB 'million*
Deferred income tax liabilities				
At 1 January 2012	65	339	120	524
(Credited)/charged to the consolidated income statement	(1)	(100)	158	57
Credited directly to equity	(4)	—	—	(4)
Currency translation differences	—	(20)	—	(20)
Discontinued operations *(Note 40)*	—	(21)	—	(21)
At 31 December 2012	60	198	278	536
(Credited)/charged to the consolidated income statement	(1)	(19)	151	131
Credited directly to equity	(11)	—	—	(11)
Currency translation differences	—	(30)	—	(30)
Disposal/liquidation of subsidiaries	—	(64)	—	(64)
At 31 December 2013	48	85	429	562

Others in deferred income tax liabilities mainly represented temporary differences arising from amounts due from/to customers of certain contracts, interest expense capitalised and revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX *(Continued)*

(b) The movements in deferred income tax assets and liabilities during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows *(Continued)***:**

The deferred income tax credited/(charged) to equity during the year is as follows:

Group

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Change in fair value of available-for-sale financial assets	**(13)**	(4)
Provision for retirement and other supplemental benefit obligations	**25**	(7)
	12	(11)

In accordance with the PRC tax law or other tax regulations applicable to those companies in their respective jurisdictions, tax losses may be carried forward to offset future taxable income. As at 31 December 2013, the Group did not recognise deferred tax assets of RMB6,558 million (2012: RMB4,312 million) in respect of tax losses amounting to RMB26,232 million (2012: RMB17,249 million), as management believes it is more likely than not that such tax losses would not be realised before they expire.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. OTHER INCOME

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Dividend income from available-for-sale financial assets *(a)*	**48**	65
Income from liabilities forgiven	**31**	33
Rental income	**377**	313
Government grants/subsidies *(b)*	**614**	531
Others	**132**	99
	1,202	1,041

(a) Dividend income from listed investments for the year ended 31 December 2013 was RMB 11 million (2012: RMB6 million), and dividend income from unlisted investments was RMB 37 million (2012: RMB59 million).

(b) Government grants mainly represent value-added tax refund granted by PRC government and subsidy granted by PRC government to support the development of the Group.

29. OTHER GAINS - NET

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Fair value gains of financial assets at fair value through profit or loss *(Note 16)*	**39**	—
Net foreign exchange losses *(Note 33)*	**(476)**	(178)
Gain on disposal of subsidiaries	**367**	383
Gain on disposal of associates	**10**	23
Gain on disposal of property, plant and equipment	**209**	158
Gain on disposal of financial assets at fair value through profit or loss	**22**	43
Gain on disposal of available-for-sale financial assets	**3**	1
Impairment loss for available-for-sale financial assets	**(14)**	(24)
Others	**43**	74
	203	480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. EXPENSES BY NATURE

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Raw materials, purchased equipment and consumables used	**64,823**	73,772
Changes in inventories of finished goods and work-in-progress	**(765)**	(4,147)
Subcontracting charges	**88,317**	97,367
Employee benefits *(Note 31)*	**14,869**	14,493
Fuel and heating expenditure	**1,070**	947
Business tax and other transaction taxes	**5,743**	6,049
Travelling expenses	**1,422**	1,675
Office expenses	**1,878**	1,954
Transportation costs	**633**	599
Operating lease rentals	**3,812**	4,643
Research and development costs	**2,273**	2,179
Repairs and maintenance	**1,031**	1,165
Advertising expenses	**241**	340
Foreseeable losses on construction contracts	**228**	288
Amortisation of land use rights	**144**	147
Amortisation of mining rights	**49**	18
Amortisation of intangible assets (Note 10)	**179**	140
Depreciation of property, plant and equipment (Note 6)	**2,684**	2,223
Depreciation of investment properties (Note 9)	**55**	37
Allowance for impairment of trade and other receivables	**1,322**	1,355
Provision for impairment of inventories	**652**	626
(Reversal of)/provision for impairment on properties under development	**(8)**	55
Provision for impairment of property, plant and equipment	**68**	1,055
Provision for impairment of goodwill	**—**	18
Provision for impairment of mining rights	**—**	2,296
Insurance expenses	**128**	93
Bank charges relating to operating activities	**191**	176
Professional and technical consulting fees	**787**	711
Auditors' remuneration:		
— financial statements audit	**35**	35
— internal control audit	**3**	3
— non-audit services	**9**	4
Others	**2,187**	2,652
Total cost of sales, selling and marketing expenses and administrative expenses	**194,060**	212,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. EMPLOYEE BENEFITS

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Salaries, wages and bonuses, including restructuring costs and other termination benefits	**11,044**	10,501
Contributions to pension plans *(a)*	**1,046**	1,119
Retirement and supplemental pension benefits *(Note 25 and (b))*		
— net interest cost	**181**	190
— effect of settlements	**(4)**	(8)
— past service cost	**16**	26
Housing benefits *(c)*	**619**	619
Welfare, medical and other expenses	**1,967**	2,046
	14,869	14,493

(a) The employees of the Group companies in the PRC participate in various retirement benefit plans organised by the relevant municipal and provincial government in the PRC to which the Group is required to make monthly contributions at rates ranging from 16% to 22%, depending on the applicable local regulations, of the employees' basic salary for the year.

(b) Retirement benefits are recognised in the consolidated income statement in the year in which the Group entered into an agreement specifying the terms of redundancy or after the individual employee had been advised of the specific terms. These specific terms vary among the terminated and early retired employees depending on various factors including position, length of service and location of the employee concerned.

The Group also provided supplementary pension subsidies under defined benefit plans to employees who retired prior to 31 December 2007. The costs of providing these pension subsidies are charged to the consolidated income statement so as to spread the service costs over the average service lives of the retirees.

(c) These represent contributions to the government-sponsored housing funds (at rates ranging from 5% to 20% of the employees' basic salary) in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Interest expense		
— Bank borrowings wholly repayable within 5 years	**5,049**	6,751
— Bank borrowings repayable over 5 years	**2,192**	1,368
— Other borrowings	**724**	624
	7,965	8,743
Less: Amounts capitalised in construction-in-progress *(a)*	**(43)**	(469)
Less: Amounts capitalised in properties under development *(b)*	**(3,145)**	(3,667)
	4,777	4,607
Net foreign exchange losses/(gains) on borrowings *(Note 33)*	**416**	(9)
Discount charges on bank acceptance notes	**233**	97
Finance expenses	**5,426**	4,695
Interest income on bank deposits	**(394)**	(419)
Unwinding of discount of long-term receivables	**(1,422)**	(1,312)
Others	**(227)**	(97)
Finance income	**(2,043)**	(1,828)
Finance expenses, net	**3,383**	2,867

(a) Interest expenses were capitalised as construction-in-progress at the rate of 6.63% (2012: 3.54%) per annum for the year ended 31 December 2013.

(b) Interest expenses were capitalised as properties under development at the rate of 6.68% (2012: 7.82%) per annum for the year ended 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. NET FOREIGN EXCHANGE LOSSES

Foreign exchange differences charged to the consolidated income statement included the followings:

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Other gains - net (Note 29)	**476**	178
Net finance expenses (Note 32)	**416**	(9)
	892	169

34. TAXATION

(a) 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 year.

Most of the companies now comprising the Group 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 year as determined in accordance with the relevant PRC income tax rules and regulations except that certain subsidiaries were exempted or taxed at preferential rate of 15%.

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

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

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Current income tax:	**2,440**	2,532
Deferred income tax *(Note 27)*	**(221)**	(70)
PRC land appreciation tax *(d)*	**472**	522
	2,691	2,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. TAXATION *(Continued)*

(a) Income tax expense *(Continued)*

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

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Profit before income tax	**5,769**	1,827
Tax calculated at the statutory tax rate of 25%	**1,442**	457
Effect of difference between applicable tax rate and statutory tax rate to Group companies	**(376)**	(396)
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	**1,165**	2,371
Income not subject to taxation	**(49)**	(64)
Expense not deductible for tax purpose	**411**	366
Additional tax relief	**(193)**	(183)
Effect of higher tax rate for PRC land appreciation tax	**354**	392
Others	**(63)**	41
Income tax expense	**2,691**	2,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. TAXATION *(Continued)*

(b) Business tax (''BT'') and related taxes

Revenues generated from engineering and construction services and some other services provided by the Group are subject to BT at rates ranging from 3% to 5% of the service fee income received and receivable. In addition, the Group is subject to city construction tax (''CCT'') and educational surcharge (''ES'') at rates ranging from 1% to 7% and 3% of BT payable, respectively.

(c) Value-added tax (''VAT'') and related taxes

Revenues generated from sales of goods by the Group are subject to output VAT generally calculated at 17% of the product selling prices. For certain special products, such as sands, the applicable rate is 13%. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset the output VAT to determine the net VAT payable. Products of certain subsidiaries are subject to output VAT calculated at 6% of the product selling prices with no input credit. The Group is also subject to CCT and ES at rates ranging from 1% to 7% and 3% of net VAT payable, respectively.

Pursuant to the Circular on the Pilot Plan for Levying VAT in place of Business Tax (Caishui No.110, 2011) and the Circular on Launch of Levying VAT in place of Business Tax for the Transportation Industry and Some Modern Service Industries (Caishui No.37, 2013) jointly issued by the Ministry of Finance and the State Administration of Taxation, enterprises and individuals providing transportation services and some modern services in People's Republic of China are VAT taxpayers since 1 August 2013. Taxpayers providing such taxable services would be subject to VAT and no longer subject to business tax.

The Group's subsidiaries have implemented the transformation from business tax to VAT according to the circular as mentioned above.

(d) PRC land appreciation tax

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 proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. DIRECTORS', SUPERVISORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' and supervisors' emoluments

	Year ended 31 December	
	2013	2012
	RMB 'thousand	*RMB 'thousand*
Directors and supervisors		
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,219**	2,766
— Contributions to pension plans	**222**	225
— Discretionary bonuses	**1,548**	1,991
	3,989	4,982

The emoluments received by individual directors and supervisors are as follows:

(i) For the year ended 31 December 2013:

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind	Contributions to pension plans	Discretionary bonuses	Total
	RMB 'thousand	*RMB 'thousand*	*RMB 'thousand*	*RMB 'thousand*
Directors				
— Mr. Guo Wenqing	216	37	229	482
— Mr. Jing Tianliang	212	—	—	212
— Mr. Shen Heting	238	37	229	504
— Mr. Jiang Longsheng	190	—	—	190
— Mr. Wen Keqin	189	—	—	189
— Mr. Liu Li	196	—	—	196
— Mr. Chen Yongkuan	180	—	—	180
— Mr. Cheung Yukming	151	—	—	151
— Mr. Lin Jinzhen	187	37	368	592
Supervisors				
— Mr. Shan Zhongli	105	37	85	227
— Mr. Peng Haiqing	172	37	269	478
— Mr. Shao Bo	183	37	368	588
	2,219	222	1,548	3,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. DIRECTORS', SUPERVISORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

(a) Directors' and supervisors' emoluments *(Continued)*

(ii) For the year ended 31 December 2012:

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind *RMB 'thousand*	Contributions to pension plans *RMB 'thousand*	Discretionary bonuses *RMB 'thousand*	Total *RMB 'thousand*
Directors				
Mr. Jing Tianliang	251	—	—	251
Mr. Wang Weimin*	278	22	274	574
Mr. Shen Heting	285	33	274	592
Mr. Guo Wenqing	258	33	247	538
Mr. Jiang Longsheng	178	—	—	178
Mr. Wen Keqin	173	—	—	173
Mr. Liu Li	170	—	—	170
Mr. Chen Yongkuan	151	—	—	151
Mr. Cheung Yukming	125	—	—	125
Mr. Lin Jinzhen*	190	33	326	549
Supervisors				
Mr. Han Changlin*	256	30	247	533
Mr. Shan Zhongli*	89	8	60	157
Mr. Peng Haiqing	176	33	237	446
Mr. Shao Bo	186	33	326	545
	2,766	225	1,991	4,982

* Mr. Lin Jinzhen and Mr. Shan Zhongli were appointed on 29 October 2012.

* Mr. Wang Weimin and Mr. Han Changlin were retired on 31 August 2012 and 29 October 2012 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. DIRECTORS', SUPERVISORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

None of the Directors' and Supervisors' emoluments as disclosed in Note 35 (a) above was included in the emoluments paid to five highest paid individuals. The five individuals whose emoluments were the highest in the Group during the year are as follows:

	Year ended 31 December	
	2013	2012
	RMB 'thousand	*RMB 'thousand*
Basic salaries, housing allowances, other allowances and benefits-in-kind	**770**	587
Contributions to pension plans	**114**	165
Discretionary bonuses	**11,789**	8,691
	12,673	9,443

The emoluments of the above individuals fell within the following bands:

	Number of individuals Year ended 31 December	
	2013	2012
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**3**	4
HK$2,500,001 to HK$3,000,000	**1**	—
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**—**	—
HK$4,000,001 to HK$4,500,000	**—**	—
HK$4,500,001 to HK$5,000,000	**—**	—
	5	5

36. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share for the years ended 31 December 2013 and 2012 is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Profit/(loss) from continuing operations attributable to owners of the Company	**2,981**	(1,596)
Loss from discontinued operations attributable to owners of the Company	**—**	(5,347)
	2,981	(6,943)
Weighted average number of ordinary shares in issue *(million)*	**19,110**	19,110
Basic earnings/(loss) per share *(RMB)*	**0.16**	(0.36)

(b) Diluted

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

37. DIVIDENDS

At the board meeting held from 27 March 2014 to 28 March 2014, the Directors recommended the payment of a final dividend of RMB0.061 per ordinary share, totaling RMB1,166 million. Such dividend is to be approved by the Shareholders at the 2013 Annual General Meeting. This recommended dividend is not reflected as a dividend payable in the financial statements.

No dividend for the year ended 31 December 2012 was declared by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
		As restated
Profit/(loss) for the year	**3,078**	(10,348)
Adjustments for:		
Income tax expense	**2,691**	3,009
Share of losses/(profits) from associates	**137**	(14)
Fair value gains on financial assets at fair value through profit or loss	**(39)**	—
Gains on disposal of subsidiaries	**(367)**	(3,400)
(Gains)/losses on liquidation of subsidiaries	**(7)**	1
Gains on disposal of associates	**(10)**	(23)
Gains on disposal of available-for-sale financial assets	**(3)**	(60)
Gains on disposal of property, plant and equipment	**(209)**	(158)
Net losses on retirement of property, plant and equipment	**—**	377
Net gains on disposal of intangible assets	**(31)**	(31)
Dividends income on available-for-sale financial assets	**(48)**	(65)
Provision for impairment of available-for-sale financial assets	**14**	34
Losses on debt restructuring	**9**	4
Interest income	**(1,498)**	(945)
Interest expense	**5,010**	5,518
Net foreign exchange losses/(gains) on borrowings	**416**	(9)
Exchange losses on cash and cash equivalents	**115**	21
Allowance for impairment of trade and other receivables	**1,322**	9,083
Provision for impairment of inventories	**652**	1,050
Provision for impairment of completed properties held for sale	**10**	—
(Reversal of)/provision for impairment of properties under development	**(8)**	55
Provision for impairment of investments in associates	**—**	6
Provision for impairment of goodwill	**—**	114
Provision for impairment of land use rights	**—**	288
Provision for impairment of property, plant and equipment	**68**	2,206
Provision for impairment of mining rights	**—**	2,645
Reversal of impairment of other non-current assets	**—**	(2)
Depreciation of property, plant and equipment	**2,684**	2,422
Depreciation of investment properties	**55**	37
Amortisation of land use rights	**144**	187
Amortisation of intangible assets	**179**	140
Amortisation of mining rights	**49**	35
Amortisation of government grants	**(101)**	(160)
Amortisation of other non-current assets	**50**	47
Foreseeable losses on construction contracts	**228**	288
Income from liabilities forgiven	**(31)**	(33)
Other exchange losses	**361**	155
Cash flows from operating activities before changes in working capital	**14,920**	12,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. CASH GENERATED FROM OPERATIONS *(Continued)*

	Year ended 31 December 2013 RMB 'million	2012 RMB 'million As restated
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
Inventories, properties under development and completed properties held for sale	**(4,660)**	(1,928)
Trade and other receivables	**(7,856)**	(9,205)
Contract work-in-progress	**3,063**	(4,466)
Retirement and other supplemental benefit obligations	**(383)**	(625)
Trade and other payables	**17,401**	11,217
Provision/(reversal)	**39**	(13)
Financial assets at fair value through profit or loss	**299**	50
Government grants	**127**	33
Cash generated from operations	**22,950**	7,537

39. DISPOSAL OF SUBSIDIARIES

(a) For the year ended 31 December 2013:

For the year ended 31 December 2013, the Group disposed of its equity interests in the following companies:

Company name	Disposal date	Percentage of equity interests disposed: Directly held	Indirectly held	Sales Proceeds RMB 'million
Beijing Huayuan Hotel Co., Ltd.*(i)*	30 June 2013	—	100%	418
Tianjin Binhai Jintang Construction & Development Co., Ltd.*(i)*	31 December 2013	—	90%	107
Chengdu Pastoral World Jinghua Real Estate Co., Ltd.*(i)*	30 December 2013	—	100%	24
Qinhuangdao Yunding Estate Development Co., Ltd.*(i)*	30 November 2013	—	100%	20
Chengdu Pastoral World Junfeng Real Estate Co., Ltd.*(i)*	27 June 2013	—	100%	17
Qinhuangdao Fanhua Estate Development Co., Ltd.*(i)*	30 November 2013	—	100%	17
Zhuhai MCC 20 Engineering Technology Co., Ltd.*(i)*	11 October 2013	—	100%	13
Tianjin Tuanbo Urban Development Co., Ltd.*(ii)*	31 December 2013	—	67%	426
Qinhuangdao MCC Real Estate Development Co., Ltd.*(iii)*	25 April 2013	—	90%	—
Baotou MCC Real Estate Co., Ltd.*(iii)*	22 May 2013	—	24%	—
Tianjin MCC Xinhua Real Estate Co., Ltd.*(iii)*	20 December 2013	—	2%	—
Shanghai United Automobile Road Construction Development Co., Ltd.*(iv)*	17 May 2013	—	0%	—
CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd.	23 October 2013	—	51%	—
				1,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) For the year ended 31 December 2013 *(Continued)*:

(i) The Group disposed all its equity interests in these entities.

(ii) The Group disposed of its 67% equity interest in Tianjin Tuanbo Urban Development Co., Ltd. on 31 December 2013 and lost its controlling interests in this entity.

(iii) Due to new capital injection into Qinhuangdao MCC Real Estate Development Co., Ltd. on 25 April 2013, Baotou MCC Real Estate Co., Ltd. on 22 May 2013 and Tianjin MCC Xinhua Real Estate Co., Ltd on 20 December 2013 from their non-controlling interest holders, the Group lost its controlling interests in these entities.

(iv) 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.

(v) In October 2013, MCC Capital Engineering & Research Incorporation Limited ("CERI", a subsidiary of the Company), signed an agreement with Shijiazhuang Iron & Steel Co. Ltd. ("Shigang") to dispose its 51.042% equity interest in CERI's wholly owned subsidiary, CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd. (now renamed as Shigang Jingcheng Equipment Technology Co., Ltd., hereafter referred to as "Shigang Jingcheng"). As a result, CERI lost its controlling interest in Shigang Jingcheng, and the Group's loss arising from this transaction amounted to RMB 215 million for the year ended 31 December 2013. The value of the 51.042% equity interest in Shigang was determined to be RMB1,082 million, out of which Shigang had contributed a cash amount of RMB490 million. For the remaining balance of RMB592 million, Shigang would compensate CERI through its future share of shareholder's profit distributions in Shigang Jingcheng by 2027.

Details of sales proceeds and gains on disposal are as follows:

	RMB 'million
Sales proceeds:	
Cash received	915
Consideration receivables	127
Fair value of the remaining 10% share of Qinhuangdao MCC Real Estate Development Co., Ltd on disposal date	4
Fair value of the remaining 40% share of Shanghai United Automobile Road Construction Development Co., Ltd on disposal date	132
Fair value of the remaining 36% share of Baotou MCC Real Estate Co., Ltd on disposal date	240
Fair value of the remaining 49% share of Tianjin MCC Xinhua Real Estate Co., Ltd on disposal date	147
Fair value of the remaining 30% share of Tianjin Tuanbo Urban Development Co., Ltd on disposal date	185
Less: Net assets disposed - as shown below	1,721
Non-controlling interests	(361)
Goodwill of disposal subsidiaries	23
Gain on disposal	367

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) For the year ended 31 December 2013 *(Continued)***:**

The details of the net assets disposed are as follows:

	RMB 'million
Cash and cash equivalents	161
Restricted Cash	27
Property, plant and equipment	2,809
Inventories	2,817
Properties under development	3,482
Completed properties held for sale	460
Land use rights	62
Deferred income tax assets	14
Trade and other receivables	3,205
Other non-current assets	1
Trade and other payables	(9,808)
Current income tax liabilities	(88)
Borrowings	(1,355)
Deferred income	(34)
Deferred income tax liabilities	(32)
Net assets	1,721
Non-controlling interests	(361)
Net assets disposed	1,360
Sales proceeds - cash received	915
Less: Cash and cash equivalents of subsidiaries disposed	(161)
Net cash inflow on disposal of subsidiaries	754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) For the year ended 31 December 2013 *(Continued)***:**

The effect of the disposal on consolidated income statement is as follows:

	For the period from 1 January 2013 to the effective date of disposals *RMB 'million*	Year ended 31 December 2012 *RMB 'million*
Revenue	1,890	2,356
Expenses	(2,033)	(3,098)
Loss before tax	(143)	(742)
Income tax expense	(27)	(63)
Loss for the year	(170)	(805)
Attributable to:		
Owners of the Company	(142)	(691)
Non-controlling interests	(28)	(114)
	(170)	(805)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) For the year ended 31 December 2012:

All the effects of the disposal of Huludao Nonferrous Group were excluded from the information disclosed in this Note below since it was considered as discontinued operations. For details of the discontinued operations, refer to Note 40 for details.

For the year ended 31 December 2012, the Group disposed of its equity interests in the following companies:

Company name	Disposal date	Percentage of equity interests disposed Directly held	Percentage of equity interests disposed Indirectly held	Sales Proceeds *RMB 'million*
ACRE Coking & Refractory (Jiangyin) Equipment Manufacturing Co., Ltd.	12 March 2012	—	52%	22
Tianjin MCC 20 Group Steel Structure Manufacturing Co., Ltd.	30 April 2012	—	100%	349
WISDRI(Xinyu) Cold Processing Engineering Co., Ltd.	30 June 2012	—	11%	—
Shanghai Baosteel 13th Metallurgical Construction Co., Ltd.	3 July 2012	—	80%	13
Wuhan Yi Ye Municipal Engineering Co., Ltd.	20 August 2012	—	55%	26
Qinhuangdao Jiayu Real Estate Development Co., Ltd.	30 September 2012	—	100%	81
Maanshan MCC Economic Development Company Limited	30 September 2012	—	2%	—
Inner Mongolia Zhongye DeBang Real Estate Co., Ltd.	1 October 2012	—	26%	42
Hubei Zhongye Debang Investment Co., Ltd.	1 October 2012	—	51%	26
Foshan Yechuang Metallurgy Metal Products Co., Ltd.	31 October 2012	—	100%	—*
Zhong Ye(Fujian) Real Estate Development Co., Ltd.	1 November 2012	—	45%	72
Beijing Shidai Antai Real Estate Company Limited	31 December 2012	—	70%	54
				685

* The sales proceeds is smaller than RMB1 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) For the year ended 31 December 2012 *(Continued)*:

Details of the sales proceeds and gain on disposal are as follows:

	RMB 'million
Sales proceeds:	
Cash received	323
Consideration receivables	13
Long term equity investment	349
Fair value of the remaining 40% share of WISDRI(Xinyu) Cold Processing Engineering Co., Ltd. on disposal date	179
Fair value of the remaining 20% share of Shanghai Baosteel 13th Metallurgical Construction Co., Ltd. on disposal date	3
Fair value of the remaining 49% share of Maanshan MCC Economic Development Company Limited on disposal date	51
Fair value of the remaining 25% share of Inner Mongolia Zhongye DeBang real estate Co., Ltd. on disposal date	26
Fair value of the remaining 30% share of Zhong Ye(Fujian) real estate development Co., Ltd. on disposal date	28
Fair value of the remaining 30% share Beijing Shidai Antai Real Estate Company Limited on disposal date	3
Less: Net assets disposed - as shown below	929
Non-controlling interests	(337)
Gains on disposal	383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) For the year ended 31 December 2012 *(Continued)***:**

The details of the net assets disposed are as follows:

	RMB 'million
Cash and cash equivalents	169
Property, plant and equipment	815
Inventories	206
Properties under development	1,651
Land use rights	103
Deferred income tax assets	15
Available-for-sale financial assets	2
Trade and other receivables	916
Other non-current assets	69
Trade and other payables	(2,046)
Borrowings	(971)
Net assets	929
Non-controlling interests	(337)
Net assets disposed	592
Sales proceeds - cash received	323
Less: Cash and cash equivalents of subsidiaries disposed	(169)
Net cash inflow on disposal of subsidiaries	154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) For the year ended 31 December 2012 *(Continued)***:**

The effect of the disposal on consolidated income statement is as follows:

	For the period from 1 January 2012 to the effective date of disposals *RMB 'million*	Year ended 31 December 2011 *RMB 'million*
Revenue	977	1,960
Expenses	(1,033)	(2,061)
Loss before tax	(56)	(101)
Income tax expense	7	1
Loss for the year	(49)	(100)
Attributable to:		
Owners of the Company	(41)	(83)
Non-controlling interests	(8)	(17)
	(49)	(100)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. DISCONTINUED OPERATIONS

During the year ended 31 December 2012, Huludao Nonferrous, a subsidiary of the Company, suffered continuous increase in operating losses, further deterioration of capital conditions, negative carrying amount of net assets and significant uncertainty to continue as a going concern. As at 31 December 2012, the Company evaluated the recoverable amount of its investment in Huludao Nonferrous, based on the result of evaluation, the Company made an impairment provision on its investment in Huludao Nonferrous amounting to RMB593 million. The Company's investment in Huludao Nonferrous has been fully impaired, which means the carrying amount of investment in Huludao Nonferrous is Nil.

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 based on the value of net assets of Huludao Nonferrous appraised by an independent valuer, China Assets Appraisal Co., Ltd. ("China Assets"). The equity transfer agreement was approved by the boards of directors of the Company and the Parent on 31 December 2012. Based on the above, the Group concluded that the effective date of the equity transfer to be 31 December 2012.

As at 31 December 2012, the Company also had a receivable from Huludao Nonferrous Group amounting to RMB7,747 million, including other receivables and interest receivables of RMB6,841 million and RMB906 million respectively. This receivable from Huludao Nonferrous Group was not transferred to the Parent according to aforementioned transfer of equity interests in Huludao Nonferrous to the Parent in connection with the equity transfer agreement mentioned above. Accordingly, the Company engaged China Assets, the independent valuer, to appraise the fair value of these receivables from Huludao Nonferrous Group. Based on this assessment, the Company made an impairment provision of RMB6,887 million on the receivables from Huludao Nonferrous Group as at 31 December 2012, comprising impairment provisions of RMB5,981million on other receivables and RMB906 million on interest receivables respectively.

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 consolidated income statement. In addition, the loss recognised on the disposal of assets of Huludao Nonferrous Group was also included as "discontinued operations".

40. DISCONTINUED OPERATIONS *(Continued)*

The details of the net assets of discontinued operations as at 31 December 2012 are as follows:

	RMB 'million *As restated*
Cash and cash equivalents	13
Restricted cash	237
Property, plant and equipment	2,721
Inventories	869
Mining rights	211
Land use rights	1,320
Available-for-sale financial assets	53
Trade and other receivables	646
Other non-current assets	36
Trade and other payables	(9,825)
Borrowings	(4,303)
Deferred income	(168)
Deferred income tax liabilities	(21)
Retirement and other supplemental benefit obligations	(419)
Net assets	(8,630)
Non-controlling interests	5,623
Net assets disposed	(3,007)
Sales proceeds - cash received	—
Less: Cash and cash equivalents of subsidiaries disposed	(13)
Net cash outflow on disposal of subsidiaries	(13)

40. DISCONTINUED OPERATIONS *(Continued)*

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

	Year ended 31 December 2013 RMB 'million	Year ended 31 December 2012 RMB 'million As restated
Revenue	—	4,499
Expenses	—	(9,662)
Loss before tax of discontinued operations	—	(5,163)
Income tax expense	—	(25)
Loss after tax of discontinued operations	—	(5,188)
Loss on disposal of discontinued operations before tax	—	(4,003)
Income tax expense	—	—
Loss on disposal of discontinued operations after tax	—	(4,003)
Loss for the year from discontinued operations	—	(9,191)
Attributable to:		
Owners of the Company	—	(5,347)
Non-controlling interests	—	(3,844)
Loss for the year from discontinued operations	—	(9,191)

	Year ended 31 December 2013 RMB 'million	Year ended 31 December 2012 RMB 'million
Net cash outflow from operating activities	—	(982)
Net cash outflow from investing activities	—	(9)
Net cash inflow from financing activities	—	838
Net decrease in cash and cash equivalents	—	(153)
Cash and cash equivalents at beginning of the year	—	168
Exchange losses on cash and cash equivalents	—	(2)
Cash and cash equivalents at end of the year	—	13

41. FINANCIAL GUARANTEES

The nominal values of the financial guarantees issued by the Group and the Company as at 31 December 2013 are analysed as below:

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Outstanding guarantees *(i)*:		
Third parties	**145**	174
Related parties	**824**	130
	969	304

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Outstanding guarantees *(ii)*:		
Subsidiaries	**8,598**	9,426

(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.

(ii) The Company has acted as the guarantor for various external borrowings made by certain subsidiaries of the Company.

(iii) The Group considers that the above loans guaranteed by Group will be repaid on schedule and the risk of default in payment is remote. Therefore, no provision has been made in the financial statements for these guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. CONTINGENCIES

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Pending lawsuits/arbitrations	**1,080**	951

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

(ii) Out of above lawsuits that the Group is named as defendants, there is a lawsuit in relation to the final tranche of certain assets purchase with a claim of AUD80 million and related late payment interests. In August 2013, Arbitration Centre in Singapore has ordered the Group to deposit the AUD80 million into an escrow account in the joint names of the Group and claimants which is opened with a major trading bank in Australia. The order does not constitute the final judgement of the disputes between the parties. As of 31 December 2013, the Group has paid the above sum into the escrow account according to the arbitration result and such amount has already been recorded in Trade and other payables. Based on current situation, the Group believes that the outcome of this lawsuit cannot be estimated and hence no provision is made.

(iii) 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 of the project 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 year ended 31 December 2013, there was a further delay in commissioning of the second production line due to the technical issues of the cyclo electric motors, which were purchased from an overseas equipment vendor by a subsidiary of CITIC Group. 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.

As at the date of approval of these consolidated financial statements, the Owner of the project 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 provision was made.

43. COMMITMENTS

(a) Capital commitments

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Contracted but not yet incurred:		
Property, plant and equipment	**25,898**	25,288
Land use rights	**—**	3,947
Mining rights	**4,287**	4,287
Intangible assets	**221**	255
Total	**30,406**	33,777

(b) Operating leasing commitments

Group

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 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Less than 1 year	**23**	15
1 year to 5 years	**53**	20
Over 5 years	**30**	20
Total	**106**	55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. 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, 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 financial statements, 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 year and the related party balances as at 31 December 2013 arising from these transactions.

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

(a) Significant related party transactions

During the year, the Group had the following significant transactions with related parties:

With Parent and fellow subsidiaries

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Sales of goods or provision of services	**60**	91
Purchases of goods or services	**4**	98
Rental expense	**56**	57
Entrusted loan received	**79**	—
Interest expense	**3**	—
	USD 'million	*USD 'million*
Guarantee fee	**3**	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. RELATED PARTY DISCLOSURES *(Continued)*

(a) Significant related party transactions *(Continued)*

With associates

	Year ended 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Sales of goods or provision of services	**1,090**	362
Purchases of goods or services	**39**	95
Loans to associates	**164**	497
Guarantees provided to associates	**824**	145
Interest income	**215**	118
Rental income	**2**	—

Impairment charges of receivables due from associates amounting to RMB222 million (2012: RMB33 million) were recognised as expense for the year ended 31 December 2013.

(b) Balances with related parties

(i) Trade and other receivable

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade receivables due from:		
Parent and fellow subsidiaries	**133**	172
Associates	**1,338**	369
Less: provision for impairment	**(247)**	(81)
	1,224	460
Other receivables due from:		
Parent and fellow subsidiaries	**—**	7,747
Associates	**3,654**	1,934
Less: provision for impairment	**(203)**	(6,918)
	3,451	2,763
	4,675	3,223

As at 31 December 2013, loans to associates of RMB1,182 million (2012: RMB1,208 million) included in other receivables due from associates bear interests at rates ranging from 5.60% to 12.00% (2012: 6.10% to 12.00%) 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.

44. RELATED PARTY DISCLOSURES *(Continued)*

(b) Balances with related parties

(i) Trade and other receivable

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade receivables due from subsidiaries	**687**	697
Other receivables due from subsidiaries	**49,072**	44,838
	49,759	45,535

As at 31 December 2013, loans to subsidiaries of RMB42,110 million (2012: RMB38,279 million) included in other receivables due from subsidiaries bear interests at rates ranging from 4.20% to 7.47% (2011: 4.30% to 7.54%) per annum and with loan periods ranging from 1 year to 3 years.

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

(ii) Trade and other payable

Group

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade payables due to:		
Parent and fellow subsidiaries	**14**	14
Associates	**87**	69
	101	83
Other payables due to:		
Parent and fellow subsidiaries	**599**	512
Associates	**42**	49
	641	561
	742	644

As at 31 December 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.

44. RELATED PARTY DISCLOSURES *(Continued)*

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

(ii) Trade and other payable (Continued)

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Trade payables due to subsidiaries	**285**	382
Other payables due to subsidiaries	**6,294**	7,918
Other payables due to associates	**369**	370
	6,948	8,670

Trade and other payables due to subsidiaries and associates are interest free, unsecured and payable on demand or within the period as agreed in relevant contract terms.

(iii) Borrowings

Company

	As at 31 December	
	2013	2012
	RMB 'million	*RMB 'million*
Subsidiaries	**4,050**	2,400

The Company's borrowings from subsidiaries as at 31 December 2013 are unsecured, bear interest at from 5.10% to 6.00% (2012: 4.20%) per annum and are repayable in December 2014 (2012: December 2013).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. 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:

	Year ended 31 December	
	2013	2012
	RMB 'thousand	*RMB 'thousand*
Basic salaries, housing allowances, other allowances and benefits-in-kind	**3,445**	4,215
Contributions to pension plans	**442**	423
Discretionary bonuses	**2,777**	3,413
	6,664	8,051

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS

(a) Subsidiaries

As at 31 December 2013, the Group had direct and indirect equity interests in the following principal subsidiaries:

Company Name	Place of incorporation	Type of legal entities	Issued / paid-in capital *Million*	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Non-listed companies -						
Central Research Institute of Building and Construction Co., Ltd., MCC Group	PRC	Limited liability company	RMB1,900	100%	—	Design, research, engineering and construction/PRC
Beijing MCC Equipment Research & Design Co., Ltd.	PRC	Limited liability company	RMB446	100%	—	Design, research, engineering and construction/PRC
China Enfi Engineering Co., Ltd.	PRC	Limited liability company	RMB1,481	100%	—	Design, engineering, procurement and construction/PRC
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	PRC	Limited liability company	RMB200	100%	—	Surveying and design/PRC
China Second Metallurgical Construction Group Corporation Limited	PRC	Limited liability company	RMB683	100%	—	Engineering and construction/PRC
MCC Tongsin Resources Ltd.	British Virgin Islands	Limited liability company	USD12.5	100%	—	Resource development/overseas
MCC Overseas Ltd.	PRC	Limited liability company	RMB80	100%	—	Engineering and construction/PRC
MCC International Incorporation Ltd.	PRC	Limited liability company	RMB83	100%	—	Engineering and construction/PRC
MCC Mining (Western Australia) Pty Ltd.	Australia	Limited liability company	AUD20	100%	—	Resource development/overseas
Beijing Central Engineering and Research Incorporation of Iron & Steel Industry Ltd.	PRC	Limited liability company	RMB100	100%	—	Design and services/PRC
CISDI Group Co., Ltd.	PRC	Limited liability company	RMB1,600	100%	—	Design and services/PRC
Wuhan Iron and Steel Design & Research Incorporation Limited	PRC	Limited liability company	RMB63	100%	—	Design and services/PRC
MCC Maanshan I & S Design and Research Institute Co., Ltd.	PRC	Limited liability company	RMB61	100%	—	Design and services/PRC
BERIS Group Corporation	PRC	Limited liability company	RMB454	100%	—	Design and services/PRC
Anshan Coking and Refractory Engineering Consulting Corporation	PRC	Limited liability company	RMB69	100%	—	Design and services/PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS *(Continued)*

(a) Subsidiaries *(Continued)*

As at 31 December 2013, the Group had direct and indirect equity interests in the following principal subsidiaries *(Continued)*:

Company Name	Place of incorporation	Type of legal entities	Issued / paid-in capital *Million*	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Non-listed companies -						
Anshan Engineering & Research Incorporation of Metallurgical Industry	PRC	Limited liability company	RMB97	100%	—	Design and services/PRC
Changsha Metallurgical Design & Research Institute Co., Ltd.	PRC	Limited liability company	RMB167	100%	—	Design and services/PRC
Shenyang Institute of Geotechnical Investigation Corporation MCC	PRC	Limited liability company	RMB98	100%	—	Surveying and design/PRC
China MCC 3 Group Co., Ltd.	PRC	Limited liability company	RMB800	100%	—	Engineering and construction/PRC
China MCC 5 Group Co., Ltd.	PRC	Limited liability company	RMB1,534	99%	—	Engineering and construction/PRC
China 13th Metallurgical Construction Corporation	PRC	Limited liability company	RMB112	100%	—	Engineering and construction/PRC
China MCC 19 Group Co., Ltd.	PRC	Limited liability company	RMB1,900	100%	—	Engineering and construction/PRC
China MCC 22 Group Corporation Ltd.	PRC	Limited liability company	RMB2,700	100%	—	Engineering and construction/PRC
China Huaye Group Co., Ltd.	PRC	Limited liability company	RMB900	100%	—	Engineering and construction/PRC
MCC TianGong Group Corporation Limited	PRC	Limited liability company	RMB1,800	99%	—	Engineering and construction/PRC
MCC Capital Engineering & Research Incorporation Limited	PRC	Limited liability company	RMB2,800	87%	—	EPC/PRC
MCC Hi-Tech Engineering Co., Ltd.	PRC	Limited liability company	RMB800	100%	—	Engineering and construction/PRC
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	PRC	Limited liability company	RMB1,200	87%	—	EPC/PRC

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS *(Continued)*

(a) Subsidiaries *(Continued)*

As at 31 December 2013, the Group had direct and indirect equity interests in the following principal subsidiaries *(Continued)*:

Company Name	Place of incorporation	Type of legal entities	Issued / paid-in capital	Attributable equity interest		Principal activities and place of operation
			Million	Directly held	Indirectly held	
Non-listed companies -						
WISDRI Engineering & Research Incorporation Limited	PRC	Limited liability company	RMB3,099	83%	—	EPC/PRC
Northern Engineering & Technology Corporation, MCC	PRC	Limited liability company	RMB500	91%	—	EPC/PRC
Shanghai Baoye Group Corp., Ltd.	PRC	Limited liability company	RMB1,800	98%	1%	Engineering and construction/PRC
Huatian Engineering & Technology Corporation MCC	PRC	Limited liability company	RMB800	85%	—	EPC/PRC
Zhong Ye Chang Tian International Engineering Co., Ltd.	PRC	Limited liability company	RMB506	92%	—	EPC/PRC
China First Metallurgical Group Co., Ltd.	PRC	Limited liability company	RMB1,264	93%	—	Engineering and construction/PRC
MCC (GuangXi) Mawu expressway construction & development Co., Ltd.	PRC	Limited liability company	RMB1,529	100%	—	Infrastructure investment/PRC
China Metallurgical Construction Engineering Group Co., Ltd.	PRC	Limited liability company	RMB1,200	100%	—	Engineering and construction/PRC
Shen Kan Engineering & Technology Corporation, MCC	PRC	Limited liability company	RMB50	100%	—	EPC/PRC
China MCC 17 Group Co., Ltd.	PRC	Limited liability company	RMB1,250	67%	—	Engineering and construction/PRC
MCC Minera Sierra Grande S.A.	Argentina	Limited liability company	ARP70	70%	—	Resource development/overseas
China MCC 20 Group Co., Ltd.	PRC	Limited liability company	RMB2,050	69%	—	Engineering and construction/PRC
MCC Finance Corporation Ltd.	PRC	Limited liability company	RMB1,530	86%	14%	Financial management services/PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS *(Continued)*

(a) Subsidiaries *(Continued)*

As at 31 December 2013, the Group had direct and indirect equity interests in the following principal subsidiaries *(Continued)*:

Company Name	Place of incorporation	Type of legal entities	Issued / paid-in capital	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
			Million			
Non-listed companies -						
MCC-JJJ Mining Development Company Limited	PRC	Limited liability company	RMB1,662	61%	—	Resources development/PRC
MCC Baosteel Technology Services Co., Ltd.	PRC	Limited liability company	RMB1,200	60%	22%	Maintenance services/PRC
MCC Real Estate Group Co., Ltd.	PRC	Limited liability company	RMB2,141	100%	—	Property development/PRC
China MCC International Economic and Trade Co., Ltd.	PRC	Limited liability company	RMB120	55%	45%	Trading services/PRC
MCC Communication Engineering Technology Co., Ltd.	PRC	Limited liability company	RMB600	100%	—	Infrastructure engineering and construction/PRC
Ramu NiCo Management (MCC) Limited	Papua New Guinea	Limited liability company	—*	100%	—	Nico mineral mining and smelting/overseas
MCC Australia Holding Pty Ltd.	Australia	Limited liability company	AUD10	100%	—	Resources development/overseas
MCC-SFRE Heavy Industry Equipment Co., Ltd.	PRC	Limited liability company	RMB1,286	71%	—	Metallurgy specialized equipment manufacture/PRC
MCC Seawater Desalination Investment Co., Ltd.	PRC	Joint stock company	RMB50	100%	—	Investment and asset management/PRC
MCC Holding (Hong Kong) Co., Ltd.	PRC	Joint stock company	USD1	100%	—	Others/PRC

* The paid-in capital of this company is 1,000 Kina.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS *(Continued)*

(b) Associates

As at 31 December 2013, the Group had equity interests in the following principal associates (all are unlisted):

Company Name	Place of incorporation	Type of legal entities	Issued / paid-in capital *Million*	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Shigang Jingcheng Equipment Technology Co., Ltd.	PRC	Limited liability company	RMB3,166	49%	—	Equipment fabrication /PRC
Tianjin SERI Machinery Equipment Corporation Ltd.	PRC	Limited liability company	RMB210	50%	—	Equipment fabrication /PRC
Tianjin Zhongji Equipment Manufacture Co., Ltd.	PRC	Limited liability company	RMB900	50%	—	Equipment fabrication /PRC
Nanjing Ming's Culture Co., Ltd.	PRC	Limited liability company	RMB610	49%	—	Culture/PRC
Baotou MCC Real Estate Co., Ltd.	PRC	Limited liability company	RMB100	36%	—	Real Estate/PRC

The English names of certain subsidiaries and associates referred to in this financial statements represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

(c) Joint operations

MCC Ramu Nico Limited, a subsidiary in which the Company ultimately hold a 61% interest, entered into certain agreements in 2005 with 3 other parties in Papua New Guinea ("PNG parties") to jointly develop and operate the Ramu Nickel project (the "Project"), an unincorporated Joint Venture established to mine and process nickel ore located in PNG. Prior to the year 2005, PNG Parties were responsible for exploration and pre-feasibility study of the project. According to the cooperation agreement in 2005, MCC Ramu Nico Limited joined the project and began to be responsible for the development and construction of the Project. For a period of 15 years beginning from March 2008, PNG Parties have the rights to acquire 15% interest of the Project. The purchase price is based on 15% of the development costs (as estimated in feasibility study) plus 20% contingency allowance, related interest costs and an inflation adjustment. The purchase price will be settled by instalments by PNG Parties out of a certain portion of future sales proceeds of their shares of mining products. Before PNG Parties exercise the above rights, MCC Ramu Nico Limited owned 100% of the constructed assets, as well as the beneficial interests of all mining products being produced. Upon PNG Parties exercise their rights, the interests held by MCC Ramu Nico Limited will be reduced to 85%. An additional 5% interests in the Project will also be given to PNG parties at no costs after they have repaid all the historical development costs to be borne by them. Finally, PNG parties also have an option to acquire another 15% interests in the Project at fair market value after they have obtained the above 20% interests.

According to IFRS 11, the Group has accounted for this arrangement as a joint operation and adopted the related accounting treatment accordingly.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS *(Continued)*

(c) Joint operations *(Continued)*

As at 31 December 2012, the Project moved from mine development into production phase. As of the date of approval of these consolidated financial statements, PNG parties have not given any notice to acquire their first 15% interests in the Project. Accordingly, MCC Ramu Nico Limited is entitled to 100% of the constructed assets and mining products being produced and bears 100% of the liabilities of the Project, and the Group has continued to consolidate all assets, liabilities, revenues and costs of the Project. As at 31 December 2013, the total assets and liabilities of the Project amounted to RMB12,413 million and RMB13,711 million, respectively. For the year ended 31 December 2013, the total revenue and costs of the Project were RMB1,134 million and RMB2,452 million (including depreciation expenses of RMB604 million), respectively.

46. ULTIMATE HOLDING COMPANY

The Directors consider China Metallurgical Group Corporation as the ultimate holding company of the Company, which is owned and controlled by State-owned Assets Supervision and Administrative Commission of the State Council.

47. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2014.

48. EVENTS AFTER THE BALANCE SHEET DATE

(a) Disposals of equity interests in subsidiaries

On 10 March 2014, Nanjing Riverside Old City Reconstruction Investment Co., Ltd. (a subsidiary in which the Company ultimately hold a 98.52% equity interest) disposed its 60% equity interests of a wholly-owned subsidiary Nanjing Longjiangwan Real Estate Co., Ltd. and its 60% equity interests of another wholly-owned subsidiary, Nanjing Gangning Real Estate Co., Ltd. at a consideration of RMB1,168 million and RMB900 million respectively to Southeast Asia Shenfu Co., Ltd., as well as its 100% equity interests of a wholly-owned subsidiary Nanjing Lifang Real Estate Co., Ltd. at a consideration of RMB902 million to Yuanying corporate Co., Ltd.

The Group is in the process of estimating the financial impact of the disposals of the above equity interests in subsidiaries.

(b) Proposed dividend

At the board meeting held from 27 March 2014 to 28 March 2014, the Board of Directors proposed a final dividend for the year ended 2013. For details, refer to Note 37 for details.

OTHER FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS PREPARED IN ACCORDANCE WITH IFRS

Consolidated Operating Results

	Year 2013	Year 2012 (Restated)	Year 2011 (Note 1)	Year 2010 (Note 1)	Year 2009 (Note 1)
	(RMB 'million)	*(RMB 'million)*	*(RMB 'million)*	*(RMB 'million)*	*(RMB 'million)*
Revenue	**202,241**	216,242	222,113	206,397	165,495
Cost of sales	**(181,173)**	(200,202)	(200,497)	(185,635)	(149,686)
Gross profit	**21,068**	16,040	21,616	20,762	15,809
Selling and marketing expenses	**(1,617)**	(1,622)	(1,792)	(1,530)	(1,043)
Administrative expenses	**(11,270)**	(11,144)	(11,076)	(9,689)	(7,202)
Other income	**1,202**	1,041	1,347	1,112	955
Other gains — net	**203**	480	791	(21)	39
Other expenses	**(297)**	(117)	(158)	(198)	(140)
Operating profit	**9,289**	4,678	10,728	10,436	8,418
Finance income	**2,043**	1,828	1,623	849	806
Finance expenses	**(5,426)**	(4,695)	(3,527)	(2,876)	(2,621)
Share of (losses)/profits of investments in associates	**(137)**	16	56	134	85
Profit before income tax	**5,769**	1,827	8,880	8,543	6,688
Income tax expense	**(2,691)**	(2,984)	(2,983)	(2,972)	(1,500)
Profit/(loss) for the year from continuing operations	**3,078**	(1,157)	5,897	5,571	5,188
Loss for the year from discontinued operations	**—**	(9,191)	(2,185)	— (Note 2)	— (Note 2)
Profit/(loss) for the year	**3,078**	(10,348)	3,712	5,571	5,188
Profit/(loss) attributable to:					
Owners of the Company	**2,981**	(6,943)	4,243	5,321	4,425
Non-controlling interests	**97**	(3,405)	(531)	250	763
	3,078	(10,348)	3,712	5,571	5,188
Profit/(loss) attributable to owners of the Company arising from:					
Continuing operations	**2,981**	(1,596)	4,907	—	—
Discontinued operations	**—**	(5,347)	(664)	—	—
	2,981	(6,943)	4,243	5,321	4,425

OTHER FINANCIAL INFORMATION

	Year 2013	Year 2012 (Restated)	Year 2011 (Note 1)	Year 2010 (Note 1)	Year 2009 (Note 1)
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
Earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company					
Basic earnings/(loss) per share					
From continuing operations	**0.16**	(0.08)	0.26	—	—
From discontinued operations	**—**	(0.28)	(0.04)	—	—
	0.16	(0.36)	0.22	0.28	0.30
Diluted earnings/(loss) per share					
From continuing operations	**0.16**	(0.08)	0.26	—	—
From discontinued operations	**—**	(0.28)	(0.04)	—	—
	0.16	(0.36)	0.22	0.28	0.30
Earnings/(loss) per share for profit attributable to the owners of the Company					
Earnings/(loss) per share					
— Basic earnings/(loss) per share	**0.16**	(0.36)	0.22	0.28	0.30
— Diluted earnings/(loss) per share	**0.16**	(0.36)	0.22	0.28	0.30
Dividends *(RMB 'million)*	**—**	—	—	898	1,875

The consolidated total assets and total liabilities of the Company as at 31 December 2009, 2010, 2011, 2012 and 2013 are summarised as below:

	Year 2013	Year 2012 (Restated)	Year 2011 (Restated)	Year 2010	Year 2009
	(RMB 'million)	*(RMB 'million)*	*(RMB 'million)*	*(RMB 'million)*	*(RMB 'million)*
Total assets	**322,884**	326,227	332,012	288,221	231,841
Total liabilities	**267,819**	273,392	273,795	234,709	185,765
Total equity	**55,065**	52,835	58,217	53,512	46,076

Note 1 The consolidated operating results in 2009 to 2011 are not restated under IAS 19.

Note 2 Loss of Huludao Nonferrous for the years in 2009 and 2010 are not presented as discontinued operations.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

DEFINITIONS

2012 AGM	the 2012 annual general meeting of the Company held on 7 June 2013
Articles of Association	Articles of Association of Metallurgical Corporation of China Ltd.*
A Share(s)	the domestic shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB
Board	the board of Directors of the Company
China or PRC	the People's Republic of China, excluding, for purposes of this document only, Hong Kong, Macao and Taiwan
controlling shareholder	has the meaning ascribed thereto under the Hong Kong Listing Rules
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
Stock Exchange, Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
independent Director or independent non-executive Director	a director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company's affairs

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
connected person(s)	connected party/parties under A Share listing requirements and connected person(s) under Listing Rules of H Shares
MCC Group, Parent	China Metallurgical Group Corporation
Parent Group	China Metallurgical Group Corporation and its subsidiaries (except MCC)
Huludao Nonferrous	MCC Huludao Nonferrous Metals Group Co., Ltd.
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	from 1 January 2013 to 31 December 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
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of Metallurgical Corporation of China Ltd.
Corporate Governance Code	the revised Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules coming into effect from 1 April 2012

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
design	application of engineering theories and techno-economic approaches, based on the prevailing technical standards, for conducting all-round design (including requisite non-standardised equipment design) and techno-economic analysis on newly constructed, expansion and reconstruction projects in respect of their technical process, land construction, civil works and environmental works; provision of design papers and blueprints as the basis for construction work
steel structure	a structure composed of various steel materials connected with each other through welding or bolted joints, which is widely used in industry, civil construction, railways, highways, bridges, power station structural frames, power transmission tower structures, television broadcasting towers, offshore oil platforms, gas pipes, urban infrastructure, national defense construction, and other areas
smelting	a pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed in ores
dry metric ton	the mineral weight excluding moisture

* *For identification purpose only*

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