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METALLURGICAL CORPORATION OF CHINA LTD. *

中國冶金科工股份有限公司

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

(Stock Code: 1618)

2016 INTERIM RESULTS ANNOUNCEMENT

Dear Shareholders,

This year is the first year of the “Thirteenth Five-Year Plan” period. Domestic and overseas economic recovery has been weaker than expected. Encountering the over-capacity reduction in iron and steel industry and rigorous and complex economic situation, MCC has spared no effort to expand market, promote reform, strengthen management, and control risks with its established and proper strategy catering to the overall situation. Economic operation of the enterprise has experienced steady improvement and the business structure has continued to be optimized.

During the Reporting Period, the total profit of the Company amounted to RMB3.576 billion, representing a year-on-year increase of RMB72 million, whilst its operating revenue amounted to RMB95.825 billion, representing a year-on-year decrease of RMB4.867 billion. The value of newly-signed agreement amounted to RMB244.24 billion, representing a year-on-year increase of 37.79%, whilst the net profit attributable to shareholders of the listed company amounted to RMB2.416 billion, representing a year-on-year increase of 11.22%. New kinetic energy was recorded robust growth. The proportion of value of the newly signed non-metallurgical engineering contracts accounted for 89.85% of the newly signed engineering contracts, and the value of newly signed overseas engineering contracts represented a year-on-year increase of 1.5 times. We own 17,693 valid patents in aggregate, ranking the fourth among the state-owned enterprises for three consecutive years. We have 17 state-level technological innovation platforms and key laboratories, the layout level and quality of patent are further improved. The substantial development of new growth pole as well as continuous improvement on technical strength provide strong support to the sustainable development of the enterprise.

Note: Unless otherwise specified, all the amounts in this report are denominated in RMB.

With vigorous support from public investors and the society, MCC Group, which regards MCC as the core asset, was appraised as Class A Enterprise for the first time in the assessment results of the 2015 Operating Performance of the Central Government Enterprise under the SASAC of the State Council, and received an honor of “Technological Innovation Outstanding Enterprise” for the year 2013–2015. It has been a great leap forward again since the remarkable improvement from Class D to Class B in the 2013 Operating Results Assessment. MCC Group, which regards MCC as the core asset, ranked 290th in Fortune Global 500 in 2016, rising another 36 places after the rise of 28 places in the previous year. The Company achieved satisfactory completion of the expected goals of “a step forward in a year, a great improvement in three years” (一年邁一步，三年跨大步) under the development prospect of “focusing on the core business in building a better MCC” (聚焦中冶主業，建設美好中冶).

In the second half of 2016, the pressure of domestic economic downturn will still be substantial, and the contradictions in terms of structural problems and overcapacity of production will still be noticeable. However, along with the construction of new-type urbanization in our country, the strengthening efforts on municipal transportation infrastructure construction, the development in regional economic area and metropolitan area, as well as the implementation of “One Belt, One Road” strategy, MCC is facing valuable development opportunities. We will continue to carry out arrangement and layout of new strategic positioning by “being the national team for metallurgical construction, the main force for fundamental construction, the forerunner of the emerging industries, and long-term adherence to pursuing the path for the development of advanced technologies” and will promote the Company’s new advantages of transformation, upgrading and renovation development by regarding doing the best for the core business as the main line and regarding improvement on health, quality and efficiency as the key points.

In traditional metallurgical market, MCC is strengthening the high-end guidance. According to the requirements of the Action Manual for National Team of Metallurgical Construction (《冶金建設國家隊行動手冊》) which has been introduced, MCC aims to form a genuine national team of metallurgical construction with a self-established system, which ranked the first in the world. By occupying a commanding height in terms of market and technology, MCC will undertake the mission of leading the transformation and upgrading of iron and steel industry in the PRC and even in the world by its absolute leading status. In the field of infrastructure, “high-tech, new, multi-functional and large-scale” projects such as highways, coliseums, skyscrapers, municipal construction and city complex were regarded as key development. The Company comprehensively improved the influence and competitiveness on high-end property construction market, actively reported the top quality of municipal construction and transportation construction, and cultivated enterprises with three or four top qualities to realize a larger breakthrough of scale and efficiency. Emerging business such as green energy conservation and environmental protection is the business area with continuous and rapid growth and tremendous development potential vigorously supported by the government, and the business area which MCC is able to manifest technological advantages. The Company will adequately and effectively leverage leadership of various aspects including technological research and development, standard formulation, cultivation of talents, results promotion and market development in the six largest technology institutes, namely integrated utility tunnel, sponge city, beautiful village and intelligent city, theme parks, healthcare industry

and water environment to create the core competitiveness of “top level technology”, “top level product”, “the lowest cost”, “the best model” and “the excellent results”, becoming the leading enterprise of high-end technology, high-end products and high-end market in the industry.

Dear shareholders, MCC Group, which regards MCC as the core asset operation, has implemented strategic restructuring with China Minmetals Corporation, and will endeavor to create a state-owned capital investment company in the scope of metals and mine. Positioned in a new historical starting point, MCC will enter a new stage of comprehensive enhancement for development. We will continue to insist on strategic guidance, firmly seize the monitoring and control of management, highlight the strengthening of transformation and upgrading, vigorously uphold the MCC’s simple and profound spirit of “without wasting one day, without being lazy for one day”, being down-to-earth, work in earnest, courageous and diligent and continuously innovative, and reach a higher development level for the construction of the “Better MCC” by creating better operating results for returning to the shareholders and contributing to the society.

Chairman of the Board
Guo Wenqing

I. FINANCIAL HIGHLIGHTS

The Board hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2016.

(I) Overview

The Company's financial position as at 30 June 2016 and operating results for the six months ended 30 June 2016 are as follows:

- Operating revenue amounted to RMB95,825 million, representing a year-on-year decrease of RMB4,867 million or 4.83% from RMB100,692 million in the first half of 2015.
- Operating profit amounted to RMB3,242 million, representing a year-on-year increase of RMB115 million or 3.67% from RMB3,127 million in the first half of 2015.
- Net profit amounted to RMB2,827 million, representing a year-on-year increase of RMB366 million or 14.89% from RMB2,461 million in the first half of 2015.
- Net profit attributable to shareholders of the Company amounted to RMB2,416 million, representing a year-on-year increase of RMB244 million or 11.22% from RMB2,172 million in the first half of 2015.
- Basic earnings per share amounted to RMB0.11, and the basic earnings of the first half of 2015 amounted to RMB0.11.
- As at 30 June 2016, total assets amounted to RMB359,353 million, representing an increase of RMB15,590 million or 4.54% from RMB343,763 million as at 31 December 2015.
- As at 30 June 2016, total equity amounted to RMB72,289 million, representing an increase of RMB1,134 million or 1.59% from RMB71,155 million as at 31 December 2015.
- Newly signed contracts were worth RMB244,240 million, representing an increase of RMB66,990 million or 37.79% from RMB177,250 million in the first half of 2015.

Note: the percentages of the increase or decrease are calculated by data rounding up to RMB Yuan.

(II) Operating Revenue from Principal Business Segments

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

- Engineering contracting business

Operating revenue amounted to RMB81,666 million, representing a decrease of RMB3,711 million or 4.35% from RMB85,377 million in the first half of 2015.

- Property development business

Operating revenue amounted to RMB9,695 million, representing a decrease of RMB292 million or 2.92% from RMB9,987 million in the first half of 2015.

- Equipment manufacture business

Operating revenue amounted to RMB3,057 million, representing a decrease of RMB767 million or 20.04% from RMB3,824 million in the first half of 2015.

- Resource development business

Operating revenue amounted to RMB1,835 million, representing an increase of RMB552 million or 43.04% from RMB1,283 million in the first half of 2015.

- Other businesses

Operating revenue amounted to RMB1,474 million, representing an increase of RMB109 million or 7.96% from RMB1,365 million in the first half of 2015.

Note: The segment revenues above are the revenues before inter-segment elimination; the percentages of increase or decrease are calculated by data rounding up to RMB Yuan.

II. BOARD'S DISCUSSION AND ANALYSIS ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overall analysis on the operation of the Company during the Reporting Period

1. *Realizing transformation and development under the guidance of the new strategic positioning*

During the Reporting Period, according to the new strategic positioning of “being the national team for metallurgical construction, the major force for fundamental construction, the forerunner of the emerging industries, and long-term adherence to pursuing the path for the development of advanced technologies”, the Company achieved both corporate scale and benefit, and improved its own quality while enhancing its efficiency by leveraging the driving forces of technological development, strong capital strength and robust business models to make breakthroughs in the market.

The national team for metallurgical construction: In order to proactively summarize the achievements of all work completed in one year since the top-level design plan of the national team for metallurgical construction was issued and to carry forward the construction of such national team, the Company organized an Expert Panel to compile the Action Manual for National Team of Metallurgical Construction (the “Action Manual”), and established the National Team Construction Expert Committee to provide comprehensive consultation, technical guidance and assessment, thereby ensuring the continuous development of the national team for metallurgical construction. The Action Manual marks a new starting point from which the construction of the national team entered into a new period, representing the significant initial success attributable to the proactive implementation of the new strategic positioning.

In order to proactively implement the Action Manual and satisfy relevant requirements, supervise and urge the first batch subsidiaries in 8 sections and 19 business units of the metallurgical construction, and ensure the overall strength of the national team for metallurgical construction to maintain No.1 worldwide by ranking world's No.1 in their own business units, the Company will invest adequate funds and energy into R&D, foster the improvement of each subsidiary in terms of patents and technologies on an on-going basis, and enable core technologies researched and developed by the national team for metallurgical construction to grow stronger in the equipment manufacture industry, thereby making products the carriers of such technologies and moving forward to the world. Technological advantages of the national team for metallurgical construction will be given full play in the market and specific projects, and therefore, such technologies will be advanced and practiced in the market, and the market advantages of technologies and products will be presented and

carried in projects. Ultimately, the global market share of metallurgical construction will increase from 60% at present to 80%. The Company strives to firmly occupy the dominant position of technology and remain absolute leading position in the metallurgical sector.

The major force for fundamental construction: In 2016, the Company continued to keep up with the pace of national strategies such as synergetic development of the Beijing-Tianjin-Hebei Region, Yangtze River Economic Zone, and “One Belt, One Road”, tap the huge potential in urbanized construction and infrastructure construction across the countries and regions along the belt and road, and endeavor for being the main force of the national fundamental construction and the implementation of “One Belt, One Road” strategy.

In the first half of 2016, in the market of domestic fundamental construction, the Company continued to utilize the composite force of “three forces in one”, develop and construct with advanced technologies, and use its ability of combining techniques and capital to make economically-developed and energetic regions such as “One Belt, One Road”, Beijing-Tianjin-Hebei, Yangtze River Delta, and Pearl River Delta the main battlefields, where fundamental constructions such as premium property construction, highways, municipal infrastructure were vigorously developed. At the same time, the Company further strengthened the design and operation of “macro environment, heavyweight clients and mega projects”, and the communication and cooperation with local governments and large-scale enterprises. As of the end of the Reporting Period, the Company had signed 16 strategic cooperation agreements with municipal governments and large-scale enterprises including Kunming City of Yunnan, Dianzhong New Zone of Yunnan, Guangdong Province, Baoding of Hebei, Sichuan Development, Transport Department of Hebei, Anyang of Henan, Chongqing Liangjian New Area, Xiangjiang New District of Hunan Province. The subject matters of such agreements included projects such as integrated piping system, regional development, municipal infrastructure and highways. The following step is to promote strategic cooperation with Tianjin City, Haikou City of Hainan Province, Sanhe City of Hebei Province, Huanggang City of Hubei Province, Shunyi District of Beijing City, Guizhou Development and Reform Commission, and Guian New Area (the strategic cooperation agreements with Sanhe City of Hebei Province, Huizhou Development and Reform Commission, and Guian New Area were signed in July), etc.

By proactive exploitation and operation, a large number of projects were signed in the first half of 2016. These projects included three highway projects, namely Sanshi, Sanli, and Ziwang of Guizhou, the project of “Unification of Construction and Maintenance” for Rural Highway of “Thirteenth Five-year Plan” in Qiandongnan Prefecture, the project of Industrial New City in Suining Economic and Technological Development Zone, the renovation and construction project in shantytown area of Huiji District, Zhengzhou, the project of Infrastructure Construction of Apollo Future City in Long Gang District, Shenzhen, the construction project of Xiamen Garden International Hotel, and Phase II of Caofeidian Infrastructure Project.

The forerunner of the emerging industries: The Company extended techniques experience and multi-disciplinary and multi-professional integration advantages accumulated for decades to new advantages in the emerging industries. The combination of traditional and newly-developed advantages provided a new engine and momentum for enhancing quality and increasing efficiency, transformation and upgrade. The Company required subsidiary scientific research and design enterprises to creatively transform technical talents in construction and technological advantages except those in the national team construction. The Company has strived for areas in the emerging industries including urban underground integrated pipeline corridor, large theme park construction, sponge city, intelligent city, beautiful countryside, environment and alternative energy. In addition, the Company has accelerated the breakthrough of core technologies and the construction of standard technological system, proactively organized and formulated industrial standards and regulations in the emerging business sector, further improved the power of disclosure in the industry and occupied the dominant position in the market, thereby becoming the veritable forerunner of the emerging industries.

In the first half of 2016, each technology research institute proactively provided technical support, and strengthened exchanges and communications between design institutes and construction enterprises. Subsidiaries also enhanced cooperation among themselves, jointly explored the emerging market, and won the bid for multiple substantial projects:

In the construction of piping system, the Company won the bid for 13 projects including Piping Systems PPP tendered by Yinchuan, Siping, Wuzhong, Wuhan, Shenzhen, etc., and General Contracting Projects which covered 169 kilometers with an investment of RMB14.6 billion. The Company also won the bid for feasibility, consultation, and design projects which covered 135 kilometers, and the planning projects which covered 755 square kilometers (parts of the contracts still remain to be signed).

In the construction of beautiful countryside, the Company won the bid for projects including the project of constructing “Beautiful Countryside” in Shiyan village, Haiyou Street, Sanmen County, Taizhou City, Zhejiang Province, the project of beautiful countryside construction in Hongqi County, Haikou City, phase I of the design project of Hong Shi Lin Geological Park in Youyang, Chongqing, and the project of Sichuan Luohu Peninsula Retirement Community.

In the construction of intelligent city, the Company won the bid for projects including the schematic design of Chongqing Liangjiang New Area Interconnection College Smart Community project, and the design of Guizhou Dasha River National Resort Destination.

In the construction of sponge city, the Company won the bid for projects including the Reconstruction Engineering of Sponge City of Guobo Center Project, being the first sponge city project in Chongqing City, the EPC Project of Infrastructure Construction of Apollo Future City in Long Gang District, Shenzhen City (incorporating integrated subterranean piping system and sponge city), the integrated design project of Wuhan Optics Valley Center (sponge city), Mega Higher Education Center in Hongshan District, Wuhan City, and the planning of Tonghang Industrial Park Sponge City in Hannan District, Wuhan City.

In the first half of 2016, on the basis of the three initial technology research institutes, namely “Technology Research Institute of Piping System”, “Technology Research Institute of Sponge City”, and “Technology Research Institute of Beautiful Countryside and Intelligent City”, the Company established three new technology research institutes: “Technology Research Institute of Theme Park”, “Technology Research Institute of Healthcare Industry”, and “Technology Research Institute of Water Environment”. The Company will strive for the key technologies of constructing theme parks, the development of new materials, the environmental control over river basins and the management of targeted water quality, the treatment and recycle of river sediments and municipal sludge, and the R&D, promotion and application of core technologies of a series of emerging industries such as smart healthcare community.

Long-term adherence to pursuing the path for the development of advanced technologies: refers to the solid establishment of the concept that technological innovation is the initial impetus that leads enterprises for development. It contains a holistic concept of enterprise management including the culture of enterprise innovation, talent motivation mechanism, investment of technological R&D, and business development strategy.

“Long-term adherence to pursuing the path for the development of advanced technologies” is a conclusion reached by MCC on an on-going basis of the history in which the iron and steel industry in China was reconstructed and advanced by leaps and bounds. The systematic, comprehensive, and complex feature of metallurgical engineering provided MCC with technological advantages of comprehensive disciplines and business departments, and prominent innovation abilities, which were not found in other enterprises in the construction industry. Core technologies that ensured the dominant position of MCC in metallurgical industry, irreplaceable integrated advantages throughout the industry chain, and the persistent reform and innovation capabilities were also attributed to the feature mentioned above. Moreover, it helped establishing the national team for metallurgical construction and resulted in the achievements that MCC has had. The extension, separation and aggregation of these technological advantages in non-metallurgical engineering area laid the foundation for MCC to become an all-dimension, all-format, and all-industry chain large group in the construction industry, and opened a new chapter in the transformation and development of MCC.

“Long-term adherence to pursuing the path for the development of advanced technologies” meets the requirement of “Five Development Concepts”, meets the objective law of enterprise development at present, and meets the actual condition of MCC’s development. Therefore, “long-term adherence to pursuing the path for the development of advanced technologies” is the only way that leads MCC to reform and develop, enabling MCC to grow bigger and stronger.

“Long-term adherence to pursuing the path for the development of advanced technologies” means to accelerate the R&D of the emerging technologies that guides the future development of the construction industry, and always occupy the dominant position of technologies. In recent years, based on the new strategic positioning, MCC converged the most premium resources and established many technology institutes, strongly propelling the implementation of new strategies.

In the service of building the national team for metallurgical construction, the Company established the metallurgical engineering technological innovation system which took MCC Research Institute as the main platform, and the business segment of the 19 metallurgical business units as the cutting-edge platform for researches. Through persistent technological innovation, the Company shouldered the national responsibility for guiding the development of China’s metallurgy to a higher level.

In the service of building the major force for fundamental construction, the Company consummated 17 technological innovation platforms at national level including the “National Steel Structure Engineering Technology Research Center” and key laboratories at national level, made use of their functions of being technological guidance and technological guarantee in the construction of infrastructures, and made contributions to improve the overall level of the fundamental construction in China and implement the “One Belt, One Road” strategy.

In the service of becoming the forerunner of the emerging industries, the Company established 6 technology research institutes including Integrated Piping System, Sponge City, Beautiful Countryside and Intelligent City, Theme Park, Healthcare Industry, and Water Environment, which located research interests by keeping up with the pace of the nationwide construction in terms of new industrialization, informationization, urbanization, and agricultural modernization, as well as exploiting development potentials of the emerging industries by taking the market demand as an entry-point. By studying crucial and common technologies, the Company proactively led the compilation of relevant regulations and standards, and established technological systems and standard systems accordingly. The Company also mastered core technologies and developed core products to ensure that MCC occupied the dominant position in the market by providing advanced technological advantages, thereby becoming the leading enterprise in the industry.

(1) Persistently adhere to the guideline of the technological innovation strategy

The Company proactively implemented the Action Manual, and accelerated the implementation of the action outline of “Advanced manufacturing, 3D printing and Internet +”. By closely focusing on the urgent demand of the restructure and update of the steel and iron industry, and conversing premium resources, the Company made an endeavor to solve energy saving and environmental protection issues throughout all procedures in iron and steel industry system, aiming at the realization of efficient use of resources and energy. The Company also enhanced the research and application of smart iron and steel technologies, unceasingly promoting MCC to move up to a higher level.

The Company strived to make advancements in the construction of technological research institutes for emerging industries with close focus on key issues and difficulties in urban integrated piping systems, sponge city, beautiful countryside and intelligent city, water environment management, healthcare industry, theme park, etc. Relying on the platforms researched and developed by the nation, the Group, and subsidiaries at all levels, by making full use of its technological advantages including the multi-professional and multi-disciplinary centralization, and the production and research integration, the Company mastered the crucial core technologies and enhanced the transformation of achievements. Therefore, an endless power is fueled to the transformation and upgrade, as well as the quality increasing and efficiency enhancing of the Company.

(2) *Continuously enhance the technological support system*

Steady input of resources in high-intensity technology. The Company has been putting resources in high-intensity technology steadily to ensure the smooth development of the selected R&D projects of the Group and guarantee the sustainable development of technology innovation.

Further progress in innovation platform construction. By establishing the MCC Technological Research Institute, the Company has continuously improved the capabilities of R&D and the application of achievements in 17 technological innovation platforms at national level, 56 engineering centers at provincial level, and 52 engineering and technological centers. During the Reporting Period, the “National Research Center of Energy Efficiency Optimization of Steel Production” established with the support of WISDRI has passed the inspection and acceptance in the Ministry of Science and Technology of China.

New achievement in standards compilation. After the issuance of the “Standard for the Engineering and Technology of Urban Integrated Pipeline Corridor (GB50838-2015)”, Technology Research Institute of Piping System is currently compiling the “Standard for the Operational Maintenance and Safety Technology of Integrated Pipeline Corridor”, “Cast Concrete Integrated Pipeline Corridor”, and other national standards, thereby enhancing the power of disclosure of the Company in such area. Technology Research Institute of Beautiful Countryside and Intelligent City and Technology Research Institute of Sponge City compiled and issued a series of standards for enterprises including “MCC Beautiful Countryside PPP Construction Guide Book”, and “MCC Technological Standards for Sponge City Construction”, thereby improving the capabilities of standardized construction in emerging industries, and the efficiency of design and implementation.

New breakthrough in intellectual property rights. The Company further enhanced and improved the layout of intellectual property rights. During the Reporting Period, the Company built patent technology network with core competitiveness based on three areas, namely “metallurgical construction, infrastructure and emerging industries”, thereby establishing intelligent property system supporting the development of principal business. As of 30 June 2016, the Company had a total of 17,693 valid patents, 4,196 of which were invention patents.

(3) *Constant enhancing the capacity of technology innovation*

Newly set-up Technology Research Institute. During the Reporting Period, the Company built three technological research institutes which focus on different research areas, including alternative materials and core technology in engineering construction for theme parks by Theme Park Technology Research Institute, the investment and operation in smart Healthcare and of the Healthcare Project with PPP mode by Healthcare Industry Technology Research Institute, the management and comprehensive utilisation of regional water environment systems, and further disposal of industrial waste water and resources utilisation by Water Environmental Technology Research Institute. The establishment of research institutions will be technology innovation, speed up the technology research and development and the promotion of application for emerging industries, leading the transformation and upgrading of the Company.

New goals confirmed for the research and development of emerging industries. During the Reporting Period, all research institutions launched key research and development projects in the leading industries, including the research on assembled steel pipelines, smart pipelines, environment control and segment construction on integrated pipelines by piping system technology research institute, the research and application on rural tourism, smart transport, smart buildings, smart industrial parks by Technology Research Institute of Beautiful Countryside and Intelligent City, and the research on the application of rain and flood model and the analysis of characteristics of city precipitation runoff by Technology Research Institute of Sponge City. These researches on emerging industries keep up with the pace of the market demands, which have positive impact on market exploration of the Company in related fields.

New development directions confirmed on national business of metallurgical. The Company has implemented the steel metallurgical national business of the first progression ladder, state-level technology platform, and the key research and development projects in MCC engineering centre, including the research and development on steel metallurgical, non-ferrous metallurgical, mining and other new processes, techniques and equipment in traditional domains, promoting the development of green steel and smart steel to achieve energy conservation and emission reduction in steel product lines and the successful application of related techniques in Zhanjiang steel project of Baosteel and Ha Tinh steel project of Formosa in Vietnam.

Capitalizing technological advantages in synergistic effect of professional talents from various professional fields and different academic backgrounds. In the whole industry chain for planning, designing, constructing, operating and services, the Company has professional processes such as iron making, steel making and steel rolling, as well as public professional sectors such as civil engineering, drainage, oxygen, gas, heat, ventilation, master plan, automation and informatisation with multi-subjects integrated powerful advantages and decades of experience in project construction and advanced technology, consolidating the leading position in traditional domains, expanding rapidly to new industries and constant boosting.

2. *A continued enhancement to strong capabilities in scientific and technological innovations provides a strong and powerful support for the enterprise's sustainability development*

In the first half of 2016, the Company has self-developed and innovated a series of energy conservation and environmental protection achievement such as intelligent environmental protection raw material site, activated carbon synergistic treatment of multiple pollutants, environmental protection coke-oven in new model, etc., which applied successfully to the construction of Zhanjiang project of Baosteel. Regarding to actual production, the site has saved more than 20% of site area; the sintering flue gas desulfurization rate reached 95%; the denitrification rate reached over 50%; and flue gas pollutants from coke-oven offtake reached a low emission level of $\text{SO}_2 < 20 \text{ mg/m}^3$ and $\text{NO}_x < 100 \text{ mg/m}^3$, which was surpassing the national standards and being at an international advanced level.

During the Reporting Period, there were in total three of Company's projects which passed the first assessment of second-class National Award for Progress in Science and Technology, and they were "Key technology and application for ultra-large blast furnace with high efficiency and low consumption", "New technology and industrial application of continuous lead smelting by bottom-blowing smelting, smelting reduction and volatilization of oxygen-enriched" and "Development and application of key technology and equipment for producing high-grade ferronickel by laterite nickel ores". Regarding to the Industry Science and Technology Award, the Company has passed a professional assessment for Metallurgical Science and Technology Award by China Iron and Steel Association and The Chinese Society for Metals in 2016, of which there were two projects passed for each of first-class award, second-class award and third-class award, respectively; the Company has obtained a total of 12 awards of Science and Technology Award of China Nonferrous Metals Industry, among which, there were six first-class awards, four second-class awards and two third-class awards. By obtaining these awards, it further consolidates the power of technology and utterance of the Company in the metallurgical industry. There were in total 31 scientific projects being key promoted by focusing on "China Metallurgical Construction National Team" for those which were contemplated to promote in 2016.

For the emerging industry, the Technical Research Institute of China Metallurgical Pipelines is editing a Standard of Operation Maintenance and Security Technology for Integrated Pipelines with seven countries' standards. It will provide technical protection for specifying integrated pipelines construction in domestic cities. MCC's Research Institute of Beautiful Villages and Intelligent Cities has conducted several studies on projects such as "Development Model on Beautiful Villages Construction", and obtained achievements such as "1+3 Model for Villages Resources Evaluation System", which successfully applied to beautiful villages construction in Youyang, Chongqing and Yanjin, Yunnan and other places.

The Company has organized and established technical research institutes of theme parks, water and environment, and healthcare industry. It will strive for a series of research and development, promotion and application of core technology in emerging industry, such as key technology of theme park engineering construction, new materials development, total volume control of drainage area and target management of water quality, treatment and resource utilization of sediment of river basin and municipal sludge, intelligent healthy community, etc..

On 16 June, the Disneyland that the Company had participated in the construction was officially opened to the public. Through implementing BIM technology to the whole industry chain including project tendering, design, construction and operation maintenance, the Company realized the informatization of life cycle and digitalization of technological management with significant application effect, shortening the construction period to 60 days and reducing more than 10% of material cost of pipeline, trestle and other materials.

3. *Seizing the Opportunities amidst the boom in the investment and establishment of PPP projects to raise the proportion of PPP construction project amounts and revenue*

The PPP model is a strategic approach of the central government to national governance, which may strengthen the driving force for the endogenous economic growth and manifest the philosophy of national governance with a modern touch. According to the 2016 second quarterly report for PPP projects issued by the Ministry of Finance, a total of 9,285 projects with an aggregate investment amount of approximately RMB10.6 trillion were added to the database as of the end of June 2016. In particular, 619 projects for which the PPP contracts were executed entered into the implementation stage, and the total investment amount involved was approximately RMB1 trillion. Most of such projects were in the identification, preparation and procurement stage, and the public investors were yet to be determined. Given the above, the market is massive.

As the PPP model has become the dominant business model in infrastructure and emerging industries, MCC closely follows the direction of the national policies, and has been integrating the industry with finance in an effective manner ever since 2015, which has prompted the rapid development of its PPP business. The PPP model has not only brought about a large amount of newly signed contracts, but also offered a practical business model for establishing a foothold in the field of emerging businesses such as urban underground integrated pipelines tunnels.

MCC is an engineering technology group which takes part in PPP projects as a public investor for the principal purpose of undertaking construction general contracting tasks. In view of such, the Company usually exercises control over the ratio between the investment and financing amount for the PPP projects, does not offer guarantees in any form for the projects and requires the investment and financing amounts for the PPP projects to be recovered from the construction revenue upon the completion of the construction thereof.

Meanwhile, the Company has formulated strong risk avoidance measures for payment recovery to take a prudent approach to the evaluation, approval and participation of projects in order to ensure that the payment can be recovered. Firstly, the Company will allocate all its resources to cost-effective and approved PPP projects with a final implementation plan added to the database of the Ministry of Finance for which the evaluation report on the financial feasibility of the government has been conducted. Secondly, the Company will proactively undertake government procurement projects that are not added to the PPP Project Subcategory in the PPP project database of the Ministry of Finance, provided, however, that the repayment for such projects is included in the resolutions on the budget and the medium-and-long-term plan by the local CPPCC. Thirdly, the Company will take a prudent approach to the approval of and participation in projects that are not added to the PPP project database and do not fall within the scope of government procurement whilst being categorized as PPP projects by the local government. Lastly, the Company will exercise caution in evaluating, reviewing and taking part in the projects located in underdeveloped regions.

As of the end of the Reporting Period, the Company had won the bid for 47 PPP projects in relation to the investment in areas including roads, redevelopment of shantytowns, utility tunnels and the construction of urban infrastructure with a total investment of over RMB120 billion, of which the aggregate investment of the Company accounted for approximately RMB9 billion. The total leveraged construction general contracting amount for such projects exceeded RMB80 billion and it is expected that impressive revenue can be realized therefor. Due to the long implementation period of PPP projects, there shall be a certain interval from the winning of the bid to the execution of PPP contracts to the commencement of the construction. In this regard, there shall be a certain delay in the conversion from PPP projects awarded to the Company to newly signed contract amounts, income and profit.

4. *Develop the overseas market positively and contribute to “One Belt and One Road” construction*

(1) Reinforce the overseas market layout and increase the bids in overseas project.

During the Reporting Period, the Company continued to optimize and adjust the market structure based on the 2015 strategic emphases of layout in 25 countries and regions over the world to include the new hot-spot and potential areas such as the target countries in which our government encourages to build industrial parks; To include the target countries which can meet the financing policy of AIIB, policy-based financial institutions, credit insurance corporation, the five major funds (China-Africa Fund, China-Latin Fund, ASEAN Fund, China-Eastern Europe Fund and

China-Africa Capacity Cooperation Fund); To include the relevant countries which meet the Ten Plans of China-Africa Cooperation or are under the Government Framework Agreement.

As of 30 June 2016, the contract amount of overseas projects that the Company won amounted to USD6.051 billion, representing a year-on-year increase of 201% in which the overseas projects with the amount of USD2.69 billion have been signed. The number of the contracted winning project was more than doubled, mainly from Kuwait, Saudi Arabia, Sri Lanka, Maldives, Malaysia, Algeria and so on.

As at the end of the Reporting Period, the Company had 492 overseas projects, with uncompleted contracts amounting to USD8.99 billion. The projects in process has accomplished the turnover of RMB4.885 billion from January to June in 2016, representing a year-on-year increase of 31.56%.

(2) *Many highlights in overseas business.*

Winning the bidding of a large-scale US project for the first time. MCC Overseas Ltd., a subsidiary of the Company, signed the agreement on the construction of retirement properties with American PDC Capital Group with the contract amount of USD0.55 billion. According to the agreement, MCC Overseas Ltd. will participate in the design, procurement and construction management of this project by using the patterns of procurement and processing in China and assembly in America. Through complementing each other with advantages, this project will bring about better economic profits and social benefits.

Signing an overseas metro contract for the first time. MCC Singapore Ltd., a subsidiary of the Company, won the bid for the construction of South Bedok Station and tunnels of Thomas-East Coast Line of Mass Rapid Transit (Singapore) with contracted amount of USD140 million, by utilising advantages as a technology-oriented enterprise and advanced technology. This project has helped the Company to develop a new field in public infrastructure, which has not only enhanced the market impact in the field of domestic building and construction industry, but further supported the new positioning of the Company by “building up a national team of metallurgical construction and being the main force for fundamental construction and the leader of new emerging industries, and insisting on high technology construction in the long run”, significantly increasing the brand effect of the Company.

Acquiring another overseas large-scale consolidated-system steel project. After accomplished two steel projects on ten million- tonne-level – Zhanjiang Steel Project of Baosteel and Ha Tinh Steel Project of Formosa in Vietnam, the Company acquired another large-scale consolidated-system steel project overseas—entered into series of contracts with Malaysia-China Kuantu Industrial Park on 3.5 million tonnes steel projects for whole manufacturing processes, including designs, purchasing, constructions procurement, installments, management of equipment materials, project management etc., with more than USD0.8 billion contracted amount. Malaysia-China Kuantu Industrial Park located in the Special Economic Zone, Kuantu, an east costal city, has been listed to be one of the national demonstration bases for “One Belt, One Road” significant projects and cross-border international capacity cooperation. Acquiring such 3.5 million tonnes steel project was a practical action demonstrating the resolution of the Company to “occupy the top position in steel technologies and markets, maintain the world’s No. 1 in metallurgical industry.”

5. *Adhering to the operating strategy of stable and healthy development and enforce the risk management and control*

The Company profoundly summarized the experience from the risk-taking financial structure led by the decreasing capability in asset operation on yearly basis, which was attributable to the substantial pay in projects such as BT and BOT projects and certain high-risk investment projects of overseas mining business during 2006 and 2010. By adhering to the operating strategies for stable development and strictly controlling operational risks, the Company was able to continue to improve and increase the quality of and gains on its assets.

Strict approval procedure on investment projects that aimed to prevent risks from possible sources. In recent years, batches of PPP projects had been established under an emerging financing and construction model in the local market and had become extremely popular among operators in the construction market with the proactive efforts paid by governments at all levels. Though PPP, as a pilot model, evolved in diversified and varying forms, the Company was determined in setting its goal clear and putting risk management in the first place rather than merely competing with peers in terms of the number of projects. All PPP projects of MCC shall be reported to the headquarter of the Group for the strict pre-approval procedure on feasibility study and shall be subject to the approval granted at the executive office’s

meeting before participating in the bidding process in order to practice our core principle and prevent all risks from various sources.

Strengthened settlement in selected areas. With the backdrop of the over-production of steel and iron in China, certain steel and iron manufacturers may be facing the risks of bankruptcy and reorganization under the cold weather together with the implementation of the policy of “elimination of over-capacity” by the country on the steel and iron industry, which had brought along relatively higher risks on the settlement of account receivables and inventories. As such, the Company clarified the selected areas of steel and iron businesses for settlement and established an hierarchical accountability mechanism for losses with strengthened efforts in settlement by various means.

Adhering to the stable strategies for financial development. Firstly, by establishing the accountability mechanism for settlement of receivables and facilitating the progress and efforts in the settlement of inventory, the Company was managed to relate the management of receivables and inventory volume with the performance of its subsidiaries at all levels and its management and take all necessary steps to mitigate the misappropriation of funds and enhance the quality of assets and the capability of asset operation. Secondly, the Company set stringent standards for project selection, which included declining to participate in any bidding process for projects with unsecured funds and unsatisfactory economies of scale, conducting project assessment and preventing operational risks from possible sources. Thirdly, the Company reinforced internal control, optimized incentive and binding systems, well prepared for the pre-organization, concurrent control and post-assessment and examination for various businesses so as to increase the profitability of business and the overall profitability of the Company and the solid and stable development of the Company on an ongoing basis.

(II) Analysis on Major Operating Business

1. Analysis on the changes in the relevant items in financial statements

Unit: RMB'000

Item	Amount for the current period	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	95,824,655	100,691,551	-4.83
Operating costs	83,366,785	87,593,659	-4.83
Sales expenses	734,570	606,020	21.21
Administrative expenses	4,361,156	4,067,552	7.22
Financial expenses	1,287,940	1,767,396	-27.13
Net cash flows generated from operating activities	-2,849,369	-4,053,589	N/A
Net cash flows generated from investing activities	-1,194,759	-2,151,899	N/A
Net cash flows generated from financing activities	5,964,191	2,101,512	183.80
Research & development expenses	1,590,464	1,448,960	9.77

2. Analysis on revenue and costs

(1) Analysis on the factors causing the changes in business revenue

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

1) Trend of macroscopic economy, both internationally and domestically

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

- 2) Changes in the policies of the industry in which the Company is involved and in the demands of its domestic and overseas markets

The Company's engineering contracting, property development, equipment manufacture and resource development businesses are all influenced by the policies of the industry in which the Company is involved. In recent years, the adjustments to the business fields and the regional market strategies of the Company have been guided, to a certain extent, by the restructuring and upgrade of the steel and iron industry pushed forward by the government, the implementation of "Made in China 2025" (《中國製造2025》), a national strengthening strategy focusing on manufacturing industries, the implementation of series of supporting policies focusing on resource development and implementation of "destocking", a supporting policy focusing on the property industry, periodic fluctuations of the industries and changes in the operating situation of upstream and downstream enterprises of the industries, and thereby influencing the Company's internal structure with a further influence on the Company's financial position.

Both Items 1) and 2) above were the major risk factors that impacted the Company's performance in the first half year of 2016.

- 3) Changes in the State's taxation policy and exchange rates

- ① Impact of changes in the taxation policy

The Company's financial position and operating results are influenced by changes in the State's taxation policy through the impact of tax burdens of the Company and its subsidiaries.

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

② Impact of the fluctuation in exchange rates and monetary policies

Part of the Company's assets are distributed overseas and part of the business revenue is from overseas markets. Changes in exchange rates may expose the Company's overseas business revenue and currency settlement to exchange rate risks.

In addition, adjustment in bank reserve requirement ratio and changes in deposit interest rates and lending rates will affect the Company's financing costs and interest income.

4) Overseas taxation policies and their changes

The Company operates in many countries and regions overseas and is subject to various taxes. There may be changes in the tax burden from overseas operations of the Company due to the facts that taxation policies and the tax environment are different in different regions and that the regulations are complex concerning various tax items including corporate income tax, foreign contractor tax, personal income tax, poll tax and interest tax, as well as the adjustment to such tax policies, and therefore, the overseas business may be exposed to relevant risks. 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 materials prices

The Company's engineering contracting, resource development and property development businesses require raw materials including steel, wood, cement, explosive initiators, waterproof materials, geometrical and additive agents while the Company's equipment manufacture business require steel and electronic parts. Changes in the prices of the afore-mentioned raw materials due to factors such as supply, market conditions and costs of materials will impact the Company's costs of the corresponding raw materials and consumables.

6) Construction subcontracting expenses

The Company may, according to the different situations of engineering contracting projects, subcontract non-crucial construction parts to subcontractors. On the one hand, subcontracting boosted the Company's capacity to undertake large-scale projects and to fulfill contracts flexibly. On the other hand, the management of subcontractors and the control of subcontracting costs may also affect profit on projects.

The construction subcontracting actually not only enhances the Company's ability to fulfill the contract, but also distracts the contract risk.

7) Operation of subsidiaries and key projects

During the Reporting Period, the Company's polysilicon business ceased to generate loss, but the Ramu Nico Laterite Mine Project in Papua New Guinea remained loss-making. The final result of the third party's auditing of the Western Australia SINO Iron Ore EPC General Contract Project, the recovery of payment for contract work from the government and the recovery of payment from projects of some steel and iron enterprises will significantly affect the future financial performance of the Company.

8) Enhancement in the quality of operational management

The quality of operational management will significantly affect the results of the Company. The Company will continue to "Focus On Major Businesses of MCC" ("聚焦中冶主業"), strive to further improve the corporate governance and operation of internal control in order to strengthen the operation management and risk control, raise management quality and effectiveness, and perfect the assessment and incentive systems of the Company. Through the operation of "Big Environment, Big Platform, Big Market, Big Projects and Big Customers" ("大環境、大平台、大市場、大項目、大客戶"), the Company's energy and creativity will be stimulated through reform and innovation, as well as scientific decision-making. Whether these management goals can be effectively implemented will also influence, to quite large extent, the improvement in the operating results of the Company.

9) Uneven distribution of revenue

The Company's operating revenue mainly comes from the engineering contracting business. Since the income of such business is affected by factors such as government's project approval, public holidays and the "frozen period" in the north, the 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.

(2) *Information of major suppliers and customers*

During the Reporting Period, the total purchase amount to the top five suppliers of the Company is RMB1,883,254,000, accounting for 2.26% of the total operating costs. The top five suppliers are mainly engineering and labor subcontracting companies, which have no connection with Company.

Unit: RMB'000

Suppliers	Purchase amount in the current period	As a percentage of the total operating costs of the Company (%)
Party 1	493,252	0.59
Party 2	485,729	0.58
Party 3	327,634	0.39
Party 4	306,453	0.37
Party 5	270,186	0.33
Total	<u>1,883,254</u>	<u>2.26</u>

During the Reporting Period, the operating revenue from the top five customers of the Company is RMB4,511,843,000, accounting for 4.71% of the total operating revenue of the Company. The top five customers have no connection with the Company.

Unit: RMB'000

Customers	Operating revenue	As a percentage of total operating revenue of the Company (%)
Party 1	1,256,196	1.31
Party 2	959,098	1.00
Party 3	858,538	0.90
Party 4	795,579	0.83
Party 5	642,432	0.67
Total	<u>4,511,843</u>	<u>4.71</u>

3. *Others*

(1) *Detailed description on significant changes in the components of profit or sources of profit of the Company*

During the Reporting Period, there is no significant change in the components of profit or sources of profit of the Company.

(2) *Analysis on implementation progress of all kinds of financing and major assets reorganization matters in the previous period*

Upon the consideration of the Board of the Company as well as the consideration and approval at the general meeting, A share class meeting and H share class meeting of the Company, the Company intended to conduct equity refinancing through non-public issuance of A Shares to not more than 10 specific investors. Currently, the matters of the non-public issuance have been approved by the SASAC and have been approved by the CSRC.

(3) *Progress of operation plan*

The Company has expected to record revenue of RMB230 billion in 2016, while the realized revenue in the first half year is only RMB95.825 billion. The first reason is that the “operation-to-value-added tax programme” of the construction industry has reduced the operating revenue scale to some extent; the second reason is that, affected by “frozen period” in the north and the settlement conventions, the revenue recorded in the second half year is normally higher than that of the first half year. The Company will endeavor to accomplish the revenue year plan.

(III) Analysis on Operation by Industry, Product or Region

1. Principal operations by industry and product

Unit: RMB'000

Segment	Situation of major business by segment					
	Operating revenue	Operating costs	Gross Margin (%)	Increase or decrease in the operating revenue as compared to the same period of last year (%)	Increase or decrease in the operating costs as compared to the same period of last year (%)	Increase or decrease in the gross margin as compared to the same period of last year
Engineering contracting	81,666,232	73,003,048	10.61	-4.35	-2.59	Decreased by 1.61 percentage points
Property development	9,695,383	6,406,128	33.93	-2.92	-17.62	Increased by 11.80 percentage points
Equipment manufacture	3,057,360	2,656,695	13.10	-20.04	-19.22	Decreased by 0.89 percentage point
Resource development	1,834,972	1,850,178	-0.83	43.04	32.15	Increased by 8.31 percentage points
	=====	=====	=====	=====	=====	=====

Note: The segment revenue and costs are figures before inter-segment eliminations.

(1) Engineering contracting business

Engineering contracting business is the traditional core business of the Company and is the major source of income and profits of the Company at present. The gross profit margin of the engineering contracting business in the first half year of 2016 and 2015 were 10.61% and 12.22%, respectively, representing a year-on-year decrease of 1.61 percentage points. The year-on-year decrease in the gross profit margin of engineering business was mainly due to the “operation-to-value-added tax programme” launched on 1 May 2016 in the construction industry, which resulted in the exclusion of business taxes and levies in contract revenue and contract gross profit.

The proportion of the operating revenue accounting for the total amount of engineering contracting in each sub-segment of the Company for the recent three years are as follows:

Unit: RMB'000

Items of receipt	In the first half of 2016		In the first half of 2015		In the first half of 2014	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	24,342,464	29.81	35,647,752	41.75	33,621,035	41.64
Housing construction engineering	37,217,254	45.57	34,014,816	39.84	28,551,749	35.36
Transportation infrastructure	9,705,044	11.88	7,399,136	8.67	8,734,066	10.82
Other engineering	10,401,470	12.74	8,315,748	9.74	9,840,559	12.18

(2) Property development business

The total gross profit margin of the property development business of the Company in the first half year of 2016 and 2015 were 33.93% and 22.13%, respectively, representing a year-on-year increase of 11.80 percentage points. The gross profit margin in the property industry increased greatly as compared with the same period last year, which was mainly attributed to the good revenue from some property development projects.

(3) Equipment manufacture business

The Company's equipment manufacture business mainly included metallurgical equipment, steel structures and other metal products. The gross profit margin of the Company's equipment manufacture business in the first half year of 2016 and 2015 were 13.10% and 13.99%, respectively, representing a decrease of 0.89 percentage point as compared with the same period last year, which was mainly due to the reason that the gross profit margin of certain manufacture projects decreased greatly as affected by industry situations.

(4) Resource development business

The Company's resource development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司) were mainly engaged in the mining business while Luoyang China Silicon Hi-tech Corporation (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. In the first half year of 2016 and 2015, the gross profit margin of the Company's resource development business were -0.83% and -9.14%, respectively, representing an increase of 8.31 percentage points as compared with the same period last year, which was mainly due to the significant increase in the revenue from the sale and gross profit margin of polysilicon.

2. *Principal operations by region*

Unit: RMB'000

Region	Operating revenue	Increase or decrease in the operating revenue as compared to the same period of last year (%)
China	89,870,420	-6.25
Other countries/regions	<u>5,954,235</u>	<u>23.24</u>

Note: The segment revenue and costs are figures before inter-segment eliminations.

In the first half year of 2016 and 2015, the Company realised overseas operating revenue of RMB5,954,235,000 and RMB4,831,409,000 respectively. The revenue mainly came from the steel factory project in Ha Tinh, Vietnam, the engineering and contracting business including the Kuwait University Town project, the Singapore property development business, the Ramu Nico Laterite Mine Project in Papua New Guinea, and the resource development business in Saindak Copper-Gold Mine in Pakistan.

(IV) Analysis on Costs and Cash Flow

1. Table of analysis on costs

Unit: RMB'000

Segment	Situation by segment				Percentage change in the amount in the current period as compared to that in the same period in the previous year (%)	Remarks
	Amount in the current period	Proportion of the amount in the current period with respect to the total costs (%)	Amount in the same period in the previous year	Proportion of the amount in the previous year with respect to the total costs (%)		
Engineering contracting	73,003,048	85.68	74,946,935	85.56	-2.59	—
Property development	6,406,128	7.52	7,776,339	8.88	-17.62	—
Equipment manufacture	2,656,695	3.12	3,288,824	3.75	-19.22	—
Resource development	1,850,178	2.17	1,400,015	1.60	32.15	—

Note: the statistics of segment costs are before inter-segment eliminations.

Unit: RMB'000

Item of cost	In the first half of 2016		In the first half of 2015		In the first half of 2014	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	39,126,201	53.60	41,060,552	54.79	36,117,069	50.70
Materials expenses	18,597,938	25.48	22,563,411	30.11	24,356,337	34.19
Labour costs	3,995,027	5.47	4,110,421	5.48	4,425,552	6.21
Machinery usage fees	1,168,867	1.60	1,405,823	1.88	1,265,323	1.78
Others	10,115,015	13.85	5,806,728	7.74	5,072,223	7.12
Total engineering costs	73,003,048	100.00	74,946,935	100.00	71,236,504	100.00

2. *Expenses*

(1) *Sales expenses*

The Company's sales expenses mainly include employee compensation costs, travelling expenses, transportation expenses, advertising and sale services expenses. In the first half year of 2016 and 2015, the Company's sales expenses were RMB734,570,000 and RMB606,020,000 respectively, representing a year-on-year increase of 21.21%. The proportion of sales expenses to operating revenue in the same period were 0.77% and 0.60% respectively, representing a 0.17 percentage-point increase.

(2) *Administrative expenses*

The Company's administrative expenses mainly include employee compensation costs, research and development expenses, depreciation expenses and office expenses. In the first half year of 2016 and 2015, the Company's administrative expenses were RMB4,361,156,000 and RMB4,067,552,000 respectively, representing a year-on-year increase of 7.22%. The proportions of administrative expenses to operating revenue in the same period were 4.55% and 4.04% respectively, representing a 0.51 percentage-point increase.

(3) *Financial expenses*

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In the first half year of 2016 and 2015, the Company's financial expenses were RMB1,287,940,000 and RMB1,767,396,000 respectively, representing a year-on-year decrease of 27.13%. The proportion of financial expenses to operating revenue in the same period were 1.34% and 1.76% respectively, representing a 0.42 percentage-point decrease.

3. *Research and development expenditure*

The research and development expenditure of the Company are as follows:

Unit: RMB'000

Research and development expenditure for the current period	1,590,464
Capitalized research and development expenditure for the current period	0
Total research and development expenditure	1,590,464
Percentage of total research and development expenditure over operating income (%)	1.66
Percentage of capitalized research and development expenditure (%)	0

4. *Cash flows*

The cash flows of the Company are as follows:

Unit: RMB'000

Items	For the first half year of 2016	For the first half year of 2015
Net cash flows generated from operating activities	-2,849,369	-4,053,589
Net cash flows generated from investing activities	-1,194,759	-2,151,899
Net cash flows generated from financing activities	5,964,191	2,101,512

(1) Operating activities

For the first half year of 2016 and 2015, the Company's net cash flows generated from operating activities amounted to RMB-2,849,369,000 and RMB-4,053,589,000 respectively. For the first half year of 2016 and 2015, the cash inflow generated from operating activities mainly came from the cash receipts from goods sold and services provided, accounting for 98.11% and 98.71% respectively with respect to the cash inflow generated from operating activities.

The Company's cash outflow generated from operating activities mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees payments of various types of taxes. For the first half year of 2016 and 2015, the respective proportions of such cash outflow with respect to the cash outflow generated from operating activities accounted for 80.86%, 7.64%, 6.57% and 81.65%, 7.07%, 6.21% respectively.

(2) *Investing activities*

The Company's cash inflow generated from investing activities mainly consisted of cash received from recovered investments, investment profits obtained and disposal of assets. For the first half year of 2016 and 2015, the respective proportions of such cash inflow with respect to the cash inflow generated from operating activities accounted for 81.27%, 5.52%, 6.71% and 6.28%, 57.89%, 17.50% respectively. Cash outflow mainly included cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets and cash paid for investments. For the first half year of 2016 and 2015, such cash outflow accounted for 45.05%, 32.87% and 56.09%, 21.31%, respectively with respect to the cash outflow generated from investment activities.

For the first half year of 2016 and 2015, the Company's net cash flows generated from investing activities amounted to RMB-1,194,759,000 and RMB-2,151,899,000 respectively. The Company's investing activities mainly involved the engineering contracting and property development business.

(3) *Financing activities*

The Company's cash inflow generated from financing activities mainly consisted of cash received from obtaining loans, which accounted for 97.54% and 86.48% respectively with respect to the cash inflow generated from financing activities for the first half year of 2016 and 2015. The Company's cash outflow generated from financing activities mainly consisted of cash paid for debt repayment and cash paid for the distribution of dividend, profits or interest repayments, accounting for 90.67%, 9.15% and 93.33%, 6.56% respectively of the cash outflow generated from financing activities for the first half year of 2016 and 2015.

For the first half of 2016 and 2015, the net cash flows generated from financing activities of the Company were RMB5,964,191,000 and RMB2,101,512,000 respectively.

(V) Analysis on Assets and Liabilities

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period with respect to the total assets/total liabilities (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period with respect to the total assets/total liabilities (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)
Current assets:	290,061,398	80.72	275,558,793	80.16	5.26
Bank and cash balances	34,517,437	9.61	33,730,706	9.81	2.33
Accounts receivable	65,829,640	18.32	63,663,109	18.52	3.40
Other receivables	32,285,527	8.98	29,056,798	8.45	11.11
Inventories	124,260,933	34.58	115,305,237	33.54	7.77
Non-current assets:	69,291,559	19.28	68,204,026	19.84	1.59
Long-term receivables	7,873,169	2.19	7,882,521	2.29	-0.12
Fixed assets	30,318,647	8.44	30,154,218	8.77	0.55
Intangible assets	14,558,607	4.05	14,527,346	4.23	0.22
Total assets	359,352,957	100.00	343,762,819	100.00	4.54
Current liabilities:	246,646,689	85.92	235,474,624	86.38	4.74
Short-term borrowings	49,046,355	17.09	36,798,152	13.50	33.28
Accounts payable	97,877,462	34.10	93,413,988	34.27	4.78
Receipts in advance	32,415,985	11.29	30,139,959	11.06	7.55
Other payables	20,093,553	7.00	16,294,450	5.98	23.32
Non-current liabilities:	40,417,276	14.08	37,133,171	13.62	8.84
Long-term borrowings	23,687,767	8.25	19,259,931	7.07	22.99
Bonds payable	9,994,726	3.48	10,972,486	4.03	-8.91
Total liabilities	287,063,965	100.00	272,607,795	100.00	5.30

1. Analysis on structures of assets and liabilities

(1) Analysis on the structure of assets

As at 30 June 2016 and 31 December 2015, the total assets of the Company were RMB359,352,957,000 and RMB343,762,819,000 respectively.

As a consolidated group with engineering contracting and property development as its main business, current assets are the main components of the Company's assets. As at 30 June 2016 and 31 December 2015, the proportions of the Company's current assets with respect to the total assets were 80.72% and 80.16% respectively. Current assets mainly included cash and bank balances, bills receivable, accounts receivable, prepayments, other receivables, inventories, etc. Non-current assets mainly included long-term receivables, fixed assets, construction in progress and intangible assets, etc.

Cash and bank balances

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

As at 30 June 2016 and 31 December 2015, the balances of cash and bank balances of the Company were RMB34,517,437,000 and RMB33,730,706,000 respectively, accounting for 11.90% and 12.24% of the current assets respectively.

As at 30 June 2016 and 31 December 2015, the restricted cash and bank balances of the Company were RMB3,789,648,000 and RMB4,994,328,000 respectively, which accounted for 10.98% and 14.81% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included the cash deposits of acceptance bill, statutory reserve, guarantee deposits and frozen deposits, etc, representing a decrease of as 24.12% compared to the end of last year, mainly due to the decrease in the cash deposits of acceptance bill.

Accounts receivable

The accounts receivable of the Company mainly included engineering receivables, product sales receivables as well as designing, consultancy and technical services receivables, etc.

As at 30 June 2016 and 31 December 2015, the Company's net accounts receivable were RMB65,829,640,000 and RMB63,663,109,000 respectively, accounting for 22.70% and 23.10% of the current assets respectively. Net accounts receivable increased by 3.40%. The increase in the accounts receivable was mainly attributed to the changes in the business mode and extension of payment cycle from property owners. On one hand, in keeping the leading position in the market of metallurgical engineering, the Company, based on the changes of the market environment, actively carried out business transformation and worked hard to develop non-metallurgical engineering projects as well as projects in connection with people's livelihood, urban comprehensive development and municipal infrastructure. Generally, the clients of such kind of projects are local governmental departments and large and medium scale enterprises, and therefore, the settlement cycle of such projects are relatively long; on the other hand, as significantly affected by adjustment of iron and steel industry and economic downward pressure, the overcapacity of iron and steel enterprises and relative shortage of funds prolonged the recovery cycle of relevant receivables. The Company always has great emphasis on the safety and completeness of receivables, and timely collect each of the receivables based on terms and schedules as agreed in the contracts. Provision for bad debts has been made to receivables with potential risks in collectability pursuant to the accounting policies of the Company, but the efforts put to collect the receivables will not be affected. The Company will continue to gradually reduce the amount and proportion of accounts receivable by selecting quality customers, adjusting business mode, and linking the recovery of due receivables with performance appraisal.

As of 30 June 2016, calculated based on the original carrying amount, the ageings of 77.16% of the Company's accounts receivable were within two years (inclusive), the ageings of 58.70% of the accounts receivable were within one year (inclusive). The aged structure of the accounts receivable was related to the business characteristics, operation mode and settlement cycle of the Company, etc.

In order to avoid the possible risks of bad debts, the Company enhanced the overall management of accounts receivable, took into full accounts of the nature and recoverability of accounts receivable as well as made relevant bad debt provisions to fairly reflect the quality of the Company's assets. As at 30 June 2016 and 31 December 2015, the balances of the Company's provisions for bad debts of accounts receivable were RMB10,580,036,000 and RMB9,451,939,000 respectively, accounting for 13.85% and 12.93% of the original amount of the accounts receivable.

Other receivables

The Company's other receivables mainly included performance deposit, bidding deposit and other kinds of deposits.

As at 30 June 2016 and 31 December 2015, the Company's net amount of other receivables were RMB32,285,527,000 and RMB29,056,798,000 respectively, accounting for 11.13% and 10.54% of the current assets respectively. Net amount of other receivables increased by 11.11%, mainly due to the increase in deposits paid to third parties.

As of 30 June 2016, calculated based on the original carrying amount, the ageings of approximately 83.41% of the Company's other receivables were within two years (inclusive), the ageings of approximately 65.29% of the other receivables were within one year (inclusive). The Company also made relevant bad debt provisions for the other receivables with bad debt risks. As at 30 June 2016 and 31 December 2015, the balance of the provisions for bad debts of other receivables were RMB2,585,562,000 and RMB2,449,911,000 respectively, accounting for 7.41% and 7.78% of the original amount of other receivables respectively.

Inventories

The inventories of the Company mainly comprised the engineering construction completed but yet to settle, the costs of property development, products of property development, raw materials, goods in process and merchandise inventory. The inventory structure of the Company presented the characteristics of engineering and construction, property development, equipment manufacturing and resource development and other business, which the Company operates.

As at 30 June 2016 and 31 December 2015, the net amount of the Company's inventories were RMB124,260,933,000 and RMB115,305,237,000 respectively, accounting for 42.84% and 41.84% respectively with respect to the current assets. The net amount of inventories increased by 7.77%. As of 30 June 2016, the original amount of inventories of the engineering construction completed but yet to settle of the Company accounted for 48.85% of the total original amount of the inventories and the original amount of inventories of the costs and products of property development accounted for 44.63% of the total original amount of the inventories. The Company also withdrew relevant falling price provisions for the inventories. As of 30 June 2016 and 31 December 2015, the falling price provisions for the inventories of the Company amounted to RMB1,822,039,000 and RMB1,885,745,000 respectively, which accounted for 1.45% and 1.61% respectively of the original amount of the inventories at the end of the period.

Long-term receivables

The Company's long-term receivables mainly included such receivables with an agreed term of more than one year pursuant to the contracts.

As at 30 June 2016 and 31 December 2015, the Company's net long-term receivables were RMB7,873,169,000 and RMB7,882,521,000 respectively, accounting for 11.36% and 11.56% of the non-current assets respectively. The net long-term receivables decreased by 0.12% mainly due to the Company's strengthened efforts to recover such receivables and the adoption of various measures to recover engineering receivables in affordable housing and infrastructure projects.

Fixed assets

As at 30 June 2016 and 31 December 2015, the Company's net fixed assets were RMB30,318,647,000 and RMB30,154,218,000 respectively, accounting for 43.76% and 44.21% of the non-current assets respectively. The Company's fixed assets mainly included buildings and structures, machinery and equipment and motor vehicles, etc.

Intangible assets

As at 30 June 2016 and 31 December 2015, the aggregated carrying value of the Company's intangible assets were RMB14,558,607,000 and RMB14,527,346,000 respectively, accounting for 21.01% and 21.30% of the non-current assets respectively. The Company's intangible assets mainly included land use rights, the right to use the franchise and patent and proprietary technology, etc.

(2) *Analysis on the structure of liabilities*

As at 30 June 2016 and 31 December 2015, the current liabilities accounted for 85.92% and 86.38% of the total liabilities respectively and the non-current liabilities accounted for 14.08% and 13.62% of the total liabilities respectively.

Short-term borrowings

The Company's short-term borrowings mainly consisted of borrowings on credit and guaranteed borrowings from commercial banks and other financial organizations. As at 30 June 2016 and 31 December 2015, the balances of the Company's short-term borrowings were RMB49,046,355,000 and RMB36,798,152,000 respectively, representing a year-on-year increase of 33.28%. The amount of the short-term borrowings increased mainly due to the adjustments to the borrowing structure for operating and development needs of the Company.

Accounts payable and other payables

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors. Other payables mainly included cash guarantee, deposits and leasing fee, etc.

As at 30 June 2016 and 31 December 2015, the Company's accounts payable and other payables were RMB97,877,462,000, RMB20,093,553,000 and RMB93,413,988,000, RMB16,294,450,000 respectively, accounting for 34.10%, 7.00% and 34.27%, 5.98% respectively of total liabilities.

The increase in the accounts payable was mainly due to the increase in the subcontracting and engineering costs payable. The increase in other payables was mainly due to the increase in the guarantee and deposits payable.

Receipts in advance

Receipts in advance mainly included advance receipts under construction contracts, reserves for material costs, gross amounts due to contract customers and amount received in advance for the sales of properties.

As at 30 June 2016 and 31 December 2015, the balance of receipts in advance of the Company were RMB32,415,985,000 and RMB30,139,959,000 respectively, accounting for 11.29% and 11.06% respectively of the total liabilities. As at 30 June 2016, the receipts in advance increased by 7.55% as compared to that as at 31 December 2015, mainly because of the increase in receipts in advance for engineering receivables and sales proceeds.

Long-term borrowings and bonds payable

The Company's long-term borrowings mainly consisted of credit borrowings, secured borrowings and pledged borrowings. As at 30 June 2016 and 31 December 2015, the balances of the Company's long-term borrowings were RMB23,687,767,000 and RMB19,259,931,000 respectively, accounting for 8.25% and 7.07% respectively of total liabilities.

As at 30 June 2016 and 31 December 2015, the balances of the Company's bonds payable were RMB9,994,726,000 and RMB10,972,486,000 respectively, accounting for 3.48% and 4.03% respectively of total liabilities.

2. Analysis on solvency

The indicators of major solvency calculated based on the Company's audited 2015 financial report and the reviewed financial statements for the six months ended 30 June 2016 were as follows:

Unit: RMB'000

Items	30 June 2016	31 December 2015
Current ratio (x)	1.18	1.17
Quick ratio (x)	0.67	0.68
	=====	=====
Item	January – June of 2016	January – June of 2015
Earnings before interest and tax	5,145,383	5,522,097
Interest coverage	3.28	2.74
	=====	=====

Items	30 June 2016	31 December 2015
Total liability	287,063,965	272,607,795
Total asset	359,352,957	343,762,819
Asset-liability ratio (consolidated)	<u>79.88%</u>	<u>79.30%</u>

(1) *The indicators for the flow of assets remain stable*

As at 30 June 2016 and 31 December 2015, the current ratios of the Company were 1.18 and 1.17 respectively and the quick ratios were 0.67 and 0.68 respectively, remaining stable in asset liquidity.

(2) *Year-on-year rise in consolidated asset liability ratio*

As at 30 June 2016 and 31 December 2015, the Company's consolidated asset liability ratios were 79.88% and 79.30% respectively, representing a year-on-year increase of 0.58 percentage point.

(3) *Year-on-year rise in interest coverage*

From January to June of 2016 and from January to June of 2015, the Company's interest coverage were 3.28 and 2.74 respectively, representing a year-on-year increase of 0.54 time. The Company's solvency of interest-bearing liabilities was improved.

(4) *Smooth financing channels*

The Company has been maintaining long-term business relationships with several overseas and domestic major commercial and policy banks and other financial institutions. It has also been maintaining smooth financing channels with good credit record and ratings by banks. Meanwhile, the Company is of good standing and has issued short-term financing bonds and mid-term notes. It has strong financing capability.

The Company will also adopt the following measures to improve the short-term solvency and the safety of financial structure continuously: reasonably allocate resources and arrange the asset structure reasonably to improve the management and efficiency of fund operation; accelerate the fund recovery, so as to continuously improve the cash flows of operating activities; unceasingly enhance the standards of operation and management, and thoroughly implement the measures on cost reduction and efficiency improvement, with an aim to improving the capacity of accumulation in operation, strengthen financial capacity and ensure solvency.

3. *Analysis on capability of asset turnover*

During the Reporting Period, the indicators for the Company's capability of asset turnover were as follows:

Unit: times/half year

Items	First half of 2016	First half of 2015
Total assets turnover ratio	0.27	0.30
Receivables turnover ratio	1.28	1.54
Inventory turnover ratio	0.69	0.75

(1) Total assets turnover ratio

In the first half of 2016 and first half of 2015, the Company's total assets turnover ratios were 0.27 time and 0.30 time respectively, representing a slight decrease during the Reporting Period. This was mainly due to the fact that the increment in the Company's operating revenue during the Reporting Period was lower than that of total assets.

(2) Receivables turnover ratio

In the first half of 2016 and first half of 2015, the Company's receivables turnover ratios were 1.28 times and 1.54 times respectively, representing a slight decrease during the Reporting Period. This was mainly due to the increase in the scale of the Company's accounts receivable under the influence of the changes in the settlement cycle and business mode of the engineering and contracting business.

(3) Inventory turnover ratio

In the first half of 2016 and first half of 2015, the Company's inventory turnover ratios were 0.69 time and 0.75 time respectively, representing a slight decrease during the Reporting Period. This was mainly due to the higher speed of growth in inventory than that in operating costs.

III. ANALYSIS ON THE OPERATIONAL INFORMATION IN THE CONSTRUCTION INDUSTRY

1. *Inspection and acceptance on completion of construction projects during the Reporting Period*

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects	1,548	361	2,471	617	4,997
Total amount	<u>3,536,050</u>	<u>1,673,034</u>	<u>9,255,664</u>	<u>6,005,375</u>	<u>20,470,123</u>

Unit: RMB'000

Project region	Domestic	Overseas	Total
Number of projects	4,914	83	4,997
Total amount	<u>20,324,007</u>	<u>146,116</u>	<u>20,470,123</u>

Note: the above data are before elimination of inter-segment transactions.

2. *Projects in construction during the Reporting Period*

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects	2,209	508	3,675	1,158	7,550
Total amount	<u>33,776,596</u>	<u>8,679,390</u>	<u>15,564,515</u>	<u>4,749,171</u>	<u>62,769,672</u>

Unit: RMB'000

Project region	Domestic	Overseas	Total
Number of projects	7,227	323	7,550
Total amount	<u>58,073,223</u>	<u>4,696,449</u>	<u>62,769,672</u>

Note: the above data are before elimination of inter-segment transactions.

3. Overseas projects during the Reporting Period

Unit: RMB'000

Project region	Number of projects	Total amount
Asia	318	4,105,041
Africa	89	148,986
South America	32	112,345
Europe	23	119,717
Oceania	19	287,146
North America	11	111,442
Total	<u>492</u>	<u>4,884,677</u>

Note: the above data are before elimination of inter-segment transactions.

4. Summary of completed yet unsettled constructions among the inventory

Unit: RMB'000

Project	Accumulated contract costs	Accumulated recognized profits	Estimated loss	Accumulated settlements	Balance of completed yet unsettled construction
Amount	<u>647,526,141</u>	<u>52,764,563</u>	<u>1,260,121</u>	<u>638,703,862</u>	<u>60,326,721</u>

IV. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

Consolidated Balance Sheet

For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	34,517,437	33,730,706
Financial assets at fair value through profit or loss	845	1,410,011
Bills receivable	12,286,836	11,360,670
Accounts receivable	65,829,640	63,663,109
Prepayments	13,945,995	13,698,473
Interests receivable	26,326	11,644
Dividends receivable	48,057	38,045
Other receivables	32,285,527	29,056,798
Inventories	124,260,933	115,305,237
Non-current assets due within one year	6,558,559	7,054,781
Other current assets	301,243	229,319
	<hr/>	<hr/>
Total Current Assets	290,061,398	275,558,793
	<hr/>	<hr/>
Non-current Assets:		
Available-for-sale financial assets	1,968,388	1,680,152
Held-to-maturity investments	20	20
Long-term receivables	7,873,169	7,882,521
Long-term equity investments	4,296,552	3,915,025
Investment properties	2,173,204	2,170,276
Fixed assets	30,318,647	30,154,218
Construction in progress	3,507,600	3,578,915
Materials for construction of fixed assets	70,138	73,695
Intangible assets	14,558,607	14,527,346
Goodwill	173,186	173,733
Long-term prepayments	240,197	204,705
Deferred tax assets	4,091,243	3,733,420
Other non-current assets	20,608	110,000
	<hr/>	<hr/>
Total Non-current Assets	69,291,559	68,204,026
	<hr/>	<hr/>
TOTAL ASSETS	359,352,957	343,762,819
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Current Liabilities:		
Short-term borrowings	49,046,355	36,798,152
Derivative financial liabilities	7,680	14,339
Bills payable	14,494,558	15,641,626
Accounts payable	97,877,462	93,413,988
Receipts in advance	32,415,985	30,139,959
Employee benefits payable	2,205,599	2,061,162
Taxes payable	1,968,151	6,057,841
Interests payable	952,918	752,120
Dividends payable	759,239	791,058
Other payables	20,093,553	16,294,450
Non-current liabilities due within one year	15,728,874	13,396,832
Other current liabilities	11,096,315	20,113,097
	<hr/>	<hr/>
Total Current Liabilities	246,646,689	235,474,624
Non-current Liabilities:		
Long-term borrowings	23,687,767	19,259,931
Bonds payable	9,994,726	10,972,486
Including: Preference share	–	–
Perpetual bond	–	–
Long-term payables	892,167	892,237
Long-term employee benefits payable	3,873,880	3,982,614
Special payables	31,370	14,981
Provisions	238,687	232,644
Deferred income	1,380,464	1,452,973
Deferred tax liabilities	318,215	325,305
	<hr/>	<hr/>
Total Non-current Liabilities	40,417,276	37,133,171
	<hr/>	<hr/>
TOTAL LIABILITIES	287,063,965	272,607,795
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Shareholders' Equity:		
Share capital	19,110,000	19,110,000
Other equity instruments	9,884,950	9,884,950
Including: Preference share	–	–
Perpetual bond	9,884,950	9,884,950
Capital reserve	17,874,492	17,876,690
Less: Treasury shares	–	–
Other comprehensive income	112,736	192,320
Special reserve	12,550	12,550
Surplus reserve	698,872	698,872
Retained profits	13,897,815	12,782,248
Total shareholders' equity attributable to shareholders of the Company	61,591,415	60,557,630
Non-controlling interests	10,697,577	10,597,394
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	72,288,992	71,155,024
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	359,352,957	343,762,819
	<hr/> <hr/>	<hr/> <hr/>

The Company's Balance Sheet
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Current Assets:		
Cash and bank balances	1,520,325	2,727,674
Accounts receivable	347,042	492,885
Prepayments	217,624	78,773
Interests receivable	2,052,964	1,554,415
Dividends receivable	1,218,251	2,166,640
Other receivables	24,087,904	28,629,967
Inventories	973,383	694,789
Non-current assets due within one year	1,327,037	2,806,017
	<hr/>	<hr/>
Total Current Assets	31,744,530	39,151,160
	<hr/>	<hr/>
Non-current Assets:		
Available-for-sale financial assets	231	231
Long-term receivables	2,720,508	2,592,461
Long-term equity investments	76,820,418	75,189,175
Fixed assets	13,872	15,501
Construction in progress	5,385	–
Intangible assets	10,135	10,961
	<hr/>	<hr/>
Total Non-current Assets	79,570,549	77,808,329
	<hr/>	<hr/>
TOTAL ASSETS	111,315,079	116,959,489
	<hr/> <hr/>	<hr/> <hr/>

The Company's Balance Sheet
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Current Liabilities:		
Short-term borrowings	20,114,983	11,120,689
Accounts payable	859,944	864,274
Receipts in advance	971,361	492,914
Employee benefits payable	8,264	8,108
Taxes payable	35,459	61,734
Interests payable	624,516	617,614
Dividends payable	134,319	170,010
Other payables	4,904,994	8,062,853
Non-current liabilities due within one year	3,183,096	5,178,915
Other current liabilities	11,000,000	20,000,000
	<hr/>	<hr/>
Total Current Liabilities	41,836,936	46,577,111
	<hr/>	<hr/>
Non-current Liabilities:		
Long-term borrowings	2,600,000	2,771,441
Bonds payable	2,704,000	2,704,000
Including: Preference share	–	–
Perpetual bond	–	–
Long-term payables	378,980	300,000
Long-term employee benefits payable	23,007	22,861
Deferred income	4,297	4,265
	<hr/>	<hr/>
Total Non-current Liabilities	5,710,284	5,802,567
	<hr/>	<hr/>
TOTAL LIABILITIES	47,547,220	52,379,678
	<hr/> <hr/>	<hr/> <hr/>

The Company's Balance Sheet
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Closing balance	Opening balance
Shareholders' Equity:		
Share capital	19,110,000	19,110,000
Other equity instruments	9,884,950	9,884,950
Including: Preference share	–	–
Perpetual bond	9,884,950	9,884,950
Capital reserve	33,481,220	33,481,220
Less: Treasury shares	–	–
Other comprehensive income	(2,121)	(2,105)
Special reserve	12,550	12,550
Surplus reserve	698,872	698,872
Retained profits	582,388	1,394,324
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	63,767,859	64,579,811
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	111,315,079	116,959,489
	<hr/> <hr/>	<hr/> <hr/>

V. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

Consolidated Income Statement

For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Total operating revenue	95,824,655	100,691,551
Including: Operating revenue	<u>95,824,655</u>	<u>100,691,551</u>
II. Total operating costs	92,901,625	97,709,872
Including: Operating costs	83,366,785	87,593,659
Business taxes and levies	1,728,019	2,616,952
Selling expenses	734,570	606,020
Administrative expenses	4,361,156	4,067,552
Financial expenses	1,287,940	1,767,396
Impairment losses of assets	1,423,155	1,058,293
Add: Gains from changes in fair values	6,349	21,693
Investment income	312,688	123,863
Including: Gains from investments in associates and joint ventures	<u>256,191</u>	<u>58,907</u>
III. Operating profit	3,242,067	3,127,235
Add: Non-operating income	387,938	422,230
Including: Gains from disposal of non-current assets	54,806	22,916
Less: Non-operating expenses	53,604	45,325
Including: Losses from disposal of non- current assets	<u>10,680</u>	<u>13,247</u>
IV. Total profit	3,576,401	3,504,140
Less: Income tax expenses	<u>749,237</u>	<u>1,043,323</u>
V. Net profit	2,827,164	2,460,817
Net profit attributable to shareholders of the Company	2,415,926	2,172,265
Profit or loss attributable to non- controlling interests	<u>411,238</u>	<u>288,552</u>

Consolidated Income Statement
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
VI. Other comprehensive income, net of income tax	(64,868)	63,897
Other comprehensive income attributable to shareholders of the Company, net of income tax	(79,584)	74,945
(I) Items that will not be reclassified subsequently to profit or loss	1,554	(125,351)
1. Re-measurement of defined benefit obligations	1,554	(125,351)
(II) Items that may be reclassified subsequently to profit or loss	(81,138)	200,296
1. Net (loss) gain on revaluation of available-for-sale financial assets	(78,646)	93,086
2. Exchange differences on translating foreign operations	(2,492)	107,210
Other comprehensive income attributable to non-controlling interests, net of income tax	14,716	(11,048)
VII. Total comprehensive income	2,762,296	2,524,714
Total comprehensive income attributable to shareholders of the Company	2,336,342	2,247,210
Total comprehensive income attributable to non-controlling interests	425,954	277,504
VIII. Earnings per share		
(I) Basic earnings per share (<i>Yuan/share</i>)	0.11	0.11
(II) Diluted earnings per share (<i>Yuan/share</i>)	N/A	N/A

The Company's Income Statement
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Operating revenue	699,262	1,093,177
Less: Operating costs	664,773	961,641
Business taxes and levies	(906)	–
Administrative expenses	62,770	61,463
Financial expenses	204,959	316,202
Impairment losses of assets	59,672	(9,710)
Add: Investment income	780,062	–
Including: Losses from investments in associates and joint ventures	(3,380)	–
II. Operating profit or loss	488,056	(236,419)
Add: Non-operating income	380	42,040
Including: Gains from disposal of non-current assets	3	41,966
Less: Non-operating expenses	13	18
Including: Losses from disposal of non-current assets	13	18
III. Total profit or loss	488,423	(194,397)
Less: Income tax expenses	–	–
IV. Net profit or loss	488,423	(194,397)
V. Other comprehensive income, net of income tax	(16)	(2,560)
(I) Items that will not be reclassified subsequently to profit or loss	(16)	(2,560)
1. Re-measurement of defined benefit obligations	(16)	(2,560)
VI. Total comprehensive income	488,407	(196,957)

VI CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

Consolidated Cash Flow Statement

For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from goods sold and services provided	96,937,030	101,900,408
Receipts of tax refunds	265,826	317,528
Other cash receipts relating to operating activities	1,605,988	1,018,254
Sub-total of cash inflows from operating activities	<u>98,808,844</u>	<u>103,236,190</u>
Cash payments for goods purchased and services received	82,204,191	87,598,119
Cash payments to and on behalf of employees	7,766,526	7,589,863
Payments of various types of taxes	6,678,214	6,664,029
Other cash payments relating to operating activities	5,009,282	5,437,768
Sub-total of cash outflows from operating activities	<u>101,658,213</u>	<u>107,289,779</u>
Net Cash Flows from Operating Activities	<u>(2,849,369)</u>	<u>(4,053,589)</u>

Consolidated Cash Flow Statement

For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,472,609	18,313
Cash receipts from investment income	99,959	168,872
Net cash receipts from disposal of fixed assets, intangible assets and other long- term assets	121,627	51,039
Other cash receipts relating to investing activities	117,738	53,504
Sub-total of cash inflows from investing activities	1,811,933	291,728
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,354,545	1,370,674
Cash payments to acquire investments	988,388	520,722
Other cash payments relating to investing activities	663,759	552,231
Sub-total of cash outflows from investing activities	3,006,692	2,443,627
Net Cash Flows from Investing Activities	(1,194,759)	(2,151,899)

Consolidated Cash Flow Statement

For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	25,043	4,955,368
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	25,043	30,368
Cash receipts from issuing perpetual bond	–	4,925,000
Cash receipts from borrowings	48,771,932	38,757,288
Other cash receipts relating to financing activities	1,204,680	1,102,534
Sub-total of cash inflows from financing activities	50,001,655	44,815,190
Cash repayments of borrowings	39,928,279	39,866,071
Cash payments for distribution of dividends or profits or settlement of interest expenses	4,027,830	2,799,942
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	335,191	74,675
Other cash payments relating to financing activities	81,355	47,665
Sub-total of cash outflows from financing activities	44,037,464	42,713,678
Net Cash Flows from Financing Activities	5,964,191	2,101,512

Consolidated Cash Flow Statement
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>71,348</u>	<u>(16,379)</u>
V. Net Increase(decrease) in Cash and Cash Equivalents	1,991,411	(4,120,355)
Add: Opening balance of Cash and Cash equivalents	<u>28,736,378</u>	<u>28,571,177</u>
VI. Closing Balance of Cash and Cash Equivalents	<u><u>30,727,789</u></u>	<u><u>24,450,822</u></u>

The Company's Cash Flow Statement
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from goods sold and services provided	1,022,764	1,024,480
Receipts of tax refunds	8,741	8,979
Other cash receipts relating to operating activities	36,562	66,538
Sub-total of cash inflows from operating activities	<u>1,068,067</u>	<u>1,099,997</u>
Cash payments for goods purchased and services received	808,258	955,949
Cash payments to and on behalf of employees	38,773	37,574
Payments of various types of taxes	96,937	18,877
Other cash payments relating to operating activities	69,197	22,447
Sub-total of cash outflows from operating activities	<u>1,013,165</u>	<u>1,034,847</u>
Net Cash Flows from Operating Activities	<u>54,902</u>	<u>65,150</u>
II. Cash Flows from Investing Activities:		
Cash receipts from investment income	1,657,332	782,743
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	3	–
Other cash receipts relating to investing activities	5,996,421	–
Sub-total of cash inflows from investing activities	<u>7,653,756</u>	<u>782,743</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	3,173	681
Cash payments to acquire investments	1,402,441	625,000
Other cash payments relating to investing activities	–	2,398,437
Sub-total of cash outflows from investing activities	<u>1,405,614</u>	<u>3,024,118</u>
Net Cash Flows from Investing Activities	<u>6,248,142</u>	<u>(2,241,375)</u>

The Company's Cash Flow Statement
For the six months ended 30 June 2016

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	–	4,925,000
Including: Cash receipts from issuing perpetual bond	–	4,925,000
Cash receipts from borrowings	21,767,844	17,443,387
Sub-total of cash inflows from financing activities	21,767,844	22,368,387
Cash repayments of borrowings	27,069,786	23,338,563
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,197,541	856,373
Other cash payments relating to financing activities	18,115	38,162
Sub-total of cash outflows from financing activities	29,285,442	24,233,098
Net Cash Flows from Financing Activities	(7,517,598)	(1,864,711)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(3,436)	(18)
V. Net Decrease in Cash and Cash Equivalents	(1,217,990)	(4,040,954)
Add: Opening balance of Cash and Cash equivalents	2,727,147	7,025,950
VI. Closing Balance of Cash and Cash Equivalents	1,509,157	2,984,996

VII CONSOLIDATED AND THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of Changes in Shareholders' Equity

All amounts in RMB'000

Items	FOR THE SIX MONTHS ENDED 30 JUNE 2016											
	Share capital	Preference share	Other equity instruments	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. Closing balance of the preceding period	19,110,000	-	9,884,950	-	17,876,690	-	192,320	12,550	698,872	12,782,248	10,597,394	71,155,024
Add:	-	-	-	-	-	-	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior periods errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	19,110,000	-	9,884,950	-	17,876,690	-	192,320	12,550	698,872	12,782,248	10,597,394	71,155,024
III. Changes for the period	-	-	-	-	(2,198)	-	(79,584)	-	-	1,115,567	100,183	1,133,968
(I) Total comprehensive income	-	-	-	-	-	-	(79,584)	-	-	2,415,926	425,954	2,762,296
(II) Shareholders' contributions and reduction in capital	-	-	-	-	(2,198)	-	-	-	-	-	9,420	7,222
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	25,043	25,043
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	(2,198)	-	-	-	-	-	(15,623)	(17,821)
(III) Profit distribution	-	-	-	-	-	-	-	-	-	(1,300,359)	(335,191)	(1,635,550)
1. Recognition of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	(1,300,359)	(335,191)	(1,635,550)
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	935,095	-	-	-	1,005,314
1. Recognition of special reserve in the current period	-	-	-	-	-	-	-	(935,095)	-	-	-	(1,005,314)
2. Amount utilized in the current period	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	19,110,000	-	9,884,950	-	17,874,492	-	112,736	12,550	698,872	13,897,815	10,697,577	72,288,992

Consolidated Statement of Changes in Shareholders' Equity

All amounts in RMB'000

Items	FOR THE SIX MONTHS ENDED 30 JUNE 2015													
	Attributable to shareholders of the Company													
	Share capital	Preference share	Other equity instruments			Less:			Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
			Perpetual bond	Others	Capital reserve	Treasury shares	comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity		
I. Closing balance of the preceding period	19,110,000	-	-	-	17,826,218	-	583,421	12,550	529,549	9,275,519	10,687,251	58,024,508		
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-		
Corrections of prior periods errors	-	-	-	-	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-	-	-	-	-		
II. Opening balance of the current period	19,110,000	-	-	-	17,826,218	-	583,421	12,550	529,549	9,275,519	10,687,251	58,024,508		
III. Changes for the period														
(I) Total comprehensive income	-	-	4,925,000	-	2,434	-	74,945	-	-	1,216,765	248,838	6,467,982		
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	74,945	-	-	2,172,265	277,504	2,524,714		
1. Capital contribution from shareholders	-	-	4,925,000	-	2,434	-	-	-	-	-	27,934	4,955,368		
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	30,368	30,368		
3. Others	-	-	4,925,000	-	-	-	-	-	-	-	-	4,925,000		
(III) Profit distribution	-	-	-	-	2,434	-	-	-	-	-	(2,434)	-		
1. Recognition of surplus reserve	-	-	-	-	-	-	-	-	-	(955,500)	(56,600)	(1,012,100)		
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-		
3. Others	-	-	-	-	-	-	-	-	-	(955,500)	(56,600)	(1,012,100)		
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-		
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-		
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-		
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-		
4. Others	-	-	-	-	-	-	-	-	-	-	-	-		
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-		
1. Recognition of special reserve in the current period	-	-	-	-	-	-	-	903,563	-	-	75,505	979,068		
2. Amount utilized in the current period	-	-	-	-	-	-	-	(903,563)	-	-	(75,505)	(979,068)		
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Closing balance of the current period	19,110,000	-	4,925,000	-	17,828,652	-	658,366	12,550	529,549	10,492,284	10,936,089	64,492,490		

The Company's Statement of Changes in Shareholders' Equity

All amounts in RMB'000

Items	FOR THE SIX MONTHS ENDED 30 JUNE 2016										
	Share capital	Preference share	Other equity instruments			Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits
I. Closing balance of the preceding period	19,110,000	-	-	9,884,950	-	33,481,220	-	(2,105)	698,872	1,394,324	64,579,811
Add:											
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior periods errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	19,110,000	-	-	9,884,950	-	33,481,220	-	(2,105)	698,872	1,394,324	64,579,811
III. Changes for the period											
(I) Total comprehensive income	-	-	-	-	-	-	(16)	-	-	(811,936)	(811,936)
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	(16)	-	-	488,423	488,407
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	(1,300,359)	(1,300,359)
1. Recognition of surplus reserve	-	-	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	(1,300,359)	(1,300,359)
3. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-
1. Recognition of special reserve in the current period	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	19,110,000	-	-	9,884,950	-	33,481,220	-	(2,121)	698,872	582,388	63,767,859

The Company's Statement of Changes in Shareholders' Equity

All amounts in RMB'000

Items	FOR THE SIX MONTHS ENDED 30 JUNE 2015									
	Share capital	Preference share	Other equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Closing balance of the preceding period	19,110,000	-	-	33,481,220	-	3,267	12,550	529,549	995,929	54,132,515
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Corrections of prior periods errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	19,110,000	-	-	33,481,220	-	3,267	12,550	529,549	995,929	54,132,515
III. Changes for the period										
(I) Total comprehensive income	-	-	4,925,000	-	-	(2,556)	-	-	(1,149,901)	3,772,543
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	(2,560)	-	-	(194,397)	(196,957)
1. Capital contribution from shareholders	-	-	4,925,000	-	-	4	-	-	(4)	4,925,000
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	4,925,000	-	-	-	-	-	-	4,925,000
(III) Profit distribution	-	-	-	-	-	4	-	-	(4)	-
1. Recognition of surplus reserve	-	-	-	-	-	-	-	-	(955,500)	(955,500)
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	(955,500)	(955,500)
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Recognition of special reserve in the current period	-	-	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	19,110,000	-	4,925,000	33,481,220	-	711	12,550	529,549	(153,972)	57,905,058

VIII. NOTES TO THE FINANCIAL STATEMENT

(I) Basic information of the Company

Metallurgical Corporation of China Ltd. (the “Company”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“CMGC”) and Baosteel Group Corporation (“BGC”) as promoters on 1 December 2008 and was registered in Beijing in the People’s Republic of China (the “PRC”). Upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “SASAC”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June, 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was RMB13 billion, representing 13 billion ordinary shares of RMB1.0 each. On 14 September 2009, the Company issued 3,500 million A shares of the Company to domestic investors and these A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H shares of the Company were issued and listed on the Main Board of The Stock Exchange of Hong Kong Ltd. (the “Hong Kong Stock Exchange”) on 24 September 2009. During the course of the issue of A shares and H shares of the Company, CMGC and BGC have transferred a total amount of 350 million shares of the Company to National Council for State Security Fund (“NSSF”) of the PRC and converted 261 million domestic shares into H shares and transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB19.11 billion.

On 8 December 2015, the Strategic Restructuring between CMGC and China Minmetals Corporation (“CMC”) started upon the approval of the SASAC, whereby CMGC will be merged into CMC. On 2 June 2016, CMGC and CMC organized a meeting for restructuring. The status of CMGC as controlling shareholder and the SASAC as the ultimate controlling shareholder of the Company will not change upon the completion of the Strategic Restructuring. As of the date of issuance of these financial statements, the Strategic Restructuring and the related equity transfers are still in progress.

The Company and its subsidiaries (the “Group”) are principally engaged in the following activities (Core Operations): engineering contracting, property development, equipment manufacture, and resource development.

The Group provide services and products as follows: provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (“engineering contracting”); development and sale of residential and commercial properties, affordable housing and primary land development (“property development”); development and production of metallurgical equipment, steel structures and

other metal products (“equipment manufacture”); and development, mining and processing of mineral resources and the production of nonferrous metal and polysilicon (“resource development”).

During the reporting period, the Group did not have material changes on principal business activities.

The Company and consolidated financial statements had been approved by the Board of Directors of the Company on 26 August 2016.

(II) Significant accounting policies and accounting estimates

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “MoF”) and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as “CASBE”).

According to Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong and other Hong Kong Listing Rules Amendments issued by the Hong Kong Stock Exchange in December 2010, also referring to the relevant provisions issued by the MoF and the China Securities Regulatory Commission (the “CSRC”), and approved by the general meeting of stockholders of the Company, from fiscal year 2014, the Company no longer provides the financial statements prepared in accordance with the CASBE and the International Financial Reporting Standards (the “IFRS”) separately to stockholders of A shares and H shares. Instead, the Company provides the financial statements prepared in accordance with the CASBE to all stockholders, taking the relevant disclosure standards of New Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

In addition, the Group has disclosed relevant financial information in these financial statements in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (revised by CSRC in 2014).

2. Statement of compliance

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company’s financial position as at 30 June 2016 and consolidated and the Company’s operating results and cash flows for the six months then ended.

3. *Accounting period*

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

4. *Reporting currency*

The Company and its domestic subsidiaries choose RMB as their functional currency. The functional currency of the overseas subsidiaries of the Company is selected based on the primary economic environment where they operate. Their financial statements were presented in RMB when being consolidated into consolidated financial statements. The Company adopts RMB to present its financial statements.

(III) Notes to consolidated financial statements

1. *Cash and bank balances*

All amounts in RMB'000

Items	Closing balance	Opening balance
Cash	26,984	24,418
RMB	14,191	12,694
USD	3,138	2,404
EUR	157	160
AUD	111	275
HKD	111	143
Others	9,276	8,742
Bank deposits	27,794,700	26,671,366
RMB	20,306,098	22,727,621
USD	6,148,775	2,783,849
EUR	29,083	14,665
AUD	260,989	279,891
HKD	28,366	11,454
Others	1,021,389	853,886
Other cash and bank balance	6,695,753	7,034,922
RMB	6,607,891	6,961,126
USD	32,129	25,955
EUR	4,539	15,275
AUD	2,968	2,838
	<hr/>	<hr/>
Others	48,226	29,728
	<hr/>	<hr/>
Total	34,517,437	33,730,706
	<hr/> <hr/>	<hr/> <hr/>
Including: Total amount of deposits abroad	1,559,594	1,200,050
	<hr/> <hr/>	<hr/> <hr/>

2. *Bills receivable*

All amounts in RMB'000

Items	Closing balance	Opening balance
Bank acceptance bills	4,947,544	3,817,183
Commercial acceptance bills	7,339,292	7,543,487
Total	<u>12,286,836</u>	<u>11,360,670</u>

3. *Accounts receivable*

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

All amounts in RMB'000

Aging	Closing balance	Opening balance
Within 1 year	44,850,110	43,286,784
1 to 2 years	14,108,254	13,974,180
2 to 3 years	7,369,358	7,689,965
3 to 4 years	5,404,120	4,420,464
4 to 5 years	2,088,667	1,614,508
Over 5 years	2,589,167	2,129,147
Total book value	<u>76,409,676</u>	<u>73,115,048</u>
Less: provisions for bad debts	10,580,036	9,451,939
Carrying amount	<u>65,829,640</u>	<u>63,663,109</u>

(2) *Accounts receivable disclosed by category*

All amounts in RMB'000

Category	Closing balance					Opening balance				
	Book value		Provision for bad debts		Carrying amount	Book value		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant and subject to provision individually	4,186,862	5.48	1,466,811	35.03	2,720,051	3,282,598	4.49	1,182,870	36.03	2,099,728
Subject to provision by groups with credit risk	68,512,654	/	7,391,400	/	61,121,254	68,778,825	/	7,489,319	/	61,289,506
Group1	51,262,467	67.09	7,391,400	14.42	43,871,067	52,929,011	72.39	7,489,319	14.15	45,439,692
Group2	17,250,187	22.57	-	-	17,250,187	15,849,814	21.68	-	-	15,849,814
Accounts receivable which are individually insignificant but subject to provision individually	3,710,160	4.86	1,721,825	46.41	1,988,335	1,053,625	1.44	779,750	74.01	273,875
Total	76,409,676	/	10,580,036	/	65,829,640	73,115,048	/	9,451,939	/	63,663,109

4. Prepayments

All amounts in RMB'000

Aging	Closing balance		Opening balance	
	Amount	As a percentage of total prepayments (%)	Amount	As a percentage of total prepayments (%)
Within 1 year	9,535,692	68.37	9,296,402	67.86
1 to 2 years	2,024,986	14.52	2,006,443	14.65
2 to 3 years	670,422	4.81	766,112	5.59
Over 3 years	1,714,895	12.30	1,629,516	11.90
Total	13,945,995	100.00	13,698,473	100.00

5. Other receivables

(1) Aging analysis of other receivables

All amounts in RMB'000

Aging	Closing balance	Opening balance
Within 1 year	22,768,015	19,974,505
1 to 2 years	6,317,063	6,171,325
2 to 3 years	2,248,686	2,300,299
3 to 4 years	1,441,163	1,198,992
4 to 5 years	594,594	530,083
Over 5 years	1,501,568	1,331,505
	<u>34,871,089</u>	<u>31,506,709</u>
Total book value	<u>34,871,089</u>	<u>31,506,709</u>
Less: provisions for bad debts	2,585,562	2,449,911
Carrying amount	<u>32,285,527</u>	<u>29,056,798</u>

(2) Other receivables disclosed by category

All amounts in RMB'000

Category	Closing balance					Opening balance				
	Book value		Provision for bad debts		Carrying amount	Book value		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant and subject to provision individually	2,229,966	6.40	678,291	30.42	1,551,675	1,414,576	4.48	514,704	36.39	899,872
Subject to provision by groups with credit risk	32,198,654	/	1,569,799	/	30,628,855	29,689,129	/	1,614,270	/	28,074,859
Group1	6,494,729	18.62	1,569,799	24.17	4,924,930	7,900,614	25.08	1,614,270	20.43	6,286,344
Group2	25,703,925	73.71	-	-	25,703,925	21,788,515	69.16	-	-	21,788,515
Other receivables which are individually insignificant but subject to provision individually	442,469	1.27	337,472	76.27	104,997	403,004	1.28	320,937	79.64	82,067
Total	<u>34,871,089</u>	<u>/</u>	<u>2,585,562</u>	<u>/</u>	<u>32,285,527</u>	<u>31,506,709</u>	<u>/</u>	<u>2,449,911</u>	<u>/</u>	<u>29,056,798</u>

(3) *Other receivables categorised by nature*

All amounts in RMB'000

Nature of other receivable	Closing balance	Opening balance
Guarantee deposits	19,334,562	16,790,322
Loan receivables from related parties and third parties	5,850,314	5,186,555
Advance to employees	708,302	471,465
Receivables on disposal of investments	6,027,515	6,744,249
Others	2,950,396	2,314,118
Total	<u>34,871,089</u>	<u>31,506,709</u>

6. Inventories

(1) *Categories*

All amounts in RMB'000

Items	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	2,405,504	110,952	2,294,552	1,926,197	102,040	1,824,157
Materials procurement	148,128	-	148,128	157,254	-	157,254
Outsourced processing materials	59,124	-	59,124	56,985	-	56,985
Work in progress	2,669,663	6,619	2,663,044	2,534,081	6,710	2,527,371
Finished goods	2,517,961	153,680	2,364,281	2,667,972	281,394	2,386,578
Other materials	426,245	10,632	415,613	426,573	9,496	417,077
Gross amount due from contract customers	61,586,842	1,260,121	60,326,721	52,753,223	1,207,475	51,545,748
Properties under development	44,294,230	205,954	44,088,276	44,084,325	218,630	43,865,695
Completed properties held for sale	11,975,275	74,081	11,901,194	12,584,372	60,000	12,524,372
Total	<u>126,082,972</u>	<u>1,822,039</u>	<u>124,260,933</u>	<u>117,190,982</u>	<u>1,885,745</u>	<u>115,305,237</u>

(2) *Provision for impairment*

All amounts in RMB'000

Items	Increase			Decrease			Closing balance
	Opening balance	Provision	Others	Reversals	Write-offs	Others	
Raw materials	102,040	8,932	-	-	20	-	110,952
Work in progress	6,710	-	-	91	-	-	6,619
Finished goods	281,394	30,185	291	-	158,190	-	153,680
Other materials	9,496	1,136	-	-	-	-	10,632
Gross amount due from contract customers	1,207,475	156,214	-	393	18,663	84,512	1,260,121
Properties under development	218,630	-	-	12,676	-	-	205,954
Completed properties held for sale	60,000	15,981	-	-	1,900	-	74,081
Total	<u>1,885,745</u>	<u>212,448</u>	<u>291</u>	<u>13,160</u>	<u>178,773</u>	<u>84,512</u>	<u>1,822,039</u>

(3) *Gross amount due from contract customers of construction contracts at the end of the period*

All amounts in RMB'000

Items	Closing balance
Contract costs incurred to date	647,526,141
Recognized profits to date	52,764,563
Less: Estimated loss	1,260,121
Accumulated settlements	638,703,862
Gross amount due from contract customers	<u>60,326,721</u>

In 2012, MCC Mining (Western Australia) Pty Ltd. (“Western Australia”), a wholly owned subsidiary of the Group, postponed the SINO Iron Project, due to the reason like extreme weather condition in Australia and other unpredictable reasons. The Group negotiated with China CITIC Group Ltd. (“CITIC Group”, the parent company of CITIC Limited) for the project delay and the contract price after cost overruns. CITIC Group and Western Australia signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be controlled to USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by an independent third party. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group had recognized impairment loss on contract costs of USD481 million (equivalent to approximately RMB3.035 billion) for the year ended 31 December 2012.

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

Up to 30 June 2016, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD4.357 billion mentioned in the paragraph above remained unchanged. Based on the assessment of the project costs, the Group is of the view that the previous estimation of project construction costs made at the end of 2012 should not have any significant change. Hence, as at 30 June 2016, the Group did not make any adjustment on the provision for loss of the project.

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

7. Long-term receivables

All amounts in RMB'000

Items	Closing balance			Opening balance			Range of discount rate
	Book value	Provision for bad debts	Carrying amount	Book value	Provision for bad debts	Carrying amount	
Receivables on "Build-Transfer" project receivables	12,395,979	107,506	12,288,473	12,967,141	139,957	12,827,184	
Receivables on disposal of equity investments	341,558	-	341,558	333,485	-	333,485	4.35%-6.15%
Others	1,801,697	-	1,801,697	1,776,633	-	1,776,633	
Total	14,539,234	107,506	14,431,728	15,077,259	139,957	14,937,302	/
Including: Long term receivables due within one year	6,558,559	-	6,558,559	7,113,904	59,123	7,054,781	/
Long term receivables due after one year	7,980,675	107,506	7,873,169	7,963,355	80,834	7,882,521	/

8. Bills payable

All amounts in RMB'000

Category	Closing balance	Opening balance
Bank acceptance bills	13,162,438	14,375,785
Commercial acceptance bills	1,332,120	1,265,841
Total	14,494,558	15,641,626

9. Accounts payable

(1) Accounts payable

All amounts in RMB'000

Items	Closing balance	Opening balance
Project fees	60,704,278	57,333,193
Purchases	23,208,839	22,332,597
Design fees	145,648	145,177
Labor fees	4,540,422	4,925,248
Accrued accounts payable	8,453,872	7,734,620
Retention money	418,410	416,152
Others	405,993	527,001
Total	<u>97,877,462</u>	<u>93,413,988</u>

(2) Aging analysis of accounts payable

All amounts in RMB'000

Aging	Closing balance	Opening balance
Within 1 year	68,028,417	64,692,866
1 to 2 years	16,452,164	15,073,197
2 to 3 years	7,519,119	7,802,144
Over 3 years	5,877,762	5,845,781
Total	<u>97,877,462</u>	<u>93,413,988</u>

10. Receipts in advance

All amounts in RMB'000

Items	Closing balance	Opening balance
Project fees	8,754,867	6,755,317
Sales proceeds	10,871,917	9,485,461
Design fees	937,398	777,410
Labor fees	50,239	157,760
Gross amounts due to contract customers	11,262,046	12,153,097
Others	539,518	810,914
Total	<u>32,415,985</u>	<u>30,139,959</u>

11. Dividends payable

All amounts in RMB'000

Items	Closing balance	Opening balance
Dividend declared on perpetual bonds classified as equity instrument	134,319	170,010
Other dividends	<u>624,920</u>	<u>621,048</u>
Total	<u><u>759,239</u></u>	<u><u>791,058</u></u>

- (a) In accordance with the resolution at the 2016 first extraordinary general meeting of shareholders on 20 April 2016, a final cash dividend of RMB0.55 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB1,051,050,000. These dividends had been paid in the current period.
- (b) Dividends on perpetual bond amounted to RMB249,309,000 for the current period (for the period ended 30 June 2015: nil).

12. Operating revenue and operating costs

(1) Operating revenue and operating costs

All amounts in RMB'000

Items	<u>Amount for the current period</u>		<u>Amount for the prior period</u>	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	95,251,556	82,974,858	100,038,770	87,037,525
Other business	<u>573,099</u>	<u>391,927</u>	<u>652,781</u>	<u>556,134</u>
Total	<u><u>95,824,655</u></u>	<u><u>83,366,785</u></u>	<u><u>100,691,551</u></u>	<u><u>87,593,659</u></u>

(2) *Principal business revenue and principal business costs classified by industries*

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Principal operating revenue	Principal operating costs	Principal operating revenue	Principal operating costs
Engineering contracting	80,154,316	71,642,263	84,128,524	73,836,584
Property development	9,506,652	6,245,753	9,898,119	7,730,414
Equipment manufacture	2,629,286	2,270,665	3,660,464	3,153,737
Resource development	1,785,330	1,813,710	1,236,246	1,350,941
Others	1,175,972	1,002,467	1,115,417	965,849
Total	<u>95,251,556</u>	<u>82,974,858</u>	<u>100,038,770</u>	<u>87,037,525</u>

(3) *Principal business revenue and principal business costs classified by geographic locations*

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Principal operating revenue	Principal operating costs	Principal operating revenue	Principal operating costs
China	89,489,651	77,291,680	95,305,368	82,486,744
Other countries/regions	5,761,905	5,683,178	4,733,402	4,550,781
Total	<u>95,251,556</u>	<u>82,974,858</u>	<u>100,038,770</u>	<u>87,037,525</u>

13. *Business taxes and levies*

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Business tax	1,114,808	2,145,412
City construction and maintenance tax	53,794	168,885
Education surcharges	28,488	131,410
Land appreciation tax	478,197	83,998
Others	52,732	87,247
Total	<u>1,728,019</u>	<u>2,616,952</u>

14. Selling expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Packing charges	8,541	1,608
Employee compensation costs	266,526	229,065
Depreciation expenses	7,352	6,837
Travelling expenses	66,234	64,661
Office expenses	50,720	89,773
Transportation expenses	60,446	69,636
Advertising and sales service expenses	219,217	93,258
Others	55,534	51,182
Total	734,570	606,020

15. Administrative expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Employee compensation costs	2,058,110	1,849,148
Depreciation expenses	316,597	316,483
Travelling expenses	124,785	121,731
Office expenses	259,573	271,160
Lease rentals	60,029	49,899
Research and development expenses	895,050	838,291
Repairs and maintenance expenses	78,967	42,626
Amortization of intangible assets	93,813	84,944
Consulting expenses	68,729	57,212
Tax charges	167,838	154,916
Others	237,665	281,142
Total	4,361,156	4,067,552

16. Financial expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Interest expenses	2,594,069	3,251,890
Less: Capitalized interests	(1,025,087)	(1,369,933)
Less: Interest income	(502,131)	(622,527)
Exchange (gains) losses	(120,869)	150,910
Bank charges	188,060	141,141
Others	153,898	215,915
Total	<u>1,287,940</u>	<u>1,767,396</u>

17. Impairment losses on assets

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
1. Bad debt provision	1,227,550	1,002,911
Including: Accounts receivable bad debts	1,044,040	729,146
Other accounts receivable bad debts	135,676	219,273
2. Impairment of inventories	199,288	53,934
3. Impairment of fixed assets	–	608
4. Impairment of goodwill	547	–
5. Others	(4,230)	840
Total	<u>1,423,155</u>	<u>1,058,293</u>

18. Investment income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Losses from long-term equity investments under equity method	(153,156)	(45,009)
Investment income on disposal of long- term equity investments	439,014	103,916
Investment income from holding financial assets at FVTPL	6,549	4,903
Investment income from holding available-for-sale financial assets	16,974	13,809
Investment income on disposal of available-for-sale financial assets	2,608	6,268
Others	699	39,976
	<hr/>	<hr/>
Total	312,688	123,863
	<hr/> <hr/>	<hr/> <hr/>

19. Non-operating income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Total gains on disposal of non-current assets	54,806	22,916	54,806
Including: Gains on disposal of fixed assets	43,850	22,784	43,850
Gains on disposal of intangible assets	6,195	–	6,195
Income from penalty	8,671	6,892	8,671
Gains on inventory taking	22	76	22
Government grants (a)	260,264	312,531	260,264
Approved unpayable balances	4,407	32,896	4,407
Others	59,768	46,919	59,768
	<hr/>	<hr/>	<hr/>
Total	387,938	422,230	387,938
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(a) *Government grants recognized in profit or loss*

All amounts in RMB'000

Government grants	Amount for the current period	Amount for the prior period	Related to assets or income
Compensation for Demolition of Buildings in Shuanggang Road	18,460	–	Related to income
The Rebate of VAT on Sewage Treatment Services	18,058	–	Related to income
Finance Government Allocation	17,840	25,070	Related to income
Government Subsidy by Luodian Government	15,000	48,550	Related to income
Tax Return by Baoshan Luodian Development Zone	8,406	8,335	Related to income
Subsidy for R&D of Technology and Equipment of Large Gas Purification (Large-scaling of Gas Purification Facilities)	7,977	2,576	Related to assets
The Refund of Tax on Yinmahu Project	7,051	–	Related to income
Subsidy for Company with No-layoffs Policy	6,764	–	Related to income
Tax Return for Luodian Fujin Development Zone	5,000	2,500	Related to income
Retired Personnel Funds from Ministry of Science and Technology	4,794	3,994	Related to assets
Others	150,914	221,506	Related to assets or income
Total	260,264	312,531	/

20. *Non-operating expenses*

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Losses on disposal of non-current assets	10,680	13,247	10,680
Including: Losses on disposal of fixed assets	10,665	9,815	10,665
Losses on disposal of intangible assets	15	3,429	15
Non-recurring losses	2,155	4,228	2,155
Fines and surcharges for overdue payments	13,321	11,589	13,321
Compensation and default payments	6,116	3,570	6,116
Others	21,332	12,691	21,332
Total	53,604	45,325	53,604

21. Income tax expense

(1) Income tax expense

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Current period tax expense	1,084,000	1,211,697
Deferred tax expenses	(334,763)	(168,374)
Total	<u>749,237</u>	<u>1,043,323</u>

(2) Reconciliation of income tax expenses to the accounting profit

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Total profit	3,576,401	3,504,140
Income tax expenses calculated at the statutory tax rate (25%)	894,100	876,035
Effect of difference between applicable tax rate and statutory tax rate	(225,209)	(167,476)
Income not subject to tax	(67,359)	(87,172)
Expenses not deductible for tax purposes	109,568	128,178
Utilization of previously unrecognized tax losses and other temporary differences for which no deferred income tax assets were recognized	(236,995)	(78,099)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	477,548	560,670
Others	(202,416)	(188,813)
Income tax expense	<u>749,237</u>	<u>1,043,323</u>

- (3) There was no provision for Hong Kong profits tax has been made as the Group did not have any assessable profits in Hong Kong for the current period.

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

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

22. Other comprehensive income

	<i>All amounts in RMB'000</i>	
Items	Amount for the current period	Amount for the prior period
(I) Items that will not be reclassified subsequently to profit or loss		
1. Re-measurement of defined benefit obligations	1,216	(130,228)
Less: Income tax effects on re- measurement of defined benefit obligations	25	422
Subtotal	1,191	(130,650)
(II) Items that may be reclassified subsequently to profit or loss		
1. Changes in fair value of available-for-sale financial assets	(102,217)	127,975
Amount included in other comprehensive income in prior years that is transferred to profit or loss for the current period	3,705	3,318
Less: Income tax effects on available-for-sale financial assets	(26,124)	30,257
Subtotal	(79,798)	94,400

Items	Amount for the current period	Amount for the prior period
2. Exchange differences on translating foreign operations	9,688	98,247
Less: Income tax effects on the exchange differences on translating foreign operations	(4,051)	(1,900)
Subtotal	<u>13,739</u>	<u>100,147</u>
Total	<u><u>(64,868)</u></u>	<u><u>63,897</u></u>

(IV) Other significant items

1. Segment information

(1) Basis of recognition and accounting policies of the reporting segment

The Group determines the operating segments based on the internal organizational structure, management requirements and internal reporting system. The reportable segments are determined based on operating segments.

Operating segment is a component of the Group which is satisfied all of the following conditions:

- (a) The component is able to generate income, expenses in daily activities;
- (b) The Group's management evaluates the operating results of that segment regularly, determines the allocation of resources, and evaluates its performance;
- (c) The Group can obtain the financial position, operating results, cash flow and other relevant accounting information of the segment. If two or more operating segments have similar economic characteristics and meet certain conditions, they could be combined into a single operating segment.

The management of the Group has performed assessments of the operating results of engineering contracting, property development, equipment manufacture, and resource development. The management also evaluates the operating results of the above segments generated in different geographical locations.

The information of the operating and reportable segments is derived from the information reported by the management of each respective segment. The accounting policies and measurement basis of this information are the same as the Group's accounting policies adopted in preparing these financial statements.

Intersegment transactions are based on the actual transaction price. Segment revenue and segment expenses are recognized based on the actual revenue generated and actual expenses incurred by the respective segments. Assets and liabilities are allocated to the respective segments according to the assets used or liabilities assumed in their daily operating activities.

(2) *Financial information of reporting segment*

(a) Segment information for the six months ended 30 June 2016 and as at 30 June 2016

Unit: RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	81,666,232	9,695,383	3,057,360	1,834,972	1,474,099	-	1,903,391	95,824,655
Including: Revenue from external customers	80,551,346	9,572,267	2,704,161	1,811,126	1,185,755	-	-	95,824,655
Revenue between segments	1,114,886	123,116	353,199	23,846	288,344	-	1,903,391	-
Operating costs	73,003,048	6,406,128	2,656,695	1,850,178	1,292,720	-	1,841,984	83,366,785
Including: External costs	71,961,059	6,274,130	2,298,184	1,830,510	1,002,902	-	-	83,366,785
Costs between segments	1,041,989	131,998	358,511	19,668	289,818	-	1,841,984	-
Operating profit/(loss)	1,842,909	2,117,912	(135,304)	(590,283)	99,874	(62,770)	30,271	3,242,067
Including: Interest income	127,460	80,175	25,370	3,884	580,184	-	314,942	502,131
Interest expense	810,564	194,083	84,978	290,005	504,294	-	314,942	1,568,982
Investment income/(loss) from associates and joint ventures	(148,404)	408,634	-	-	(4,039)	-	-	256,191
Non-operating income	278,134	52,145	34,574	4,979	18,106	-	-	387,938
Non-operating expenses	41,937	3,379	6,260	1,780	248	-	-	53,604
Total profit/(loss)	2,079,106	2,166,678	(106,990)	(587,084)	117,732	(62,770)	30,271	3,576,401
Income tax expense	204,205	461,143	43,261	13	40,615	-	-	749,237
Net profit/(loss)	1,874,901	1,705,535	(150,251)	(587,097)	77,117	(62,770)	30,271	2,827,164
Assets	240,684,475	100,260,509	17,845,727	19,929,806	37,574,544	4,091,243	61,033,347	359,352,957
Including: Long-term equity investments in associates and joint ventures	3,566,187	667,655	-	-	62,710	-	-	4,296,552
Non-current assets	26,428,662	3,150,624	5,907,277	14,662,788	15,936,642	-	10,727,254	55,358,739
Liabilities	201,206,446	78,663,753	12,122,989	21,666,276	32,685,550	318,215	59,599,264	287,063,965
Depreciation and amortization expenses	823,293	34,276	176,410	461,297	65,191	-	-	1,560,467
Assets impairment losses	1,351,698	7,282	80,056	6,073	(21,954)	-	-	1,423,155
Increase in other non-current assets other than long-term equity investments	1,301,192	65,627	34,802	223,073	86,107	-	-	1,710,801

(b) Segment information for the six months ended 30 June 2015 and as at 31 December 2015

Unit: RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	85,377,452	9,986,562	3,823,682	1,282,808	1,365,419	-	1,144,372	100,691,551
Including: Revenue from external customers	84,616,213	9,957,479	3,730,625	1,266,535	1,120,699	-	-	100,691,551
Revenue between segments	761,239	29,083	93,057	16,273	244,720	-	1,144,372	-
Operating costs	74,946,935	7,776,339	3,288,824	1,400,015	1,198,448	-	1,016,902	87,593,659
Including: External costs	74,297,035	7,754,683	3,195,767	1,378,886	967,288	-	-	87,593,659
Costs between segments	649,900	21,656	93,057	21,129	231,160	-	1,016,902	-
Operating profit/(loss)	2,828,953	1,164,472	(28,273)	(850,981)	168,091	(61,463)	93,564	3,127,235
Including: Interest income	336,308	58,315	32,561	14,160	512,406	-	331,223	622,527
Interest expense	1,239,106	130,921	112,125	306,944	424,084	-	331,223	1,881,957
Investment income/(loss) from associates and joint ventures	(94,779)	153,669	-	-	17	-	-	58,907
Non-operating income	215,995	82,800	117,108	3,534	2,793	-	-	422,230
Non-operating expenses	27,743	7,219	8,862	974	527	-	-	45,325
Total profit/(loss)	3,017,205	1,240,053	79,973	(848,421)	170,357	(61,463)	93,564	3,504,140
Income tax expense	613,073	338,543	45,572	(313)	46,448	-	-	1,043,323
Net profit/(loss)	2,404,132	901,510	34,401	(848,108)	123,909	(61,463)	93,564	2,460,817
Assets	238,187,222	93,070,075	19,011,562	20,107,971	37,511,129	3,733,420	67,858,560	343,762,819
Including: Long-term equity investments in associates and joint ventures	3,120,649	727,626	-	-	66,750	-	-	3,915,025
Non-current assets	26,188,787	3,022,307	6,366,795	14,797,735	11,832,280	-	7,299,991	54,907,913
Liabilities	199,418,199	71,781,877	12,360,306	21,463,228	32,895,299	325,305	65,636,419	272,607,795
Depreciation and amortization expenses	761,682	36,477	178,027	451,322	51,905	-	-	1,479,413
Assets impairment losses	990,403	(6,227)	27,170	45,367	1,580	-	-	1,058,293
Increase in other non-current assets other than long-term equity investments	1,034,487	99,210	134,371	128,611	7,662	-	-	1,404,341

(3) *Other notes*

- (a) Revenue from external customers classified by source of income and non-current assets classified by geographic locations

Unit: RMB'000

Item	Amount recognized in the current period	Amount recognized in the prior period
Revenue generated from external transactions in China	89,870,420	95,860,142
Revenue generated from external transactions in other countries	<u>5,954,235</u>	<u>4,831,409</u>
Total	<u>95,824,655</u>	<u>100,691,551</u>

Unit: RMB'000

Item	Closing balance	Opening balance
Non-current assets located in China	43,082,917	42,732,119
Non-current assets located in other countries	<u>12,275,822</u>	<u>12,175,794</u>
Total	<u>55,358,739</u>	<u>54,907,913</u>

- (b) The dependency on major customers

There is not any external customer the revenue from whom counted over 10% of the operating revenue of the Group.

2. Earnings per share

(1) *When calculating earnings per share, net profit for the current period attributable to ordinary shareholders*

Unit: RMB'000

	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to shareholders of the Company	2,415,926	2,172,265
Including: Net profit from continuing operations	2,415,926	2,172,265
Less: Net profit belong to the perpetual bond holders	249,309	21,863
Net profit for the current period attributable to ordinary shareholders	<u>2,166,617</u>	<u>2,150,402</u>

(2) *For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares*

Unit: thousand shares

	Amount for the current period	Amount for the prior period
Number of ordinary shares outstanding at the beginning of the period	19,110,000	19,110,000
Add: Weighted average number of ordinary shares issued during the period	—	—
Less: Weighted average number of ordinary shares repurchased during the period	—	—
Number of ordinary shares outstanding at the end of the period	<u>19,110,000</u>	<u>19,110,000</u>

(3) *Earnings per share*

	<i>Unit: RMB</i>	
	Amount for the current period	Amount for the prior period
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	0.11	0.11
Diluted earnings per share	Not applicable	Not applicable
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	0.11	0.11
Diluted earnings per share	Not applicable	Not applicable
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	Not applicable	Not applicable
Diluted earnings per share	Not applicable	Not applicable

IX. SHARE CAPITAL

(I) Changes in share capital

1. *Changes in Shares*

As of 30 June 2016, the Company had a registered capital of RMB19,110,000,000, divided into 19,110,000,000 shares with a par value of RMB1.00 each. These shares include 16,239,000,000 A Shares and 2,871,000,000 H Shares.

During the Reporting Period, there were no changes in the total number of shares and share capital structure of the Company.

2. *Pre-emptive Rights and Share Option Arrangements*

There is no mandatory provisions for pre-emptive rights in the Articles of Associations of the Company. Subject to the Hong Kong Listing Rules, pursuant to the requirements under Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing new shares to existing Shareholders, converting capital reserve to share capital or by other methods as permitted by laws and administrative regulations or approved by relevant authorities.

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

3. *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.

(II) PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLING PERSON

1. *Number of Shareholders and their shareholding*

As at the end of the Reporting Period, the Company had a total of 574,080 Shareholders.

Unit: Share

Name of Shareholder (full name)	Change during the Reporting Period	Shareholding of the top 10 Shareholders ¹		Number of Shares subject to selling restrictions	Shares pledged or frozen		Nature of Shareholder
		Number of Shares held at the end of the period	Percentage (%)		Status of Shares	Amount	
China Metallurgical Group Corporation	0	12,265,108,500	64.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ²	-186,000	2,841,589,000	14.97	0	Nil	0	Others
China Securities Finance Corporation Limited	30,322,206	307,403,564	1.6	0	Nil	0	Others
Central Huijin Asset Management Ltd. (中央匯金資產管理 有限責任公司)	0	90,087,800	0.47	0	Nil	0	State-owned legal person
China Life Insurance Company Limited— Traditional—Ordinary Insurance Products— 005L-CT001 Shanghai (中國人壽保險股份有 限公司—傳統—普通保險 產品—005L-CT001滬)	17,131,029	17,131,029	0.09	0	Nil	0	Others
China Construction Bank – SSE 180 Trading Open- ended Index Securities Investment Fund (中國建設銀行—上證 180交易型開放式指數 證券投資基金)	-318,800	13,513,925	0.07	0	Nil	0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Shareholding of the top 10 Shareholders ¹		Number of Shares subject to selling restrictions	Shares pledged or frozen		Nature of Shareholder
		Number of Shares held at the end of the period	Percentage (%)		Status of Shares	Amount	
Industrial and Commercial Bank of China Limited- Huatai Bairui CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有 限公司-華泰柏瑞滬深 300交易型開放式指數 證券投資基金)	1,366,247	11,940,382	0.06	0	Nil	0	Others
Huang Canliang (黃燦良)	-1,496,800	11,033,360	0.06	0	Nil	0	Others
Chen Ting (陳霆)	10,891,500	10,891,500	0.06	0	Nil	0	Others
Zhang Yuzhu (張玉柱)	8,546,400	10,435,200	0.05	0	Nil	0	Others
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders						
Explanations on the number of shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not applicable						

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2016.

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

2. Specifications on Controlling Shareholder or De Facto Controlling Person

(1) Particulars of Controlling Shareholder

The Controlling Shareholder of the Company is China Metallurgical Group Corporation and the legal representative is Guo Wenqing. It was incorporated on 18 December 1982, and is principally engaged in general contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technology development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; development

and operation of real estate; bidding agent; undertaking various types of international industrial and civil construction, engineering consulting, surveying, design and leasing of equipment; import and export business; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, survey, design, supervision and services for construction and installation projects of mechanical and electrical equipment and related technology; development and sale of raw materials and products of papermaking; resource development, processing and utilization of metallic mineral products and relevant services.

(2) *Particulars of de facto controlling person*

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

(3) *Changes in Controlling Shareholder and de facto controlling person*

During the Reporting Period, the Controlling Shareholder and the de facto controlling person of the Company remained unchanged.

On 8 December 2015, upon receipt of a notice from MCC Group that, pursuant to an overall arrangement made by the Central Committee of the Communist Party of China and the State Council on the comprehensively deepening reform and the general requirements of the reform of state-owned enterprises, the SASAC approved the strategic restructuring between MCC Group and China Minmetals Corporation (“China Minmetals”), whereby the entire MCC Group will be consolidated into China Minmetals. It remains unchanged that MCC Group is the Controlling Shareholder of MCC and the SASAC of the State Council is the ultimate controller of MCC. The CSRC and the SFC have exempted the obligation of China Minmetals to make a mandatory general offer for shares of the Company due to the strategic restructuring of China Minmetals, and the Anti-Monopoly Bureau of the Ministry of Commerce has also cleared the anti-trust review on concentration of business operators in respect of the Strategic Restructuring. The relevant changes of equity interests is currently in progress.

3. Other Corporate Shareholders Holding more than 10% of the Company's Shares

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

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

As at 30 June 2016, the Company was informed that the following persons 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 (%)
BlackRock, Inc. ¹	Interest of a controlled corporation	201,381,606	Long Position	7.01	1.05

Note 1: BlackRock, Inc. holds long position of H Shares in total of 201,381,606 through various entities it controls. Besides, long position of H Shares in total of 5,069,000 is related to derivative instruments classified as unlisted derivatives – cash settled.

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2016, no other person or corporation was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the Company's share capital that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

X. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

XI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board reviewed the corporate governance documents of the Company and was of the opinion that the Company had complied with the provisions of the Corporate Governance Code, except for the Code provision E1.2, during the Reporting Period. In accordance with the Code provision E1.2, the Chairman of Board should attend the annual General Meeting. The Chairman Guo Wenqing was unable to attend the 2015 Annual General Meeting due to other business commitments. Pursuant to the relevant requirements, Mr. Zhang Zhaoxiang, an executive Director and the President of the Company, was elected by the majority of the Directors of the Company to chair the annual General Meeting.

XII. THE MODEL CODE FOR SECURITIES DEALINGS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, the Company confirmed that all Directors and Supervisors fully complied with the model code and requirements set out thereof during the six months ended 30 June 2016.

XIII. SUBSEQUENT EVENTS OF THE DATE OF BALANCE SHEET

According to the resolutions passed at the tenth meeting and the eighteenth meeting of the second term of the board of directors of the Company, the Company proposes to issue A shares under the non-public issuance to specific investors excluding the Controlling Shareholder, de facto controller of the Company or the related parties under their control. As of the date of this announcement, the non-public issuance has been approved by the SASAC, the general meeting and shareholders' class meetings of the Company, and the CSRC, and the official approval documents from the CSRC has been obtained, but the non-public issuance has yet to be formally implemented. MCC Group will remain the Controlling Shareholder of the Company after the non-public issuance. As a result, the non-public issuance will not cause any change of the Controlling Shareholder of the Company.

XIV. THE AUDIT WORK OF INTERIM RESULTS OF FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2016. The committee was of the opinion that the unaudited interim results for the six months ended 30 June 2016 were in compliance with the applicable accounting principles as well as laws and regulations and has been properly disclosed.

The Company's consolidated and standalone balance sheets, income statements, cash flow statements, statement of changes in equity and notes to the financial statements as presented in this announcement were extracted from the Company's consolidated and standalone interim financial information for the six months ended 30 June 2016, which have been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu CPA LLP, in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements, issued by the Ministry of Finance.

XV. PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2016 will be despatched to the H Shareholders of the Company and be available on the website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company's website (<http://www.mccchina.com>) on or before 5 September 2016.

XVI. DEFINITIONS

“Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“China” or “PRC”	the People's Republic of China, excluding, for the purposes of this announcement, Hong Kong, Macao and Taiwan
“China Minmetals”	China Minmetals Corporation
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“State Council”	the State Council of the People's Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	the China Securities Regulatory Commission
“SFC”	Securities and Futures Commission of Hong Kong

“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Controlling Shareholder” or “MCC Group”	China Metallurgical Group Corporation
“General Meeting”	the general meeting of Metallurgical Corporation of China Ltd.*
“Shareholder(s)”	any holder(s) of share(s) of the Company
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“Director(s)”	the Director(s) of the Company, including all executive, non-executive and Independent Non-executive Directors
“Independent Director”, “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
“Supervisory Committee”	the Supervisory Committee of Metallurgical Corporation of China Ltd.*
“Supervisor(s)”	the supervisor(s) of the Company
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Reporting Period”	from 1 January 2016 to 30 June 2016
“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

“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“HKD or Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“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)
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange

By order of the Board
Metallurgical Corporation of China Ltd.*
Lin Xiaohui
Company Secretary

Beijing, the PRC
26 August 2016

As at the date of this announcement, the Board of the Company comprises two executive Directors, Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; two non-executive Directors, Mr. Jing Tianliang and Mr. Lin Jinzhen; and three independent non-executive Directors, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung Peter.

* *For identification purpose only*