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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)

2022 INTERIM RESULTS ANNOUNCEMENT

OVERVIEW

The highlights of the Company's financial position as at 30 June 2022 and the operating results for the six months ended 30 June 2022 are as follows:

- Operating revenue amounted to RMB 289,202 million, representing an increase of RMB 38,199 million or 15.22% from RMB 251,003 million in the first half of 2021.
- Net profit amounted to RMB 7,355 million, representing an increase of RMB 764 million or 11.59% from RMB 6,591 million in the first half of 2021.
- Net profit attributable to the Shareholders of the listed company amounted to RMB 5,871 million, representing an increase of RMB 934 million or 18.91% from RMB 4,937 million in the first half of 2021.
- Basic earnings per share amounted to RMB 0.24, and the basic earnings per share in the first half of 2021 amounted to RMB 0.21.
- As at 30 June 2022, total assets amounted to RMB 610,289 million, representing an increase of RMB 66,819 million or 12.29% from RMB 543,470 million as at 31 December 2021.
- As at 30 June 2022, the Shareholders' equity amounted to RMB 155,871 million, representing an increase of RMB 4,483 million or 2.96% from RMB 151,388 million as at 31 December 2021.
- The value of newly signed contracts amounted to RMB 647,000 million, representing an increase of RMB 31,942 million or 5.19% from RMB 615,058 million in the first half of 2021.

Note: The percentages of increase or decrease are calculated by rounding up to RMB.

I. CHAIRMAN'S STATEMENT

In the first half of the year, under the complex and severe situation intertwined with multiple pressure points such as increasing economic downward pressure and strict pandemic prevention and control, MCC has united together and fought tenaciously to overcome those difficulties. Its operation quality and economic benefits have improved amid adverse circumstances, and it has delivered a satisfactory mid-term answer sheet with excellent results.

During the Reporting Period, the Company's major operating indicators grew against the trend and reached a new record high, continuing to maintain a good trend of sustained and stable growth. Among them, the operating revenue amounted to RMB 289.202 billion, representing a year-on-year growth of 15.22%. Total profit was RMB 8.648 billion, representing a year-on-year increase of 7.69%, of which the net profit attributable to the parent recorded RMB 5.871 billion, representing a year-on-year increase of 18.91%; the value of newly signed contracts amounted to RMB 647 billion, representing a year-on-year increase of 5.2%. The Company made fruitful achievements in scientific and technological innovation, with 4,992 patents newly applied and 4,323 patents newly granted in the first half of the year, totaling 43,775 effective patents, and further improved the quality of its patents. The Company owned a total of 82 Chinese Patent Excellence Awards (among which, China Patent Award has been awarded for three consecutive years from 2015 to 2017), a total of 27 technological innovation platforms at national level, a total of 55 national science and technology awards since 2000; a total of issuance of 62 international standards and 602 national standards. Since the beginning of this year, the pandemic in key domestic cities such as Changchun, Shanghai, Shenzhen and Beijing has been severe. The Company actively participated in the construction of anti-pandemic projects, sufficiently implementing its business advantages and successively undertook 78 anti-pandemic construction projects and contributed 45,000 units of labor force, among which quarantine points, diversion points and quarantine hotels were constructed in Shanghai, with 1,052,000 square meters of mobile-cabin hospitals and 129,000 beds, demonstrating the responsibility of central state-owned enterprises.

Currently, China's economy is stabilizing and recovering, but the external environment is becoming more complicated and severe, and there is still the pressure of the domestic pandemic. China still needs to work hard to promote its economic stability and recovery. In the second half of the year, we will maintain our strategic focus, and adhere to the central task of "steady growth" to achieve the annual task target with high quality. We will grasp the two basic points of "expanding the market" to take projects and "grasping the implementation" to manage project. We will stick to the five key measures of "promoting the implementation", "controlling risks", "tamping the foundation", "selecting talents" and "strengthening the Party building", i.e. the eight key tasks of "adhering to one center, grasping the two basic points and grasping the five key measures", and firmly conduct our own work.

Firstly, the Company will strengthen its confidence, work hard and make every effort to stabilize growth. The Company will be determined to fulfill our business objectives throughout the year, adhere to the same objectives, tasks and standards, and strive in the second half of the year to ensure high-quality completion of all objectives and tasks throughout the year.

Secondly, the Company will focus on the key points, be brave in making breakthroughs and make every effort to expand the market. The Company will turn internal and external pressure into power, follow closely the national strategy and market situation, take advantage of the situation and develop, and look for opportunities to enhance development in the overall situation. The Company will expand its scale and take more orders and high-quality orders on the premise of ensuring the contract quality; the Company will strengthen public investment to gradually change the situation; adjust its structure and strive to adjust and optimize the business structure and regional layout; and the Company will control its bottom line to obtain better quality and quantity of new contracts.

Thirdly, the Company will deeply explore its potential, attach great importance to cultivation of strengths and make every effort to fulfill contracts. The Company will strengthen the concept of “on-site recycling market”, project planning, management and business management process, promote the construction and application of project management and control platforms, focus on grasping the development direction of the “five modernizations” in the construction industry, and effectively improve its project performance ability.

Fourthly, the Company will benchmark its performance to be result-oriented, and make every effort to promote implementation. With the style to “do as you decide, do well as you do”, the Company will insist on marking the “goal” in the heart, taking “execution” as the iron rule, taking “bearing” as the self-consciousness, doing a good job in the implementation of the key work of the year, implementing the functions of the headquarters department and the annual performance appraisal, carrying out tasks one by one, and accelerating the completion of the tasks one by one.

Fifthly, the Company will strictly adhere to the bottom line, operate in compliance with regulations, and do our best to control risks. With the sense of responsibility of “always worrying”, we should build up risk awareness, strengthen the thinking of the bottom line, do a good job in risk prediction, early warning, control and resolution, and effectively improve the enterprise risk prevention and control ability.

Sixthly, the Company will dig deep into its roots, practise its internal skills and lay its foundation with all its strength. Starting from the construction of the “system, organization and personnel” system, efforts will be made to build business systems such as marketing, project management, Party building, finance, human resources, quality and technology, safety and environmental protection, legal affairs, business affairs and discipline inspection and supervision, so as to consolidate basic management in an all-round way and improve the quality and efficiency of enterprise operation.

Seventhly, the Company will be fair and just, scientific and accurate, and go all out to select talents. We will vigorously create a fair and just environment for growth and development, carry out competitive selection and employment, and stimulate the work enthusiasm and subjective initiative of cadres and employees. The Company will stress fairness and create a good atmosphere for employing people; outstanding competition, scientific and accurate competitive selection of cadres; highlight the mobility, and promote rotation and exchange as well as orderly exit of cadres.

Eighthly, the Company will improve its standing position, take on responsibilities and do its utmost to strengthen Party building. We will continue to promote the in-depth integration of Party building work with production and operation in state-owned enterprises, further consolidate and improve the quality of party building work, and effectively transform the Party’s political, organizational and institutional advantages into the development and competitive advantages of enterprises.

The road ahead is long and hard. Persist and success is in card. Facing the future, we will shoulder our responsibilities with iron shoulders, work hard and bravely, strive to write a new chapter of high-quality development of “Beautiful MCC”, and strive to create new and greater values for the country, shareholders, society and employees!

Chairman: Chen Jianguang

II. BUSINESS OVERVIEW

(I) Explanation on the Industry that the Company engages in and Principal Operating Business during the Reporting Period

1. *Engineering Contracting Business*

(1) *Industry Overview*

The construction market experienced severe shocks in the first half of 2022 as a result of the pandemic. According to the National Bureau of Statistics of China, the orders index of the construction industry in April was 45.3%, 4.7 percentage points below the threshold, which was the lowest since the outbreak of COVID-19. Since June, with the implementation of measures related to better coordination of epidemic prevention and control and economic growth, a package of policies to stabilize growth has gradually shown its effects, and the economy has bottomed out and started to climb. It is expected that the national macroeconomic situation will be significantly better in the second half of the year, which is beneficial for enterprises to seize opportunities for development.

In the field of metallurgical construction, under the “Carbon Peak and Carbon Neutrality” policy in the metallurgical industry, domestic steel production and consumption will gradually reach the peak, and the metallurgical construction market will gradually shift from an incremental market to a stock market. In the future, the investment in large-scale new capacity will be significantly reduced, and the traditional steel business will face severe challenges of high-quality development. Mergers and acquisitions in the industry are accelerating, and the rapid formation of top enterprises coexisting with small-scale enterprises will become an inevitable trend in the future. Metallurgical engineering construction and operation services are therefore facing greater competitive pressure. In the future, high-quality steel development along with green, low-carbon and intelligent manufacturing as the two main points will gradually take shape. Global steel is moving towards a greener, lower-carbon and more intelligent direction. Building a low-carbon ecosystem of steel has become the only way, which puts forward higher requirements for technological innovation and service innovation in the metallurgical construction industry, and also opens up space for new growth and development of future market.

In the field of infrastructure construction, there are still vast market opportunities. In the first half of the year, the central government proposed to strengthen infrastructure construction, announced the implementation of 33 measures in six aspects, including promoting effective investment, and carried out infrastructure investment ahead of schedule as appropriate, so as to promote the economy to return to the normal track and ensure that it operates within a reasonable range. In the first half of the year, with GDP increasing by 2.5%, infrastructure investment (excluding power, heat, gas and water production and supply industries) increased by 7.1% year-on-year. With the synergy of structural, regional, social and other policies, the coordinated development of traditional infrastructure and new infrastructure has become an important starting point for stable investment at present. “New Infrastructure and New Urbanisation Initiatives and Major Projects” has become the main driving direction of fixed asset investment in the past two years, bringing broad development potential for the Company’s infrastructure business. From the perspective of industry trends, integration and reorganisation are accelerating, resulting in increasing industry concentration, and market regional layout is gradually converging as leading enterprises actively seek integrated layout, diversified development, transformation and upgrading, and new development momentum amid an increasingly fierce competition.

In the field of new energy construction, the industry’s focus will gradually shift from heavy asset industries such as petroleum and coal to new energy industries represented by photovoltaic, wind power and hydropower. During the “14th Five-Year Plan” period, wind power and photovoltaic will become the main forces of clean energy growth. By 2025, the total installed capacity of photovoltaic will reach 730 million kW, equivalent to 2.9 times of that at the end of 2020. With the issuance of the medium and long-term development plan for pumped storage and the six measures to accelerate the development and construction of pumped storage, the double effect superposition of favorable policies and industry demand will continue to accelerate the development of pumped storage, which is expected to become a trillion-level investment market.

(2) Operating Results of the Segment Business

In the first half of 2022, the Company continued to seize opportunities, improve systems and innovate for improvement. During the Reporting Period, the value of the Company's newly signed contracts continued to grow in high levels, with the value of newly signed engineering contracts amounted to RMB 628.090 billion, representing a year-on-year increase of 6.15%. Among them, the value of newly signed metallurgical engineering contracts amounted to RMB 98.649 billion, accounted for 15.71% of the newly signed engineering contracts, representing a year-on-year increase of 0.55%. The amount of newly signed non-metallurgical engineering contracts amounted to RMB 529.440 billion, and accounted for 84.29% of the newly signed engineering contracts, representing a year-on-year increase of 7.26%. The amount of the Company's newly signed contracts for overseas projects amounted to RMB 16.466 billion, representing a year-on-year decrease of 28.01%. While maintaining the market growth rate, the contract quality of the Company has also been significantly improved, as it has won 5 projects of over RMB 10 billion in amount and more than 100 newly-signed contracts of over RMB 1 billion in amount in the first half of the year, further optimising the order structure.

The overall operating results of the engineering contracting business in the first half of 2022

Unit: RMB '000

	First half of 2022	% of the total	First half of 2021	Year-on-year increase/ decrease
Segment operating revenue	270,794,824	92.43%	231,256,834	17.10%
Gross margin (%)				Increased by 0.18 percentage point
	<u>8.55</u>	<u>-</u>	<u>8.37</u>	<u>point</u>

Note: The statistics of segment operating revenue and segment gross margin are figures before inter-segment eliminations.

① Metallurgical Engineering Construction Business

In 2022, the Company insisted on an innovation-driven development, accelerated the research and development of key core technologies in the fields of metallurgical core process flow, green development and intelligent manufacturing, and promoted the steady implementation of the “181” key research plans of the 2021-2025 strategic plan. During the Reporting Period, the Company comprehensively started the project approval work of the third batch of R&D projects under the “181 Plan” of the national metallurgical construction team, of which 50 major R&D projects, such as the “Intelligent Monitoring and Early Warning Platform for Building Safety in Metallurgical Industry”, have entered the expert review process. In the second half of the year, the Company will continue to increase funding support for major R&D projects, promote the implementation of R&D projects, and create a new development pattern of “One Core and Two Wings (一體兩翼)” by accelerating the extension, reinforcement and expansion of the core process chain, the low-carbon and green chain and the digital intelligence chain, so as to effectively promote the upgrading of industrial capacity, and consolidate the advantages of the national metallurgical construction team.

During the Reporting Period, the Company paid close attention to key areas, followed up with key customers, and focused on key projects, effectively maintaining the continued growth in the contract value of metallurgical construction. The newly signed major construction projects such as Jiangsu Yonggang capacity replacement project, Yukun Iron and Steel bar and wire general contracting project, Sangang Minguang Sanming headquarters blast furnace general contracting project, etc. have continuously consolidated the Company’s leading position in nationwide metallurgical construction.

During the Reporting Period, the Company continued to deepen its overseas metallurgical construction business and made important breakthroughs: the Company successfully entered into contracts for the steel-making, sintering, pelletizing and raw material plant of Vietnam Hefarongju sintering project (越南和發榕橋鋼廠煉鋼、燒結、球團、原料廠項目), the coke oven converter rolling line project – steel-making rolling line project of Indian Hiam Group (印度希亞姆集團焦爐轉爐軋綫項目—煉鋼軋綫項目), and phase III of Indonesia OBI nickel-cobalt hydrometallurgy beneficiation and smelting project (印尼OBI鎳鈷濕法三期選礦冶煉工程), further expanding the Company’s influence in countries along the Belt and Road Initiative.

The operating revenue of the metallurgical engineering construction business of the Company for the recent three years and the proportion accounting for the total contract income of the projects are as follows:

Unit: RMB'000

Item of revenue	First half of 2022		First half of 2021		First half of 2020	
	Proportion		Proportion		Proportion	
	Amount	(%)	Amount	(%)	Amount	(%)
Metallurgical engineering	<u>56,262,888</u>	<u>20.78</u>	<u>47,198,024</u>	<u>20.41</u>	<u>31,763,810</u>	<u>19.42</u>

Note: The statistics of segment revenue are figures before inter-segment eliminations.

During the Reporting Period, the key metallurgical engineering construction projects newly bid and entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
Domestic Projects		
1	Capacity replacement and ancillary facilities renovation project of Jiangsu Yonggang Group Co., Ltd. (江蘇永鋼產能置換及配套設施改造項目)	50.0
2	General Contracting Contract for the Copper Bars of the Transformation, Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換轉型升級改造項目棒線工程總承包合同)	23.4
3	EPC Contract for project of steel capacity in Fujian Sansteel Minguang Co., Ltd., replacing blast furnace in Sanming Headquarters (福建三鋼閩光股份有限公司鋼鐵產能置換三明本部高爐工程EPC總承包工程合同)	19.7
4	Engineering Contract for Phase II of Production Base Project of HBIS Laoting Iron and Steel Co., Ltd (河鋼樂亭鋼鐵基地項目二期工程合同)	14.6
5	Aluminum Equivalent Technology Transformation Project in Anshun, Guizhou Province (貴州安順鋁業等量技術改造工程項目)	14.1

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
6	1.68 million tonnes of heat recovery coking and ancillary projects and PC contract for coking section of Henan Angang Zhoukou Iron and Steel Co., Ltd. plant (河南安鋼周口鋼鐵有限責任公司168萬噸熱回收煉焦及配套項目煉焦標段PC總承包項目)	13.9
7	Iron Production & Steelmaking EPC Project for Capacity Reduction & Replacement in Jishan County of Mingfu Steel Products Co., Ltd.* (稷山縣銘福鋼鐵製品有限公司產能減量置換煉鐵、煉鋼總承包項目)	13.9
8	Iron Production & Steelmaking EPC Project for Inner Mongolia Xin JiYu Iron and Steel Co., Ltd. (內蒙古新吉宇鋼鐵有限責任公司煉鐵、煉鋼EPC總承包工程合同)	12.0
9	Tsingtuo 1,780mm Hot Rolled Sheet Project (青拓1,780mm熱軋項目)	9.5
10	Operation and Maintenance Contract for flue-gas desulfurization and denitrification of 1# sintering machine in HBIS Laoting Steel Co., Ltd. (河鋼樂亭鋼鐵有限公司1#燒結機煙氣脫硫脫硝運維承包合同)	8.3
Overseas Projects		
1	EPC Contract for 2*2,500 Blast Furnace of Hoa Phat Dung Quat Integrated Steel Project Phase 2 in Vietnam (越南和發2榕桔鋼廠2*2,500高爐EPC合同)	14.1
2	Contract for Hoa Phat Dung Quat Integrated Steel Project Phase 2 in Vietnam (越南和發2榕桔鋼廠煉鋼EPC合同)	12.8

② Non-Steel Engineering Construction Business

1) Housing Construction and Infrastructure Construction

The Company seized the current market opportunity of increased infrastructure investment, strived to increase its scale, expand its field and build its brand in the field of infrastructure business, and focused on strengthening high-end leadership, optimising top-level design, improving its own advantages, innovating business models and improving assessment and incentive systems to continuously increase its business share. In the first half of 2022, the Company continued to promote the market strategic arrangement of “1+M+N”, focused on high-quality markets, high-quality projects and high-quality owners, made a systematic deployment of its work in the core areas comprising urban agglomeration of Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta, urban agglomeration in central China, and urban agglomeration in Chengdu and Chongqing with due consideration to key areas in key cities in northwest China and southwest China, fostered its development in popular areas of infrastructure investment to improve its regional influence and control, and strove to explore the domestic and international engineering market.

During the Reporting Period, the Company’s “1+M+N” regional market layout has achieved preliminary results, with the headquarter’s market primacy ratio and the market position in key cultivation provinces being strengthened and the market concentration being further improved. In the first half of the year, the contract value of new construction projects of the Company reached another record high in the same period, and maintained a momentum of rapid growth. The key projects won in succession included: Infrastructure Construction Project (Scientific and Technological Innovation Area and Smart Business Area) of Deyang Tianfu Jingcheng Area in Sichuan Province (四川德陽天府旌城片區基礎設施建設（科技創新片區、智創商務片區）項目), Section V Xinhua District Urban Village Reconstruction (Northern Area) Project of Cangzhou City Central Urban Renewal Project (滄州市中心城區城市更新項目五標段新華區城中村改造（北部片區）工程), Urban Renewal Unit Project of Fengnanhu West District in Tangshan City (唐山市豐南湖西區城市更新單元工程), etc., making continuous improvement in its market influence.

In addition, the Company continues to innovate its business model to promote the development of contracting model towards high-end, systematization and integration, and actively expands its business such as urban renewal and reconstruction, and area-based overall development. Therefore, it successfully opened up the whole project life cycle of the industrial chain which contains the investment, financing, design, construction and operation of an integration of or various business models, and gained new competitive advantages.

The operating revenue of the non-steel engineering construction business of the Company for the recent 3 years and the proportion accounting for the total contract income of the projects are as follows:

Unit: RMB'000

Items of revenue	First half of 2022		First half of 2021		First half of 2020	
	Proportion		Proportion		Proportion	
	Amount	(%)	Amount	(%)	Amount	(%)
Housing construction engineering	137,894,743	50.92	114,878,950	49.68	83,477,320	51.04
Transportation infrastructure	53,051,997	19.59	47,569,418	20.57	32,043,668	19.59
Other engineering	<u>23,585,196</u>	<u>8.71</u>	<u>21,610,442</u>	<u>9.34</u>	<u>16,252,472</u>	<u>9.95</u>

Note: The statistics of segment revenue are figures before inter-segment eliminations.

During the Reporting Period, the key projects in the fields of housing construction and infrastructure construction entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
Housing construction projects		
1	Engineering Contract for Xinhua District Urban Village Renovation (Northern Area) of Urban Renewal Project (Section 5) in the Central District of Cangzhou City (滄州市中心城區城市更新項目五標段新華區城中村改造 (北部片區) 工程合同)	119.7
2	Construction Project of Relocation Housing in Four Land Parcels of Zhencheng Construction Co., Ltd.* in Dafeng District, Yancheng City (鹽城市大豐區振城建設有限公司四個地塊拆遷安置房建設項目)	49.3
3	ABO District Comprehensive Development Project (Second Contract Section) of Southern New District in Xuzhou District, Yibin City (宜賓市敘州區南部新區ABO片區綜合開發項目 (二標段))	49.0
4	EPC Contract for PPP Project of Tuanjie Lake Big Data Intelligent Industrial Park, Chongqing City (重慶市團結湖大資料智慧產業園PPP項目EPC工程總承包合同)	41.3
5	“Investor + EPC” Project for the regional development of Jian‘an District of the demonstration zone of mass entrepreneurship and innovation in Xuchang City (許昌市雙創宜居示範區建安區區域開發“投資人+EPC”項目)	31.3
6	General Contract for engineering and construction for project package of (Phase II) Chengdu University of Technology Industrial Technology College Project and (Phase II) Lingang Industry-Education Integration Training Base Construction Project of Yibin College (成都理工大學產業技術學院項目 (二期)、宜賓學院臨港產教融合實訓基地建設項目 (二期) 項目包設計施工總承包合同)	30.8
7	General Contract for No. XDG-2021-68 Plot Development and Construction Project in Wuxi City (無錫市XDG-2021-68號地塊開發建設項目工程總承包合同)	29.6

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
8	General Contract for Infrastructure Construction Project Package 1 of Huangshi Airport Economic Zone (黃石臨空經濟區基礎設施建設項目包1工程總承包合同)	29.0
9	General Construction Contract for Gongyi Longquan Xianglian Field Complex (鞏義龍泉香蓮田園綜合體建設施工總承包合同)	28.7
10	Project of Linyi Jinan Railway Logistics Park (臨沂濟鐵物流園項目)	28.0
Transportation and Municipal Infrastructure Construction Projects		
1	Infrastructure Construction Project (Smart Business Area) of Deyang Tianfu Jingcheng Area (德陽天府旌城片區基礎設施建設(智創商務片區)項目)	75.4
2	Development Project of Yichang Highspeed Railway New City(宜昌高鐵新城建設項目)	65.5
3	EPC Contract for 9 Sub-projects, including Shantytown Renovation Project in Hongta District, Yuxi City from 2021 to 2022 (2021-2022年玉溪市紅塔區棚戶區改造項目等9個子項目EPC總承包合同)	27.8
4	Chaling-Changning (including Anren Branch Line) Expressway Project in Hunan Province (湖南省茶陵至常甯(含安仁支線)高速公路項目)	25.0
5	General contract for PPP project (Section I) of Xinhua-Xinning Section of G59 Hohhot-Beihai Highway (G59呼北高速公路新化至新寧段工程PPP項目第一標段施工總承包合同)	23.0
6	General contract for PPP project (Section II) of Xinhua-Xinning Section of G59 Hohhot-Beihai Highway (G59呼北高速公路新化至新寧段工程PPP項目第二標段施工總承包合同)	23.0
7	General Contract for Survey, Design and Construction of Infrastructure Project (Phase II) in Wuliliang Area, Santai County (三台縣五里梁片區基礎設施二期項目勘察、設計、施工總承包合同)	16.9

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
8	Construction Contract for PPP Project of S28 Lingtai-Huating Expressway Phase II and S28 Lingtai-Huating Expressway East Extension Line (Changwu-Lingtai) (S28靈台至華亭高速公路二期及S28靈台至華亭高速公路東延線 (長武至靈台)PPP項目施工合同)	15.0
9	2022 Municipal Urban Construction Project Contract in Xinxiang City (新鄉市2022年市政城建項目合同)	14.4
10	EPC Project for Inner Ring Speed-up Renovation Phase II Project (Inner Ring South Line) in Xiangyang City (襄陽市內環提速改造二期工程 (內環南線)EPC工程總承包合同)	13.5
Other Projects		
1	PC project for Huanggang Chenming Differentiated Cellulose Fiber and Ancillary Chemicals (Phase I) (黃岡晨鳴差別化纖維素纖維及配套化學品總承包工程 (一期PC) 項目)	63.0
2	General Contract for Construction of Gongzhuling Beef Cattle Breeding and Integration Industrial Demonstration Park (公主嶺肉牛良種繁育融合示範產業園區項目工程總承包合同)	24.0
3	EPC Contract for Huanggang Chenming Pulp & Paper Improvement and Transformation Project with Annual Output of 800,000 Tonnes/Year of High-grade Packaging Paper (黃岡晨鳴漿紙提升改造年產80萬噸/年高檔包裝紙項目總承包工程合同)	18.4
4	General Contract for the Construction Project of Fenglian Venture Space Science and Technology Industrial Park (蜂聯創業空間科技產業園項目施工總承包合同)	18.0
5	EPC Contract for Mine Construction and Exploration Project for Fluorite in Fangcheng by Yingao Mining Co., Ltd. (銀高礦業有限公司方城螢石礦建設開採項目EPC合同)	11.0
6	Public Infrastructure Project (Public Facilities) of Modern Coal Chemical Industry Park in Huainan, Anhui (安徽淮南現代煤化工產業園公共基礎設施項目 (公共設施))	11.0

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
7	Engineering Project for Domestic Waste Incineration Power Plant of Wuhan City Qianzi Mountain Circular Economy Industrial Park (Phase II) (武漢市千子山迴圈經濟產業園生活垃圾焚燒發電項目二期工程合同)	9.9
8	Production Line Building Project for Integration Composite Plate Products and A Grade Flame Retardant Insulation Material Products of Tangshan Chenhuan Energy Saving Technology Co., Ltd.* (唐山宸桓節能科技有限公司新建一體化複合板材、A級阻燃保溫材料製品生產線項目)	9.9
9	General Contract for Construction Project of Design, Procurement, Construction of Qinchuangyuan-Shuiguang Intelligent Manufacturing Industrial Base Project (秦創原•水光智造產業基地項目設計、採購、施工總承包建設合同)	9.7
10	Newly-built 100,000-tonne Ternary Precursor Project in Wuhu, Anhui (安徽蕪湖新建10萬噸三元前驅體項目)	8.1

2) Emerging Industries

During the Reporting Period, in accordance with the strategic positioning of “being the front runner and vanguard of emerging industries”, relying on the leading professional and technical advantages of the professional technology research institute, and relying on the unique technical advantages accumulated in the fields of iron and steel metallurgy and infrastructure, the Company continued to develop emerging industries, undertook the important task to innovate and lead the development of emerging industries, made remarkable achievements in the fields of ecological environmental protection, cultural and tourism project, new energy project, etc., constantly upgrading itself with a new “name card” for promoting sustainable development.

In terms of eco-environmental protection industry, the Company firmly implemented the concept of “lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)”. Relying on its advantages in the field of energy conservation and environmental protection, the Company focused on the development of the ecological and environmental protection market, seized the national strategic opportunity to achieve the goal of “fundamental improvement of the ecological environment by 2035”, and made every effort to build the Company’s ecological and environmental protection brand. The Company has established a subsidiary named MCC Ecological Environmental Protection Group Co., Ltd. (中冶生態環保集團有限公司) for professional ecological and environmental protection, and seized the favorable opportunity of green and low-carbon development. Relying on leading technological advantages, we gained scale advantages in water and solid waste treatment, mine restoration, ecological and environmental management etc., and expanded our market share. During the Reporting Period, the Company successfully signed contracts for a number of representative projects, including the EPC General Contracting Contract for No. 1 Waste Water Treatment Plant Project in Jinghe New Town (涇河新城第一污水處理廠工程EPC總承包), the EPC General Contracting Contract for the Ecological Environment and Water Treatment Project in Binhu New District of Hengshui City (衡水市濱湖新區生態環境水系治理項目EPC總承包), and the Section Two Project of EPC General Contracting Contract for Design, Procurement and Construction of Jiushui Lianxin Landscape Project in Jiaxing City (嘉興市九水連心景觀工程設計採購施工總承包二標段工程).

In terms of cultural tourism projects, MCC, the world’s largest contractor for theme park construction and the only professional design institute for theme parks in China, is the country’s one and only enterprise qualified for both theme park design and the execution of the entire construction project. During the Reporting Period, the Company successfully signed contracts for a series of theme park projects, including Comprehensive Development and Construction Project of Qianjiao Qilin Lake (Smart Town) Urban Park (全椒麒麟湖(智慧小鎮)城市公園綜合開發建設項目), Project of Luoyang Sunshine Industrial Park Project (Phase I) (洛陽陽光工業游園項目一期工程), and Naxigou Leisure Park Project (納溪溝休閒公園工程), which demonstrate the Company’s brand influence and industry competitiveness in the field of theme parks.

In terms of new energy industry, the Company actively seized the new opportunities brought by energy transformation and low-carbon economy, accelerated the development and construction of clean energy businesses such as photovoltaic and wind power, and promoted the realization of the national “dual-carbon” goal while achieving its own business development. In terms of photovoltaic and wind power generation, the Company has newly signed a number of large-scale projects, including the EPC General Contracting Contract for Shaogang Photovoltaic Project (Plant Phase I) (韶鋼光伏項目(廠房一期)EPC總承包), the Main Works of China Resources Zhongwei Shapotou District Xinjinggou 50MW Decentralized Wind Power Project (華潤中衛沙坡頭區新井溝50MW分散式風電項目主體工程), and the Zhaowang New Energy Wulatzhongqi Bayin Wulanyuan Grid Charge Storage Integration 50MW Wind Storage Heating Project (照旺新能源烏拉特中旗巴音烏蘭源網荷儲一體化50MW風儲供熱項目). The Company’s market share has been continuously increasing.

During the Reporting Period, the newly signed key emerging industry projects of the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
Eco-environmental Protection Project		
1	Comprehensive Development and Construction Project (Section I) of Eco-Smart City of Economic Development Zone in Eastern Part of Dazhou City (達州東部經開區生態智慧城綜合開發建設項目(一標段))	48.6
Healthcare and Senior Care Projects		
1	General Contract for EPC Engineering for Zhongjing Wellness Area Project in Nanyang City (南陽仲景康養片區項目EPC工程總承包合同)	186.8
2	Project of International Health Service Centre for Tianfu Airport (Phase I) (天府機場國際健康服務中心(一期)項目)	11.8

No.	Name of Project (Contract)	Contractual Amount <i>(RMB 100 million)</i>
Special Town and Cultural Tourism Construction Projects		
1	Upgrading of Infrastructure and Overall Renovation of the Historic and Cultural District in the Old City District of Luoyang City (洛陽老城區歷史文化街區基礎設施提升和整體改造項目)	42.4
2	Upgrading and Renovation Project of Jianchunmen Area in the Old City District, Luoyang City (洛陽市老城區建春門片區提升改造項目)	21.1
3	General Contract for Design-Construction of Cultural and Tourism Complex Project in Old Libo Ancient City (老荔波古城文旅綜合體項目 (設計、施工) 總承包合同)	11.7

2. *Property Development Business*

(1) *Industry Overview*

Since 2022, the real estate financial supervision has continued to be strict, and the “Three Red Lines” pressure superimposed on the centralized land supply mode has posed a huge challenge to the short-term funds of real estate enterprises. The pilot introduction of the property tax has further slowed down the pace of home purchase by property buyers, market expectations have changed, and the national real estate market has cooled rapidly. Under the pressure of the “Two Concentration” policy and the superposition of the “Three Red Lines”, the pressure on enterprises to control liabilities and reduce leverage has increased. With the corresponding decrease in investment and expansion momentum, performance growth is under pressure, and the target growth rate is slowing down. Housing development has shifted from the short-term extensive growth in pursuit of excessive profits to the long-term sustainable development direction of rational land acquisition, efficiency improvement and quality improvement. Under the assumption that the regulation policy and financing environment of the real estate industry will remain strict, the rising threshold of real estate enterprises at all levels also brings certain challenges and investment risks.

(2) The Operating Results of the Segment Business

In terms of real estate layout, the Company continues to adhere to the land acquisition principle of giving priority to first-tier cities with the three economic circles of “Beijing-Tianjin-Hebei, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area” as the center, strictly abide by the “Three Red Lines”, make more careful calculations, control the pace of land acquisition, properly relieve inventory risk, take strict control of increment as a mandatory requirement, step up its destocking efforts, and improve the ability to collect money. Utilizing the real estate advantages of central state-owned enterprises, the Company adheres to the transformation to “urban comprehensive development, operation and development service provider”, and takes the quality development path of giving priority to benefits and appropriate scale. During the Reporting Period, in the face of the pressure of “reducing the unsold houses (去庫存)” and the policy regulation of “restrictions on property purchase and credit grant (限購限貸)”, the Company continued to adopt different policies that were tailored to the characteristics of each category and each city, steadily promoted the development of real estate business, and successfully acquired 2 land parcels through market tender with site area and permissible gross floor area of 17,500 sq.m. and 30,300 sq.m., respectively. During the Reporting Period, the amount invested by the Company in property development was RMB 6.48 billion, representing a decrease of 27% as compared with that in the corresponding period of last year. The new construction area was 1.128 million sq.m., representing a year-on-year increase of 57.7% as compared with that in the corresponding period of last year, while the completed area was 2.557 million sq.m., representing an increase of 70% as compared with that in the corresponding period of last year.

During the Reporting Period, MCC Real Estate, a subsidiary of the Company, ranked 36th among the Top 100 real estate enterprises in China in 2022, Top 10 in terms of profitability, and Top 10 in terms of brand value of Chinese real estate companies, and was awarded the titles of “Excellent Enterprise in China’s Urban Development and Operation”, “Annual Social Responsibility Enterprise of Chinese Real Estate” and “Outstanding Real Estate Product Capability Enterprise in China”. In 2022, MCC Real Estate won the honors of “China’s Top 100 Property Service Enterprises” and “Property Management Companies in China in terms of Social Responsibility”. The brand value of MCC Real Estate reaches RMB 26.8 billion, and its main long-term credit was rated as the highest AAA by domestic authoritative credit rating agencies.

**The overall operating results of the property development
business in the first half of 2022**

Unit: RMB'000

	First half of 2022	% of the total	First half of 2021	Year-on-year increase/ decrease
Segment operating revenue	9,030,921	3.08%	11,326,380	-20.27%
Gross margin (%)	10.97	–	20.74	Decreased by 9.77 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The statistics of segment operating revenue and gross margin are figures before inter-segment eliminations.

3. Equipment Manufacturing Business

(1) Industry Overview

To achieve the goal of carbon emission peak and carbon neutrality, the iron and steel industry, as a key industry for carbon emission reduction, shifts its main development direction to green and low-carbon, energy saving and environmental protection, and intelligent development, with new requirements on upgrading existing steel capacity equipment, therefore the core metallurgy equipment represented by electric furnaces is embracing new development opportunities. Empowering the manufacturing of equipment with new technologies such as big data and the internet has also become the development trend of the metallurgy equipment manufacturing industry in China. Meanwhile, with the rapid development of construction industrialisation and steel structure housing industrialisation in China, the industrialisation, standardisation and greening of the construction industry represented by fabricated steel structures has become the main development direction of the steel structure industry of China in the future.

(2) The Operating Results of the Segment Business

The business of the Company's equipment manufacturing segment, relying on multiple subordinate core manufacturing bases, mainly includes equipment manufacturing and steel structure business, covering R&D, design, manufacturing, sales, installation, fine-tuning, inspection and repair of metallurgical and civil construction equipment and its spare parts, steel structures and other metal and building materials, as well as other relevant services.

The Company's equipment manufacturing segment mainly focuses on metallurgical equipment, and has multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, ironmaking and steel-making, casting and rolling. These products are widely used in international and domestic large steel engineering projects. The equipment manufacturing business closely keeps pace with layout adjustment and industrial upgrading of China's steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company gives full play to the three functions of core equipment base in respect of R&D pilot test, core manufacturing and final assembly integration, so as to continuously facilitate the productization and industrialization of core technologies.

During the Reporting Period, the Company won the bid for the intelligent transformation project of Daye Yangxin Hongsheng slag yard, and undertook the intelligent and unmanned transformation project of Guangxi Jinchuan slag pot carrier equipment, the first intelligent and unmanned transformation project of slag pot carrier equipment in the metallurgical industry; continued to accelerate the pace of scientific and technological innovation in terms of comprehensive utilization of steel slag, and made new breakthroughs in the application of steel slag micronization technology products; successfully developed over-the-horizon intelligent scrapers and loaders in terms of research and development and exploitation of intelligent equipment, and successfully cultivated mining machinery as a new market growth point for the equipment manufacturing industry.

The overall operating results of the equipment manufacturing business in the first half of 2022

Unit: RMB '000

	First half of 2022	% of the total	First half of 2021	Year-on-year increase/ decrease
Segment operating revenue	6,799,675	2.32%	6,065,257	12.11%
Gross margin (%)	12.04	–	13.83	Decreased by 1.79 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The statistics of segment operating revenue and gross margin are figures before inter-segment eliminations.

(3) Steel Structure Business

The Company is the founder of China's steel structure engineering and one of the pioneers of China's steel structure business, and has important R&D platforms and the most influential professional associations in the industry such as the "National Steel Structures Engineering Technology Research Centre" and the "China Steel Structure Association". It has edited and assisted in editing almost all domestic steel structure national and industry standards, and is in the leading position in comprehensive technology of steel structures in China. It has full industry chain consolidation advantages featuring the integration of R&D, design, manufacturing, installation and testing, and has built a series of famous brands with brand influence and reputation, including the Olympic Bird's Nest, the Yanqi Lake APEC Exhibition Centre, the Shanghai World Expo Theme Pavilion, Shanghai Disney Resort and Universal Beijing Resort.

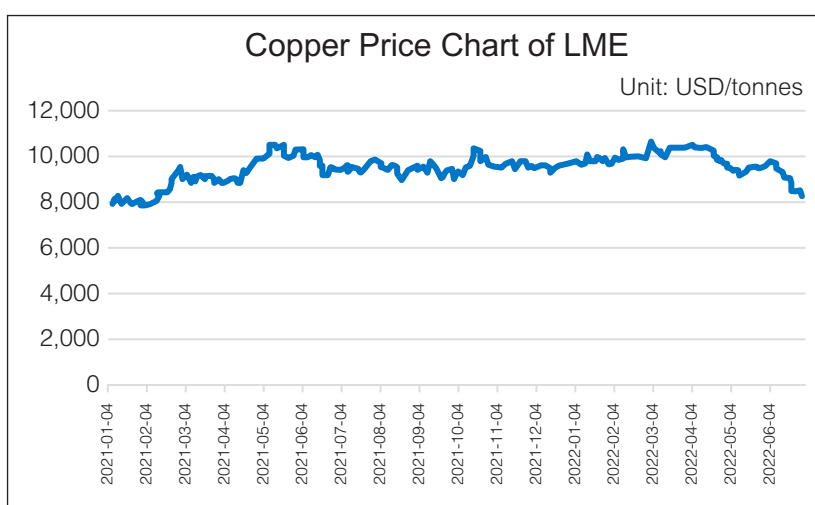
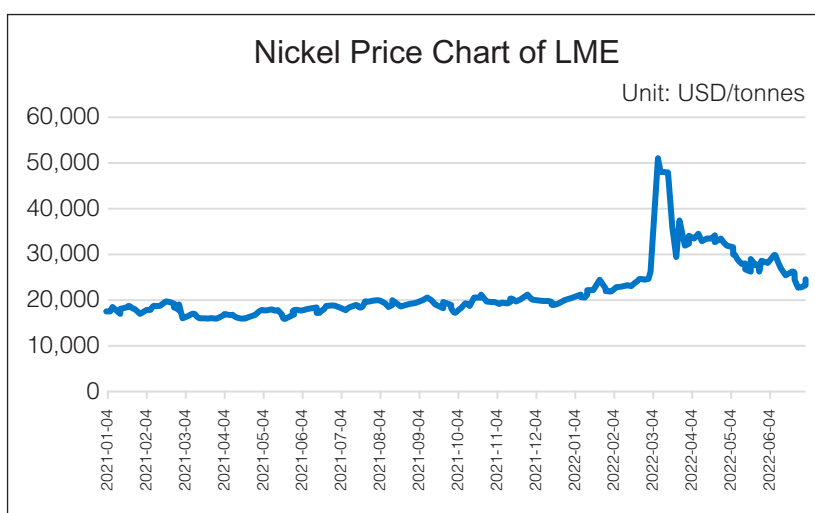
As one of the largest steel structure manufacturing enterprises in China, the Company has established 32 steel structure manufacturing bases with a design capacity of 1.65 million tonnes in economic hot spots in China, with capacity, industrial scale and manufacturing volume ranking among the top in the same industry in China. Among them, MCC (Shanghai) Steel Structure Technology Co., Ltd., as the representative enterprise of the Company's steel structure business segment, continued to maintain steady development in the first half of 2022, and won the bid and implemented major projects such as steel structure construction phase III expansion for T3 terminal of Qinghai Xining Caojiabao Airport (青海西寧曹家堡機場三期擴建T3航站樓鋼結構工程), steel structure construction (phase II) for Zhuhai Hengqin Headquarter Building (珠海橫琴總部大廈 (二期) 鋼結構工程), roof steel structure of Yellow River National Museum (黃河國家博物館屋面鋼結構), steel structure construction for Baoding Diangu Financial Centre (保定電谷金融中心鋼結構工程), roof rack of steel structure construction for Guilin International Convention and Exhibition Centre (桂林國際會展中心鋼結構工程屋面網架) and steel structure construction for the second section of Nanjing Jiangbei New Financial Centre (phase I) (南京江北新金融中心一期項目二標段鋼結構工程).

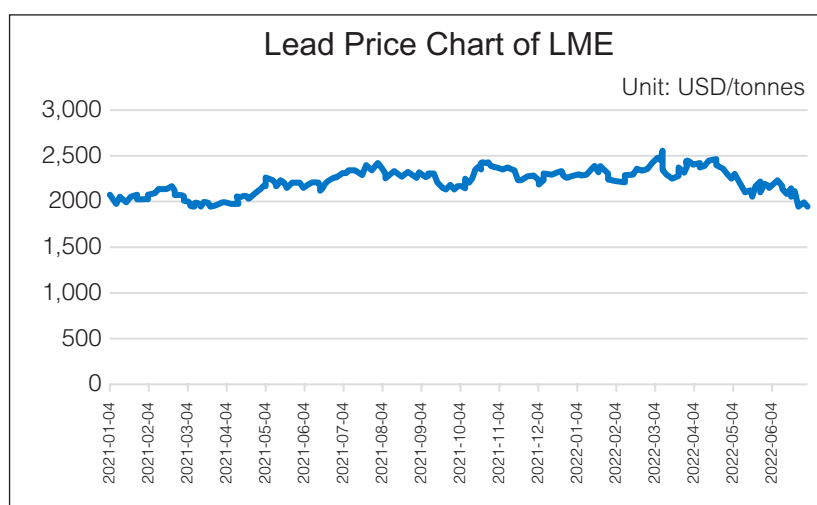
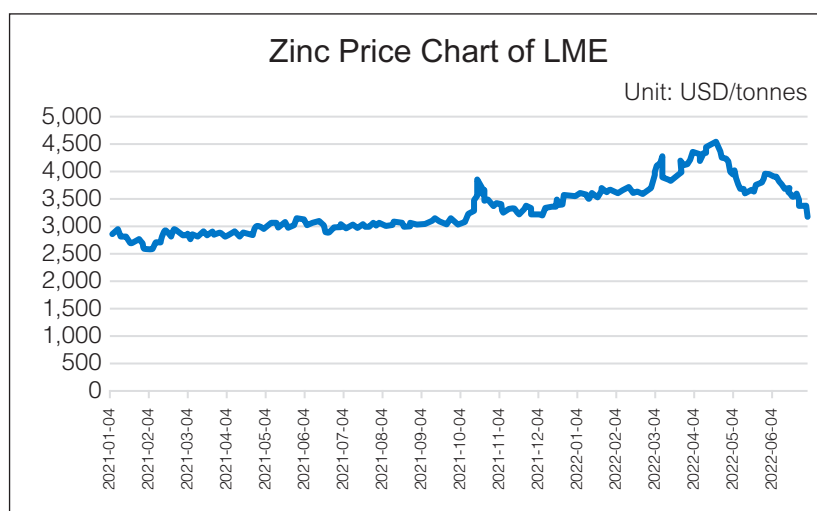
4. *Resources Development Business*

(1) *Industry Overview*

Since 2022, the international political and economic situation has been complex and volatile. On the one hand, affected by the continuous fermentation and escalation of the Russian-Ukrainian crisis, the risk of global “stagflation” has increased significantly, the international financial market has been volatile, the geopolitical pattern has accelerated differentiation, and the world has started a new round of interest rate hike cycle. On the other hand, the domestic epidemic prevention and control measures have become more stringent. The Omicron variant has a strong transmission capacity. Since March, the epidemic has spread in many places, and epidemic control measures have been constantly introduced and upgraded. Due to the long duration and great impact of the epidemic in the first half of the year, it had a great impact on both ends of the economic supply and demand, especially the impact of the epidemic in Shanghai on the national and even the global industrial chain.

Under the impact of a variety of unexpected factors at home and abroad, the prices of bulk commodities, including non-ferrous metals such as copper, nickel, lead and zinc, will remain high and volatile, especially nickel. In March this year, the London Metal Exchange had a short squeeze, which led to abnormal trading of nickel futures, abnormal price increased, domestic and foreign prices distortion, disrupting the nickel spot trading market. In addition to the impact of the epidemic, the downstream market demand fell sharply, and the nickel price fluctuated dramatically in a short period of time. In the first half of 2022, the closing average prices of nickel, copper, zinc and lead on the London Metal Exchange reached US\$28,593/ton, US\$9,749/ton, US\$3,794/ton and US\$2,262/ton respectively, representing an increase of 63.3%, 7.3%, 33.1% and 8.5% respectively as compared with the average price in the first half of 2021, and representing an increase of 47.4%, 2.7%, 20.1% and -1.1% respectively as compared with the average price in the second half of 2021.





Source: WIND, LME

(2) Operating Results of the Segment Business

During the Reporting Period, the Company's three key overseas mining projects under development, namely the Ramu Nico Laterite Mine, Papua New Guinea, Saindak Copper-Gold Mine and Duddar Lead-Zinc Mine, Pakistan, strove to overcome the pressure and negative impact of overseas pandemic prevention and control and security and anti-terrorism measures, insisted on zero infection in pandemic prevention and control, zero accidents in safety and environmental protection, zero injury in personnel safety, strictly implemented the principles of production and operation, i.e. "fast mining and fast selling, full production and sales", continued to optimize various technical indicators of production, and focused on cost control. In this way, we completed the production and operation tasks in the first half of the year, achieving a total operating revenue of RMB 2.72 billion and a net profit of RMB 1.02 billion.

**The overall operating results of the resource development
business in the first half of 2022**

Unit: RMB'000

	First half of 2022	% of the total	First half of 2021	Year-on-year increase/ decrease
Segment operating revenue	3,592,811	1.23%	3,477,786	3.31%
Gross margin (%)	<u>46.30</u>	<u>-</u>	<u>42.41</u>	Increased by 3.89 percentage points

Note: The statistics of segment operating revenue and gross margin are figures before inter-segment eliminations.

The specific progress of key mineral resource projects under development is as follows:

① Papua New Guinea Ramu Nico Project

At the end of the Reporting Period, the project was estimated to have a reserve of 150 million tonnes of resources, with an average nickel grade of 0.85% and an average cobalt grade of 0.09%, equivalent to 1.2896 million tonnes of nickel metal and 135,200 tonnes of cobalt metal, which may satisfy the need for the stable operation of the project for 40 years. The project achieved an average production rate of 103.6% in the first half of the year. The project produced nickel hydroxide, which contained 16,884 tons of nickel and 1,525 tons of cobalt, representing a year-on-year increase of 2% in the output of nickel. The project sold nickel hydroxide, which contained 9,960 tons of nickel and 932 tons of cobalt, representing a substantially year-on-year decrease of 49% in the sales of nickel. However, due to the high average prices of nickel and cobalt in the first half of the year, the operating revenue and net profit decreased by only 23% and 10% year-on-year, respectively. The main reason for the decline in the project's performance was due to the weakened demand from downstream customers, the lower-than-expected project sales and higher product inventories as a result of the dual impact of the short squeeze event in the LME nickel futures market and the regional pandemic in China. Now the sales strategies have been dynamically updated and optimized, and more efforts have been made on sales and destocking.

② Pakistan Duddar Lead-Zinc Mine Project

At the end of the Reporting Period, the project was estimated to have a reserve of 854,100 tonnes of zinc metal and 395,000 tonnes of lead metal, with an average zinc grade of 7.81% and an average lead grade of 3.61%, which may satisfy the need for the stable operation of the project for 20 years. At the same time, the North Duddar mining area has a greater potential for mineralization. During the 14th Five-Year Plan period, we plan to further explore the mine, and it is expected to have a greater potential to double the resource amount of lead and zinc. In the first half of the year, the project produced zinc concentrate ore containing 23,404 tons of zinc and lead concentrate ore containing 4,875 tons of lead, representing a year-on-year increase of 13% and 18%, respectively. Meanwhile, the project sold zinc concentrate ore containing 18,669 tons of zinc and lead concentrate ore containing 4,316 tons of lead, representing a year-on-year increase of 3% and 34%, respectively. With significant year-on-year growth in output and sales and lead and zinc prices, the project achieved a year-on-year increase of 27% and 48% in operating income and net profit in the first half of the year.

③ Pakistan Saindak Copper-Gold Mine Project

At the end of the Reporting Period, the eastern mine ore body of the project was estimated to have a reserve of 348 million tonnes of resources, with an average copper grade of 0.36%, equivalent to 1.2896 million tonnes of copper metal. The project had 75.49 million tonnes of reserves, with an average copper grade of 0.375%, equivalent to 283,100 tonnes of copper metal. Its reserves may satisfy the need for the stable operation of the project for 20 years. In the first half of the year, in order to grasp the favorable market opportunity brought by the high copper price, the project completed the annual overhaul of the smelter ahead of schedule and resumed crude copper smelting and refining production on May 1. As of the end of June, it has produced 3,858 tons of crude copper. It has sold an aggregate of 8,925 tons of crude copper in the first half of the year, accounting for 53% of the annual plan, and achieved an operating income of RMB 650 million, 53% of the annual plan, and a dividend profit of RMB 110 million, 74% of the annual plan.

In the second half of the year, the Company will continue to implement the guiding principles of production and operation, i.e. “fast mining and fast selling” for each key mineral resource project under development, and comprehensively carry out pandemic prevention and control measures, security and anti-terrorism as well as safe production. The Company will spare no effort to boost production, speed up sales and reduce inventory to better achieve the production and operation targets for the year, effectively play a profit-raising role and make positive contributions to the Company’s steady growth.

(II) Analysis on Core Competitiveness during the Reporting Period

In the metallurgical construction field, the Company is the world's largest and most powerful metallurgical construction contractor and metallurgical enterprise operation service provider. With top-notch core technologies, incessant reformational and innovation capabilities as well as irreplaceable whole-industry chain integration advantage in metallurgical construction, the Company shoulders the state's responsibility of leading China to a higher level of development of metallurgy and is the best and the largest "national team" of metallurgical construction and operational services in the world. In the domestic market, the Company's technical level, engineering performance, construction effect and owner satisfaction of environmental protection raw material site, coking, sintering and pelletizing, iron-making, steel-making and continuous casting, hot rolled flat wood, hot rolled long wood and cold rolling business are in an absolute leading position. In the foreign market, the Company always stands at the international high-level and setting its eyes on the growth of metallurgical industry, adheres to the innovation-driven strategy, constantly develops new core technologies and creates new competitive advantages overseas. The Company is highly competitive in terms of high-end consulting and overall design capabilities in ferrous metallurgy field, as well as technical competitiveness in eight major business parts of iron and steel engineering, which fully represents China's strength and level in technological development and engineering construction in ferrous metallurgy field.

In the engineering contracting field, the Company, as one of the world's largest engineering contracting companies, has strong construction and technical advantages in housing construction, prefabricated buildings, real estate, municipal infrastructure, comprehensive industrial engineering construction, equipment installation. The Company has 12 Class A scientific research and design institutes, 16 large-scale construction enterprises, and 5 regional branches, with 5 comprehensive Class A design qualifications and 42 general contracting construction special-grade qualifications, 7 for highway engineering construction, 7 for municipal utilities engineering construction and 14 for architectural engineering construction. The Company has the system integration capability of the whole industry chain in housing construction, transportation and municipal infrastructure construction business, and a comprehensive industrial chain for project construction covering technological research and development, consulting and planning, surveying and mapping, project design, project supervision, civil construction, installation and adjustment, equipment manufacturing and integration, technological service and import and export trade. Compared to general engineering design enterprises, engineering construction enterprises or equipment manufacturing enterprises, the Company can integrate all resources in the entire industry chain to provide a more comprehensive service to its customers.

In the emerging industry field, in recent years, the Company has made continuous efforts in emerging industries such as ecological and environmental protection, feature themes engineering, beautiful countryside and smart city, healthcare and senior care, and has achieved a leading position in the industry. The Company has a large number of patented technologies and proprietary technologies with independent intellectual property rights in areas of energy and environmental protection such as sewage treatment, water environment treatment, air pollution treatment, soil remediation, solid waste treatment, waste incineration, and comprehensive utilization of resources of waste heat and pressure. The Company completed the first municipal sewage treatment project in China to achieve the highest discharge standard. The Company accounts for 60% of the market share in the field of large-scale incineration power generation consulting and design in China. The Company has 27 national technological research and development platforms and technology research institutes involving pipeline and galleries, sponge cities, beautiful countryside and smart city, theme park, water environment, and healthcare and senior care. The Company has more than 43,000 active patents in total. In particular, the Institute for Theme Park Studies in China, the sole professional design institute of theme park, was entirely “made in China” in terms of theme park design, raw materials and construction, with the manufacturing capacity of the strong steel structure and especially the figure steel. In addition, the Company has mastered a number of domestic and international leading mining processes and core technologies in the field of mineral resource development, and established a design institute with the strongest comprehensive strength in nonferrous metallurgy in China, possessing well-developed mining and smelting processes and equipment technologies of copper, lead, zinc, nickel, cobalt and plenty of other metal, and having developed digital measurement and geographic information system and geotechnical engineering investigation technology for complicated geological conditions. In terms of metallurgical mining, the Company plays a leading role in large scale underground iron ore mining technology and large-scale open mining technology in China.

In the integrated real estate field, the status of the Company in the industry has been continuously improving, and its brand impact has also been increasing steadily. The Company ranked 40th in the “Top 100 Real Estate Developers in China” for four consecutive years, and was awarded “Top 10 in Profitability” and “Top 10 in Stability”, and won “Excellent Enterprise in China’s Urban Development and Operation”, “Annual Social Responsibility Enterprise of Chinese Real Estate”, and “Real Estate Enterprise with Excellent Products in China”. The Company was awarded “China Leading Property Management Companies in terms of Marketisation of Business”, “China Leading Property Companies in terms of Technology Empowerment”, and “Leading Brand Enterprises in Specialized Operation of Property Service in China”. The Company has been upgraded from a real estate developer to an urban development operator. Adhering to the technology-led development strategy of “one main engine with multi-wheels”, the Company focuses on the overall goal of “green building, technological residence, smart home and smart community” and brand positioning to create the next-generation high-end smart health residences.

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

III. FINANCIAL HIGHLIGHTS

(I) Overview

The highlights of the Company's financial position as at 30 June 2022 and the operating results for the six months ended 30 June 2022 are as follows:

- Operating revenue amounted to RMB 289,202 million, representing an increase of RMB 38,199 million or 15.22% from RMB 251,003 million in the first half of 2021.
- Net profit amounted to RMB 7,355 million, representing an increase of RMB 764 million or 11.59% from RMB 6,591 million in the first half of 2021.
- Net profit attributable to the Shareholders of the listed company amounted to RMB 5,871 million, representing an increase of RMB 934 million or 18.91% from RMB 4,937 million in the first half of 2021.
- Basic earnings per share amounted to RMB 0.24, and the basic earnings per share in the first half of 2021 amounted to RMB 0.21.
- As at 30 June 2022, total assets amounted to RMB 610,289 million, representing an increase of RMB 66,819 million or 12.29% from RMB 543,470 million as at 31 December 2021.
- As at 30 June 2022, the Shareholders' equity amounted to RMB 155,871 million, representing an increase of RMB 4,483 million or 2.96% from RMB 151,388 million as at 31 December 2021.
- The value of signed contracts amounted to RMB 647,000 million, representing an increase of RMB 31,942 million or 5.19% from RMB 615,058 million in the first half of 2021.

Note: The percentages of increase or decrease are calculated by rounding up to RMB.

(II) Operating revenue from principal business segments

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

(1) Engineering Contracting Business

Operating revenue amounted to RMB 270,795 million, representing an increase of RMB 39,538 million or 17.10% from RMB 231,257 million in the first half of 2021.

(2) Property Development Business

Operating revenue amounted to RMB 9,031 million, representing a decrease of RMB 2,295 million or 20.27% from RMB 11,326 million in the first half of 2021.

(3) Equipment Manufacturing Business

Operating revenue amounted to RMB 6,800 million, representing an increase of RMB 735 million or 12.11% from RMB 6,065 million in the first half of 2021.

(4) Resource Development Business

Operating revenue amounted to RMB 3,593 million, representing an increase of RMB 115 million or 3.31% from RMB 3,478 million in the first half of 2021.

(5) Other Businesses

Operating revenue amounted to RMB 2,762 million, representing a decrease of RMB 366 million or 11.72% from RMB 3,128 million in the first half of 2021.

Note: All statistics of segment operating revenue are figures before inter-segment eliminations; the percentages of increase or decrease are calculated by rounding up to RMB.

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

(I) Possible Risks and Response Measures

1. *Risks Associated with Macro-economy*

The Company's main businesses are greatly affected by the national macroeconomic situation, fixed asset investment in the steel industry, development in the construction industry, urbanization and other external factors. In the first half of 2022, the new downward pressure on the economy was further increased by a complex and severe international environment, as well as the impact of domestic pandemic and other factors beyond expectation. However, the fundamentals of the Chinese economy characterized by strong resilience, sufficient potential, ample room for maneuver and long-term sustainability remained unchanged. With the overall improvement of the domestic pandemic, the effect of the policy measures to stabilize growth gradually appeared, and the economy showed momentum of recovery. The profound changes in business environment in which enterprises operate, will be a challenge for both their risk appetite and their daily operation ability and ability to respond to challenges.

The Company will make reasonable expectations and adjust its business strategy in due course, make full use of positive development conditions, seize opportunities, effectively avoid risks, and promote high-quality development.

2. *Risks Associated with Traditional Metallurgical Engineering Business Segment*

Greenization and decarbonization are the main trends of the steel industry during the "14th Five-Year Plan" period, while the digital transformation and the merger and reorganization of the steel industry will continue to be carried out in depth. The steel industry has gradually entered into a new stage of quality and efficiency adjustment from a scale adjustment, and the digital transformation of the steel industry has brought new opportunities. Firstly, a series of national, provincial and municipal policies and measures have been issued to support the development of digital economy, and the benefits of the policies will soon be realized. Secondly, the implementation of major projects such as the relocation, transformation and upgrading of the steel industry has brought about the digital reform of production equipment and processes. Thirdly, the growing personalized needs of steel enterprise users lead to the transformation from the inherent essence of "large scale and standardization" of the steel industry to the new demand for

“small batch and multiple varieties”, and the digital transformation will become an important way to rely on. Fourthly, the implementation of “new infrastructure” is initiated, and the construction of intelligent information facilities is accelerated. The new generation of intelligent technology provides new technical support for the digital transformation and upgrading of the traditional steel industry.

In order to cope with the above changes, the Company persistently adheres to the guideline of “building up a world-class national team for metallurgical construction”. While focusing on new production capacity, the Company has paid attention to the technological transformation of its existing production capacity, and continuously stepped up its market coordination efforts to consolidate and enhance the metallurgical market and safeguard the reasonable interests of the Company. At the same time, the Company continuously enhanced its transformation efforts, optimized and improved the housing construction market, expanded and improved the infrastructure market, continued to expand its share in the non-steel market, successfully completed business transformation and effectively defused the risk associated with metallurgical engineering market.

3. *Risks Associated with the Non-Steel Engineering Segment*

In the first half of 2022, in the face of the ongoing challenges of the pandemic and the uncertainty of the external environment, China coordinated and promoted normalized pandemic prevention and control measures as well as economic and social development, expedited the fostering of a new development architecture, which means its growth will rely on both domestic and international economic cycles, with the domestic cycle as the mainstay. The economic operation continued to recover steadily, and the momentum of development continued to grow. While grasping the policy opportunities, the Company should pay more attention to risk prevention and control. The concentration of the infrastructure industry is getting higher and higher, the regional layout of the market is gradually becoming the same, and the competition is becoming more intense.

Under this situation, the Company will continuously focus on the key tone of the market development of “quality markets, quality customers and quality projects”, continuously improve management efficiency, innovate business models, strive to grasp development opportunities, and advance in both traditional advantage field and emerging field to achieve higher quality development.

4. *Risks Associated with the Property Development Business Segment*

Since 2022, financial regulation of real estate has continued to tighten, and the pressure of the “three financial ratios (三道紅線)” combined with the centralised land supply model has posed a huge challenge to the short-term funding of real estate enterprises. The introduction of the pilot real estate tax has further weakened home buyers’ willingness to purchase. The market expectations have changed, and the national real estate market has cooled rapidly. In this situation, the Company’s real estate business adheres to the policy of “houses are for living in but not for speculative investment (房住不炒)”, and the Company scientifically studies the policy and market, makes advance layout and actively responds to the current cooling trend of the real estate market, and strengthens the study of the long-term real estate mechanism represented by real estate tax and financing control policies. The Company closely follows the market trend, and actively guides its subsidiaries to scientifically study regional and city development plans, coordinate investment and management strategies with policy guidance and market trends, fully implement the development concept of “quick turnover, low cost, high quality, high profit”, and effectively implement the guideline of “controlling the total volume, reducing the inventory and preventing the risk”. The Company will actively explore new ideas and methods of destocking, make great efforts to revitalize projects at hand to effectively reduce inventory, vigorously revitalise low-end assets and withdraw from high-risk projects, and continuously improve the anti-risk capacity of projects, so as to effectively respond to risks associated with the real estate development business segment.

5. *Risks Associated with the Financial Segment*

Since 2022, the global financial market has been facing severe challenges. Events such as repeated resurgence of the COVID-19 pandemic, superimposed inflation across countries, intensified conflicts between Russia and Ukraine and significant increase in interest rate by the Federal Reserve, has led to the volatility in the international financial market, and the exchange rate of RMB against the US dollar showed a material two-way fluctuation trend.

The Company will continue to optimise its financing structure, strengthen the cooperation with the financial institutions, pay close attention to changes in foreign exchange rates, strengthen management and control of foreign exchange risk exposure, carry out foreign exchange hedging business only for the purpose of hedging. It is determined not to engage in speculative arbitrage, and meanwhile takes multiple measures to save financial costs and increase capital efficiency.

6. *Risks Associated with Bulk Commodity Prices*

The market prices of bulk commodities, such as engineering raw materials and metal mineral resources relevant to the Company's business, may be affected by changes in the international and domestic macroeconomic environment and market demand, and may be subject to varying degrees of volatility, which may in turn affect the production and operation costs, income and profits of the Company.

The Company will enhance its research and forecast on the changing trend and policies in response to the fluctuation in the market prices of bulk commodities, and adjust its procurement and sales strategies. At the same time, we will intensify our efforts in process improvement, further increase our output, strengthen cost control and management, further reduce energy consumption, and adopt all possible measures to reduce various costs such as production and operation costs.

7. *Risks Associated with International Operations*

The operating businesses of the Company in various countries and regions may be affected by local politics, economy, public security and public health events, cultural differences, contractual laws, foreign exchange and its exchange rates, international public opinion and other environmental factors, which may pose certain risks to the Company, such as inability to complete overseas construction projects on time, disputes arising from claims due to increase in expenses, and even suspension of construction. In mining production and operation, there may be situations such as increase in cost and severe security situation.

The Company will urge all subsidiaries and overseas institutions to conduct in-depth research on the policies, regulations and human environment where overseas projects are located, establish good cooperative relationship with local governments and property owners, speed up the pace of localization, and take all pandemic prevention and control work and personnel safety work seriously to reduce the adverse impact of the pandemic and safety issues; continue to conduct risk review for major overseas projects before bidding and contracting, implement hierarchical risk management during the implementation process, and improve the emergency plan for overseas projects. In the context of the normalization of the pandemic, the Company will stick to the contract and do its best to fulfill the contract and production on schedule. In addition, it will handle the relationship between operation and safety to ensure the safety of personnel and assets.

8. *Environmental and Safety Production Risks*

The Company, as a construction and production enterprise, is engaged in a number of industries, including engineering contracting, property development, equipment manufacturing and resource development. For its numerous subsidiaries and respective projects, safety production risks and environmental protection production risks may exist in all aspects of the Company's production and operating activities. Unsafe behavior by human beings, unsafe state of things, defects of management and unsafe environmental factors, and other factors, which may lead to safety production accidents and failure in meeting environmental protection emission standards and mismanagement on hazardous and chemical waste may lead to environmental protection accidents, harm to the health and the safety of employees, and cause certain economic losses to the enterprise, and even affect the reputation of the enterprise. These may impose higher requirements on production safety management of the Company.

To effectively avoid environmental risks, the Company will continue to actively practice the green development ideology that "Lucid Waters and Lush Mountains are Invaluable Assets (綠水青山就是金山銀山)", continuously pay attention to the launch of environmental protection supervision, continuously improve environmental management efforts, carry out environmental protection supervision and inspection with "no notice, no greeting, no report, no accompanying reception, straight to the grassroots level, and direct access to the scene (四不兩直)", and conduct energy saving environmental protection training to raise eco-friendly awareness. In terms of safety production, the Company will implement thoroughly the responsibility of production safety for the entire personnel, strengthen the establishment of safety team, make full use of the experts for every system, improve the effectiveness of hidden danger investigation and governance, strengthen the control and management of hazardous chemicals and explosive products, take effective measures in flood prevention and ensure the safety, to promote the standardization of safety production continuously.

9. *Risks Associated with Data Fraud or Theft*

In order to guard state secrets and protect commercial secrets, the Company has formulated sets of relatively comprehensive confidentiality policies. The Company adopts various promotional and educational measures regularly in order to raise awareness of information confidentiality of the employees. The Company randomly assesses the information confidentiality of its subsidiaries on site every year, and adopts the forms of interview, inspection of recorded documents, retrieval of confidential documents and on-site inspection to supervise and inspect the operation of the confidentiality management system.

During the Reporting Period, the Company was not involved in any data fraud and theft cases.

10. *Cyber Risks and Security*

Following the in-depth application of “Internet +” in informatization domain, network topology of enterprises becomes increasingly complicated. The number of information system is surging, resulting in a higher possibility of internet disruptions and system breakdown. Besides, the Company endeavors to expand into overseas markets for gradual enhancement in international influence. The risk from cyber-attacks to the information system has subsequently increased. Any occurrences of the risk events may cause adverse impacts on the production and operating activities of the Company.

In order to effectively prevent cyber risks, in accordance with the requirements of the supervisory units, the Company persistently optimizes and improves the information network system, upgrades the capability of protection and emergency response, forms a professional team for security of network and information system, implements real-time network monitoring, carries out upgrade protection and major security general inspection regularly, and develops a more comprehensive safety protection system. Thus, the Company will make the utmost effort to prevent cyber risks and avoid the occurrence of security incidents.

V. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

1. Analysis on the Changes in the Relevant Items in Financial Statement

Unit: RMB'000

Items	Amount for the current year	Amount for the same period of the previous year	Change in Proportion (%)
Operating revenue	289,201,742	251,003,187	15.22
Operating costs	262,190,220	226,557,020	15.73
Selling expenses	1,227,620	1,156,084	6.19
Administrative expenses	4,939,714	5,041,482	-2.02
Financial expenses	109,355	1,060,279	-89.69
Research and development expenses	7,638,329	6,008,195	27.13
Net cash flows from operating activities	167,708	(8,565,449)	N/A
Net cash flows from investing activities	(1,594,881)	(7,039,963)	N/A
Net cash flows from financing activities	22,233,423	14,125,446	57.40

Explanation of change in operating revenue: Increase in operating revenue was due to active expansion in the market by the Company.

Explanation of change in operating costs: Increased correspondingly along with the increase in operating revenue and was impacted by the increase in costs including raw materials in the market and labor costs.

Explanation of change in selling expenses: Mainly due to the increase in market development expenses such as staff expenses and sale services fees.

Explanation of change in administrative expenses: Mainly due to the Company's strengthening of expense control and the year-on-year decrease in travelling expenses, office expenses and other expenses.

Explanation of change in financial expenses: Due to continuous optimization of the Company's interest-bearing liability structure, and the decrease in financial expenses as a result of the impact of exchange rate changes.

Explanation of change in research and development expenses: Mainly due to the increase in investment in research and development by the Company, leading to the increase in research and development expenses.

Explanation of change in net cash flows from operating activities: Mainly due to the decrease in cash paid for operating activities.

Explanation of change in net cash flows from investing activities: Mainly due to the decrease in cash from the payment of investment activities.

Explanation of change in net cash flows from financing activities: Mainly due to the increase in cash inflow from borrowings.

2. *Analysis on Revenue and Costs*

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

The Company's financial position and business performance were subject to the combined impact of multiple factors, including changes in international and domestic macroeconomic environment, China's financial and monetary policies, the development status of the industry in which the Company was operating in and the implementation of adjustment and control measures of the industry imposed by the state:

1) Trend of macro-economy internationally and domestically

At present, the international political and economic situation remains complicated and volatile, and the COVID-19 pandemic remains elevated, with many unstable and uncertain factors. The Company's various business operations are affected by the international and domestic macroeconomic environment, and business links such as procurement, production and sales of the Company may also be affected by the trend of international and domestic macroeconomy, which further leads to fluctuations in the results of operations of the Company. The business income of the Company are derived primarily from the PRC. In different domestic economic cycles, the Company may experience different performance in its business operations.

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

The Company's engineering contracting, property development, resources development and equipment manufacture businesses were all influenced by the policies of the industry. With the national policy requirements of "carbon emission peak and carbon neutrality", carbon emission limits have been gradually upgraded, environmental protection and energy consumption control efforts have been continuously strengthened, and the real estate industry has gradually returned to a rational and stable development stage. At the same time, there was a significant fluctuation of the global mineral product price. Changes in the above-mentioned national policies, market changes and periodic fluctuations of the industries and changes in the operating situation of upstream and downstream enterprises of the industries all guide the adjustment of the Company's business segment and the layout of market areas to a certain extent, which thereby affected the Company's internal business structure and in return affected its financial position.

Both items 1) and 2) above were the major risk factors that impacted the Company's performance in the first half of 2022.

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

① Impact from changes in the tax policy

The Company's operating results and financial position were influenced by changes in the state's tax policy through the impact of tax burdens of the Company and its subsidiaries. The preferential tax policy for the development of the western regions and the preferential tax policies for hi-tech enterprises currently enjoyed by some of the Company's subsidiaries, as well as the resources tax may undergo some changes following the changes in the PRC's tax policies. Changes in the relevant preferential tax policies would affect the Company's financial performance.

② Impact of fluctuations in exchange rate and monetary policy

Part of the Company's business revenue came from overseas markets. Changes in the exchange rates may bring exchange rate risks to the Company's overseas business revenue and currency settlement. In addition, adjustment in banks' deposit reserve ratio and changes in the benchmark interest rates for deposits and loans would impact on the Company's financing costs and interest income.

4) Overseas tax policies and their changes

The Company has business operations in many overseas countries and regions and pays various taxes. Since the tax policies and environments are different in various places and the regulations of the various taxes, including enterprise income tax, tax of foreign contractors, individual income tax and interest tax, are complicated and diversified, the Company's overseas business may incur corresponding risks due to tax policies and the changes thereof. Meanwhile, the tax treatment for transactions and matters related to certain operating activities may require enterprises to make corresponding judgment because of the uncertainty of such tax treatment.

5) Changes in major raw materials prices

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

6) Construction subcontracting expenses

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

7) Enhancement in the quality of operational management

The quality of operational management will significantly affect the results of the Company. The Company will continue to "Highlight the Theme of Reform and Focus on Core Business", further improve the corporate governance and operation of internal control, strengthen the operation management and risk control, raise management quality and effectiveness, and perfect the assessment and incentive systems of the Company. The Company will continue to deepen the design and operation of "macro environment, major customers and large-scale projects", through systematic reform and innovation, as well as scientific decision-making to stimulate the Company's vitality and creativity, and achieve a simple, efficient and effective management and control system. Whether these management objectives can be effectively implemented will also influence, to quite a large extent, the improvement in the operating results of the Company.

8) Uneven distribution of revenue

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

(2) Major business by segment and region

1) Major business by segment

Unit: RMB'000

Segments	Operating revenue	Operating costs	Gross margin	Major Business by Segment		
				Increase or decrease in the operating revenue as compared to same period of last year	Increase or decrease in the operating costs as compared to same period of last year	Increase or decrease in the gross margin as compared to that of last year
			(%)	(%)	(%)	
Engineering contracting	270,794,824	247,642,999	8.55	17.10	16.86	Increased by 0.18 percentage point
Property development	9,030,921	8,040,299	10.97	-20.27	-10.44	Decreased by 9.77 percentage points
Equipment manufacturing	6,799,675	5,980,936	12.04	12.11	14.43	Decreased by 1.79 percentage points
Resources development	3,592,811	1,929,190	46.30	3.31	-3.67	Increased by 3.89 percentage points

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

① Engineering Contracting Business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing and construction contracting contract, and is currently the major source of income and profits of the Company. The gross profit margins of the engineering contracting business for the first half of 2022 and 2021 were 8.55% and 8.37%, respectively, with a year-on-year increase of 0.18 percentage point.

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

Unit: RMB'000

Items of revenue	In the first half of 2022		In the first half of 2021		In the first half of 2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	56,262,888	20.78	47,198,024	20.41	31,763,810	19.42
Housing construction engineering	137,894,743	50.92	114,878,950	49.68	83,477,320	51.04
Transportation infrastructure	<u>53,051,997</u>	<u>19.59</u>	<u>47,569,418</u>	<u>20.57</u>	<u>32,043,668</u>	<u>19.59</u>

Note: The statistics of segment revenue are figures before inter-segment eliminations.

② Property Development Business

For the first half of 2022 and 2021, the total gross profit margins of the Company's property development business were 10.97% and 20.74% respectively, with a year-on-year decrease of 9.77 percentage points.

③ Equipment Manufacturing Business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. For the first half of 2022 and 2021, the gross profit margins of the Company's equipment manufacturing business were 12.04% and 13.83%, respectively, representing a year-on-year decrease of 1.79 percentage points.

④ Resource Development Business

The Company's resource development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶集團銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), among others, were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. For the first half of 2022 and 2021, the gross profit margins of the Company's resource development business were 46.30% and 42.41%, respectively, representing a year-on-year increase of 3.89 percentage points, mainly due to changes in international commodity prices.

2) Major business by region

For details, please refer to the section “Notes to combined financial statements” of this announcement.

(3) Table of analysis on costs

Unit: RMB'000

By Segment

Segment	Costs component items	Amount for the current period	Proportion of the amount for the current period to the total costs (%)	Amount for the same period in the previous year	Proportion of the amount for the same period in the previous year to the total cost (%)	Percentage change in the amount for the current period as compared to that for same period in the previous year (%)
Engineering contracting	Operating costs	247,642,999	93.18	211,909,292	91.87	16.86
Property development	Operating costs	8,040,299	3.03	8,977,852	3.89	-10.44
Equipment manufacturing	Operating costs	5,980,936	2.25	5,226,656	2.27	14.43
Resource development	Operating costs	1,929,190	0.73	2,002,779	0.87	-3.67

Note: The statistics of segment cost are figures before inter-segment eliminations.

Description of other results in the analysis on costs:

The major components of costs of construction projects of the Company for the same period of the first half of recent three years are as follows:

Unit: RMB'000

Items of costs	In the first half of 2022		In the first half of 2021		In the first half of 2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	119,174,278	48.12	102,841,725	48.53	72,169,168	48.81
Materials expenses	93,694,791	37.83	78,846,057	37.21	54,184,012	36.65
Labour costs	13,382,222	5.40	11,813,345	5.57	8,182,285	5.53
Machinery usage fees	4,228,699	1.71	3,940,599	1.86	2,789,954	1.89
Others	17,163,009	6.94	14,467,566	6.83	10,522,362	7.12
Total engineering cost	247,642,999	100.00	211,909,292	100.00	147,847,781	100.00

The major components of costs of construction projects of the Company are subcontracting expenses, materials expenses, labour costs and machinery usage fees. The proportion of each component of costs to operating costs is relatively stable.

(4) *Information of major customers and major suppliers*

The sales of top five customers amounted to RMB 11,300,452 thousand, accounting for 3.90% of the total sales during the Reporting Period; among them, no sales of top five customers is derived from sales to related parties.

Unit: RMB'000

Customer's name	Operating revenue	Proportion of the total operating revenue (%)
Unit 1	3,175,996	1.10
Unit 2	2,668,883	0.92
Unit 3	1,942,797	0.67
Unit 4	1,795,763	0.62
Unit 5	1,717,013	0.59
	<hr/>	<hr/>
Total	<u>11,300,452</u>	<u>3.90</u>

The procurement of top five suppliers amounted to RMB 3,213,094 thousand, accounting for 1.22% of the operating costs during the Reporting Period; among them, the procurement from related parties under the procurement of top five suppliers amounted to RMB 1,657,492 thousand, accounting for 0.63% of total procurement of the Reporting Period.

Unit: RMB'000

Supplier's name	Procurement for the current period	Proportion of the total operating costs (%)
Unit 1	1,657,492	0.63
Unit 2	494,276	0.19
Unit 3	370,800	0.14
Unit 4	369,455	0.14
Unit 5	321,071	0.12
Total	3,213,094	1.22

3. Analysis on expenses

(1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, transportation expenses, advertising and sale services expenses. In the first half of 2022 and 2021, the Company's selling expenses were RMB 1,227,620 thousand and RMB 1,156,084 thousand respectively, representing a year-on-year increase of 6.19%.

(2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses, office expenses and travelling expenses. In the first half of 2022 and 2021, the Company's administrative expenses were RMB 4,939,714 thousand and RMB 5,041,482 thousand respectively, representing a year-on-year decrease of 2.02%.

(3) Financial expenses

The Company's financial expenses include costs of borrowing, exchange gains or losses, and bank charges incurred in business operation. In the first half of 2022 and 2021, the Company's financial expenses were RMB 109,355 thousand and RMB 1,060,279 thousand respectively, representing a year-on-year decrease of 89.69%.

4. Research and Development Expenditure

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

Unit: RMB'000

Research and development expenditure for the current period	7,638,329
Total research and development expenditure	8,259,007
Proportion of total research and development expenditure to operating income (%)	<u>2.86</u>

5. Cash flows

The cash flows of the Company are as follows:

Unit: RMB'000

Items	From January to June 2022	From January to June 2021
Net cash flows from operating activities	167,708	(8,565,449)
Net cash flows from investing activities	(1,594,881)	(7,039,963)
Net cash flows from financing activities	<u>22,233,423</u>	<u>14,125,446</u>

(1) Operating activities

In the first half of 2022 and 2021, the Company's net cash flows generated from operating activities amounted to RMB 167,708 thousand and RMB -8,565,449 thousand respectively. In the first half of 2022 and 2021, the cash inflow generated from operating activities mainly came from the cash received from the sale of goods and the rendering of service. The Company's cash outflow generated from operating activities mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees and payments of various types of taxes.

(2) Investing activities

In the first half of 2022 and 2021, the Company's net cash flows generated from investing activities amounted to RMB -1,594,881 thousand and RMB -7,039,963 thousand. The investing activities of the Company mainly came from engineering contracting and property development business. The Company's cash inflow generated from investing activities mainly consisted of cash received from recovery of investments, investment income and disposal of assets. Cash outflow mainly included cash payments to acquire or construct fixed assets, intangible assets and other long-term assets and cash payments to acquire investments.

(3) Financing activities

In the first half of 2022 and 2021, the Company's net cash flows generated from financing activities amounted to RMB 22,233,423 thousand and RMB 14,125,446 thousand respectively. The Company's cash inflow from financing activities mainly consisted of cash received from capital contributions and net cash inflow from interest-bearing liabilities in accordance with the needs of operation and management. Cash outflow mainly consisted of cash on repayment of debts and interest.

(II) Analysis on assets and liabilities

1. Status of Assets and Liabilities

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period to the total assets/total liabilities (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year to the total assets/total liabilities (%)	Proportion change in the amount at the end of the current period as compared to that at the end of the previous year (%)
Current Assets	475,531,511	77.92	412,315,644	75.87	15.33
Cash and bank balances	63,153,944	10.35	41,824,464	7.70	51.00
Accounts receivable	94,556,643	15.49	83,881,695	15.43	12.73
Inventories	70,158,705	11.50	61,847,522	11.38	13.44
Contract assets	117,841,333	19.31	91,185,630	16.78	29.23
Non-current Assets	134,757,827	22.08	131,154,503	24.13	2.75
Intangible assets	22,333,888	3.66	20,878,147	3.84	6.97
Total Assets	610,289,338	100.00	543,470,147	100.00	12.29
Current Liabilities	416,207,368	91.59	358,889,666	91.53	15.97
Short-term borrowings	46,429,353	10.22	21,395,848	5.46	117.00
Bills payable	39,873,937	8.77	37,616,532	9.59	6.00
Accounts payable	190,266,025	41.87	155,265,041	39.60	22.54
Contract liabilities	72,603,641	15.98	87,092,166	22.21	-16.64
Non-current Liabilities	38,210,766	8.41	33,192,722	8.47	15.12
Long-term borrowings	29,179,206	6.42	25,332,533	6.46	15.18
Total Liabilities	454,418,134	100.00	392,082,388	100.00	15.90

(1) Analysis on the structure of assets

Cash and bank balances

As at 30 June 2022 and 31 December 2021, the balances of cash and bank balances of the Company were RMB 63,153,944 thousand and RMB 41,824,464 thousand, respectively, representing an increase of 51.00% from the beginning of the year.

As at 30 June 2022 and 31 December 2021, the restricted cash and bank balances of the Company were RMB 10,863,574 thousand and RMB 10,607,640 thousand, respectively, which accounted for 17.20% and 25.36% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included cash deposits of acceptance bill, deposit for letter of guarantee, wage deposit for migrant workers and special fund, etc..

Accounts receivable

As at 30 June 2022 and 31 December 2021, the carrying value of the Company's accounts receivable were RMB 94,556,643 thousand and RMB 83,881,695 thousand, respectively, representing an increase of 12.73% from the beginning of the year, which was mainly due to an increase in accounts receivable related to engineering contracting services.

Inventories

The inventories of the Company mainly consisted of properties under development, completed properties held for sale, raw materials, work in process and finished goods, etc. The inventory structure of the Company reflected the characteristics of the engineering and contracting, property development, equipment manufacturing and resources development businesses in which the Company was engaged.

As at 30 June 2022 and 31 December 2021, the Company's net inventories were RMB 70,158,705 thousand and RMB 61,847,522 thousand, respectively, representing an increase of 13.44% from the beginning of the year.

Contract assets

Contract assets of the Company are mainly completed and unsettled inventories and construction quality guarantee deposits with regard to the engineering contracting service contracts. As at 30 June 2022 and 31 December 2021, the net contract assets of the Company amounted to RMB 117,841,333 thousand and RMB 91,185,630

thousand, respectively, representing an increase of 29.23% from the beginning of the year, which was mainly due to an increase in contract assets related to engineering contracting services.

Intangible assets

As at 30 June 2022 and 31 December 2021, the aggregated carrying value of the Company's intangible assets were RMB 22,333,888 thousand and RMB 20,878,147 thousand respectively, representing an increase of 6.97% from the beginning of the year. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc.

(2) Analysis on the structure of liabilities

Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, pledge loans and guaranteed loans from commercial banks and other financial organizations. As at 30 June 2022 and 31 December 2021, the carrying value of the Company's short term borrowings were RMB 46,429,353 thousand and RMB 21,395,848 thousand, respectively, representing an increase of 117.00% from the beginning of the year. As at 30 June 2022 and 31 December 2021, the carrying value of the Company's long-term borrowings were RMB 29,179,206 thousand and RMB 25,332,533 thousand, respectively, representing an increase of 15.18% from the beginning of the year.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB 32,034,871 thousand and RMB 9,692,063 thousand, respectively. As at the end of the Reporting Period, the balances of fixed-rate short-term borrowings and fixed-rate long-term borrowings amounted to RMB 34,059,077 thousand and RMB 11,827,446 thousand, respectively.

Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 30 June 2022 and 31 December 2021, the Company's carrying value of accounts payable were RMB 190,266,025 thousand and RMB 155,265,041 thousand, respectively, representing an increase of 22.54% from the beginning of the year.

Contract liabilities

Contract liabilities mainly comprises contract liabilities related to engineering contracting services and sales contracts. As at 30 June 2022 and 31 December 2021, the Company's carrying value of contract liabilities amounted to RMB 72,603,641 thousand and RMB 87,092,166 thousand, respectively, representing a decrease of 16.64% from the beginning of the year.

(III) Analysis on the operational information in the construction industry

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

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	2,320	782	2,038	411	5,551
Total amount	<u>9,629,880</u>	<u>4,063,164</u>	<u>9,852,504</u>	<u>2,013,730</u>	<u>25,559,278</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (Unit)	5,278	273	5,551
Total amount	<u>24,910,006</u>	<u>649,272</u>	<u>25,559,278</u>

2. Projects under construction during the Reporting Period

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	5,160	1,592	4,484	1,384	12,620
Total amount	<u>139,142,101</u>	<u>48,711,615</u>	<u>54,155,795</u>	<u>13,353,001</u>	<u>255,362,512</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (<i>Unit</i>)	12,297	323	12,620
Total amount	<u>249,942,865</u>	<u>5,419,647</u>	<u>255,362,512</u>

3. Overseas projects during the Reporting Period

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Asia	494	5,599,579
Africa	37	153,534
South America	19	88,881
Europe	31	216,386
Oceania	11	8,190
North America	<u>4</u>	<u>2,349</u>
Total	<u>596</u>	<u>6,068,919</u>

Note: The statistics above are figures before inter-segment eliminations.

4. *Relevant information on financing arrangements of the Company*

(1) *Debt financing and financing by other equity instruments of the Company*

As at the end of the Reporting Period, the balance of debt financing and financing by other equity instruments of the Company amounted to RMB 123.117 billion, representing an increase of 30.49% as compared to the beginning of the period, which better satisfied the capital needs for enterprise development and industrial structure adjustment. In particular, the balances of debt financing and financing by other equity instruments amounted to RMB 89.053 billion and RMB 34.064 billion, respectively, which contributed to further optimization of financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB 57.968 billion and RMB 65.149 billion, respectively.

(IV) Investment analysis

As at 30 June 2022 and 31 December 2021, the net assets of the Company's trading financial assets were RMB 139,942 thousand and RMB 1,107 thousand, respectively, representing an increase of 138,835 thousand from the beginning of the year. As at 30 June 2022 and 31 December 2021, the net long-term equity investments of the Company were RMB 29,853,017 thousand and RMB 30,328,766 thousand, respectively, representing a decrease of 1.57% from the beginning of the year. As at 30 June 2022 and 31 December 2021, the net investment in other equity instruments of the Company amounted to RMB 881,681 thousand and RMB 786,855 thousand, respectively, representing an increase of 12.05% from the beginning of the year. As at 30 June 2022 and 31 December 2021, the Company's other net investment in non-current financial assets amounted to RMB 4,719,881 thousand and RMB 4,711,041 thousand, respectively, representing an increase of 0.19% from the beginning of the year.

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

30 June 2022

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Current Assets:		
Cash and bank balances	63,153,944	41,824,464
Financial assets held for trading	139,942	1,107
Derivative financial assets	57,594	114,790
Bills receivable	2,447,556	3,425,229
Accounts receivable	94,556,643	83,881,695
Receivables at FVTOCI	13,813,791	11,857,791
Prepayments	41,662,507	46,111,033
Other receivables	61,708,542	67,766,635
Inventories	70,158,705	61,847,522
Contract assets	117,841,333	91,185,630
Non-current assets due within one year	2,669,572	2,241,185
Other current assets	7,321,382	2,058,563
Total Current Assets	475,531,511	412,315,644
Non-current Assets:		
Long-term receivables	32,009,489	30,386,163
Long-term equity investments	29,853,017	30,328,766
Investments in other equity instruments	881,681	786,855
Other non-current financial assets	4,719,881	4,711,041
Investment properties	7,698,630	7,327,797
Fixed assets	24,855,863	25,117,809
Construction in progress	3,484,534	4,379,190
Right-of-use assets	727,858	591,878
Intangible assets	22,333,888	20,878,147
Goodwill	55,896	55,896
Long-term prepayments	305,374	293,791
Deferred tax assets	6,434,116	6,056,805
Other non-current assets	1,397,600	240,365
Total Non-current Assets	134,757,827	131,154,503
TOTAL ASSETS	610,289,338	543,470,147

CONSOLIDATED BALANCE SHEET (CONTINUED)*30 June 2022**All amounts in RMB'000*

Items	30 June 2022	31 December 2021
Current Liabilities:		
Short-term borrowings	46,429,353	21,395,848
Derivative financial liabilities	78,105	4,413
Bills payable	39,873,937	37,616,532
Accounts payable	190,266,025	155,265,041
Receipts in advance	157,682	135,118
Contract liabilities	72,603,641	87,092,166
Employee benefits payable	2,343,091	2,055,773
Taxes payable	4,610,397	5,097,306
Other payables	33,015,741	27,582,380
Non-current liabilities due within one year	12,017,213	13,218,552
Other current liabilities	14,812,183	9,426,537
Total Current Liabilities	416,207,368	358,889,666
Non-current Liabilities:		
Long-term borrowings	29,179,206	25,332,533
Bonds payable	1,300,000	220,000
Lease liabilities	485,493	369,145
Long-term payables	1,010,609	1,050,081
Long-term employee benefits payable	3,906,073	3,887,979
Provisions	809,797	811,797
Deferred income	1,428,548	1,465,004
Deferred tax liabilities	91,040	56,183
Total Non-current Liabilities	38,210,766	33,192,722
TOTAL LIABILITIES	454,418,134	392,082,388

CONSOLIDATED BALANCE SHEET (CONTINUED)*30 June 2022**All amounts in RMB'000*

Items	30 June 2022	31 December 2021
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	23,700,000	23,700,000
Including: Perpetual bonds	23,700,000	23,700,000
Capital reserve	22,614,654	22,612,919
Other comprehensive income	167,718	(201,624)
Special reserve	47,772	12,550
Surplus reserve	2,692,992	2,692,992
Retained earnings	41,223,800	37,954,521
Total shareholders' equity attributable to shareholders of the Company	<u>111,170,555</u>	<u>107,494,977</u>
Non-controlling interests	<u>44,700,649</u>	<u>43,892,782</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>155,871,204</u></u>	<u><u>151,387,759</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>610,289,338</u></u>	<u><u>543,470,147</u></u>

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S BALANCE SHEET

30 June 2022

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Current Assets:		
Cash and bank balances	8,699,727	5,017,042
Derivative financial assets	49,346	114,325
Accounts receivable	297,240	173,325
Prepayments	251,101	717,175
Other receivables	68,144,664	60,379,167
Inventories	978	1,107
Contract assets	1,133,882	1,482,927
Non-current assets due within one year	2,037	2,037
Other current assets	–	1,481
Total Current Assets	78,578,975	67,888,586
Non-current Assets:		
Long-term receivables	263,551	632,590
Long-term equity investments	97,749,754	97,647,601
Investments in other equity instruments	560	553
Fixed assets	14,482	11,947
Right-of-use assets	50,891	691
Intangible assets	3,057	3,758
Total Non-current Assets	98,082,295	98,297,140
TOTAL ASSETS	176,661,270	166,185,726
Current Liabilities:		
Short-term borrowings	18,445,728	16,032,447
Derivative financial liabilities	64,172	–
Accounts payable	1,555,984	1,734,094
Contract liabilities	762,587	973,037
Employee benefits payable	–	16,219
Taxes payable	38,962	54,690
Other payables	42,807,076	32,902,591
Non-current liabilities due within one year	1,078,057	2,830,724
Total Current Liabilities	64,752,566	54,543,802

THE COMPANY'S BALANCE SHEET (CONTINUED)

30 June 2022

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Non-current Liabilities:		
Long-term borrowings	2,000,000	–
Bonds payable	–	220,000
Lease liabilities	29,901	138
Long-term payables	20,456,960	20,456,990
Long-term employee benefits payable	62,437	62,011
Deferred income	3,598	3,598
Total Non-current Liabilities	22,552,896	20,742,737
TOTAL LIABILITIES	87,305,462	75,286,539
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	23,700,000	23,700,000
Including: Perpetual bonds	23,700,000	23,700,000
Capital reserve	37,925,332	37,925,332
Other comprehensive income	(7,761)	(1,554)
Special reserve	12,550	12,550
Surplus reserve	2,692,992	2,692,992
Retained earnings	4,309,076	5,846,248
TOTAL SHAREHOLDERS' EQUITY	89,355,808	90,899,187
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	176,661,270	166,185,726

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the six months period ended 30 June 2022

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Operating revenue	289,201,742	251,003,187
Less: Operating costs	262,190,220	226,557,020
Taxes and levies	910,603	1,127,474
Selling expenses	1,227,620	1,156,084
Administrative expenses	4,939,714	5,041,482
Research and development expenses	7,638,329	6,008,195
Financial expenses	109,355	1,060,279
Including: Interest expenses	905,550	1,457,533
Interest income	1,109,460	954,082
Add: Other income	184,731	157,918
Investment losses	(813,722)	(690,195)
Including: (Losses)/gains from investments in associates and joint ventures	(91,968)	123,138
Losses from derecognition of financial assets at amortized cost	(536,947)	(529,008)
(Losses)/gains from changes in fair values	(130,695)	51,479
Credit impairment losses	(1,603,202)	(1,028,111)
Impairment losses of assets	(1,315,925)	(1,082,271)
Gains on disposal of assets	103,781	427,710
II. Operating profit	8,610,869	7,889,183
Add: Non-operating income	116,214	170,451
Less: Non-operating expenses	78,652	28,802
III. Total profit	8,648,431	8,030,832
Less: Income tax expenses	1,293,702	1,439,925

CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
IV. Net profit	7,354,729	6,590,907
(I) Net profit classified by operating continuity		
Net profit from continuing operations	7,354,729	6,590,907
(II) Net profit classified by ownership		
Net profit attributable to shareholders of the Company	5,871,055	4,937,420
Profit or loss attributable to non-controlling interests	1,483,674	1,653,487
V. Other comprehensive income, net of income tax	413,117	8,578
Other comprehensive income attributable to shareholders of the Company, net of income tax	369,667	81,130
(I) Items that will not be reclassified to profit or loss	(70,183)	(49,801)
1. Re-measurement of defined benefit obligations	(75,610)	(138,930)
2. Other comprehensive income that can not be reclassified to profit or loss under the equity method	(26)	–
3. Changes in fair values of investments in other equity instruments	5,453	89,129
(II) Items that may be reclassified to profit or loss	439,850	130,931
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	(26,339)	(18,166)
2. Changes of fair value of receivables at FVTOCI	5,340	(42,637)
3. Exchange differences on translating financial statements in foreign currencies	460,849	191,734
Other comprehensive income attributable to non-controlling interests, net of income tax	43,450	(72,552)

CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
VI. Total comprehensive income	7,767,846	6,599,485
Total comprehensive income attributable to shareholders of the Company	6,240,722	5,018,550
Total comprehensive income attributable to non-controlling interests	<u>1,527,124</u>	<u>1,580,935</u>
VII. Earnings per share		
(I) Basic earnings per share (<i>RMB/share</i>)	0.24	0.21
(II) Diluted earnings per share (<i>RMB/share</i>)	<u>0.24</u>	<u>0.21</u>

The accompanying notes form an integral part of these financial statements

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S INCOME STATEMENT

For the six months period ended 30 June 2022

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Operating revenue	860,297	2,267,304
Less: Operating costs	810,512	2,234,761
Taxes and levies	855	534
Administrative expenses	84,436	78,828
Financial expenses	242,366	4,223
Including: Interest expenses	1,197,843	940,824
Interest income	1,203,052	918,061
Add: Other income	1,886	580
Investment income	1,554,877	2,170,884
Including: Gains from investments in associates and joint ventures	11,874	6,775
(Losses)/gains from changes in fair values	(129,151)	45,327
Credit impairment (losses)/reversal	(84,202)	29,252
Reversal of impairment losses of assets	3,137	—
II. Operating profit	1,068,675	2,195,001
Add: Non-operating income	90	2
Less: Non-operating expenses	16	60
III. Total profit	1,068,749	2,194,943
Less: Income tax expenses	3,820	—
IV. Net profit	1,064,929	2,194,943
Net profit from continuing operations	1,064,929	2,194,943

THE COMPANY'S INCOME STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
V. Other comprehensive income, net of income tax	(6,207)	(3,769)
(I) Items that will not be reclassified to profit or loss	(1,931)	(3,657)
1. Re-measurement of defined benefit obligations	(1,938)	(3,737)
2. Changes in fair values of investments in other equity instruments	7	80
(II) Items that may be reclassified to profit or loss	(4,276)	(112)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	(4,276)	(112)
VI. Total comprehensive income	<u>1,058,722</u>	<u>2,191,174</u>

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

For the six months period ended 30 June 2022

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	235,101,049	234,193,038
Receipts of tax refunds	784,538	257,960
Other cash receipts relating to operating activities	2,433,370	3,070,948
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	238,318,957	237,521,946
	<hr/>	<hr/>
Cash payments for goods purchased and services received	209,893,935	212,999,599
Cash payments to and on behalf of employees	14,405,025	13,272,739
Payments of various types of taxes	5,765,743	6,897,838
Other cash payments relating to operating activities	8,086,546	12,917,219
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	238,151,249	246,087,395
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	167,708	(8,565,449)
	<hr/>	<hr/>
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	122,220	1,634,206
Cash receipts from investment income	75,666	169,705
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	296,046	361,501
Other cash receipts relating to investing activities	2,791,887	—
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	3,285,819	2,165,412
	<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,327,518	1,552,182
Cash payments to acquire investments	2,773,150	2,036,506
Other cash payments relating to investing activities	780,032	5,616,687
Sub-total of cash outflows from investing activities	4,880,700	9,205,375
Net Cash Flows from Investing Activities	(1,594,881)	(7,039,963)
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	35,552	3,339,300
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	35,552	119,586
Cash receipts from issue of perpetual bonds	–	3,219,714
Cash receipts from borrowings	69,146,052	63,020,211
Other cash receipts relating to financing activities	178,000	440,137
Sub-total of cash inflows from financing activities	69,359,604	66,799,648
Cash repayments of borrowings	41,726,934	45,506,351
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,085,923	3,746,510
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	829,001	844,161
Other cash payments relating to financing activities	2,313,324	3,421,341
Sub-total of cash outflows from financing activities	47,126,181	52,674,202
Net Cash Flows from Financing Activities	22,233,423	14,125,446

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	267,296	162,608
V. Net Increase/(Decrease) in Cash and Cash Equivalents	21,073,546	(1,317,358)
Add: Opening balance of cash and cash equivalents	31,216,824	42,165,302
VI. Closing Balance of Cash and Cash Equivalents	52,290,370	40,847,944

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S CASH FLOW STATEMENT

For the six months period ended 30 June 2022

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	846,820	821,859
Receipts of tax refunds	1,886	—
Other cash receipts relating to operating activities	533,294	274,997
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	1,382,000	1,096,856
	<hr/>	<hr/>
Cash payments for goods purchased and services received	521,067	797,365
Cash payments to and on behalf of employees	70,742	62,676
Payments of various types of taxes	11,878	5,131
Other cash payments relating to operating activities	298,288	603,159
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	901,975	1,468,331
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	480,025	(371,475)
	<hr/>	<hr/>

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)*For the six months period ended 30 June 2022**All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
II. Cash Flows from Investing Activities:		
Cash receipts from investment income	1,230,375	2,115,508
Other cash receipts relating to investing activities	4,298,965	259,795
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	5,529,340	2,375,303
	<hr/>	<hr/>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	3,903	497
Cash payments to acquire investments	100,000	2,188,324
Other cash payments relating to investing activities	9,390,290	11,925,400
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	9,494,193	14,114,221
	<hr/>	<hr/>
Net Cash Flows from Investing Activities	(3,964,853)	(11,738,918)

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2022

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:		
Cash receipts from borrowings	27,696,779	40,667,464
Other cash receipts relating to financing activities	<u>140,124,443</u>	<u>3,485,191</u>
Sub-total of cash inflows from financing activities	<u>167,821,222</u>	<u>44,152,655</u>
Cash repayments of borrowings	25,465,806	32,568,732
Cash payments for distribution of dividends or profits or settlement of interest expenses	909,222	1,092,996
Other cash payments relating to financing activities	<u>134,296,357</u>	<u>5,713,000</u>
Sub-total of cash outflows from financing activities	<u>160,671,385</u>	<u>39,374,728</u>
Net Cash Flows from Financing Activities	<u>7,149,837</u>	<u>4,777,927</u>
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>17,262</u>	<u>20,269</u>
V. Net Increase/(Decrease) in Cash and Cash Equivalents	3,682,271	(7,312,197)
Add: Opening balance of cash and cash equivalents	<u>5,006,514</u>	<u>9,606,574</u>
VI. Closing Balance of Cash and Cash Equivalents	<u><u>8,688,785</u></u>	<u><u>2,294,377</u></u>

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

IX. CONSOLIDATED AND THE COMPANY'S CHANCES IN SHAREHOLDER'S EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB '000

		For the six months period ended 30 June 2022							
		Attributable to shareholders of the Company							Total shareholders' equity
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	
I Opening balance of the current period	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,954,521	43,892,782	151,387,759
II Changes for the period	-	-	1,735	369,342	35,222	-	3,269,279	807,867	4,483,445
(I) Total comprehensive income	-	-	-	369,667	-	-	5,871,055	1,527,124	7,767,846
(II) Shareholders' contributions and reduction in capital	-	-	1,735	-	-	-	-	35,552	37,287
1. Capital contribution from shareholders	-	-	-	-	-	-	-	34,222	34,222
2. Others	-	-	1,735	-	-	-	-	1,330	3,065
(III) Profit distribution	-	-	-	-	-	-	(2,602,101)	(755,262)	(3,357,363)
1. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(577,813)	(2,194,255)
2. Distributions of perpetual bond interest	-	-	-	-	-	-	(985,659)	(177,449)	(1,163,108)
(IV) Transfers within shareholders' equity	-	-	-	(325)	-	-	325	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	(325)	-	-	325	-	-
(V) Special reserve	-	-	-	-	35,222	-	-	453	35,675
1. Transfer to special reserve in the current period	-	-	-	-	3,858,759	-	-	338,474	4,197,233
2. Amount utilized in the current period	-	-	-	-	(3,823,537)	-	-	(338,021)	(4,161,558)
III Closing balance of the current period	20,723,619	23,700,000	22,614,654	167,718	47,772	2,692,992	41,223,800	44,700,649	155,871,204

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB '000

		For the six months period ended 30 June 2021								
		Attributable to shareholders of the Company								
Items		Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I	Opening balance of the current period	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
II	Changes for the period	–	–	35,530	82,237	–	–	3,193,141	684,223	3,995,131
(I)	Total comprehensive income	–	–	–	81,130	–	–	4,937,420	1,580,935	6,599,485
(II)	Shareholders' contributions and reduction in capital	–	–	35,530	–	–	–	–	(88,854)	(53,324)
1.	Capital contribution and reduction from shareholders, net	–	–	–	–	–	–	–	(73,786)	(73,786)
2.	Capital contribution and reduction of other equity instruments' holders, net	–	–	–	–	–	–	–	(9,722)	(9,722)
3.	Others	–	–	35,530	–	–	–	–	(5,346)	30,184
(III)	Profit distribution	–	–	–	–	–	–	(1,743,172)	(807,858)	(2,551,030)
1.	Distributions to shareholders	–	–	–	–	–	–	(1,554,272)	(599,296)	(2,153,568)
2.	Distributions of perpetual bond interest	–	–	–	–	–	–	(188,900)	(208,562)	(397,462)
(IV)	Transfers within shareholders' equity	–	–	–	1,107	–	–	(1,107)	–	–
1.	Other comprehensive income carried forward to retained earnings	–	–	–	1,107	–	–	(1,107)	–	–
(V)	Special reserve	–	–	–	–	–	–	–	–	–
1.	Transfer to special reserve in the current period	–	–	–	–	3,457,237	–	–	299,534	3,756,771
2.	Amount utilized in the current period	–	–	–	–	(3,457,237)	–	–	(299,534)	(3,756,771)
III.	Closing balance of the current period	20,723,619	20,500,000	22,497,132	(202,159)	12,550	2,016,768	35,654,636	43,147,892	144,350,438

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB '000

For the six months period ended 30 June 2022								
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Opening balance of the current period	20,723,619	23,700,000	37,925,332	(1,554)	12,550	2,692,992	5,846,248	90,899,187
II Changes for the period	-	-	-	(6,207)	-	-	(1,537,172)	(1,543,379)
(I) Total comprehensive income	-	-	-	(6,207)	-	-	1,064,929	1,058,722
(II) Profit distribution	-	-	-	-	-	-	(2,602,101)	(2,602,101)
1. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)
2. Distributions of perpetual bond interest	-	-	-	-	-	-	(985,659)	(985,659)
III Closing balance of the current period	20,723,619	23,700,000	37,925,332	(7,761)	12,550	2,692,992	4,309,076	89,355,808

For the six months period ended 30 June 2021								
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Opening balance of the current period	20,723,619	20,500,000	37,925,332	(355)	12,550	2,016,768	2,090,245	83,268,159
II Changes for the period	-	-	-	(3,769)	-	-	451,771	448,002
(I) Total comprehensive income	-	-	-	(3,769)	-	-	2,194,943	2,191,174
(II) Profit distribution	-	-	-	-	-	-	(1,743,172)	(1,743,172)
1. Distributions to shareholders	-	-	-	-	-	-	(1,554,272)	(1,554,272)
2. Distributions of perpetual bond interest	-	-	-	-	-	-	(188,900)	(188,900)
III Closing balance of the current period	20,723,619	20,500,000	37,925,332	(4,124)	12,550	2,016,768	2,542,016	83,716,161

The accompanying notes form an integral part of these financial statements.

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

X. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

(I) Basic information of the Company

Metallurgical Corporation of China Ltd. (the “**Company**”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“**CMGC**”) and China Baowu Steel Group Corporation (“**CBSGC**”, formerly named as Baosteel Group Corporation) as promoters on 1 December 2008 and was registered in Beijing in the People’s Republic of China (the “**PRC**”), upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June, 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was RMB 13 billion, representing 13 billion ordinary shares of RMB 1.0 each. On 14 September 2009, the Company issued 3,500 million A shares of the Company to domestic investors and these A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H shares of the Company were issued on 16 September 2009 and listed on the Main Board of The Stock Exchange of Hong Kong Ltd. (the “**Hong Kong Stock Exchange**”) on 24 September 2009. During the course of the issue of A shares and H shares of the Company, CMGC and CBSGC transferred a total amount of 350 million shares of the Company to National Council for State Security Fund (“**NSSF**”) of the PRC and converted 261 million domestic shares into H shares and transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB 19.11 billion.

Pursuant to the special mandate granted by the shareholders at the 2016 First Extraordinary General Meeting, the 2016 First A Shareholders’ Class Meeting and the 2016 First H Shareholders’ Class Meeting, having received the Approval in relation to the Non-public Issuance of Shares by Metallurgical Corporation of China Ltd. (Zheng Jian Xu Ke [2016] No. 1794) from the China Securities Regulatory Commission (the “**CSRC**”), the Company performed the non-public issuance of 1,613,619,000 A Shares of the Company (the “**Non-Public Issuance**”) to certain specific investors on 26 December 2016. Upon completion of the Non-Public Issuance, the share capital of the Company increases to RMB 20,723,619,000, and CMGC remains the controlling shareholder of the Company.

On 8 December 2015, the Strategic Restructuring between CMGC and China Minmetals Corporation (“**CMC**”) started upon the approval of the SASAC, whereby CMGC would be merged into CMC. In May 2019, CMGC completed the industrial and commercial registration of its shareholding alteration with its capital contributor changing from SASAC to CMC. The status of CMGC as controlling shareholder and the SASAC as the ultimate controlling shareholder of the Company does not change after the Strategic Restructuring.

In October 2018, CMGC purchased the structure adjusting funds for central state-owned enterprises at a consideration of 3% of the shares it held in the Company. The proportion of shareholding and voting upon the Company decreased from 59.18% to 56.18% subsequent to the completion of purchase and CMGC is still the controlling shareholder of the Company.

In September and November 2019, CMGC purchased the central state-owned enterprise innovation driven ETF fund with 224,685,000 shares of the Company. After the purchase, the shareholding ratio and voting right ratio of CMGC in the Company decreased from 56.18% to 55.10%, and CMGC remains as the controlling shareholder of the Company.

In May 2020, CMGC transferred its 1,227,760 thousand A shares of the Company (accounting for 5.92% of the Company’s total share capital) to China National Petroleum Corporation (“**CNPC**”) for free. After the completion of the free transfer, China Metallurgical Company’s shareholding and voting rights in the Company were reduced from 55.10% to 49.18%, and CMGC remains as the controlling shareholder of the Company.

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

The Group provide services and products as follows: provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (“**engineering contracting**”); development and sale of residential and commercial properties, affordable housing and primary land development (“**property development**”); development and production of metallurgical equipment, steel structures and other metal products (“**equipment manufacture**”); and development, mining and processing of mineral resources and the production of nonferrous metal and polysilicon (“**resource development**”).

During the Reporting Period, the Group did not have material changes in its principal business activities.

The Company's and consolidated financial statements had been approved by the board of directors of the Company on 30 August 2022.

(II) Significant Accounting Policies and Accounting Estimates

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “**MoF**”) and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as “**CASBE**”). In addition, the Group has disclosed relevant financial information in these financial statements in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (revised by CSRC in 2014).

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

2. Statement of compliance

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company's financial position as at 30 June 2022 and consolidated and the Company's operating results and cash flows for the year then ended.

3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The preparation period of these financial statements is from 1 January to 30 June of 2022.

4. *Reporting currency*

The Company and its domestic subsidiaries choose RMB as their functional currency. The functional currency of the overseas subsidiaries of the Company is selected based on the primary economic environment where they operate. The Company adopts RMB to present its financial statements.

(III) Notes to Consolidated Financial Statements

1. Cash and bank balances

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Cash	14,486	11,136
Bank deposits	57,580,269	30,905,299
Other cash and bank balances	5,559,189	10,908,029
Total	<u>63,153,944</u>	<u>41,824,464</u>
Including: Total amount of deposits abroad	<u>2,010,411</u>	<u>2,333,195</u>

2. Bills receivable

All amounts in RMB'000

Items	30 June 2022			31 December 2021		
	Book value	Provisions for credit losses	Carrying amount	Book value	Provisions for credit losses	Carrying amount
Bank acceptance bills	444,956	-	444,956	1,085,427	-	1,085,427
Commercial acceptance bills	2,044,915	42,315	2,002,600	2,736,162	396,360	2,339,802
Total	<u>2,489,871</u>	<u>42,315</u>	<u>2,447,556</u>	<u>3,821,589</u>	<u>396,360</u>	<u>3,425,229</u>

3. Accounts receivable

All amounts in RMB'000

Aging	30 June 2022	31 December 2021
Within 1 year	72,400,736	62,442,338
1 to 2 years	15,945,434	13,893,734
2 to 3 years	5,580,429	6,350,925
3 to 4 years	4,601,151	3,921,082
4 to 5 years	2,791,112	3,027,452
Over 5 years	9,501,335	9,219,754
Total book value	110,820,197	98,855,285
Less: provisions for credit losses	16,263,554	14,973,590
Carrying amount	94,556,643	83,881,695

4. Prepayments

All amounts in RMB'000

Aging	30 June 2022		31 December 2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	33,229,206	79.76	38,785,762	84.12
1 to 2 years	5,290,318	12.70	4,146,628	8.99
2 to 3 years	1,155,680	2.77	1,703,716	3.69
Over 3 years	1,987,303	4.77	1,474,927	3.20
Total	41,662,507	100.00	46,111,033	100.00

5. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Interest receivables	7,804	1,038
Dividend receivables	37,954	579,445
Other receivables	<u>61,662,784</u>	<u>67,186,152</u>
Total	<u><u>61,708,542</u></u>	<u><u>67,766,635</u></u>

(2) Other receivables

(a) Aging analysis

All amounts in RMB'000

Aging	30 June 2022	31 December 2021
Within 1 year	37,865,648	44,830,051
1 to 2 years	8,857,945	9,813,773
2 to 3 years	5,003,861	4,197,192
3 to 4 years	4,861,035	3,810,157
4 to 5 years	1,840,129	3,903,880
Over 5 years	<u>10,974,905</u>	<u>9,392,287</u>
Total book value	<u><u>69,403,523</u></u>	<u><u>75,947,340</u></u>
Less: provisions for credit losses	7,740,739	8,761,188
Carrying amount	<u><u>61,662,784</u></u>	<u><u>67,186,152</u></u>

(b) *Other receivables categorized by nature*

All amounts in RMB'000

Nature of other receivables	Book value on 30 June 2022	Book value on 31 December 2021
Deposits, guarantee funds and advances	33,316,639	31,827,031
Loan receivables from related parties	25,851,601	34,363,346
Advance to employees	365,438	284,175
Receivables on disposal of investments	2,702,393	2,702,393
Others	7,167,452	6,770,395
Total	69,403,523	75,947,340

6. Inventories

(1) Categories of inventories

All amounts in RMB'000

Items	30 June 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	3,874,361	19,799	3,854,562	4,867,187	19,609	4,847,578
Materials procurement	112,073	-	112,073	352,585	-	352,585
Outsourced processing materials	7,986	-	7,986	8,339	105	8,234
Work in progress	2,992,217	501,938	2,490,279	3,056,724	503,637	2,553,087
Finished goods	3,384,573	202,039	3,182,534	3,190,278	199,283	2,990,995
Other materials	649,901	4,447	645,454	635,843	4,469	631,374
Performance costs of contracts	162,961	-	162,961	142,430	-	142,430
Properties under development	37,668,535	19,763	37,648,772	26,552,312	19,763	26,532,549
Completed properties held for sale	22,404,755	350,671	22,054,084	24,141,037	352,347	23,788,690
Total	71,257,362	1,098,657	70,158,705	62,946,735	1,099,213	61,847,522

(2) Provision for decline in value of inventories

All amounts in RMB'000

Items	Balance at	Increase	Decrease		Balance at
	31 December 2021	Provision	Reversals	Write-offs	30 June 2022
Raw materials	19,609	289	–	99	19,799
Outsourced processing materials	105	–	–	105	–
Work in progress	503,637	–	140	1,559	501,938
Finished goods	199,283	3,416	–	660	202,039
Other materials	4,469	–	16	6	4,447
Properties under development	19,763	–	–	–	19,763
Completed properties held for sale	352,347	–	–	1,676	350,671
Total	1,099,213	3,705	156	4,105	1,098,657

7. Contract assets

(1) Presentation of contract assets

All amounts in RMB'000

Items	30 June 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Contract assets interrelated with engineering contracting services	119,114,003	5,279,635	113,834,368	91,584,943	4,226,123	87,358,820
Contract assets interrelated with quality guarantee deposits	4,332,949	325,984	4,006,965	4,110,334	283,524	3,826,810
Total	123,446,952	5,605,619	117,841,333	95,695,277	4,509,647	91,185,630

(2) West Australia SINO Iron Mining Project

In 2012, MCC Mining (Western Australia) Pty Ltd. (“**Western Australia**”), a wholly owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons such as extreme weather condition in Australia and other unpredictable reasons. The owner of the project is CITIC Limited. The Group negotiated with China CITIC Group Ltd. (“**CITIC Group**”, the parent company of CITIC Limited) for the project delay and the total contract price after cost overruns. CITIC Group and Western Australia signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be within USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD481 million (equivalent to approximately RMB 3.035 billion) for the year ended 31 December 2012.

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

The Group assessed the accounts receivable and the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses as at 30 June 2022.

On 30 June 2022, the accounts receivable for the above items amounted to RMB 1,619,424,000, and the contract assets of the project mentioned above amounted to RMB 3,590,668,000. After the completion of the audit mentioned above, the Group will actively follow up with CITIC Group for negotiation and discussion in reaching the final agreed project construction costs and make relevant accounting treatments accordingly.

8. Long-term receivables

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Long-term receivables on project	35,565,237	33,284,178
Loans to related parties	234,576	319,333
Receivables on disposal of equity investments	333,485	333,485
Others	885,237	891,877
Total carrying amount	<u>37,018,535</u>	<u>34,828,873</u>
Less: Provisions for credit losses of long-term receivables	2,339,474	2,201,525
Total book value	<u>34,679,061</u>	<u>32,627,348</u>
Including: Long-term receivables due within 1 year, net	2,669,572	2,241,185
Long-term receivables due over 1 year, net	<u>32,009,489</u>	<u>30,386,163</u>

9. Bills payable

All amounts in RMB'000

Category	30 June 2022	31 December 2021
Bank acceptance bills	37,808,110	34,781,032
Commercial acceptance bills	2,065,827	2,835,500
Total	<u>39,873,937</u>	<u>37,616,532</u>

10. Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Project fees	119,485,914	95,991,899
Purchases	51,588,786	43,764,628
Labor fees	14,510,830	11,633,071
Retention money	1,339,491	1,395,095
Design fees	325,498	354,893
Others	3,015,506	2,125,455
Total	<u>190,266,025</u>	<u>155,265,041</u>

(2) Aging analysis of accounts payable

All amounts in RMB'000

Aging	30 June 2022	31 December 2021
Within 1 year	147,878,975	116,689,113
1 to 2 years	24,885,934	20,849,638
2 to 3 years	6,995,131	7,486,816
Over 3 years	10,505,985	10,239,474
Total	<u>190,266,025</u>	<u>155,265,041</u>

11. Contract liabilities

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Contract liabilities relating to engineering contracting service contracts	62,370,031	73,477,762
Contract liabilities relating to pre-sales deposits	5,642,091	9,067,067
Contract liabilities relating to sales contracts	2,594,320	2,602,022
Contract liabilities relating to contacts of other customers	1,997,199	1,945,315
Total	<u>72,603,641</u>	<u>87,092,166</u>

12. Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

Categories	30 June 2022	31 December 2021
Interest payable	14,902	8,609
Dividends payable	2,609,816	495,521
Other payables	30,391,023	27,078,250
Total	<u>33,015,741</u>	<u>27,582,380</u>

(2) Dividends payable

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Dividend declared on perpetual bonds classified as equity instrument	664,267	165,567
Other dividends	1,945,549	329,954
Total	2,609,816	495,521

(3) Other payables

All amounts in RMB'000

Items	30 June 2022	31 December 2021
Security deposits	12,786,763	11,147,526
Current accounts	11,157,139	9,565,704
Guarantee deposits	1,247,106	1,466,045
Others	5,200,015	4,898,975
Total	30,391,023	27,078,250

13. Operating revenue and operating costs

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	288,719,325	261,914,974	250,347,973	226,149,668
Other business	482,417	275,246	655,214	407,352
Total	<u>289,201,742</u>	<u>262,190,220</u>	<u>251,003,187</u>	<u>226,557,020</u>

14. Taxes and levies

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Stamp duty	172,536	139,277
City construction and maintenance tax	163,122	155,862
Land appreciation tax	130,163	471,767
Education surcharges	125,341	73,460
Property tax	122,066	114,941
Land use tax	49,238	55,402
Others	<u>148,137</u>	<u>116,765</u>
Total	<u>910,603</u>	<u>1,127,474</u>

15. Selling expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Employee benefits	587,237	522,233
Advertising and sales service expenses	268,994	236,525
Travelling expenses	84,214	101,497
Office expenses	80,653	95,268
Packing charges	23,127	4,072
Transportation expenses	13,107	47,640
Depreciation of fixed assets	9,654	8,344
Others	160,634	140,505
Total	<u>1,227,620</u>	<u>1,156,084</u>

16. Administrative expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Employee benefits	3,417,640	3,380,034
Depreciation of fixed assets	255,066	260,291
Office expenses	185,277	202,664
Professional service fees	169,356	182,115
Travelling expenses	133,142	161,172
Amortization of intangible assets	92,988	89,635
Lease rentals	82,765	53,836
Repairs and maintenance expenses	35,741	66,595
Others	567,739	645,140
Total	<u>4,939,714</u>	<u>5,041,482</u>

17. Research and development expenditure

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Research and development material expenditure	5,186,375	3,891,720
Employee benefits	2,120,046	1,792,291
Depreciation of fixed assets	52,410	42,576
Amortization of intangible assets	10,554	9,570
Others	268,944	272,038
Total	<u>7,638,329</u>	<u>6,008,195</u>

18. Financial expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Interest expenses	1,947,849	2,360,156
Less: Capitalized interests	1,042,299	902,623
Less: Interest income	1,109,460	954,082
Exchange (gains)/losses	(198,329)	70,781
Bank charges	400,984	372,248
Interest expenses of lease liabilities	15,370	10,995
Others	95,240	102,804
Total	<u>109,355</u>	<u>1,060,279</u>

19. Investment losses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
(Losses)/Gains from long-term equity investments under equity method	(91,968)	123,138
Investment income on disposal of long-term equity investments	20,546	5,261
Investment income on disposal of financial assets held-for-trading	–	6,807
Investment income from disposal of other non-current financial assets	–	4,455
Investment loss from disposal of receivables at FVTOCI	(222,466)	(267,141)
Investment income from holding investments in other equity instruments	775	6,890
Investment income from holding other non-current financial assets	16,599	31,729
Losses from derecognition of financial assets at amortized cost	(536,947)	(529,008)
Others	(261)	(72,326)
Total	<u>(813,722)</u>	<u>(690,195)</u>

20. Credit impairment losses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Impairment losses reversed/ (recognised) of bills receivable	86,574	(1,590)
Credit losses on accounts receivable	(1,023,259)	(408,160)
Credit losses on other receivables	(528,568)	(557,277)
Credit losses on long-term receivables	<u>(137,949)</u>	<u>(61,084)</u>
Total	<u><u>(1,603,202)</u></u>	<u><u>(1,028,111)</u></u>

21. Impairment losses of assets

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Impairment of contract assets	(1,095,967)	(822,696)
Impairment of long-term equity investments	(171,447)	–
Impairment of fixed assets	(44,962)	–
Impairment of inventories	<u>(3,549)</u>	<u>(259,575)</u>
Total	<u><u>(1,315,925)</u></u>	<u><u>(1,082,271)</u></u>

22. Non-operating income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Income from penalty	37,864	7,185	37,864
Government grants irrelevant to routine activities	20,046	83,384	20,046
Unpayable balances	27,153	35,190	27,153
Others	31,151	44,692	31,151
Total	116,214	170,451	116,214

23. Non-operating expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Compensation and default payments	26,237	18,023	26,237
Expected losses on pending lawsuits	19,154	(2,531)	19,154
Losses on damage or retirement of non-current assets	12,356	2,630	12,356
Fines and surcharges for overdue payments	12,333	11,144	12,333
Donation outlays	4,392	269	4,392
Others	4,180	(733)	4,180
Total	78,652	28,802	78,652

24. Income tax expenses

(1) Income tax expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Current year tax expenses	1,634,872	1,676,382
Deferred tax expenses	<u>(341,170)</u>	<u>(236,457)</u>
Total	<u><u>1,293,702</u></u>	<u><u>1,439,925</u></u>

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Total profit	8,648,431	8,030,832
Income tax expenses calculated at the tax rate of 25%	2,162,108	2,007,708
Effect of difference between applicable tax rate and statutory tax rate	(970,023)	(781,514)
Income not subject to tax	(40,146)	(254,654)
Expenses not deductible for tax purposes	82,036	88,616
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(381,486)	(301,493)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	872,973	976,265
Others	<u>(431,760)</u>	<u>(295,003)</u>
Income tax expense	<u><u>1,293,702</u></u>	<u><u>1,439,925</u></u>

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

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

25. Other comprehensive income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligations	(82,891)	(153,529)
Less: The income tax impact of changes in re-measurement of defined benefit obligations	(1,480)	(2,484)
Sub-total	(81,411)	(151,045)
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method	(26)	–
Less: The income tax impact of other comprehensive income that cannot be transferred to profit or loss under the equity method	–	–
Sub-total	(26)	–
3. Fair value changes in investments in other equity instruments	1,444	102,188
Less: The income tax impact of fair value changes in investments in other equity instruments	460	7,625
Sub-total	984	94,563

Items	Amount for the current period	Amount for the prior period
(II) Other comprehensive income that may be reclassified to profit or loss		
1. Other comprehensive income that may be transferred to profit or loss under the equity method	(34,693)	(969)
Less: The income tax impact of other comprehensive income that may be transferred to profit or loss under the equity method	<u>—</u>	<u>—</u>
Sub-total	<u>(34,693)</u>	<u>(969)</u>
2. Changes in fair value of receivables at FVTOCI	6,603	(60,991)
Less: The income tax impact of changes in fair value of receivables at FVTOCI	<u>1,037</u>	<u>(8,026)</u>
Sub-total	<u>5,566</u>	<u>(52,965)</u>
3. Exchange differences on translating foreign operations	<u>522,697</u>	<u>118,994</u>
Total of other comprehensive income	<u><u>413,117</u></u>	<u><u>8,578</u></u>

(IV) Events after the Balance Sheet Date

As of the approval date of this financial report, the Group has not had any major post-balance sheet events.

(V) Other Significant Items

1. Segment information

(1) Accounting policies of the segment

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

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

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

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

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

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

(2) Summarized financial information of reporting segments

(a) Segment information for the six months period ended 30 June 2022 and as at 30 June 2022

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	270,794,824	9,030,921	6,799,675	3,592,811	2,761,577	-	(3,778,066)	289,201,742
Including: Revenue from external customers	268,455,691	9,028,602	6,672,317	3,581,685	1,463,447	-	-	289,201,742
Revenue between segments	2,339,133	2,319	127,358	11,126	1,298,130	-	(3,778,066)	-
Operating costs	247,642,999	8,040,299	5,980,936	1,929,190	2,182,385	-	(3,585,589)	262,190,220
Including: External costs	245,508,774	8,040,299	5,973,446	1,776,917	890,784	-	-	262,190,220
Costs between segments	2,134,225	-	7,490	152,273	1,291,601	-	(3,585,589)	-
Operating profit/(loss)	7,381,531	16,324	119,975	1,186,431	173,685	(84,436)	(182,641)	8,610,869
Including: Gains/(losses) on investments in associates and joint ventures	137,252	(220,391)	66	-	(8,895)	-	-	(91,968)
Non-operating income	93,140	3,953	14,929	2,934	1,258	-	-	116,214
Non-operating expenses	67,944	5,036	1,311	3,678	683	-	-	78,652
Total profit/(loss)	7,406,727	15,241	133,593	1,185,687	174,260	(84,436)	(182,641)	8,648,431
Income tax expense	1,071,703	128,397	26,309	116	67,177	-	-	1,293,702
Net profit/(net loss)	6,335,024	(113,156)	107,284	1,185,571	107,083	(84,436)	(182,641)	7,354,729
Assets	468,067,989	164,202,676	21,909,314	17,442,241	31,510,391	3,661,813	(96,505,086)	610,289,338
Including: Long-term equity investments in associates and joint ventures	28,520,989	938,549	9,789	43	383,647	-	-	29,853,017
Non-current assets	57,233,200	9,813,468	4,281,987	9,752,450	29,818,857	-	(20,187,302)	90,712,660
Liabilities	356,173,914	126,547,782	18,567,264	14,316,019	14,677,678	31,680	(75,896,203)	454,418,134
Depreciation and amortization expenses	1,142,288	133,445	122,573	398,380	126,689	-	-	1,923,375
Impairment losses of assets and impairment of credit losses	(2,330,764)	(404,861)	(80,142)	(5,516)	(97,844)	-	-	(2,919,127)
Increase in other non-current assets other than long-term equity investments	4,735,239	13,592	165,256	847,792	40,995	-	-	5,802,874

(b) Segment information for the six months period ended 30 June 2021 and as at 31 December 2021

All amounts in RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	231,256,834	11,326,380	6,065,257	3,477,786	3,128,092	–	(4,251,162)	251,003,187
Including: Revenue from external customers	229,349,512	10,839,626	5,943,832	3,469,446	1,400,771	–	–	251,003,187
Revenue between segments	1,907,322	486,754	121,425	8,340	1,727,321	–	(4,251,162)	–
Operating costs	211,909,292	8,977,852	5,226,656	2,002,779	2,554,634	–	(4,114,193)	226,557,020
Including: External costs	209,479,577	8,874,738	5,223,577	1,945,390	1,033,738	–	–	226,557,020
Costs between segments	2,429,715	103,114	3,079	57,389	1,520,896	–	(4,114,193)	–
Operating profit/(loss)	5,327,444	1,290,255	174,787	1,063,555	244,978	(78,828)	(133,008)	7,889,183
Including: Gains/(losses) on investments in associates and joint ventures	6,994	120,624	380	–	(4,860)	–	–	123,138
Non-operating income	141,790	5,172	22,042	958	489	–	–	170,451
Non-operating expenses	20,765	4,826	2,801	159	251	–	–	28,802
Total profit/(loss)	5,448,469	1,290,601	194,028	1,064,354	245,216	(78,828)	(133,008)	8,030,832
Income tax expense	974,931	317,076	45,590	4,650	97,678	–	–	1,439,925
Net profit/(net loss)	4,473,538	973,525	148,438	1,059,704	147,538	(78,828)	(133,008)	6,590,907
Assets	<u>424,197,724</u>	<u>131,264,586</u>	<u>21,252,536</u>	<u>18,314,799</u>	<u>66,824,909</u>	<u>3,245,450</u>	<u>(121,629,857)</u>	<u>543,470,147</u>
Including: Long-term equity investments in associates and joint ventures	26,051,931	3,818,578	222	64	457,971	–	–	30,328,766
Non-current assets	43,646,621	21,958,563	4,285,700	10,484,190	43,726,777	–	(34,888,212)	89,213,639
Liabilities	<u>330,972,715</u>	<u>99,619,235</u>	<u>17,832,369</u>	<u>13,893,544</u>	<u>29,119,912</u>	<u>79,243</u>	<u>(99,434,630)</u>	<u>392,082,388</u>
Depreciation and amortization expenses	1,309,692	38,984	77,937	306,237	52,043	–	–	1,784,893
Impairment losses of assets and impairment of credit losses	(2,052,931)	(3,457)	(33,094)	(20,433)	(467)	–	–	(2,110,382)
Increase in other non-current assets other than long-term equity investments	<u>2,400,423</u>	<u>13,277</u>	<u>59,912</u>	<u>53,858</u>	<u>79,071</u>	<u>–</u>	<u>–</u>	<u>2,606,541</u>

(3) *Other notes*

- (a) Revenue from external customers classified by countries/regions and non-current assets classified by geographical locations

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
China	279,572,449	240,580,770
Other countries/regions	9,629,293	10,422,417
Total	<u>289,201,742</u>	<u>251,003,187</u>

All amounts in RMB'000

Items	30 June 2022	31 December 2021
China	81,061,393	80,407,265
Other countries/regions	9,651,267	8,806,374
Total	<u>90,712,660</u>	<u>89,213,639</u>

Note: The above non-current assets do not include deferred tax assets and financial assets.

- (b) The dependency on major customers

No revenue was generated from sales to a single customer which amounted to 10% or more than 10% of the Group's revenue.

2. *Earnings per share*

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to shareholders of the Company	5,871,055	4,937,420
Including: Net profit from continuing operations	5,871,055	4,937,420
Less: The effect of other equity instruments interest	985,659	505,436
	<hr/>	<hr/>
Net profit for the current period attributable to ordinary shareholders	4,885,396	4,431,984
	<hr/> <hr/>	<hr/> <hr/>

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

Items	Amount for the current period (thousand shares)	Amount for the prior period (thousand shares)
Number of ordinary shares outstanding at the beginning of the period	20,723,619	20,723,619
Add: Weighted average number of ordinary shares issued during the period	—	—
Less: Weighted average number of ordinary shares repurchased during the period	—	—
	<hr/>	<hr/>
Number of ordinary shares outstanding at the end of the period	20,723,619	20,723,619
	<hr/> <hr/>	<hr/> <hr/>

(3) *Earnings per share*

Items	Amount for the current period (RMB/share)	Amount for the prior period (RMB/share)
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	0.24	0.21
Diluted earnings per share	0.24	0.21
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	0.24	0.21
Diluted earnings per share	0.24	0.21
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

XI. DIVIDENDS

During the Reporting Period, the Company had no preliminary proposal for profit distribution or transfer of capital reserve to share capital for the first half of 2022. No interim dividend will be declared by the Board for the Reporting Period.

XII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in ordinary shares

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

(II) Changes in shares subject to selling restrictions

☐ Applicable ☒ Not applicable

(III) Particulars of Shareholders

1. Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)	416,037
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (Person)	0

2. Table of shareholding of the top 10 Shareholders and top 10 Shareholders with tradable shares (or Shareholders not subject to selling restrictions) as at the end of the Reporting Period ⁽¹⁾

Unit: share

Shareholding of the top 10 Shareholders

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares		Number of Shares subject to selling restrictions	Status of Shares	Pledged, charged or frozen		Nature of Shareholder
		held at the end of the period	Percentage (%)				Amount	
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	0	10,190,955,300	49.18	0	Nil		0	State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ⁽²⁾	-228,600	2,841,638,951	13.71	0	Nil		0	Others
China National Petroleum Corporation (中國石油天然氣集團有限公司)	0	1,227,760,000	5.92	0	Nil		0	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	589,038,427	2.84	0	Nil		0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	16,322,048	389,115,295	1.88	0	Nil		0	Others
Bank of Communications Co., Ltd. – GF China Securities Infrastructure Engineering Trading Open Index Securities Investment Fund (交通銀行股份有限公司－廣發中證基建工程交易型開放式指數證券投資基金)	58,283,000	127,942,900	0.62	0	Nil		0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, charged or frozen		Nature of Shareholder
					Status of Shares	Amount	
B o s e r a F u n d s – Agricultural Bank – Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－ 博時中 證金融資產管理 計劃)	0	63,516,600	0.31	0	Nil	0	Others
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Programme (易方達基 金－農業銀行－易方達 中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
D a C h e n g F u n d – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金－農業銀行－ 大成中證金融資產管理 計劃)	0	63,516,600	0.31	0	Nil	0	Others
H a r v e s t F u n d – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金－農業銀行－ 嘉實中證金融資產管理 計劃)	0	63,516,600	0.31	0	Nil	0	Others
G F F u n d – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金－ 農業銀行－廣發中 證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, charged or frozen		Nature of Shareholder
					Status of Shares	Amount	
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金— 農業銀行—中歐中 證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme (華夏基金— 農業銀行—華夏中證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Yin hua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme (銀華基金—農業銀行— 銀華中 證金融資產管理 計劃)	0	63,516,600	0.31	0	Nil	0	Others
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme (南方基金— 農業銀行—南方中證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, charged or frozen		Nature of Shareholder
					Status of Shares	Amount	
ICBC Credit Suisse Fund –Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme (工銀瑞信基金－農業 銀行－工銀瑞信中證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others

**Shareholding of the top 10 Shareholders not subject to selling
restrictions**

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited (香港中央結算(代理人)有 限公司) ⁽²⁾	2,841,638,951	Overseas-listed foreign shares	2,841,638,951
China National Petroleum Corporation (中國石油天然氣集團有限公司)	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	589,038,427	RMB-denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	389,115,295	RMB-denominated ordinary shares	389,115,295
Bank of Communications Co., Ltd. – GF China Securities Infrastructure Engineering Trading Open Index Securities Investment Fund (交通銀行股份有限 公司－廣發中證基建工程交易型開放式指數證券投 資基金)	127,942,900	RMB-denominated ordinary shares	127,942,900
Bosera Funds – Agricultural Bank– Bosera China Securities and Financial Assets Management Program (博時基金－農業銀行－博時中證金融資產管理計 劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Programme (易方 達基金－農業銀行－易方達中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金－農業銀行－大成中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金－農業銀行－嘉實中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金－農業銀行－廣發中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金－農業銀行－中歐中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme (華夏基金－農業銀行－華夏中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme (銀華基金－農業銀行－銀華中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme (南方基金－農業銀行－南方中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme (工銀瑞信基金－農業銀行－工銀瑞信中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on repurchase accounts of the top ten Shareholders	Not applicable		
Explanations on the voting rights of the aforesaid Shareholders (as the trustor and trustee), and waiver of their voting rights	Not applicable		
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders		
Explanations on the Shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not applicable		

Note (1): Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2022.

Note (2): The H Shares held by HKSCC Nominees Limited are those held on behalf of their multiple equity owners.

Number of Shares held by the top 10 Shareholders subject to selling restrictions and information on the selling restrictions

☐ Applicable ☒ Not Applicable

3. *Strategic investors or general legal persons became one of the top 10 Shareholders as a result of the placing of the new Shares*

☐ Applicable ☒ Not Applicable

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

Save as disclosed in the section headed "Relevant Information on Corporate Bonds" below, neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

XIV. RELEVANT INFORMATION ON CORPORATE BONDS

(I) Basic Information On Corporate Bonds

Unit: RMB

Name of bonds	Short name	Bond code	Issue date	Value date	Expiry date	Number of outstanding bonds	Interest rate (%)	Method to pay principal and interests	Stock exchange	Investor suitability arrangements (if any)	Trading mechanism	Is there any risk of termination of listing and trading
2017 Corporate Bonds (First Tranche) under the Public Issuance	17 MCC 01 144361		24 October 2017 to 25 October 2017	25 October 2017	25 October 2022	570,000,000	4.99	This tranche of bonds shall bear interest on a yearly basis at a single rate rather than compound rate and interest shall be paid each year. Upon maturity, the principal shall be repaid on a one-off basis and the interest for the last tranche shall also be paid at the same time	Shanghai Stock-Exchange		Bidding transaction	No
2018 Corporate Bonds (First Tranche) under the Public Issuance	18 MCC 02 143635		7 May 2018 to 8 May 2018	8 May 2018	8 May 2023	220,000,000	4.98	This tranche of bonds shall bear interest on a yearly basis at a single rate rather than compound rate and interest shall be paid each year. Upon maturity, the principal shall be repaid on a one-off basis and the interest for the last tranche shall also be paid at the same time	Shanghai Stock-Exchange		Bidding transaction	No

The Company's response measures to the risk of termination of listing and trading of the bonds

☐ Applicable ☒ Not Applicable

Overdue bonds

☐ Applicable ☒ Not Applicable

Explanations on overdue debts

☐ Applicable ☒ Not Applicable

XV. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, adhering to the two “consistent implementation principles”, the Company further promoted the unity of strengthening the Party’s overall leadership and improving corporate governance, and built a modern enterprise system with Chinese characteristics, and continued to comply strictly with the laws and regulations including the Company Law, the Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the SSE and the Hong Kong Stock Exchange, constantly optimized the establishment and operation of governance system of the general meeting, the Board, the Supervisory Committee, as well as the management and its subsidiaries. As an important part of the corporate governance structure, the Board, the Party Committee and the management of the Company discharge their own duties under respective terms of reference, take full responsibility for their own responsibilities and communicate in a timely and effective manner, thus a regulatory mechanism for the co-ordination and efficient operation of all aspects of decision-making, management and supervision has been formed. During the Reporting Period, the corporate governance level of the Company was further improved, laying a favorable foundation for promoting company development and improving shareholder value.

At the beginning of 2022, the members of the third session of the Board were: Mr. Guo Wenqing as the Chairman, Mr. Zhang Mengxing as an executive Director, Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny as independent non-executive Directors, and Mr. Yan Aizhong as an employee representative Director. On 26 January 2022, Mr. Guo Wenqing resigned as an executive director, chairman, and relevant posts in the special committees of the Board due to the work rearrangement. Mr. Yu Hailong resigned as independent Director and relevant posts in the special committees of the Board due to the expiration of his term of office. On the same day, Mr. Chen Jianguang was elected as an executive Director of the third session of the Board at the first extraordinary general meeting of the Company in 2022. Mr. Lang Jia was elected as a non-executive Director of the third session of the Board and Mr. Liu Li was elected as an independent non-executive Director of the third session of the Board. Mr. Chen Jianguang was elected as the chairman of the third session of the Board at the 35th meeting of the Board.

As of the end of the Reporting Period, the third session of the Board was comprised of: Chen Jianguang as the Chairman, Zhang Mengxing as an executive Director, Zhou Jichang as independent non-executive Director, Lang Jia as non-executive Director, Liu Li as independent non-executive Director, Ng, Kar Ling Johnny as independent non-executive Director, and Yan Aizhong as an employee representative Director of the Company.

During the Reporting Period, the convening of each meeting of general meetings, Board meetings and meetings of the Supervisory Committee is in compliance with the relevant requirements of the Company Law and the Articles of Association. During the Reporting Period, the Company convened 2 general meetings, 6 Board meetings, 3 special meetings presided over by the Chairman, 9 meetings of special committees, and 2 meetings of Supervisory Committee in total.

XVI. COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code governing the dealings in the Company's securities by the Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, all the Directors and Supervisors confirmed that they themselves and their respective associates had fully complied with the required standards provided by the above Model Code during the Reporting Period.

XVII. REVIEW ON INTERIM RESULTS BY THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee under the Board has reviewed the accounting principles and practices adopted by the Company and its subsidiaries in collaboration with the Company's management, and has discussed with the Directors matters in relation to the internal control and the financial reporting of the Company, including the review of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2022.

XVIII. PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2022 will be available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.mccchina.com>) in mid to late September 2022 and will be dispatched to the Shareholders for reference.

XIX. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions of common terms

"A Share(s)"	the domestic shares with a nominal value of RMB 1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
"A Share Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"Articles of Association"	the articles of association of Metallurgical Corporation of China Ltd.*
"Board"	the board of Directors of Metallurgical Corporation of China Ltd.*
"China Minmetals"	China Minmetals Corporation
"Company" or "MCC"	Metallurgical Corporation of China Ltd.*

“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including all executive, Non-executive and Independent Non-executive Directors
“General meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*
“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB 1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollars
“H Share Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director” or “Independent Non-executive Director”	a Director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company’s affairs
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC

“Reporting Period”	from 1 January 2022 to 30 June 2022
“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
“Shareholder(s)”	holder(s) of share(s) of the Company
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the People’s Republic of China
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the Supervisory Committee of Metallurgical Corporation of China Ltd.*
“USD”	United States dollars, the lawful currency of the United States

The forward-looking statements contained in this announcement including the Company’s future plans do not constitute any substantive commitment to investors by the Company, and investors are reminded of investment risks.

The 2022 interim financial statement of the Company has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited. Ernst & Young Hua Ming LLP has issued the review report for the Company without a qualified opinion.

Unless otherwise specified, all the amounts in this announcement are denominated in RMB.

By order of the Board
Metallurgical Corporation of China Ltd.*
Zeng Gang
Joint Company Secretary

Beijing, the PRC
30 August 2022

As at the date of this announcement, the Board of the Company comprises executive Directors: Mr. Chen Jianguang and Mr. Zhang Mengxing; non-executive Directors: Mr. Lang Jia and Mr. Yan Aizhong (employee representative Director); and independent non-executive Directors: Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny.

* For identification purpose only