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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)

2010 INTERIM RESULTS ANNOUNCEMENT

The board of directors of Metallurgical Corporation of China Ltd.* (the “**Company**”) is pleased to announce the results (unaudited) of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2010, which are mainly set out as follows:

I. CORPORATE INFORMATION

Registered company name (in Chinese)	中國冶金科工股份有限公司
Company name (in English)	Metallurgical Corporation of China Ltd.*
Registration date of the Company	1 December 2008
Registered office	28 Shuguang Xili, Chaoyang District Beijing
Principal place of business in Hong Kong	Room 3205, 32/F, Office Tower Convention Plaza, 1 Harbour Road Wanchai, Hong Kong

Legal representative of the Company	Shen Heting
Joint company secretaries	Huang Dan Ngai Wai Fung
Information and enquiry	Secretariat of the Board
Telephone number	(86)10 59868666
Website address	http://www.mccchina.com
Places of listing	The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") Shanghai Stock Exchange
Stock name	MCC
Stock codes	1618 (Hong Kong) 601618 (Shanghai)

II. REVIEW AND OUTLOOK

(1) Review

1. Overview

During the Reporting Period, the four principal business segments of the Group, namely engineering and construction, equipment manufacturing, resources development and property development, have achieved synergies and enjoyed steady growth. The Group has achieved remarkable success in strengthening its position in the traditional market and penetrating into emerging markets by adopting flexible marketing approach and tapping into both domestic and overseas markets. In particular, we saw promising results in social welfare housing projects, comprehensive urban development and urban and rural areas development projects. In addition, under the “go global” strategy, active steps were made to open up overseas markets and also a new horizon for business.

The Group's financial position as at 30 June 2010 and the operating results for the six months ended 30 June 2010 (the "Reporting Period") are set out as follows:

- revenue amounted to RMB88,850 million, representing a year-on-year increase of RMB13,708 million or 18.24% from RMB75,142 million in the same period in 2009;
- profit for the period amounted to RMB2,596 million, representing a year-on-year increase of RMB20 million or 0.78% from RMB2,576 million in the same period in 2009;
- profit attributable to equity holders of the Company amounted to RMB2,275 million, representing a year-on-year increase of RMB140 million or 6.56% from RMB2,135 million in the same period in 2009;
- basic earnings per share amounted to RMB0.12, representing a decrease of RMB0.04 or 25.00% from RMB0.16 in the same period in 2009;
- total assets as at 30 June 2010 amounted to RMB260,223 million, representing an increase of RMB30,660 million or 13.36% from RMB229,563 million as at 31 December 2009;
- total equity amounted to RMB47,490 million, representing an increase of RMB3,700 million or 8.45% from RMB43,790 million as at 31 December 2009;
- newly-signed contract value amounted to RMB156,060 million, representing an increase of 38.96% from the same period of 2009, of which newly-signed overseas contracts amounted to USD1,587 million.

2. *Revenue from Principal Business Segments*

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

- Engineering and construction business

Revenue amounted to RMB70,859 million, representing an increase of RMB5,108 million or 7.77% from RMB65,751 million for the six months ended 30 June 2009.

- Equipment manufacturing business

Revenue amounted to RMB4,618 million, representing an increase of RMB243 million or 5.55% from RMB4,375 million for the six months ended 30 June 2009.

- Resources development business

Revenue amounted to RMB4,327 million, representing an increase of RMB1,266 million or 41.36% from RMB3,061 million for the six months ended 30 June 2009.

- Property development business

Revenue amounted to RMB7,725 million, representing an increase of RMB5,894 million or 321.90% from RMB1,831 million for the six months ended 30 June 2009.

- Other businesses

Revenue amounted to RMB3,236 million, representing an increase of RMB2,153 million or 198.80% from RMB1,083 million for the six months ended 30 June 2009.

Note: All of the above revenue represents the data before elimination of inter-segment transactions.

3. *Outlook of future development*

While the State's macroeconomic policy on the steel industry had exerted certain influence over the Group's metallurgical engineering and construction business, the restructuring of the economic structure in the PRC and the industry across nations has nonetheless created considerable opportunities to the Group.

Globally, with the gradual recovery of the global economy, economic growth of certain emerging economies and developing countries are accelerated and the desire to expand steel production capacity and increase steel investment is getting stronger among certain countries. All these will provide the Group with the opportunity of tapping into the engineering and construction market with its "go global" strategy.

In the PRC, the macroeconomic policies of the central government has highlighted the importance of implementing its fiscal policy. Urbanization is to be accelerated and that support given to improving the people's livelihood and social welfare, such as by providing social welfare housing and redeveloping urban shanty areas, are to be increased. All these initiatives will facilitate the construction of infrastructure such as urban roads. As the state pressed ahead with its environmental protection campaigns, we see growing market potentials in the urban sewage treatment and urban solid waste disposal industries. Against this backdrop, the Group is provided with opportunities to expand into the non-steel markets. As for the domestic steel industry, as the state puts more emphases on energy saving, industrial pollution control and recycle economy development and imposes higher standards of environmental protection on steel enterprises, steel enterprises is required to strengthen their infrastructure for energy saving and environmental protection. At the same time, state incentives and support for industrial consolidation and structural adjustment and optimization among large-size steel enterprises will bring ample room for the Group to consolidate its market share in the steel industry.

The Group enters year 2010 with an aim to obtain over RMB236,000 million worth of newly-signed contract and achieve greater growth of revenue as compared with 2009. To such end, the Group will focus on the following: 1) to actively bolster its growth potentials by stronger market penetration; 2) to improve its management standard by promoting streamlined management; 3) to strengthen its development ability by encouraging scientific innovation; and 4) to advance the integration of internal resources by enhancing enterprise reform and transformation.

III. MANAGEMENT ANALYSIS AND DISCUSSION

(I) OVERVIEW

For the six months ended 30 June 2010, the Group's revenue amounted to RMB88,850 million, representing an increase of 18.24% over the same period in 2009. Profit attributable to equity holders of the Company amounted to RMB2,275 million, representing an increase of 6.56% as compared with the same period in 2009. Basic earnings per share for the six months ended 30 June 2010 was RMB0.12.

Listed below are the financial results for the six months ended 30 June 2010 as compared to the same period in 2009.

(II) CONSOLIDATED OPERATING RESULTS

1. Revenue

The Group is mainly engaged in engineering and construction, equipment manufacturing, resources development, property development and other businesses. For the six months ended 30 June 2010, the revenue of the Group amounted to RMB88,850 million, representing an increase of RMB13,708 million or 18.24% as compared with RMB75,142 million for the six months ended 30 June 2009. The increase in revenue is mainly attributable to the increases in the revenues of all business segments of the Group over the six months ended 30 June 2009, of which the segment revenues of engineering and construction, equipment manufacturing, resources development, property development and other business segments increased by RMB5,108 million or 7.77%, RMB243 million or 5.55%, RMB1,266 million or 41.36%, RMB5,894 million or 321.90% and RMB2,153 million or 198.80%, respectively (all before elimination of inter-segment transactions).

2. *Cost of sales and gross profit*

The Group's cost of sales primarily includes material cost (raw materials, products and work-in-progress consumed, purchased equipment and consumables used), subcontracting charges, employee benefits and other costs. For the six months ended 30 June 2010, cost of sales of the Group amounted to RMB79,977 million, representing an increase of RMB11,886 million or 17.46% as compared with RMB68,091 million for the six months ended 30 June 2009. The increase is mainly attributable to the overall growth in the Group's business.

For the six months ended 30 June 2010, gross profit of the Group amounted to RMB8,873 million, representing an increase of RMB1,822 million or 25.84% as compared with RMB7,051 million for the six months ended 30 June 2009. Gross profit margin of the Group was 9.99% for the six months ended 30 June 2010, 0.61% higher than the 9.38% for the six months ended 30 June 2009.

For the six months ended 30 June 2010, the Group's engineering and construction, equipment manufacturing, resources development, property development and other businesses respectively recorded gross profit of RMB6,389 million, RMB317 million, RMB564 million, RMB1,447 million and RMB295 million. The gross profit margins were 9.02%, 6.86%, 13.03%, 18.73% and 9.12%, respectively (all before elimination of inter-segment transactions).

3. *Operating profit*

For the six months ended 30 June 2010, operating profit of the Group amounted to RMB4,716 million, representing an increase of RMB545 million or 13.07% as compared with RMB4,171 million for the six months ended 30 June 2009. The increase is mainly attributable to the growth in operating profit in all business segments of the Group except for the equipment manufacturing segment and the resources development segment whose profit decreased by RMB313 million or 117.23% and RMB44 million or 18.64%, respectively (all before elimination of inter-segment transactions) from the six months ended 30 June 2009. Operating profit of the engineering and construction, property development and other businesses segments before elimination of inter-segment transactions increased by RMB39 million or 1.14%, RMB872 million or 382.46% and RMB120 million or 120.00% respectively as compared with the six months ended 30 June 2009.

4. *Finance income*

The Group's finance income consisted mainly of interest income on bank deposits, interest income on held-to-maturity financial assets, interest income on loans to related parties, income on advances for the third parties and gain on debt restructuring. Finance income of the Group for the six months ended 30 June 2010 amounted to RMB282 million, representing an increase of RMB53 million or 23.14% as compared with RMB229 million for the six months ended 30 June 2009, mainly attributable to the increase in interest income due to an increase in total deposits as a result of the proceeds raised from the successful listing in both domestic and overseas capital markets as compared with the same period last year.

5. *Finance costs*

The Group's finance costs consisted mainly of interest expenses on bank borrowings and borrowings from other financial institutions, net foreign exchange losses/(gains) on borrowings, and discount charges on bank acceptance notes, less amounts capitalized in construction in progress and amounts capitalized in properties under development. Finance costs of the Group for the six months ended 30 June 2010 amounted to RMB1,421 million, representing an increase of RMB247 million or 21.04% from RMB1,174 million for the six months ended 30 June 2009, mainly attributable to the increase in interest expenses as a result of the increase in loans.

6. *Share of profits of associates*

The Group's share of profits of associates is the profits attributable to the Group from its associates, net of the losses attributable to the Group from its associates, pursuant to its equity interests in such associates. For the six months ended 30 June 2010, the Group's share of profits of associates decreased by RMB1 million or 2.50% from RMB40 million for the six months ended 30 June 2009 to RMB39 million.

7. *Profit before income tax*

As a result of the foregoing, the Group's profit before income tax for the six months ended 30 June 2010 increased by RMB350 million or 10.72% from RMB3,266 million for the six months ended 30 June 2009 to RMB3,616 million.

8. *Income tax expense*

The Group's income tax expense for the six months ended 30 June 2010 increased by RMB330 million or 47.83% from RMB690 million for the six months ended 30 June 2009 to RMB1,020 million. The Group's effective tax rate was 28.21% for the six months ended 30 June 2010, a significant change from 21.13% for the six months ended 30 June 2009, mainly attributable to the expiry of the tax relief policy enjoyed by certain subsidiaries of the Company and the increase in the losses of certain subsidiaries, which had not recognized the deferred tax assets.

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

Profit/(loss) attributable to non-controlling interests represent the interests of outside shareholders in the results of operations of non-wholly owned subsidiaries of the Group. For the six months ended 30 June 2010 and the six months ended 30 June 2009, the profit attributable to non-controlling interests amounted to RMB321 million and RMB441 million, respectively.

10. *Profit attributable to equity holders of the Company*

Based on the above, the profit attributable to equity holders of the Company for the six months ended 30 June 2010 increased by RMB140 million or 6.56% from RMB2,135 million for the six months ended 30 June 2009 to RMB2,275 million.

Margin of profit attributable to equity holders of the Company for the six months ended 30 June 2010 decreased from 2.84% for the six months ended 30 June 2009 to 2.56%.

(III) DISCUSSION OF RESULTS BY SEGMENT

The following table sets forth the Group's segment revenue, gross profit and segment results for the six months ended 30 June 2010 and the six months ended 30 June 2009.

	Segment revenue		Gross profit		Gross profit margin		Segment result ⁽¹⁾		Segment result margin ⁽²⁾	
	For the Six Months Ended		For the Six Months Ended		For the Six Months Ended		For the Six Months Ended		For the Six Months Ended	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(RMB	(RMB	(RMB	(RMB			(RMB	(RMB		
	million)	million)	million)	million)	%	%	million)	million)	%	%
Engineering and construction	70,859	65,751	6,389	5,655	9.02%	8.60%	3,446	3,407	4.86%	5.18%
% of the total	78.06%	86.40%	70.89%	79.79%			70.16%	80.39%		
Equipment manufacturing	4,618	4,375	317	519	6.86%	11.86%	(46)	267	(1.00%)	6.10%
% of the total	5.09%	5.75%	3.52%	7.32%			(0.94%)	6.30%		
Resources development	4,327	3,061	564	445	13.03%	14.54%	192	236	4.44%	7.71%
% of the total	4.77%	4.02%	6.26%	6.28%			3.91%	5.57%		
Property development	7,725	1,831	1,447	330	18.73%	18.02%	1,100	228	14.24%	12.45%
% of the total	8.51%	2.41%	16.06%	4.66%			22.39%	5.38%		
Other business	3,236	1,083	295	138	9.12%	12.74%	220	100	6.80%	9.23%
% of the total	3.57%	1.42%	3.27%	1.95%			4.48%	2.36%		
Subtotal	90,765	76,101	9,012	7,087	9.93%	9.31%	4,912	4,238	5.41%	5.57%
Inter-segment elimination	(1,915)	(959)	(139)	(36)			(139)	(36)		
Total	88,850	75,142	8,873	7,051	9.99%	9.38%	4,773	4,202	5.37%	5.59%

(1) Total of segment result less the unallocated cost equals to our total operating profit.

(2) Segment result margin represents segment result as a percentage of segment revenue.

1. *Engineering and construction*

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

The following table sets forth the principal result information for engineering and construction business for the six months ended 30 June 2010 and the reporting period for the six months ended 30 June 2009.

	For the Six Months Ended	
	30 June	
	2010	2009
	(RMB million)	(RMB million)
Segment revenue	70,859	65,751
Cost of sales	(64,470)	(60,096)
Gross profit	6,389	5,655
Selling and marketing expenses	(323)	(228)
Administrative expenses	(2,708)	(2,297)
Other income and gains/(expenses)	88	277
Segment result	3,446	3,407
Depreciation and amortisation	554	500

Segment revenue. Segment revenue from engineering and construction business for the six months ended 30 June 2010 increased by RMB5,108 million or 7.77% from RMB65,751 million for the six months ended 30 June 2009 to RMB70,859 million. The increase is mainly attributable to the settlement of the revenue of previous metallurgical projects and acceptance and execution of non-metallurgical projects.

Cost of sales and gross profit. Cost of sales of engineering and construction business for the six months ended 30 June 2010 increased by RMB4,374 million or 7.28% from RMB60,096 million for the six months ended 30 June 2009 to RMB64,470 million. Percentage of cost of sales against segment revenue decreased to 90.98% for the six months ended 30 June 2010 from 91.40% for the six months ended 30 June 2009. The increase was attributable primarily to our increased business in this segment.

Gross profit generated from the engineering and construction business for the six months ended 30 June 2010 increased by RMB734 million or 12.98% from RMB5,655 million for the six months ended 30 June 2009 to RMB6,389 million. Gross profit margin of engineering and construction business increased to 9.02% for the six months ended 30 June 2010 from 8.60% for the six months ended 30 June 2009. The increase is mainly due to the fact that the municipal construction, infrastructure and other non-metallurgical projects contributed more revenue and higher gross profit margin to the Group as compared with last year. At the same time, the Group continues to put more efforts in cost control in operation, thus saving the raw materials and labour costs.

Selling and marketing expenses. Selling and marketing expenses incurred by the engineering and construction business for the six months ended 30 June 2010 increased by RMB95 million or 41.67% from RMB228 million for the six months ended 30 June 2009 to RMB323 million. The increase in selling and marketing expense was mainly attributable to our increased spending on sales and marketing development as a result of the growth of our business.

Administrative expenses. Administrative expenses incurred by the engineering and construction business for the six months ended 30 June 2010 increased by RMB411 million or 17.89% from RMB2,297 million for the six months ended 30 June 2009 to RMB2,708 million. The increase in administrative expenses was mainly attributable to the increase in labour cost as a result of more business activities.

Other income and gains/(expenses). Other income and gains for the engineering and construction business for the six months ended 30 June 2010 decreased by RMB189 million or 68.23% from RMB277 million for the six months ended 30 June 2009 to RMB88 million. The decrease was primarily due to other income of RMB110 million in 2009 generated from the excess in fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. No such transaction occurred in 2010.

Segment result. Segment result of the engineering and construction business for the six months ended 30 June 2010 increased by RMB39 million or 1.14% from RMB3,407 million for the six months ended 30 June 2009 to RMB3,446 million.

2. *Equipment manufacturing*

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

The following table sets forth the principal result information for the equipment manufacturing business for the six months ended 30 June 2010 and the reporting period for the six months ended 30 June 2009.

	For the Six Months Ended	
	30 June	
	2010	2009
	<i>(RMB million)</i>	<i>(RMB million)</i>
Segment revenue	4,618	4,375
Cost of sales	(4,301)	(3,856)
Gross profit	317	519
Selling and marketing expenses	(86)	(64)
Administrative expenses	(341)	(280)
Other income and gains/(expenses)	64	92
Segment result	(46)	267
Depreciation and amortisation	168	96

Segment revenue. Segment revenue from the equipment manufacturing business for the six months ended 30 June 2010 increased by RMB243 million or 5.55% from RMB4,375 million for the six months ended 30 June 2009 to RMB4,618 million. Leveraging on the technological edges it has developed from its experiences in metallurgical engineering and construction, the Group has increased its market share in the equipment manufacturing business through industrialization of its core technology and a product-oriented strategy. The Group has formed a relatively comprehensive industry chain in the metallurgical equipment manufacturing industry which covers research, design, testing and manufacturing. This has increased the ability of the Group to accelerate industrialization of core technologies and has built a foundation for the rapid development of its equipment manufacturing business.

Cost of sales and gross profit. Cost of sales incurred by the equipment manufacturing business for the six months ended 30 June 2010 increased by RMB445 million or 11.54% from RMB3,856 million for the six months ended 30 June 2009 to RMB4,301 million. Percentage of cost of sales against segment revenue increased to 93.14% for the six months ended 30 June 2010 from 88.14% for the six months ended 30 June 2009.

Gross profit of the equipment manufacturing business for the six months ended 30 June 2010 decreased by RMB202 million or 38.92% from RMB519 million for the six months ended 30 June 2009 to RMB317 million. Gross profit margin of the equipment manufacturing business decreased to 6.86% for the six months ended 30 June 2010 from 11.86% for the six months ended 30 June 2009. The decrease is mainly attributable to the negative gross profit as a result of the trial operation of Capital Engineering and Research Incorporation Co., Ltd (中冶京誠(營口)裝備製造技術有限公司), the Company's subsidiaries, which had only commenced since the second half of 2009. As the market is still under development upon commencement of the new production line, the product price was relatively low and could not cover the cost incurred.

Selling and marketing expenses. Selling and marketing expenses incurred by the equipment manufacturing business for the six months ended 30 June 2010 increased by RMB22 million or 34.38% from RMB64 million for the six months ended 30 June 2009 to RMB86 million.

Administrative expenses. Administrative expenses incurred by the equipment manufacturing business for the six months ended 30 June 2010 increased by RMB61 million or 21.79% from RMB280 million for the six months ended 30 June 2009 to RMB341 million.

Other income and gains/(expenses). Other income and gains from the equipment manufacturing business for the six months ended 30 June 2010 decreased by RMB28 million or 30.43% from RMB92 million for the six months ended 30 June 2009 to RMB64 million.

Segment result. Segment result of the equipment manufacturing business for the six months ended 30 June 2010 decreased by RMB313 million or 117.23% from RMB267 million for the six months ended 30 June 2009 to -RMB46 million.

3. *Resources development*

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

The following table sets forth the principal result information for the resources development business for the six months ended 30 June 2010 and the reporting period for the six months ended 30 June 2009.

	For the Six Months Ended	
	30 June	
	2010	2009
	(RMB million)	(RMB million)
Segment revenue	4,327	3,061
Cost of sales	(3,763)	(2,616)
Gross profit	564	445
Selling and marketing expenses	(61)	(38)
Administrative expenses	(307)	(280)
Other income and gains/(expenses)	(4)	109
Segment result	192	236
Depreciation and amortisation	314	260

Segment revenue. Segment revenue of the resources development business for the six months ended 30 June 2010 increased by RMB1,266 million or 41.36% from RMB3,061 million for the six months ended 30 June 2009 to RMB4,327 million. The increase is mainly attributable to the increase in sales volume and average sales price of the products of the Company's subsidiary MCC Huludao Nonferrous Metals Group Co., Ltd. and the increase in the sales volume of other products of the Group such as polysilicon and copper-gold.

Cost of sales and gross profit. Cost of sales incurred by the resources development business for the six months ended 30 June 2010 increased by RMB1,147 million or 43.85% from RMB2,616 million for the six months ended 30 June 2009 to RMB3,763 million. Percentage of the cost of sales in revenue for the six months ended 30 June 2010 increased from 85.46% for the six months ended 30 June 2009 to 86.97%.

Gross profit of the resources development business for the six months ended 30 June 2010 increased by RMB119 million or 26.74% from RMB445 million for the six months ended 30 June 2009 to RMB564 million. Gross profit margin of the resources development business for the six months ended 30 June 2010 decreased from 14.54% for the six months ended 30 June 2009 to 13.03%. The decrease is mainly attributable to the increase in raw material procurement costs.

Selling and marketing expenses. Selling and marketing expenses incurred by the resources development business for the six months ended 30 June 2010 increased by RMB23 million or 60.53% from RMB38 million for the six months ended 30 June 2009 to RMB61 million.

Administrative expenses. Administrative expenses incurred by the resources development business for the six months ended 30 June 2010 increased by RMB27 million or 9.64% from RMB280 million for the six months ended 30 June 2009 to RMB307 million.

Other income and gains/(expenses). Other expenses of the resources development business for the six months ended 30 June 2010 decreased by RMB113 million or 103.67% from RMB109 million of other income and gains for the six months ended 30 June 2009 to RMB4 million, mainly attributable to the decrease in other income as a result of the decrease in government grants.

Segment result. Segment result of the resources development business for the six months ended 30 June 2010 decreased by RMB44 million or 18.64% from RMB236 million for the six months ended 30 June 2009 to RMB192 million.

4. *Property development business*

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

The following table sets forth the principal result information for the property development business for the six months ended 30 June 2010 and the reporting period for the six months ended 30 June 2009.

	For the Six Months	
	Ended 30 June	
	2010	2009
	(RMB million)	(RMB million)
Segment revenue	7,725	1,831
Cost of sales	(6,278)	(1,501)
Gross profit	1,447	330
Selling and marketing expenses	(89)	(32)
Administrative expenses	(294)	(91)
Other income and gains/(expenses)	36	21
Segment result	1,100	228
Depreciation and amortisation	16	9

Segment revenue. Segment revenue of the property development business for the six months ended 30 June 2010 increased by RMB5,894 million or 321.90% from RMB1,831 million for the six months ended 30 June 2009 to RMB7,725 million. The increase is mainly attributable to the sales and recognition of revenue of various projects, including commodity properties, primary land development and social welfare housing projects for the six months ended 30 June 2010. In addition, continuing rise in sales prices of properties from January to June 2010 also contributed to the revenue growth of the Group's property development business.

Cost of sales and gross profit. Cost of sales incurred from the property development business for the six months ended 30 June 2010 increased by RMB4,777 million or 318.25% from RMB1,501 million for the six months ended 30 June 2009 to RMB6,278 million. Percentage of the cost of sales against segment revenue for the six months ended 30 June 2010 decreased from 81.98% for the six months ended 30 June 2009 to 81.27%.

Gross profit of the property development business for the six months ended 30 June 2010 increased by RMB1,117 million or 338.48% from RMB330 million for the six months ended 30 June 2009 to RMB1,447 million. Gross profit margin of the property development business for the six months ended 30 June 2010 increased from 18.02% for the six months ended 30 June 2009 to 18.73%, mainly attributable to more revenue contribution from projects with higher gross profit in January to June 2010.

Selling and marketing expenses. Selling and marketing expenses incurred by the property development business for the six months ended 30 June 2010 increased by RMB57 million or 178.13% from RMB32 million for the six months ended 30 June 2009 to RMB89 million.

Administrative expenses. Administrative expenses incurred by the property development business for the six months ended 30 June 2010 increased by RMB203 million or 223.08% from RMB91 million for the six months ended 30 June 2009 to RMB294 million. The increase was primarily due to the increase in labour cost and office expenses as a result of more business activities.

Other income and gains/(expenses). Other income and gains from the property development business in the six months ended 30 June 2010 amounted to RMB36 million, representing an increase by RMB15 million or 71.43% as compared with RMB21 million for the six months ended 30 June 2009.

Segment result. Segment result of the property development business for the six months ended 30 June 2010 increased by RMB872 million or 382.46% from RMB228 million for the six months ended 30 June 2009 to RMB1,100 million.

5. *Other businesses*

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

The following table sets forth the principal result information for other businesses for the the six months ended 30 June 2010 and the reporting period for the six months ended 30 June 2009.

	For the Six Months	
	Ended 30 June	
	2010	2009
	(RMB million)	(RMB million)
Segment revenue	3,236	1,083
Cost of sales	(2,941)	(945)
Gross profit	295	138
Selling and marketing expenses	(35)	(25)
Administrative expenses	(60)	(25)
Other income and gains/(expenses)	20	12
Segment result	220	100
Depreciation and amortisation	23	11

Segment revenue. Segment revenue of the other businesses for the six months ended 30 June 2010 increased by RMB2,153 million or 198.80% from RMB1,083 million for the six months ended 30 June 2009 to RMB3,236 million. Segment revenue of the other businesses is mainly generated from the import and export and consultancy services. The increase was mainly attributable to the increase of business activities as a result of economic recovery.

Cost of sales and gross profit. Cost of sales incurred from the other businesses for the six months ended 30 June 2010 increased by RMB1,996 million or 211.22% from RMB945 million for the six months ended 30 June 2009 to RMB2,941 million. Percentage of the cost of sales against segment revenue for the six months ended 30 June 2010 increased from 87.26% for the six months ended 30 June 2009 to 90.88%.

Gross profit of the other businesses for the six months ended 30 June 2010 increased by RMB157 million or 113.77% from RMB138 million for the six months ended 30 June 2009 to RMB295 million. Gross profit margin of the other businesses for the six months ended 30 June 2010 decreased from 12.74% for the six months ended 30 June 2009 to 9.12%, mainly due to the increase in cost of sales exceeded the increase in revenue.

Selling and marketing expenses. Selling and marketing expenses incurred from the other businesses for the six months ended 30 June 2010 increased by RMB10 million or 40.00% from RMB25 million for the six months ended 30 June 2009 to RMB35 million.

Administrative expenses. Administrative expenses incurred from the other businesses for the six months ended 30 June 2010 increased by RMB35 million or 140.00% from RMB25 million for the six months ended 30 June 2009 to RMB60 million, mainly attributable to an increase in labour cost and office expenses as a result of more business activities from the economic recovery.

Other income and gains/(expenses). Other income and gains of the other businesses for the six months ended 30 June 2010 increased by RMB8 million or 66.67% from RMB12 million for the six months ended 30 June 2009 to RMB20 million.

Segment result. Segment result of the other businesses for the six months ended 30 June 2010 increased by RMB120 million or 120.00% from RMB100 million for the six months ended 30 June 2009 to RMB220 million.

(IV) LIQUIDITY AND CAPITAL RESOURCES

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

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

1. *Information on cash flow*

The following cash flows information is extracted from the unaudited condensed consolidated cash flow statement of the Group for the six months ended 30 June 2010 and the six months ended 30 June 2009.

	For the Six Months	
	Ended 30 June	
	2010	2009
	(RMB million)	(RMB million)
Net cash used in operating activities	(10,713)	(2,256)
Net cash used in investing activities	(4,940)	(8,869)
Net cash generated from financing activities	17,508	12,011
Net increase in cash and cash equivalents	1,855	886
Cash and cash equivalents		
at the beginning of the period	44,740	26,209
Exchange losses on cash and cash equivalents	(124)	(46)
Cash and cash equivalents		
at the end of the period	46,471	27,049

2. *Cash flows from operating activities*

For the six months ended 30 June 2010, the Group's net cash used in operating activities amounted to RMB10,713 million as compared with net cash used in operating activities of RMB2,256 million for the six months ended 30 June 2009. The increase of RMB8,457 million in net cash used in operating activities was mainly due to the advance payment by the subsidiaries of the Company for the construction of projects of roads and bridges, public facilities and social welfare housing in the period of January to June 2010, which were usually BT (Build-Transfer, a business model in which the contractor undertakes the financing of construction expenditures and transfers the project back to the project proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in installments pursuant to relevant agreements) or BOT projects vigorously carried out by the Company's subsidiaries through cooperation with governments. Therefore, the Group had a large cash outflow, resulting in negative cash flows from operating activities.

3. *Cash flows from investing activities*

For the six months ended 30 June 2010, the Group's net cash used in investing activities amounted to RMB4,940 million as compared to RMB8,869 million for the six months ended 30 June 2009. The net cash flow used in investing activities decreased by RMB3,929 million, which was mainly due to the decrease in cash payment for establishing new subsidiaries and the purchases of property, plant and equipment and land use rights.

4. *Cash flows from financing activities*

For the six months ended 30 June 2010, the Group's net cash generated from financing activities amounted to RMB17,508 million, as compared to RMB12,011 million for the six months ended 30 June 2009. The net cash flow increased by RMB5,497 million, which was mainly due to the increase in the finance to the Group by way of loans and short-term financing bills in the period of January to June 2010.

5. *Capital expenditures*

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

The following table sets forth the capital expenditures of the Group by segment for the six months ended 30 June 2010 and 2009 respectively.

	For the Six Months	
	Ended 30 June	
	2010	2009
	(RMB million)	(RMB million)
Engineering and construction	1,635	972
Equipment manufacturing	713	1,460
Resources development	2,651	2,690
Property development	56	144
Other businesses	834	11
	<hr/>	<hr/>
Total	<u>5,889</u>	<u>5,277</u>

The Group's capital expenditures for the six months ended 30 June 2010 amounted to RMB5,889 million, representing an increase of RMB612 million or 11.60% from RMB5,277 million for the six months ended 30 June 2009.

6. Working capital

Trade receivables and trade payables.

The following table sets forth the turnover days of the average trade receivables and the turnover days of the average trade payables of the Group for the six months ended 30 June 2010 and the year ended 31 December 2009.

	For the Six Months Ended 30 June 2010 days	For the Year Ended 31 December 2009 days
The turnover days of the average trade receivables ⁽¹⁾	90	82
The turnover days of the average trade payables ⁽²⁾	119	111

The turnover days of the average trade receivables for the six months ended 30 June 2010 was 8 days more than the turnover days of the average trade receivables for the year ended 31 December 2009, mainly attributable to the increase in trade receivables as most of the receivables from proprietors are generally settled in the second half of the year.

The turnover days of the average trade payables for the six months ended 30 June 2010 was 8 days more than the turnover days of the average trade payables for the year ended 31 December 2009, mainly attributable to the increase in trade payables as most of the payments to subcontractors and suppliers are generally paid in the second half of the year.

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

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

The following table sets forth the aging analysis of trade receivables for the six months as at 30 June 2010 and 31 December 2009.

	As at 30 June 2010 (RMB million)	As at 31 December 2009 (RMB million)
Less than one year	36,801	32,396
One to two years	6,299	5,940
Two to three years	2,068	1,927
Three to four years	798	471
Four to five years	293	252
Over five years	722	655
	<hr/>	<hr/>
Trade receivable-gross	46,981	41,641
Less: provision for impairment	(3,156)	(2,835)
Trade receivable-net	43,825	38,806
	<hr/> <hr/>	<hr/> <hr/>

Generally, approximately 80% of our trade receivables were aged less than one year. We have continually enhanced our management of trade receivables in order to reduce the exposure to impairment risks. In addition, after fully considering the nature of the trade receivables and their collectability, we make provision for impairment of certain trade receivables in order to ensure the quality of our assets. The impairment with about 50%, 80% and 100% would be accrued for the receivables with aging of three to four years, four to five years and over five years respectively.

As at 30 June 2010, there was a significant change in trade receivables of one to two years and of two to three years as compared with those as at 31 December 2009, mainly due to the BT or BOT projects for roads and bridges, public facilities and social welfare housing projects vigorously carried out by the Company's subsidiaries in the period of January to June 2010 through cooperation with governments, which resulted in a significant increase in trade receivables as compared with last year.

The following table sets forth the aging analysis of trade payables as at 30 June 2010 and 31 December 2009.

	As at 30 June 2010 (RMB million)	As at 31 December 2009 (RMB million)
Within one year	42,598	39,638
One to two years	8,724	7,574
Two to three years	2,786	1,818
Over three years	1,568	1,250
	<hr/>	<hr/>
Total	55,676	50,280
	<hr/> <hr/>	<hr/> <hr/>

7. Retentions

The following table sets forth the book value of retentions as at 30 June 2010 and 31 December 2009.

	As at 30 June 2010 (RMB million)	As at 31 December 2009 (RMB million)
Current portion	1,029	831
Non-current portion	786	797
Total	<u>1,815</u>	<u>1,628</u>

8. Assets-Liabilities ratio

The following table sets forth the assets-liabilities ratio of the Group as at 30 June 2010 and 31 December 2009.

	As at 30 June 2010 (RMB million)	As at 31 December 2009 (RMB million)
Total liabilities	212,733	185,773
Total assets	260,223	229,563
Assets-liabilities ratio	<u>81.75%</u>	<u>80.92%</u>

The assets-liabilities ratio of the Group increased by 0.83% from 80.92% as at 31 December 2009 to 81.75% as at 30 June 2010.

(V) INDEBTEDNESS

1. Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2010 and 31 December 2009.

	As at 30 June 2010 RMB million	As at 31 December 2009 RMB million
Non-current		
Long-term bank borrowings		
— Secured ^(a)	11,273	9,349
— Unsecured	23,186	19,416
	34,459	28,765
Other long-term borrowings		
— Secured ^(a)	350	722
— Unsecured	6,312	3,392
— Debentures ^(b)	3,500	3,500
	10,162	7,614
Total non-current borrowings	44,621	36,379
Current		
Short-term bank borrowings		
— Secured ^(a)	5,528	10,419
— Unsecured	23,593	13,542
	29,121	23,961

	As at 30 June 2010 RMB million	As at 31 December 2009 RMB million
Other short-term borrowings		
— Unsecured	2,552	703
— Debentures ^(c)	3,950	—
	<u>6,502</u>	<u>703</u>
Current portion of long-term bank borrowings		
— Secured ^(a)	2,286	2,430
— Unsecured	3,968	1,014
	<u>6,254</u>	<u>3,444</u>
Current portion of other long-term borrowings		
— Secured ^(a)	3,722	3,500
Total current borrowings	<u>45,599</u>	<u>31,608</u>
Total borrowings	<u>90,220</u>	<u>67,987</u>

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

^(b) As approved by the National Development and Reform Commission, the Group issued debentures in July 2008 at par value of RMB3,500 million with a maturity of ten years from issuance. The debentures are unsecured, bear interests at a fixed rate of 6.1% per annum for the first five years and at prevailing market interest rate for the remaining five years.

- (c) As approved by the People's Bank of China, the Group issued short-term financing bills in May 2010 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures are unsecured, and bear interests at a fixed rate 2.73% per annum, out of which RMB50 million was issued to a subsidiary of the Group.

2. *Financial Guarantee*

The nominal values of the financial guarantees issued by the Group as at 30 June 2010 and 31 December 2009 are analysed as below:

	As at 30 June 2010 <i>RMB million</i>	As at 31 December 2009 <i>RMB million</i>
Outstanding guarantees ⁽ⁱ⁾		
— Third parties	533	1,596
— Related parties	100	50
Total	<u>633</u>	<u>1,646</u>

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

3. *Contingencies*

	As at 30 June 2010 <i>RMB million</i>	As at 31 December 2009 <i>RMB million</i>
Pending lawsuits/arbitrations	<u>359</u>	<u>462</u>

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision, as set out in Note 24 to the unaudited condensed consolidated interim financial information, have been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and the legal advice. No provision has been made for pending lawsuits as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

(VI) MARKET RISKS

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

1. *Interest Rate Risk*

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

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

2. *Foreign Exchange Risk*

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

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

To mitigate the impact of exchange rate fluctuations, the Group continually assess and monitor the exposure to foreign exchange risk. The Group currently has no foreign exchange hedging policy. However, the management will monitor the exposure to foreign exchange risk and consider hedging the exposure to material foreign exchange risk when necessary.

3. *Price Risk*

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

4. *Credit Risk*

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

Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in the PRC, which management believes are of high credit quality.

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

5. *Liquidity Risk*

The management adopts prudent liquidity risk management and maintains sufficient cash and the availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility in funding by ensuring that credit lines are available. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

IV. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		30 June	31 December
		2010	2009
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
ASSETS			
Non-current assets			
Property, plant and equipment		32,709	29,866
Land use rights		6,369	6,303
Mining rights		4,278	3,668
Investment properties		481	367
Intangible assets		5,906	5,271
Investments in associates		1,183	1,153
Available-for-sale financial assets		1,461	1,388
Held-to-maturity financial assets		250	250
Deferred income tax assets		2,040	1,952
Trade and other receivables	9	4,151	3,288
Other non-current assets		123	106
		<hr/>	<hr/>
Total non-current assets		58,951	53,612
		<hr/>	<hr/>

IV. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (*Continued*)

		30 June	31 December
		2010	2009
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
Current assets			
Inventories		14,008	11,549
Properties under development		28,373	20,364
Completed properties held for sale		1,009	2,545
Trade and other receivables	9	78,118	69,569
Amounts due from customers			
for contract work		30,908	25,582
Available-for-sale financial assets		—	27
Held-to-maturity financial assets		368	51
Financial assets at fair value through			
profit or loss		110	301
Restricted cash		1,907	1,223
Cash and cash equivalents		46,471	44,740
		<hr/>	<hr/>
Total current assets		201,272	175,951
		<hr/>	<hr/>
Total assets		260,223	229,563
		<hr/> <hr/>	<hr/> <hr/>

IV. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

		30 June 2010	31 December 2009
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		19,110	19,110
Reserves		20,142	17,791
		39,252	36,901
Non-controlling interests		8,238	6,889
Total equity		47,490	43,790
LIABILITIES			
Non-current liabilities			
Borrowings		44,621	36,379
Deferred income		546	408
Retirement and other supplemental benefit obligations		5,778	5,941
Provisions for other liabilities and charges		57	59
Trade and other payables	10	3,534	6,186
Deferred income tax liabilities		691	639
Total non-current liabilities		55,227	49,612

IV. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

		30 June 2010	31 December 2009
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
Current liabilities			
Trade and other payables	10	98,962	89,577
Amounts due to customers for contract work		11,701	13,250
Current income tax liabilities		597	1,061
Borrowings		45,599	31,608
Retirement and other supplemental benefit obligations		647	665
		<hr/>	<hr/>
Total current liabilities		157,506	136,161
		<hr/>	<hr/>
Total liabilities		212,733	185,773
		<hr/>	<hr/>
Total equity and liabilities		260,223	229,563
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		43,766	39,790
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		102,717	93,402
		<hr/> <hr/>	<hr/> <hr/>

V. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2010	2009
		<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
Revenue		88,850	75,142
Cost of sales	5	<u>(79,977)</u>	<u>(68,091)</u>
Gross profit		<u>8,873</u>	<u>7,051</u>
Selling and marketing expenses	5	(594)	(387)
Administrative expenses	5	(3,767)	(3,004)
Other income		446	490
Other (losses)/gains — net		(132)	71
Other expenses		<u>(110)</u>	<u>(50)</u>
Operating profit		<u>4,716</u>	<u>4,171</u>
Finance income	4	282	229
Finance costs	4	(1,421)	(1,174)
Share of profits of associates		<u>39</u>	<u>40</u>
Profit before income tax		3,616	3,266
Income tax expense	6	<u>(1,020)</u>	<u>(690)</u>
Profit for the period		<u>2,596</u>	<u>2,576</u>

V. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
(Continued)

		Six months ended 30 June	
		2010	2009
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
		Unaudited	<i>(See note 2(b))</i>
Attributable to:			
Equity holders of the Company		2,275	2,135
Non-controlling interests		321	441
		<u>2,596</u>	<u>2,576</u>
Earnings per share for profit attributable to the equity holders of the Company			
— Basic earnings per share (<i>RMB</i>)	8	<u>0.12</u>	<u>0.16</u>
— Diluted earnings per share (<i>RMB</i>)		<u>0.12</u>	<u>0.16</u>
Dividends	7	<u>—</u>	<u>1,875</u>

**VI. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Profit for the period	2,596	2,576
Other comprehensive (expense)/income		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	(105)	203
Currency translation differences	(151)	(73)
Other comprehensive (expense)/income for the period, net of tax	(256)	130
Total comprehensive income for the period	2,340	2,706
Total comprehensive income attributable to		
Equity holders of the Company	2,039	2,263
Non-controlling interests	301	443
	2,340	2,706

VII. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Non- controlling interests RMB'million	Total RMB'million
	Share capital RMB'million	Other reserves RMB'million	Retained earnings RMB'million	Sub total RMB'million	Total		
As at 1 January 2010							
(As previously reported)	19,110	15,367	2,392	36,869	6,823	43,692	
Business combination under common control	—	29	3	32	66	98	
As at 1 January 2010 (As restated)	19,110	15,396	2,395	36,901	6,889	43,790	
Profit for the period	—	—	2,275	2,275	321	2,596	
Other comprehensive income:							
Fair value losses on available-for-sale financial assets, net of tax	—	(93)	—	(93)	(12)	(105)	
Currency translation differences	—	(143)	—	(143)	(8)	(151)	
Total comprehensive (expenses)/income for the period	—	(236)	2,275	2,039	301	2,340	
Transactions with owners							
Dividends	—	—	—	—	(19)	(19)	
Transaction with non-controlling interests	—	(8)	—	(8)	(68)	(76)	
Attributable to set-up/acquisition of subsidiaries	—	—	—	—	682	682	
Additional capital injection from owners and non- controlling interest proportionally	—	—	—	—	459	459	
Capital contribution	—	380	—	380	—	380	
Business combination under common control	—	(39)	—	(39)	(6)	(45)	
Appropriations	—	6	(6)	—	—	—	
Others	—	(21)	—	(21)	—	(21)	
Total transactions with owners	—	318	(6)	312	1,048	1,360	
As at 30 June 2010	<u>19,110</u>	<u>15,478</u>	<u>4,664</u>	<u>39,252</u>	<u>8,238</u>	<u>47,490</u>	

Attributable to equity holders of the Company

	Share capital	Other reserves	(Accumu- lated deficit)/ retained earnings	Sub total	Non- controlling interests	Total
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
As at 1 January 2009						
(As previously reported)	13,000	(10,972)	(33)	1,995	5,633	7,628
Business combination under common control	—	29	—	29	60	89
As at 1 January 2009 (As restated)	13,000	(10,943)	(33)	2,024	5,693	7,717
Profit for the period	—	—	2,135	2,135	441	2,576
Other comprehensive income:						
Fair value gains on available-for-sale financial assets, net of tax	—	180	—	180	23	203
Currency translation differences	—	(52)	—	(52)	(21)	(73)
Total comprehensive income for the period	—	128	2,135	2,263	443	2,706
Transactions with owners						
Dividends	—	—	(1,875)	(1,875)	(252)	(2,127)
Transaction with non—controlling interests	—	45	—	45	27	72
Attributable to set—up/ acquisition of subsidiaries	—	—	—	—	171	171
Investments in subsidiaries transferred to investments in associates	—	—	—	—	(16)	(16)
Additional capital injection from owners and non-controlling interests proportionally	—	—	—	—	47	47
Appropriations	—	208	(208)	—	—	—
Total transactions with owners	—	253	(2,083)	(1,830)	(23)	(1,853)
As at 30 June 2009	<u>13,000</u>	<u>(10,562)</u>	<u>19</u>	<u>2,457</u>	<u>6,113</u>	<u>8,570</u>

VIII. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Cash flows from operating activities		
Cash used in operations	(9,278)	(1,405)
Income tax paid	(1,435)	(851)
	<hr/>	<hr/>
Net cash used in operating activities	(10,713)	(2,256)
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,594)	(3,854)
Purchases of land use rights	(207)	(630)
Purchases of investment properties	(2)	—
Purchases of intangible assets	(682)	(631)
Purchases of available-for-sale financial assets	(208)	(1)
Purchases of held-to-maturity financial assets	(529)	(341)
Increase in investment in associates	(3)	(120)
Net cash (outflow)/inflow for acquisition of subsidiaries	(25)	196
Net cash flow for business combination under common control	(42)	—
Prepayment for investments	—	(3,504)
Amounts received from related parties and third parties	93	(283)
Proceeds from disposal of property, plant and equipment	75	79
Proceeds from disposal of land use rights	2	—
Proceeds from disposal of investment properties	1	—
Proceeds from disposal of intangible assets	9	—
Proceeds from disposal of available-for-sale financial assets	42	79

VIII. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Continued)

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Proceeds from held-to-maturity financial assets upon maturity date	213	240
Net cash inflow from disposal of investment in associates	5	—
Transaction with non-controlling interests	(98)	(149)
Dividends received	10	50
	<hr/>	<hr/>
Net cash used in investing activities	(4,940)	(8,869)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from borrowings	46,458	47,221
Repayments of borrowings	(27,179)	(32,471)
Contribution received from non-controlling interests	808	246
Dividends paid	(77)	(15)
Interest paid	(2,190)	(1,954)
Capital contribution	380	—
Changes in restricted cash	(684)	(1,016)
Net cash outflow from finance leases	(8)	—
	<hr/>	<hr/>
Net cash generated from financing activities	17,508	12,011
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,855	886
Cash and cash equivalents at beginning of the period	44,740	26,209
Exchange losses on cash and cash equivalents	(124)	(46)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	46,471	27,049
	<hr/> <hr/>	<hr/> <hr/>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

- (a) Metallurgical Corporation of China Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC” or “China”) on 1 December 2008. The A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 24 September 2009. The address of the Company’s registered office has been changed to No. 28 Shuguang Xili, Chaoyang District, Beijing since July 2010.
- (b) The Company and its subsidiaries (the “Group”) are principally engaged in following activities:
- Provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (the “engineering and construction”);
 - Development and production of metallurgical equipment, steel structures and other metal products (the “equipment manufacturing”);
 - Development, mining and processing of mineral resources and the production of polysilicon (the “resources development”); and
 - Development and sale of residential and commercial properties and primary land development (the “property development”).
- (c) This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 30 June 2010 was approved for issue by the Board of Directors of the Company on 24 August 2010.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

- (a) This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with IAS 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

- (b) In February 2010, the Group acquired from a subsidiary of China Metallurgical Group Corporation (the “Parent”) 40.33% equity interest in Wuhan Metallurgical Traffic Engineering Co., Ltd. (“WMTE”), 37.50% equity interest in Wuhan Electrical Engineering Co., Ltd. (“WEEC”) and 35% equity interest in Wuhan Metallurgical Construction Co., Ltd. (“WMCC” and collectively the “Acquired Entities”) for cash consideration of RMB10 million, RMB18 million and RMB18 million respectively. The financial statements of the Acquired Entities are consolidated by the Group as the Group has control over operating and financial policies of these entities.

The Acquired Entities and the Group are controlled and ultimately owned by the Parent. Accordingly, the aforesaid transactions are regarded as business combination under common control. Therefore, the condensed consolidated interim financial information incorporated the results of the Acquired Entities as if both the Acquired Entities and the Group had always been combined.

3. Segment Information

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

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

Unaudited	Engineering						
	and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Segment revenue	70,859	4,618	4,327	7,725	3,236	(1,915)	88,850
Inter-segment revenue	<u>(759)</u>	<u>(11)</u>	<u>(104)</u>	<u>—</u>	<u>(1,041)</u>	<u>1,915</u>	<u>—</u>
Revenue	<u>70,100</u>	<u>4,607</u>	<u>4,223</u>	<u>7,725</u>	<u>2,195</u>	<u>—</u>	<u>88,850</u>
Segment result	3,446	(46)	192	1,100	220	(139)	4,773
Unallocated costs							<u>(57)</u>
Operating profit							4,716
Finance income							282
Finance costs							(1,421)
Share of profit/ (loss) of associates	47	(4)	—	(4)	—	—	<u>39</u>
Profit before income tax							3,616
Income tax expense							<u>(1,020)</u>
Profit for the period							<u><u>2,596</u></u>

(b) For the six months ended 30 June 2009:

The segment results for the six months ended 30 June 2009 are as follows:

(See note 2(b))	Engineering						
	and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Segment revenue	65,751	4,375	3,061	1,831	1,083	(959)	75,142
Inter-segment revenue	(805)	(30)	—	—	(124)	959	—
Revenue	<u>64,946</u>	<u>4,345</u>	<u>3,061</u>	<u>1,831</u>	<u>959</u>	<u>—</u>	<u>75,142</u>
Segment result	3,407	267	236	228	100	(36)	4,202
Unallocated costs							<u>(31)</u>
Operating profit							4,171
Finance income							229
Finance costs							(1,174)
Share of profit/ (loss) of associates	33	15	—	(8)	—	—	<u>40</u>
Profit before income tax							3,266
Income tax expense							<u>(690)</u>
Profit for the period							<u><u>2,576</u></u>

4. Finance income and costs

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Interest expense		
— Bank borrowings wholly repayable within 5 years	1,520	1,262
— Bank borrowings wholly repayable over 5 years	215	136
— Other borrowings	422	314
	2,157	1,712
Less: Amounts capitalised in construction-in-progress (a)	(234)	(76)
Less: Amounts capitalised in properties under development (b)	(549)	(515)
	1,374	1,121
Net foreign exchange gains on borrowings	(20)	(6)
Discount charges on bank acceptance notes	67	59
Finance costs	1,421	1,174
Interest income on bank deposits	(187)	(166)
Interest income on held-to-maturity financial assets	(2)	(1)
Interest income on loans to related parties	(47)	(37)
Others	(46)	(25)
Finance income	(282)	(229)
Finance costs, net	1,139	945

- (a) Interest expenses was capitalised as construction-in-progress at the average effective rate of 5.13% (six months ended 30 June 2009: 5.91%) per annum for the six months ended 30 June 2010.
- (b) Interest expense was capitalised as properties under development at the average effective rate of 5.85% (six months ended 30 June 2009: 7.07%) per annum for the six months ended 30 June 2010.

5. Expenses by nature

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Raw materials, purchased equipment and consumables used	39,604	26,244
Changes in inventories of finished goods and work-in-progress	(9,043)	(1,559)
Subcontracting charges	38,657	34,601
Employee benefits	5,607	4,328
Depreciation of property, plant and equipment	964	773
Fuel and heating expenditure	328	244
Business tax and other transaction taxes	2,257	1,835
Travelling expenses	607	500
Office expenses	824	717
Transportation costs	261	206
Operating lease rentals	1,456	1,381
Provision for impairment of trade and other receivables	396	404
Research and development costs	385	300
Repairs and maintenance	446	388
Advertising expenditure	109	50
Reversal of foreseeable losses on construction contracts	(1)	(10)

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	<i>(See note 2(b))</i>
Amortisation of land use rights	64	70
Amortisation of mining rights	3	3
Depreciation of investment property	11	11
Amortisation of intangible assets	33	19
Insurance expenditure	56	33
Provision/(reversal of) for impairment on inventories	20	(7)
Professional and technical consulting fees	335	336
Bank charges relating to operating activities	217	145
Others	742	470
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	84,338	71,482
	<hr/> <hr/>	<hr/> <hr/>

6. Taxation

(a) Income tax expense

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

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

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

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

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	Audited
Current income tax:		
— PRC enterprise income tax	970	810
— Overseas taxation	2	4
	<hr/> 972	<hr/> 814
PRC land appreciation tax (b)	138	6
Deferred income tax	<hr/> (90)	<hr/> (130)
	<hr/> 1,020 <hr/>	<hr/> 690 <hr/>

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

	Six months ended 30 June	
	2010	2009
	<i>RMB'million</i>	<i>RMB'million</i>
	Unaudited	(See note 2(b))
Profit before income tax	<u>3,616</u>	<u>3,266</u>
Tax calculated at the statutory tax rate of 25%	904	817
Effect of difference between applicable tax rate and statutory tax rate to		
Group companies	(141)	(236)
Tax losses for which no deferred income tax asset was recognised	243	137
Income not subject to taxation	(82)	(58)
Expense not deductible for tax purpose	33	59
Additional tax relief	(39)	(23)
Utilisation of previously unrecognised tax losses and other deferred tax assets	6	(9)
Deferred tax changes resulted from statutory tax rate changes	1	(8)
Effect of higher tax rate for the appreciation of land in the PRC	104	4
Others	(9)	7
Income tax expense	<u>1,020</u>	<u>690</u>

(b) PRC land appreciation tax

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

7. Dividends

The dividend declared by the Company for the six months ended 30 June 2009 was RMB1,875 million.

No interim dividend was declared by the Board of Directors for the six months ended 30 June 2010.

8. Earnings per share

(a) Basic

Basic earnings per share for the six months ended 30 June 2010 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2010	2009
	Unaudited	<i>(See note 2(b))</i>
Profit attributable to equity holders of the Company (<i>RMB' million</i>)	<u><u>2,275</u></u>	<u><u>2,135</u></u>
Weighted average number of ordinary shares in issue (<i>million</i>)	<u><u>19,110</u></u>	<u><u>13,000</u></u>
Basic earnings per share (<i>RMB</i>)	<u><u>0.12</u></u>	<u><u>0.16</u></u>

(b) Diluted

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

9. Trade and other receivables

	As at 30 June 2010 <i>RMB'million</i> Unaudited	As at 31 December 2009 <i>RMB'million</i> (See note 2(b))
Trade receivables		
Trade receivables	36,572	32,446
Retentions	1,815	1,628
Notes receivables	8,594	7,567
	<u>46,981</u>	<u>41,641</u>
Less: Provision for impairment	<u>(3,156)</u>	<u>(2,835)</u>
Trade receivables — net	<u>43,825</u>	<u>38,806</u>
Other receivables		
Prepayments to suppliers	22,170	19,962
Deposits	9,076	7,331
Amounts due from related parties and third parties	3,727	3,575
Staff advances	904	609
Prepayment for investments	2,763	2,728
Others	616	597
	<u>39,256</u>	<u>34,802</u>
Less: Provision for impairment	<u>(812)</u>	<u>(751)</u>
Other receivables – net	<u>38,444</u>	<u>34,051</u>
Total trade and other receivables	<u>82,269</u>	<u>72,857</u>

	As at 30 June 2010 <i>RMB'million</i> Unaudited	As at 31 December 2009 <i>RMB'million</i> (See note 2(b))
Less: Non-current portion		
— Trade and other receivables	(3,365)	(2,491)
— Retentions	(786)	(797)
	<u>(4,151)</u>	<u>(3,288)</u>
Current portion	<u>78,118</u>	<u>69,569</u>

As at 30 June 2010, the ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) are as follows:

	As at 30 June 2010 <i>RMB'million</i> Unaudited	As at 31 December 2009 <i>RMB'million</i> (See note 2(b))
Less than 1 year	36,801	32,396
1 year to 2 years	6,299	5,940
2 years to 3 years	2,068	1,927
3 years to 4 years	798	471
4 years to 5 years	293	252
Over 5 years	722	655
	<u>46,981</u>	<u>41,641</u>
Trade receivables — gross	46,981	41,641
Less: Provision for impairment	(3,156)	(2,835)
	<u>43,825</u>	<u>38,806</u>
Trade receivables — net	<u>43,825</u>	<u>38,806</u>

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

10. Trade and other payables

	As at 30 June 2010 RMB'million Unaudited	As at 31 December 2009 RMB'million (See note 2(b))
Trade payables	55,676	50,280
Other payables		
Accrued payroll and related expenses	1,823	1,736
Accrued expenses	258	477
Purchase deposits from customers	31,766	28,578
Deposits payable	4,670	3,661
Other taxes payable	1,825	2,364
Long-term payables due to third parties	3,275	5,861
Others	3,203	2,806
	46,820	45,483
Total trade and other payables	102,496	95,763
Less: Non-current portion		
Other payables	(3,534)	(6,186)
Current portion	98,962	89,577

As at 30 June 2010, long-term payables due to third parties are payables to trust companies including CITIC Trust Co., Ltd. and Zhong Hai Trust Co., Ltd.. The long-term payables due to third parties are secured, bear interests at rates ranging from 4.80% to 4.97% (31 December 2009: 4.80% to 4.97%) per annum and repayable between 1 to 2 (31 December 2009:1 to 2) years.

As at 30 June 2010, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) are as follows:

	As at 30 June 2010 <i>RMB'million</i> Unaudited	As at 31 December 2009 <i>RMB'million</i> (See note 2(b))
Within 1 year	42,598	39,638
1 year to 2 years	8,724	7,574
2 years to 3 years	2,786	1,818
Over 3 years	1,568	1,250
	55,676	50,280

X. SHARE CAPITAL

(I) Changes in Share Capital

(1) Changes in shares

As at 30 June 2010, the Company has a registered capital of RMB19,110,000,000, divided into 19,110,000,000 shares with a nominal value of RMB1.00 each. These shares include:

Class of shares	Number of shares
H Shares	2,871,000,000
A Shares	<u>16,239,000,000</u>
Total	<u><u>19,110,000,000</u></u>

During the Reporting Period, there were no changes in the shares of the Company.

(2) *Changes in shares subject to selling restrictions*

Save for the release of 305,155,000 H Shares subject to selling restrictions held by H Share cornerstone investors of the Company on 24 March 2010, no change in shares subject to selling restrictions occurred during the Reporting Period.

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

No change in total number of shares and share capital structure of the Company occurred during the Reporting Period.

(4) *Existing employee shares*

The Company had no employee shares during the Reporting Period.

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

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

(6) *Pre-emptive rights and shares option arrangements*

The Articles of Association of the Company do not have any mandatory provision regarding pre-emptive rights. Subject to the Hong Kong Listing Rules and pursuant to the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing bonus shares to the existing Shareholders, converting capital reserve to share capital and using other methods as allowed by laws and administrative regulations and approved by relevant authorities.

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

(II) Particulars of Shareholders and Ultimate Controlling Person

(1) Number of Shareholders and their shareholding

As at the end of the Reporting Period, the Company had a total of 457,656 Shareholders, including 448,294 holders of A Shares and 9,362 holders of H Shares.

Particulars of the top 10 Shareholders (Note 2)

Unit: share

Name of Shareholder	Nature of Shareholder	Shareholding percentage (%)	Total number of shares held	Change during the Reporting Period	Number of shares subject to selling restrictions held	Number of shares pledged or frozen
China Metallurgical Group Corporation	state	64.18	12,265,108,500	—	12,265,108,500	Nil
HKSCC Nominees Limited (Note 1)	others	14.95	2,856,202,000	-1,631,000	—	Unknown
The National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶)	state	1.83	350,000,000	—	350,000,000	Unknown
Baosteel Group Corporation	state	0.65	123,891,500	—	123,891,500	Unknown
Industrial and Commercial Bank of China - China Southern Longyuan Industrial Subject Stock Investment Fund (中國工商銀行—南方隆元產業主題股票型證券投資基金)	others	0.30	56,849,601	56,849,601	—	Unknown
Bank of China - Harvest CSI 300 Index Securities Investment Fund (中國銀行—嘉實滬深300指數證券投資基金)	others	0.16	30,529,616	9,394,400	—	Unknown
Industrial and Commercial Bank of China - Shanghai Stock Exchange 50 ETF (中國工商銀行—上證50交易型開放式指數證券投資基金)	others	0.15	27,999,899	27,999,899	—	Unknown
Industrial and Commercial Bank of China - Kaiyuan Equity Fund (中國工商銀行—開元證券投資基金)	others	0.10	18,520,950	18,520,950	—	Unknown

Name of Shareholder	Nature of Shareholder	Shareholding percentage (%)	Total number of shares held	Change during the Reporting Period	Number of shares subject to selling restrictions held	Number of shares pledged or frozen
China Life Insurance Company Limited - Traditional - general 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)	others	0.09	16,538,114	—	—	Unknown
China Pacific Life Insurance Co., Ltd. - Universal - Universal life (中國太平洋人壽保險股份有限公司 — 萬能 — 個人萬能)	others	0.09	16,537,948	—	—	Unknown

Note 1: The H Shares held by HKSCC Nominees Limited are those held on behalf of its beneficial holders. An aggregate of 305,155,000 H Shares which were initially held by it on behalf of H Share cornerstone investors and subject to selling restrictions had been released on 24 March 2010.

Note 2: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2010.

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

Unit: share

Name of Shareholder	Number of shares not subject to selling restrictions held	Type of shares
HKSCC Nominees Limited (Note 1)	2,856,202,000	H Shares
Industrial and Commercial Bank of China - China Southern Longyuan Industrial Subject Stock Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	56,849,601	A Shares
Bank of China - Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	30,529,616	A Shares
Industrial and Commercial Bank of China - Shanghai Stock Exchange 50 ETF (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	27,999,899	A Shares
Industrial and Commercial Bank of China - Kaiyuan Equity Fund (中國工商銀行 — 開元證券投資基金)	18,520,950	A Shares
China Life Insurance Company Limited - Traditional - general 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)	16,538,114	A Shares
China Pacific Life Insurance Co., Ltd. - Universal - Universal life (中國太平洋人壽保險股份有限公司 — 萬能 — 個人萬能)	16,537,948	A Shares
PICC Property and Casualty Company Limited - Traditional - income combination (中國人民財產保險股份有限公司 — 傳統 — 收益組合)	16,537,948	A Shares
CSIC Finance Co., Ltd. (中船重工財務有限責任公司)	16,537,948	A Shares
China Petroleum Finance Co., Ltd. (中油財務有限責任公司)	16,537,948	A Shares

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

Among the above Shareholders, save that Industrial and Commercial Bank of China - China Southern Longyuan Industrial Subject Stock Investment Fund and Industrial and Commercial Bank of China - Kaiyuan Equity Fund are under the common management of China Southern Fund Management Co., Ltd., the Company is not aware of the existence of any connections or parties acting in concert with other Shareholders.

Note 1: The H Shares held by HKSCC Nominees Limited are those held on behalf of its beneficial holders.

Note 2: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2010.

Particulars of the top 10 holders of shares subject to selling restrictions and information on the selling restrictions (Note 1)

Unit: share

No.	Name of holder of shares subject to selling restrictions	Trading of shares subject to selling restrictions			Selling restrictions
		Number of shares subject to selling restrictions held	Date for trading	Number of new shares for trading	
1	China Metallurgical Group Corporation	12,265,108,500	21 September 2012	Nil	Subject to selling restrictions for a period of 36 months commencing on the A Shares listing date
2	The National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶)	346,500,000	21 September 2012	Nil	Subject to selling restrictions for a period of 36 months commencing on the A Shares listing date
3	The National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶)	3,500,000	21 September 2010	Nil	Subject to selling restrictions for a period of 1 year commencing on the A Shares listing date
4	Baosteel Group Corporation	123,891,500	21 September 2010	Nil	Subject to selling restrictions for a period of 1 year commencing on the A Shares listing date

Explanations on the connections or parties acting in concert with the aforesaid Shareholders	The Company is not aware of the existence of any connections or parties acting in concert with the aforesaid Shareholders.
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Note 1: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2010.

(2) *Controlling Shareholder and Ultimate Controlling Person*

1. *Controlling shareholder*

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

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

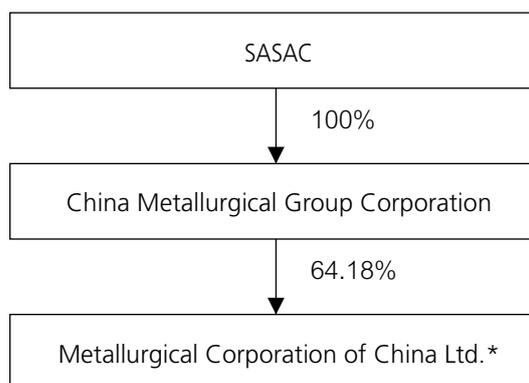
2. *Ultimate controlling person*

SASAC is the ultimate controlling person of the Company.

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

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

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



(4) *Other corporate Shareholders holding 10% or more 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 10% or more of the Company's shares.

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

As at 30 June 2010, the Company had been informed by the following person that it had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO:

Holder of A Shares

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

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2010, no other person or corporation was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position that would fall to be disclosed to the Company under Part XV of the SFO.

XI. PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries sold, purchased or redeemed any of its securities of the Company as at 30 June 2010.

XII. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the corporate governance documentation of the Company and is of the opinion that the Company has complied with the code provisions of the Corporate Governance Code for the six months ended 30 June 2010. None of the Directors is aware of any information that would reasonably suggest that the Company is not or was not in compliance with the code provisions of the Corporate Governance Code at any time during the Reporting Period.

XIII. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors of the Company, the Company confirmed that the Directors and Supervisors had fully complied with the Model Code and its requirements for the six months ended 30 June 2010.

XIV. REVIEW WORK OF INTERIM RESULTS AND INTERIM FINANCIAL INFORMATION

The Finance and Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2010 and considered that the unaudited interim results for the six months ended 30 June 2010 comply with the requirements of the applicable accounting standards and laws.

The unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity, unaudited condensed consolidated cash flow statement and notes to the unaudited condensed consolidated interim financial information of the Group as presented in this announcement were extracted from the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2010 which have been reviewed by the international auditor of the Company, PricewaterhouseCoopers Certified Public Accountants, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Auditing and Assurance Standards Board.

XV. PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 June 2010 will be available on the website of the The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company's website (www.mccchina.com) on or before 30 September 2010 for inspection by the Company's Shareholders.

XVI. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions

Articles of Association	Articles of Association of Metallurgical Corporation of China Ltd.*
A Shares	the domestic shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB
Baosteel or Baosteel Group	Baosteel Group Corporation and, except where the context otherwise requires, all of its associates
Board	the board of Directors of the Company
China or PRC	the People's Republic of China, excluding, for purposes of this document only, Hong Kong, Macao and Taiwan
controlling shareholder	has the meaning ascribed thereto under the Hong Kong Listing Rules
Corporate Governance Code	the Code on Corporate Governance Practices set out in Appendix 14 to the Hong Kong Listing Rules
Director(s)	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
H Shares	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong

Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFRS	International Financial Reporting Standards promulgated by the International Accounting Standards Board, which include the International Accounting Standards
Independent non-executive Director	a director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company's affairs
MCC, our Company, the Company, we or us	Metallurgical Corporation of China Ltd.*, a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules
Parent	China Metallurgical Group Corporation
Renminbi or RMB	Renminbi Yuan, the lawful currency of the PRC
Reporting Period	From 1 January 2010 to 30 June 2010
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
SFO or Securities and Futures Ordinance	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Shanghai Stock Exchange	the Shanghai Stock Exchange
Shareholder	holders of shares of the Company
State Council	the State Council of the People's Republic of China
Supervisor	the supervisor(s) of Metallurgical Corporation of China Ltd.*
U.S. dollars	United States dollars, the lawful currency of the United States

GLOSSARY

BOT	Build-Operate-Transfer, a business model in which the proprietor grants the rights to a contracted enterprise by concession agreement to undertake the financing, design, construction, operation and maintenance of a project (mainly infrastructure projects), which enterprise can charge users a fee during the concession period to cover its costs of investment, operations and maintenance as well as reasonable returns, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor
BT	Build-Transfer, a business model in which the contractor undertakes the financing of construction expenditures and transfers the project back to the proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in instalments pursuant to relevant agreements

design	application of engineering theories and techno-economic approaches, based on the prevailing technical standards, for conducting all-round design (including requisite non-standardized equipment design) and techno-economic analysis on newly constructed, expansion and reconstruction projects in respect of their technical process, land construction, civil works and environmental works; provision of design papers and blueprints as the basis for construction work
social welfare housing	social welfare housing provided by the government to medium- and low-income households with certain restrictions on the eligibility of applicants, construction standards, selling price or rent standards, including, but not limited to, dually restricted commodity housing (with restrictions on price and size), economically affordable housing, policy-based rental housing and low-rent housing
steel structure	a structure composed of various steel materials connected with each other through welding or bolted joints, which is widely used in industry, civil construction, railways, highways, bridges, power station structural frames, power transmission tower structures, television broadcasting towers, offshore oil platforms, gas pipes, urban infrastructure, national defense construction, and other areas

By order of the Board

Metallurgical Corporation of China Ltd.*

Huang Dan

Joint Company Secretary

Beijing, the PRC

24 August 2010

As at the date of this announcement, the Board of Directors of the Company comprises two executive Directors, Mr. Wang Weimin and Mr. Shen Heting; two non-executive Directors, Mr. Jing Tianliang and Mr. Guo Wenqing; and five independent non-executive Directors, Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming.

* *For identification purpose only*