

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY

The highlights of the Company's financial position as at 31 December 2022 and the operating results for 2022 are as follows:

- Operating revenue amounted to RMB 592,669 million, representing an increase of RMB 92,097 million or 18.40% from RMB 500,572 million in 2021.
- Net profit amounted to RMB 12,927 million, representing an increase of RMB 1,320 million or 11.37% from RMB 11,607 million in 2021.
- Net profit attributable to Shareholders of the listed Company amounted to RMB 10,272 million, representing an increase of RMB 1,897 million or 22.66% from RMB 8,375 million in 2021.
- Basic earnings per Share amounted to RMB 0.45, and the basic earnings per Share in 2021 amounted to RMB 0.35.
- As at 31 December 2022, total assets amounted to RMB 585,384 million, representing an increase of RMB 41,914 million or 7.71% from RMB 543,470 million as at 31 December 2021.
- As at 31 December 2022, Shareholders' equity amounted to RMB 161,909 million, representing an increase of RMB 10,521 million or 6.95% from RMB 151,388 million as at 31 December 2021.
- Value of newly signed contracts amounted to RMB 1,343,574 million, representing an increase of RMB 138,594 million or 11.50% from RMB 1,204,980 million in 2021.

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

I. CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2022, despite the strong impact of changes not seen in a century and the downward pressure on the economy, MCC stood up to the pressure and strived to be a leader by doing a good job of “stabilizing growth, responding to the COVID-19 pandemic, ensuring safety and preventing risks”. Its operating results hit a new record high, its development quality steadily improved, and it delivered a high-quality answer sheet that was inspiring.

During the Reporting Period, MCC achieved an operating revenue of RMB 592.669 billion, representing a year-on-year increase of 18.40%; total profit of RMB 15.392 billion, representing a year-on-year increase of 9.85%; and net profit attributable to the parent company of RMB 10.272 billion, representing a year-on-year increase of 22.66%. The value of newly signed contracts reached RMB 1,343.574 billion, representing an increase of 11.50% over the same period of last year. The quality of its marketing greatly improved, the contract conversion rate and the proportion of public tendering projects were further increased, the dominant position of the metallurgical engineering business in the market was continuously consolidated, the optimization and improvement of the housing construction engineering business was accelerated, and the infrastructure construction business was continuously expanded and enhanced; among which, the value of newly signed metallurgical contracts increased by 21.67% year-on-year, basically achieving the “Grand Slam” in terms of major metallurgical engineering projects. We achieved fruitful performances in excellence and awards, with 10 projects winning China Construction Engineering Luban Prize, hitting a record high in terms of the number of prizes won. Despite 20% and 30% reductions in the numbers of National Quality Engineering Award and National Quality Engineering Award (Golden) which we won respectively, 23 projects were awarded the National Quality Engineering Award, of which 3 were awarded the National Quality Engineering Award (Golden), and the number of projects we undertook hit a record high. The targets set for the deepening of the reform were successfully achieved, remarkable achievements were made in “trimming and consolidation”, the regional professional integration continued, and our corporate governance became more standardized. The quantity and quality of our scientific and technological achievements both increased and we obtained the accreditation for a national enterprise technology center; we took the lead in undertaking 3 projects and 5 programs under the National Key R&D Programme; made 12,020 new patent applications and were granted 8,963 new patents, with a cumulative total of 47,120 valid patents; obtained the approval for the release of an international standard of which we led in the preparation and 11 national standards for which we acted as the chief preparator; were awarded 20 metallurgical science and technology awards by China Iron and Steel Association and 9 science and technology awards by China Nonferrous Metals Industry Association. The foundation of steady improvement of MCC has been strengthened, with stronger momentum of long-term improvement.

While fully acknowledging our efforts and achievements, we are also aware that the external environment is becoming more complex and uncertain, and although our economy is still under the three-fold pressure from contracting demand, supply shocks and estimated slowdown, the fundamentals of our economy, which are resilient, full of potential and positive in the long term, remain unchanged. We will adhere to the general principle of seeking progress while maintaining stable performance, fully implement the “14th Five-Year” development strategy of the Company, fully promote the high-quality development of the Company, seize policy opportunities while stressing risk prevention and control, ensure high-quality completion of the tasks and targets for the year, ensure the Company’s stability and long-term progress, and accelerate the achievement of the goals of “one building, two most, five strong”, writing a good answer sheet of MCC to the Chinese-style modernization.

Firstly, we will stay true to our original aspiration and firmly establish the sense of mission to achieve “stronger” development. In the next step, the Company will take building itself into a world-class enterprise with global competitiveness as the traction, take building itself into the best overall metallurgical construction and operation solution provider with super core competitiveness and the most reliable general contracting service provider for internationally renowned and domestically leading infrastructure construction as its objectives, and strive to build the Company into a world-class investment and construction group with strong value creativity, strong market competitiveness, strong innovation driving forces, strong resource allocation capability, strong cultural soft power. We will focus on “five special operations” and basic management improvement actions, take serious measures to work on the construction of nine systems centering on the three elements of system, organization and personnel, and focus on improving our weak links, strengthening our strong links and consolidating our basic capabilities, so as to lay a solid foundation for becoming a world-class enterprise and achieving stronger development.

Secondly, we will live up to our responsibility with practical hard work and firmly establish the sense of responsibility to achieve “better stage” development. At present, the development blueprint has been drawn up and the 14th Five-Year Plan is at a critical period, and the Company will further strengthen its confidence in development, continue to keep a close eye on strategy planning and management, highlight “attaching equal importance to scale and efficiency, priority being given to quality”, organically integrating such two aspects through scientific management, rational mechanisms and effective work. We will put marketing as our top priority, continue to maintain revenue growth and scale expansion while focusing on improving the quality of development, properly handle the relationship between the scale of operation and operational efficiency, the speed of development and the quality of development, and the resources of the Company and the scale of the Company, and work steadily for turning the predefined goals into reality one step at a time.

Thirdly, we will work hard to promote results and firmly establish a sense of urgency to achieve “faster” development. We will further enhance our awareness of potential dangers and accelerate the pace of development with a sense of urgency that we cannot afford to wait and a sense of crisis that we cannot afford to slow down. We will firmly grasp marketing which serves as the key link, seize new development opportunities, focus on “quality markets, quality customers and quality projects”, and achieve breakthroughs in the high-end sector, expansion in the mid-range sector and resolute abandonment of the low-end sector. Sticking to the core position of innovation in the overall development of the Company, we will further strengthen the core technology breakthrough and speed up the transformation of results, so as to give full play to the important role of technology as the first productive force. We firmly establish the management concept of “site work-cycling-market”, continuously strengthen the construction of the project management system, focus on improving the project contract performance capability and enhance the profitability of the Company. We will establish a solid risk management system, and will be able to identify and resolve major risks in the areas of finance, capital, investment, security and law. We will dare to think, dare to act, dare to explore, be courageous to compare ourselves with and catch up with and surpass industry benchmark, continue to consolidate the absolute advantage as a member of the national team of metallurgical construction, and strive to achieve further comprehensive strength among the state-owned construction enterprises.

“Ten thousand years too long, seize the day!” We will follow the trend and take advantage of it, press ourselves, overcome hurdles and forge ahead with a never-slack spirit and an unrelenting striving attitude, making unremitting efforts to write a brand new chapter of high-quality development of MCC, creating new and greater value for the nation, the shareholders, the society and the employees!

Chairman: Chen Jianguang

II. BUSINESS OVERVIEW

(I) The business situation of the Company during the Reporting Period

In 2022, the international political and economic situation was complex. In the face of the multiple pressure tests and the uncertainties in the external environment, the state has efficiently coordinated the promotion of economic and social development. With the facilitated construction of a new development pattern under which the domestic big cycle serves as the main body, and the domestic and international dual cycles promote each other, the economic operation continued to recover steadily, and the driving force for development was constantly strengthened. According to the data released by the National Bureau of Statistics, the gross domestic product in 2022 exceeded RMB 121 trillion, and the investment in fixed assets (excluding farmers) was RMB 57,213.8 billion, up by 5.1% year-on-year, including 9.4% year-on-year growth in infrastructure investment, 2% year-on-year growth in fixed asset investment in the construction industry, and RMB 13,289.5 billion of national property development investment, down by 10% year-on-year, and the investment in fixed assets recovered steadily. In general, the domestic economy remained stable and improving, and the position of the construction industry as the pillar of the national economy did not change. The goals of “carbon peak” and “carbon neutral” promoted the ongoing transition towards a clean and low-carbon society. There was larger room for investment in the fields of “New Infrastructure and New Urbanisation Initiatives and Major Projects”, traditional industrial transformation, emerging industries, green environmental protection, etc.

1. *Engineering Contracting Business*

In the field of metallurgical construction, under the background of vigorously promoting the goal of “dual carbon”, the steel industry actively plans and comprehensively promotes the three major steel transformation projects of “capacity replacement”, “ultra-low emission” and “extreme energy efficiency”, further intensifies the green and intelligent upgrading and transformation, innovates low-carbon production technology, and energy saving and emission reduction, intelligent manufacturing, etc. have become the key development directions for steel enterprises. The metallurgical construction field faces new opportunities and challenges.

In the field of infrastructure construction, the development prospects are still broad. In December 2022, the Central Committee of the Communist Party of China and the State Council issued the Outline of the Strategic Plan for Expanding Domestic Demand (2022–2035), which proposed to continue to promote investment in key areas, accelerate the construction of transportation infrastructure, and systematically lay out new infrastructure. “New Infrastructure and New Urbanisation Initiatives and Major Projects”, traditional industrial transformation, emerging industries, green environmental protection and social livelihood will become the main driving force of fixed asset investment. It is estimated that the scale of domestic fixed asset investment will exceed RMB 10 trillion in 2023, with unprecedented investment intensity.

In the field of new energy construction, it will continue to accelerate development. The focus of the development of the energy industry will shift to the new energy industry represented by photovoltaic, wind power and hydropower, and the development of new energy will continue to speed up with the double effect of favorable policies and industrial demand. The Company will continue to keep abreast of traditional areas of strength and emerging fields, seize development opportunities, go with the flow, and strive to be among the advanced in the industry to achieve higher quality development.

Affected by the complex and dynamic international situation, the overseas engineering business was facing a more severe external environment. The vast number of foreign-related engineering enterprises persevered in adversity, courageously developed, actively responded to various risks and challenges, took multiple measures to stabilize the market and business, and constantly explored the path of transformation and upgrading and high-quality development, thus stabilizing the basic situation of industry development. The business development mainly presented three characteristics: first, the “Belt and Road” -participating countries made huge contributions to our business; second, the business segments in Asia and Latin America grew rapidly; third, the housing construction sector gained robust momentum of the development, the business scale in the transportation and power sectors decreased significantly, and the value of new contracts signed in the industrial construction sector increased significantly.

2. *Property Development Business*

Since the end of 2022, the central and local governments have gradually relaxed the property regulation policies and stabilized market expectations. The report of the Twentieth National Congress of the Communist Party of China clearly stipulates the adherence to the party line of “houses are for living, not for speculation”, accelerate the establishment of a housing system with multi-subject supply, multi-channel guarantee, and initiatives in both rent and purchase, and promote the healthy development of the property market. A number of policies at the national level were issued in a centralized manner to vigorously support the reasonable financing needs of property enterprises, especially the continuous release of the supply-side policy toolbox. The Central Bank and the Banking and Insurance Regulatory Commission issued a new policy of “16 financial rules”, and the regulatory authorities successively launched a policy combination of “three arrows” for credit financing, bond issuance, and equity financing to alleviate the financial pressure of property enterprises and support the steady and healthy development of the property market.

3. *Equipment Manufacturing Business*

Currently, the steel industry has entered a critical period of high-quality development during the “14th Five-Year Plan” period, in which we will deepen supply-side reforms and promote transformation and upgrading. With the continuous deepening of the requirements for carbon emission peak and carbon neutrality, the iron and steel industry, as a key industry for our implementation of carbon emission reduction measures, shifts its main development pivot to green and low-carbon, energy conservation and environmental protection, and intelligent development. According to the “Implementation Measures of Capacity Replacement in the Iron and Steel Production Industry” (鋼鐵行業產能置換實施辦法) and the “Record Management of Iron and Steel Smelting Projects” (鋼鐵冶煉專項目備案管理辦法) promulgated by the Ministry of Industry and Information Technology and the National Development and Reform Commission in 2021, respectively, they propose new requirements on upgrading existing capacity equipment, and give policy support to the construction of steelmaking production lines with short process flows, so the core metallurgy equipment represented by electric furnaces will embrace new development opportunities. In addition, new technologies such as big data, internet and traditional metallurgical equipment manufacturing will be integrated to facilitate digital transformation, thus empowering the development of the equipment manufacturing industry. This will also become the future development trend of the metallurgical equipment manufacturing industry in China.

With its structural advantages such as sound mechanical performance and high levels of industrialization and recyclability, steel structures are widely used in various areas including high-rise, super high-rise steel structures, large-span spatial structures and infrastructure, and are increasingly valued by governments and recognized in markets. The “Guidelines for the Dimensions of Main Components of Steel Structure Residential Buildings” (鋼結構住宅主要構件尺寸指南), the national standard “Steel Structure Design Standards (Draft for Solicitation of Comments on Partial Modification of Provisions)” (鋼結構設計標準 (局部修訂條文徵求意見稿)) (solicitation of public opinion) and other notices successively issued by the Ministry of Housing and Urban-Rural Development in 2020 propose to comprehensively promote the standardization of steel components, improve design and construction efficiency, and reduce the cost of residential buildings with steel structure in line with the spirit of “Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings” (國務院辦公廳關於大力發展裝配式建築的指導意見). 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 will become the main development direction of the steel structure industry of China in the future.

4. *Resources Development Business*

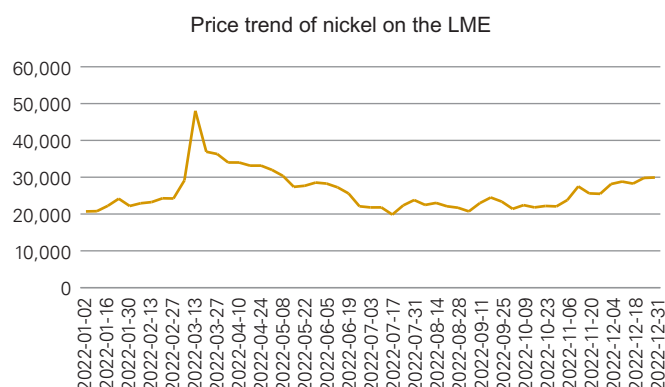
With accelerated once-in-a-century transformation, intensified international competition and continuing geopolitical tensions, and unprecedented degree of volatility in the commodity prices and global mining market, the Company’s resource development business is facing a more complex and challenging external environment. In 2022, the overall price of nonferrous metals fluctuated widely, and global liquidity changes, geopolitical factors and energy factors had a significant resonating impact on nonferrous metals: First, the monetary policies of major economies in the world have changed. In 2022, with the slowing from tightening beyond expectations to interest rates increase, the US dollar index eased back from significantly strengthening, and the prices of nonferrous metals showed reverse fluctuations. Second, the energy factors have impacted on the supply side, and affected by the European energy crisis and other factors, the international oil price ran at the high level, which drove the cost of nonferrous metals to rise, and brought varying degrees of disturbance to the supply of nonferrous metals. The global dominant inventory of nonferrous metals continued to decline, and the supply-side disruptions were continuously amplified. Third, the rapid development of the new energy industry and others including the development of new

energy vehicles, clean energy, the information industry has increased the demand for nonferrous metals, which is more conducive to the long-term development of nonferrous metal prices.

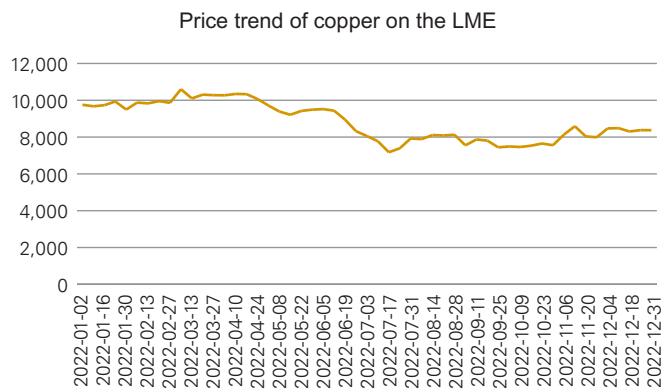
In 2022, speaking of the rise and fall of nonferrous metal prices, affected by the long and short game in the financial futures market, nickel price made the largest annual rise, and most of the other varieties were off the high level, with the center moving down to different degrees compared with the end of 2021. In terms of the price trends of nickel, copper, zinc and lead on the London Metal Exchange in 2022, the nickel price hit a record high of USD 100,000/ton, but the trading on that day was cancelled because it was determined as abnormal trading, however, nickel had exceeded the high level of USD 55,000/ton seen in 2007, setting a record high. Since then, the nickel price fluctuated downward, once falling to around USD 20,000/ton, and then began to rebound again; copper price showed a “roller coaster” trend of significantly rising, sharply falling and then upward in a tumble; zinc price showed a wide fluctuation trend after a sharp rise and then a sharp fall; supply and demand of lead improved, and the price range remained broad. In terms of the average price of nickel, copper, zinc and lead on the London Metal Exchange in 2022, the average prices of nickel, copper, zinc and lead were approximately USD 26,154/ton, USD 8,821/ton, USD 3,451/ton and USD 2,150/ton, respectively, of which the prices of nickel and zinc increased by 42% and 15% year-on-year, respectively, and the prices of copper and lead decreased by 5% and 2% year-on-year, respectively.

Price trends of nickel, copper, zinc and lead on the LME in 2022

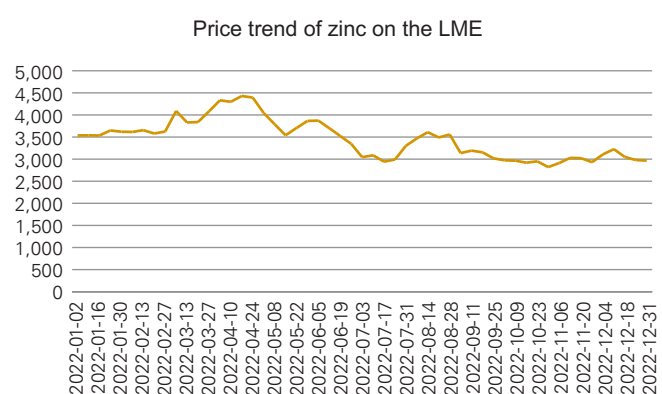
Unit: USD/ton



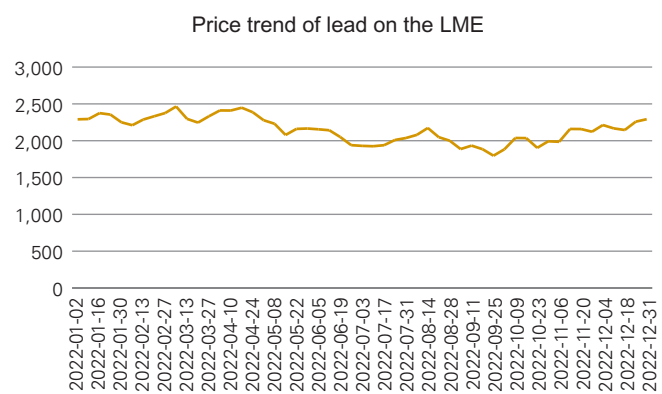
Unit: USD/ton



Unit: USD/ton



Unit: USD/ton



Source: Wind

(II) Information on the Company's business during the Reporting Period

(I) Engineering Contracting Business

In 2022, the Company adhered to the general principle of “stability first, seek progress in stability”, adhered to the marketing goal and direction of “consolidating and improving metallurgical business, optimizing and improving housing construction business, expanding and improving infrastructure business”, focused on high-quality markets, customers and projects, and strove to develop domestic and foreign engineering markets, realizing the rapid growth of the value of new contracts. After successfully breaking through the value of RMB 1 trillion of newly signed contracts in 2021, during the Reporting Period, the number of orders of the Company set a new high and the value of newly signed engineering contracts amounted to RMB 1,300.449 billion, representing a year-on-year increase of 12.03%, and the year-on-year growth rates for three consecutive years exceeded 12%. Among them, the value of newly signed metallurgical engineering contracts amounted to RMB 191.995 billion, representing a year-on-year increase of 21.67%, and accounted for 14.76% of the value of newly signed engineering contracts. The value of newly signed non-steel engineering contracts amounted to RMB 1,108.454 billion, representing a year-on-year increase of 10.52%, and accounted for 85.24% of the value of newly signed engineering contracts. The value of newly signed overseas engineering contracts amounted to RMB 41.405 billion, representing a year-on-year increase of 19.23%.

Overall operating results of the engineering contracting business in 2022

Unit: RMB '000

	2022	% of the total	2021	Year-on-year increase/ decrease
Segment operating revenue	550,440,814	91.88%	462,290,153	19.07% Decreased by 0.23 percentage point
Gross margin (%)	<u>8.96</u>	<u>-</u>	<u>9.19</u>	<u>point</u>

Note: The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

(1) *Metallurgical Engineering Construction Business*

In the field of metallurgical engineering, the Company relied on the irreplaceable advantages of the whole metallurgical industry chain, by accelerating the research and development of core key equipment technology, new technology and new processes, constantly innovated the business model, accelerated the commercialization of core technologies, and actively developed new equipment and new materials technology around the goal of green, low consumption, intelligence and efficiency, seized market opportunities of green and low-carbon projects, and continued to promote the steady implementation of the “181” key research plan. During the Reporting Period, the Company signed a large number of contracts for major metallurgical projects, each with a value of more than RMB 1 billion, such as the Production Capacity Transformation and Upgrading Integration Project of Yunnan Qujing Steel Group Shuangyou Steel Co., Ltd. which basically included major domestic metallurgical construction projects, consolidating the absolute leading position of the Company as the national metallurgical construction team on an ongoing basis.

In the field of overseas metallurgical engineering, the Company continued to deepen its efforts in the markets of the “Belt and Road”-participating countries under the Regional Comprehensive Economic Partnership (RCEP), focused on key markets and cultivated potential markets, adhered to the development strategy of internationalization and localization, and achieved many highlights in the field of overseas metallurgy: the contract for the iron-smelting, steel-making, sintering and raw material plant project of Vietnam Hoa Phat Dung Quat Steel and Iron Phase II (越南和發榕橋鋼鐵二期煉鐵、煉鋼、燒結和原料廠項目) with a contract value of RMB 4.02 billion was successfully signed, which becomes another comprehensive steel base construction project secured in a “Belt and Road” -participating country; the contract for the Kazakhstan ArcelorMittal coke oven project was signed, laying an important foundation for expanding the overseas high-end coking market; after the first bid section of the Indonesia OBI Island Nickel-Cobalt Project and the phase I of the Indonesia OBI Nickel-Iron Project, the Company successfully signed the contract for the RKEF Phase II project of Indonesia OBI Nickel-Iron Project, laying a solid foundation for the Company to continue to explore the Indonesian market in-depth, further polishing the brand of “Metallurgical Construction National Team” and demonstrating the Company’s global influence.

The operating revenue of the metallurgical engineering construction business of the Company and its proportion of the total engineering contracting revenue for each of the past three years are as follows:

Unit: RMB '000

Items of revenue	2022		2021		2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	<u>129,649,185</u>	<u>23.55</u>	<u>115,256,465</u>	<u>24.93</u>	<u>90,498,906</u>	<u>24.87</u>

Note: The segment operating revenue is data without offsetting inter-segment transactions.

During the Reporting Period, the contracts for key metallurgical engineering construction projects secured and entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
-----	----------------------------	---

Domestic projects

1	Steel Transformation and Upgrading Integration Project of Yunnan Qujing Steel Group Shuangyou Steel Co., Ltd. (雲南曲靖鋼鐵集團雙友鋼鐵有限公司鋼鐵轉型升級一體化項目)	26.0
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 Replacement for Blast Furnaces in Sanming Headquarters of Fujian Sansteel Minguang Co., Ltd. (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

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
4	Contract for the Construction and Installation of 2030mm Cold Rolling and Acid Rolling, Mill Rolling Room and Post Rolling Warehouse for HBIS's Industrial Upgrading and Xuansteel Production Capacity Transfer Project (河鋼產業升級及宣鋼產能轉移項目2030mm冷軋酸軋、磨輓間及軋後庫等區域建築安裝工程合同)	15.0
5	EPC Contract for the Ironmaking System and its Public and Auxiliary Areas of HBIS Laoting Iron and Steel Co., Ltd (河鋼樂亭鋼鐵基地項目二期項目煉鐵系統及其公輔區域EPC總承包工程合同)	14.6
6	EPC Contract for the Construction of New Medium Thick Plate Project (Rolling Mill) of Hanzhong Steel Co. (陝鋼集團漢中鋼鐵有限責任公司新建中厚板項目(軋鋼)工程建設EPC總承包合同)	14.3
7	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
8	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
9	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
10	EPC contract for the main steelmaking and continuous casting works and public and auxiliary systems for the relocation and upgrading project of Dazhou Iron & Steel (達鋼搬遷升級項目煉鋼連鑄主體工程及公輔系統總承包合同)	13.3

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
Overseas projects		
1	Nickel Hydroxide Cobalt Project in Indonesia (印尼氫氧化鎳鈷項目)	81.1
2	OBI Nickel Iron Project RKEF Phase II Construction Contract in Indonesia (印尼OBI鎳鐵項目RKEF二期工程建設合同)	18.9
3	EPC Contract for 2x2,500m ³ Blast Furnace of Hoa Phat Dung Quat Integrated Steel Project Phase 2 in Vietnam (越南和發2榕橋2x2,500m ³ 高爐煉鐵總承包項目)	14.1
4	Contract for 2x300T BOF Converter Shop Package of Hoa Phat Dung Quat Integrated Steel Project Phase 2 in Vietnam (越南和發2榕橋2x300t煉鋼總承包項目)	12.8
5	Kazakhstan AMT No.8&9 Coker Project (哈薩克斯坦AMT No.8&9焦化項目)	8.2
6	EPC Contract for Hoa Phat Dung Quat Steel Plant Newly Constructed Intelligent Raw Material Yard Project (越南和發榕橋鋼廠新建智能原料場總承包項目)	6.7
7	EPC Contract for 2x360m ² Sintering Project of Hoa Phat Group's Dung Quat Steel Company (Phase II) in Vietnam (越南和發集團榕橋鋼鐵公司(二期)2x360m ² 燒結項目總承包合同)	6.6

(2) *Non-steel Engineering Construction Business*

① Housing Construction and Infrastructure Construction

The Company continued to develop its housing construction and infrastructure construction businesses, actively implemented the “135 business strategy” of expanding infrastructure business, actively integrated and served the national development strategy deployment, and seized the window period of infrastructure business investment and construction. By strengthening high-end leadership, optimizing top-level design, improving its own advantages, and innovating business models, the Company has continuously improved its capacity for public bidding, and focused on contracting influential projects that were “high-tech, comprehensive and big”. During the Reporting Period, the value of newly signed contracts in the housing construction and infrastructure construction business of the Company was RMB 911.576 billion, up by 4.56% year-on-year, accounting for 70.10% of the total engineering contract value. Among them, the municipal business has lived up to the expectations of the public, and achieved another good result, contributing half of the results in the infrastructure segment; The signing of contracts for municipal infrastructure projects represented by Deyang Tianfu Jingcheng Zhichuang Business District, Hengshui-Xiyang Expressway Zhaoxian-Zanhuang (boundary between Hebei and Shanxi) Section Franchise Project EPC, and Yichang High-speed Railway New City and other large-scale projects have greatly enhanced the market influence of the Company’s infrastructure brand.

The Company accurately optimized the marketing structure of the housing construction business, focusing on the super high-rise, large complex, high-end housing construction and other segmented sectors. During the Reporting Period, the Company successfully won bids for a series of high-end housing construction projects, such as the Guangzhou International Financial Trade Plaza, the Business Center of the Xingdong New District High-speed Railway Station, the Maoming Olympic Sports Center, the Phase II expansion EPC of the Tianjin Hospital Project of the Beijing Union Medical College, and the contract structure of the housing construction business was further optimized.

In terms of overseas business, the non-steel market, as a potential area for overseas market development, contains huge market opportunities and room for increments. During the Reporting Period, the Company successfully signed the general contracting project of the highest landmark building in Cambodia – Golden Gateway Complex (金匯大廈綜合體總承包項目), which increased the new height of the super-high-rise landmark in Cambodia by more than 200 meters; the Algerian Oran Stadium project, which was contracted by the Company, was completed in 2022 and successfully hosted the 19th Mediterranean Games, showing the magnificent atmosphere of “built by China”.

The operating revenue of the non-steel engineering construction business of the Company and its proportion of the total engineering contracting revenue for each of the past three years are as follows:

Unit: RMB '000

Items of revenue	2022		2021		2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction						
Engineering	287,483,146	52.23	228,220,508	49.37	165,001,421	45.33
Transportation infrastructure	105,343,715	19.14	88,338,320	19.11	77,372,999	21.26
Other engineering	27,964,768	5.08	30,474,860	6.59	31,091,801	8.54

Note: The segment operating revenue is data without offsetting inter-segment transactions.

During the Reporting Period, the contracts for key housing construction and infrastructure construction projects secured and entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount <i>(RMB 100 million)</i>
House Building Projects		
1	EPC Contract for Construction of 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	Contract for the Urban Renewal Project in the Downtown Area of Cangzhou City, Section 5, Xinhua District Urban Village Renovation (Northern Area) (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
3	Yuzi Haiyuan – Nanyang Urban Industrial Complex EPC Project (豫資海元•南陽城市產業綜合體EPC項目)	119.4
4	Comprehensive Development Project in Fuli New District, Suzhou City (宿州市符離新區綜合開發項目)	103.4
5	EPC Project of Zhigu Science and Innovation Park (Phase II) in Jinghe New Town, Xianyang City (咸陽市涇河新城智谷科創園(二期)EPC工程項目)	80.2
6	Urban Renewal Unit Project in West Nanhu District, Fengnan, Tangshan (唐山市豐南南湖西區城市更新單元項目)	60.6
7	Huangshi Daye Lake Core Area East Cluster Development and Construction Project (黃石市大冶湖核心區東區集聚開發建設項目)	55.9
8	Resettlement housing construction project in four plots of Yancheng City Dafeng District Zhencheng Construction Company Limited (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
9	ABO Area Comprehensive Development Project in Southern Xuzhou District, Yibin City (Section 2) (宜賓市敘州區南部新區ABO片區綜合開發項目(二標段))	49.0
10	EPC General Contract for the Construction of Chongqing Tuanjie Lake Big Data Intelligent Industrial Park PPP Project (重慶市團結湖大數據智能產業園PPP項目EPC工程總承包合同)	41.3

No.	Name of Project (Contract)	Contractual Amount <i>(RMB 100 million)</i>
Transport and Municipal Infrastructure Projects		
1	Infrastructure Construction in Deyang Tianfu Jingcheng Area (Smart Innovation and Business Area) Project (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	Infrastructure Construction in Deyang Tianfu Jingcheng Area (Technology and Innovation Area) Project (德陽天府旌城片區基礎設施建設 (科技創新片區) 項目)	74.2
3	General Contractor for the construction of the concession project for the section of Hengshui-Xiyang Expressway from Zhao County to Zanhuang (boundary between Hebei and Shanxi) (衡水—昔陽高速公路趙縣至贊皇 (冀晉界) 段特許經營項目施工總承包項目合同)	70.0
4	Yichang High Speed Rail New Town Construction Project (宜昌高鐵新城建設項目)	65.5
5	Huangshi Xingang Port Integrated Development Project (EPC) (黃石新港港產城融合發展綜合配套項目 (設計、採購、施工))	51.5
6	Comprehensive Development Contract for the Intelligent Equipment and New Materials Zone Project in Chongqing Changshou Economic Development Zone (重慶市長壽經開區智能裝備及新材料區項目片區綜合開發合同)	51.0
7	Construction Contract for the Construction Project of the Yunnan Dongmeng Industrial Park Comprehensive Development Construction Project (Section III) (雲南東盟產業園綜合開發建設項目 (三標段) 建設項目工程施工合同)	43.1

No.	Name of Project (Contract)	Contractual Amount <i>(RMB 100 million)</i>
Overseas Projects		
1	Malaysia Johor Bahru Project Phase I EPC Project (馬來西亞新山項目一期總承包項目)	22.4
2	MESONG Golden Gateway Complex, Cambodia (柬埔寨MESONG金匯大廈綜合體項目)	8.0
3	Singapore MRT Electrical and Mechanical System Installation Subcontract (新加坡捷運機電系統安裝分包項目)	6.6
4	Phase I of the New Guinea Highlands Highway Project in Papua (巴布亞新幾內亞高地高速公路項目二期第一標段)	6.0
5	Tanah Merah Residences Phase II EPC Project, Singapore (新加坡丹那美拉公寓二期總承包項目)	5.1

② Emerging Industries

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, the Company made remarkable achievements in the fields of ecological environmental protection, cultural and tourism projects, new energy projects, etc., and it constantly upgrade itself with a new “name card” for promoting sustainable development.

In terms of eco-environmental protection industry, relying on strong scientific research capabilities and extensive engineering experience, 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 Contract for Ecologic Oriented Development (EOD) Project of Huangshi Section of Yangtze River (長江黃石段生態環境導向開發項目(EOD)), the Green and Low-carbon Industrial Park Project (Phase I) in Sanjiang New District, Yibin City (宜賓市三江新區綠色低碳優勢產業園項目一期), and the 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)).

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. It has accumulated extensive experience in technological breakthroughs, management approaches, and business models, and developed its unique path of theme park development. During the Reporting Period, the Company successfully signed contracts for a series of theme park projects, including the Infrastructure Upgrade and Overall Renovation Project 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), the Rural Revitalization Project (Section II) of Liubao Tea Special Town in Cangwu County, Wuzhou City (梧州市蒼梧縣六堡茶特色小鎮鄉村振興項目 (第二標段)), and the Design-build 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), which demonstrated the Company's brand influence and industry competitiveness in the field of theme parks.

In terms of new energy industry, the Company actively seized 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 actively promoted the achievement of the national “dual-carbon” goal while achieving its own business development. During the Reporting Period, the Company has newly signed a number of large-scale projects, including the Fishery and Photovoltaic Complementary Power Generation Project in Kongdian Township, Datong District (淮南大通區孔店鄉漁光互補光伏發電項目), and the EPC Contract for 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). The Company’s market share has been increasing continuously.

During the Reporting Period, the newly won and signed contracts for 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	Ecologically Oriented Development (EOD) of the Huangshi section of the Yangtze River (長江黃石段生態環境導向開發項目(EOD))	60.8
2	Contract for Phase I of the Green Low Carbon Industrial Park in Sanjiang New District, Yibin City (宜賓市三江新區綠色低碳優勢產業園項目一期合同)	52.7
3	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

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
-----	----------------------------	---

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	EPC Contract for the Construction of the Village Revitalisation Project (Second Tender Section) in Liubao Tea Characteristic Small Town, Cangwu County, Wuzhou (梧州市蒼梧縣六堡茶特色小鎮鄉村振興項目(第二標段)施工總承包合同)	13.4
3	Design-build Contract for 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

New Energy Projects

1	Huainan Datong District Kongdian Township Fishery and Photovoltaic Power Generation Project (淮南大通區孔店鄉漁光互補光伏發電項目)	9.7
2	EPC Contract for Jinchuan Group Dongdatan 300MW PV Power Project (金川集團東大灘300MW光伏發電項目工程總承包合同)	9.5

(II) Property development business

During the Reporting Period, the Company adopted different policies according to the characteristics of each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Circum-Bohai Sea Region are taken as core development areas with coverage nationwide. In 2022, the Company acquired 5 projects with 7 land parcels in aggregate, covering a site area of 237,400 sq.m. and permissible gross floor area of 487,900 sq.m.

In 2022, MCC Real Estate, a subsidiary of the Company, ranked 36th among the Top 100 Real Estate Developers in China with its brand value jumping to RMB 30.6 billion and has been ranked among the Top 10 in Profitability and Stability of Top 100 Real Estate Developers in China for seven consecutive years, and has also been awarded the “Annual Social Responsibility Enterprises of Property Services in China”, “Outstanding Real Estate Product Capability Enterprise in China”, “Real Estate Operation Outstanding Enterprise with Chinese Characteristic – Urban Development Operator”, and “China Real Estate Annual Poverty Alleviation Benchmark Enterprise”. The long-term credit rating of MCC Real Estate was AAA with stable outlook. MCC Real Estate, a subsidiary of the Company, ranked 52nd in the “2022 China’s Top 100 Property Service Enterprises” with a brand value of RMB 2.3 billion. The two research and development achievements of “MCC Real Estate Product Technology and Service System” and “Research on Performance Testing and Optimization Design of Fume Exhaust System in Kitchen of Residential Building” won the “China Real Estate Association Science and Technology Award” in 2022; and the Dexian Huafu Project developed by MCC Real Estate in Tianjin won the 19th “Jingrui Science and Technology Award”.

During the Reporting Period, the amount invested by the Company in property development was RMB 28.949 billion, representing a year-on-year increase of 89.71%; the construction area was 9.0991 million sq.m., representing a year-on-year decrease of 1.61%; of which the new construction area was 1.8902 million sq.m., representing a year-on-year increase of 137.46%, while completed area was 3.71 million sq.m., representing a year-on-year increase of 54.20%; contracted gross floor area sold amounted to 0.4801 million sq.m. with contracted sales of RMB 9.33 billion.

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

Unit: RMB '000

	2022	% of the total	2021	Year-on-year increase
Segment operating revenue	22,726,736	3.79	21,416,034	6.12%
Gross margin (%)	<u>11.00</u>	<u>–</u>	<u>23.48</u>	<u>Decreased by 12.48 percentage points</u>

Note: The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

During the Reporting Period, the highlights of property projects developed by the Company are set out as follows:

(1) Shijiazhuang MCC Dexian Mansion Project

The project is located in Dongliangxiang Village, Qiaoxi District, Shijiazhuang City. It covers a site area of 100,400 sq.m. with a capacity building area of 308,400 sq.m., and is planned for residential and commercial use. As a product of the Dexian series, it integrates the development concept of “ecology + education + technology”, and is designed on customer concerns and pain points to effectively improve the surrounding environment and supporting facilities of Dongliangxiang parcels in a way to significantly promote the living quality of residents living in the southwest area of Shijiazhuang. The project started in September 2021 and was launched for sale in May 2022. At present, the main structure is under construction.

(2) Qinhuangdao Zhongye Dexian Huafu Project

The project is located in the north of Qiantang River Road and the west of Hengshan Road in Qinhuangdao Development Zone, Hebei Province, covers a site area and permissible gross floor area of 54,400 sq.m. and 108,500 sq.m. respectively and is planned for residential use. The project for the first and second zones was filed for completion and delivered in December 2020; the project for the third zone started in August 2021 and was launched for sale in September 2021, and was completed and delivered in December 2022.

(3) *Zhuozhou Minmetals Technology Industrial Park Project*

The project covers a site area and permissible gross floor area of 327,000 sq.m. and 798,000 sq.m. respectively and is planned for residential, industrial and commercial use. The residential project (phase I) started in February 2021, and was filed for completion and delivered in June 2022; the residential project (phase II) was launched for sale in September 2022, and the main structure is under construction currently; the industrial project (phase I) started in April 2021. At present, the main structures of some buildings have been completed.

(4) *Qingdao Dexian Mansion & Shengshi Plaza Project*

The project is located in Jimo District, Qingdao City, Shandong Province. Among them, the Qingdao Dexian Mansion project covers a site area of 148,900 sq.m., a total construction area of 419,000 sq.m., and a permissible gross floor area of 297,900 sq.m.. It is planned for residential use and supporting businesses. The west area of the project was completed and delivered in June 2022, and the east area has completed the main structure and is in the stage of internal and external decoration and landscaping. It is expected to complete the completion filing in August 2023 and to deliver in September 2023. Qingdao Shengshi Plaza project covers a site area of 41,100 sq.m., with a total construction area of 91,700 sq.m. and a permissible gross floor area of 55,700 sq.m.. It is planned for commercial use.

(5) *Nanjing Zhongye • Shengshi Binjiang Project*

The project is a masterpiece of the urban development and operation of MCC Real Estate in the Yangtze River Delta area, covering a number of commercial activities, such as theme commercial street transformed from Hutchison Foreign Firm, low-density villa, subway upper cover, river-view high-rise building, commercial street of Binjiang characteristics, office building and star-rated hotel in bay area. It covers a site area and permissible gross floor area of 330,400 sq.m. and 940,800 sq.m. respectively, and mainly includes six projects, namely, Jinxiu Jiangshan, Jinxiu Huafu, Jinxiu Mansion, Jinxiu Tianxi, and Hutchison Foreign Firm and Shengshi International Plaza. At present, part of the parcels of the Jinxiu Jiangshan, Jinxiu Huafu and Jinxiu Mansion have been completed and delivered. The projects of Jinxiu Jiangshan, Jinxiu Huafu, Jinxiu Mansion, Jinxiu Tianxi have been launched for sale. Hutchison Foreign Firm is under the construction of the basement, and the Shengshi International Plaza is under the planning and design work.

(6) Sanya Minmetals International Plaza Project

The project is located in the headquarters economic and central business district of Sanya, adjacent to Yingbin Road and Sanya River. It covers a site area and permissible gross floor area of 7,281 sq.m. and 40,000 sq.m., and is planned for retail business, office and other uses. The project started in May 2020, was launched for sale in April 2021, and was filed for completion in December 2022.

(III) Equipment Manufacturing Business

The Company's equipment manufacturing segment, relying on multiple subordinate core manufacturing bases, mainly include equipment manufacturing and steel structure business, covering research and development, 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 is mainly focused on metallurgical equipment. It 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 metallurgical process equipment for such as sintering and pelletizing, ironmaking and casting and steel rolling, casting and rolling. These products are widely used in international and domestic large steel engineering projects. In the future, the equipment manufacturing business will closely keep 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 will give full play to the three functions of the core equipment bases in respect of research and development pilot test, core manufacturing and final assembly integration, so as to accelerate and facilitate the productization and industrialization of core technologies. In addition, the Company will continue to integrate competitive upstream and downstream business resources, include core equipment manufacturing system into MCC equipment industry park for uniform management and put core technologies developed by the Company into fuse box to be sold and delivered with its products to regions and countries along the Belt and Road Initiative and all over the world. It will also develop its equipment manufacturing business into the "Hard Support" of the national team for metallurgical construction, the "Incubator" of new products for metallurgical equipment and the "Carrier" for the "MCC Equipment" brand.

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 research and development 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 set and assisted in setting 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 research and development, design, manufacturing, installation, testing and supervision, 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 and Shanghai Disney Resort.

As one of the largest steel structure manufacturing enterprises in China, the Company has established 32 steel structure manufacturing bases in China, covering almost all economic hotspots in China. With a design capacity of 1.65 million tonnes, the Company ranks among the top in the industry in China in terms of steel structure manufacturing (including base and on-site fabrication), industrial scale and manufacturing volume. The Company has several core steel structure manufacturing bases such as MCC (Shanghai) Steel Structure Base, Baoye Zhengzhou Steel Structure Base and Wuye Chengdu Steel Structure Base, among which MCC (Shanghai) Steel Structure Technology Co., Ltd., as the representative enterprise of the Company's steel structure business segment, optimised the steel structure production capacity layout by integrating the Company's internal and external steel structure business resources. Adhering to the path of "specialization, branding and regionalization", it achieved steady and rapid development. In 2022, the Company has successively won the bids for the steel structure construction of the first tender section of the Xi'an Eastern Air Harbor Headquarters Protection Base Project (Commercial Services) (西安東航空港總部保障基地項目(商服)一標段鋼結構工程), the steel structure construction for the hub area of the Transportation Hub Project of Beijing Xinghuo Station (北京星火站交通樞紐工程樞紐區鋼結構工程), the metal roofing construction for the Sanya Sports Centre Gymnasium (三亞市體育中心體育館金屬屋面工程), the steel structure construction for the semiconductor equipment components research and development building and vacuum equipment expansion project of Beijing NAURA N5 Base (北京北方華創N5基地半導體裝備部件研發樓及真空裝備擴產項目鋼結構工程), the steel structure construction for the first tender section of the Terminal Building Expansion and Auxiliary Project of Shandong Linyi Qiyang Airport (山東臨沂啟陽機場航站樓改擴建及附屬工程一標段鋼結構工程), the vertebral steel structure manufacturing construction

for the South Tower of the Bank of China Financial Centre on the West Island of Lingang, and the steel structure manufacturing construction for the North Tower (臨港西島中銀金融中心南塔及椎體鋼結構製造工程、北塔鋼結構製造工程), and other iconic and significant projects.

**The overall operating results of
the equipment manufacturing business in 2022**

Unit: RMB '000

	2022	% of the total	2021	Year-on-year increase
Segment operating revenue	12,319,197	2.06%	11,623,127	5.99%
Gross margin (%)	11.58	-	15.12	Decreased by 3.54 percentage points

Note: The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

(IV) Resources Development Business

During the Reporting Period, the business of the Company's resources development mainly focuses on mining, selection and refining of metal resources of nickel, copper, zinc, lead and other metals. In line with the objective of "refining management, enhancing quality, reducing costs, controlling risks and making profits", the Company strived to improve the development and operating levels of its own mineral resources. In 2022, the three key mineral resources projects in production have successfully made through the Pakistan flood and the 7.6 magnitude earthquake in Papua New Guinea in succession. They completed self-rescue and resumed production in the shortest possible time, and helped surrounding communities and villages in emergency rescues and disaster relief, supplied manpower and equipment, donated money and materials, which showed outstanding fulfillment of corporate social responsibility and was highly praised by the local people and the government and the embassies; at the same time, the Company adhered to the prevention of epidemics and terrorism to ensure double prevention and control, insisted on safe production, environmental protection and energy saving to ensure zero accidents and zero casualties, made efforts to optimize production and organization and improve production efficiency to ensure stable and high output, insisted on quick digging and selling to ensure max output and full sales, and further stabilized the fundamentals of production and operation of resource development business. All production and operation indexes greatly exceeded the budget target and the Company continued to play its role as a major profit maker.

**The overall operating results of
the resources development business in 2022**

Unit: RMB '000

	2022	% of the total	2021	Year-on-year increase
Segment operating revenue	8,866,005	1.48%	6,669,327	32.94%
Gross margin (%)	<u>36.35</u>	<u>-</u>	<u>42.67</u>	Decreased by 6.32 percentage points

Note: The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

During the Reporting Period, details of the Company's mineral resource projects under development and in operation are as follows:

(1) Papua New Guinea Ramu Nico Project

During the Reporting Period, the project achieved an annual average production rate of 105%, exceeding its production target again, and produced Ni-Co hydroxide containing 34,302 tons of nickel and 2,987 tons of cobalt in aggregate with a year-on-year growth of 9%. The Company strived to overcome the negative impact of the short-selling event in the international nickel metal futures market, optimized and adjusted its sales strategy and intensified its sales efforts. The project sold Ni-Co hydroxide that contained 37,249 tons of nickel and 3,289 tons of cobalt in aggregate with a year-on-year growth of 14%. The annual operating revenue was RMB 4.746 billion, increased by 21% year-on-year. The project achieved net profit of RMB 1.267 billion, representing a year-on-year decrease of 15.72%. Due to the continuous increase in the supply of intermediate products of hydrometallurgy in the nickel market and intensifying competition, coupled with the impact of the price differences between domestic and foreign nickel markets, the discount coefficient of nickel and cobalt sales dropped significantly, resulting in a year-on-year decrease in net profit of the project by approximately RMB 236 million.

(2) *Pakistan Saindak Copper-Gold Mine Project*

During the Reporting Period, the project successfully completed the signing of the fourth 15-year lease renewal agreement, and successfully withstood multiple challenges such as terrorism prevention, and heavy rainfall and flooding, and was awarded the “Outstanding Practice of Overseas Security” in 2022, and the “Outstanding Unit of Chinese Enterprises” by the All Pakistan Chinese Enterprises Association, and received written praise from the Chinese Consulate General in Karachi. In 2022, the project achieved a 21% overproduction of ore mining target, and affected by a significant drop in the grade of raw ore in the East Ore Body, 16,346 tons of crude copper was produced with a year-on-year decrease of 13%. The project achieved operating revenue of RMB 1.508 billion throughout the year, representing a year-on-year increase of 12.62%. The project has commenced mining and beneficiation expansion project and is expected to increase crude copper production to 24,000 tons per annum upon commissioning in the fourth quarter of 2023, so as to generate good economic and social benefits for both China and Pakistan on an ongoing basis.

(3) *Pakistan Duddar Lead-Zinc Mine Project*

During the Reporting Period, the project withstood the continuous impact of the heavy rainfall and flooding, resumed production within the shortest possible time, and reduced the damage and loss to the lowest level. At the same time, it withstood the huge pressure of security and terrorism prevention, and exceeded the production target again, and the operating efficiency maintained rapid growth for two consecutive years. It was awarded the Pakistan Academy of Engineering Quality Project Award, the 8th “Outstanding Achievement Award” of the business industry of Pakistan, and the “Outstanding Unit of Chinese Enterprises” of the All Pakistan Chinese Enterprises Association, and received a written commendation from the Chinese Consulate General in Karachi. The project mined 513,000 tons of ore, produced 42,349 tons of zinc in zinc concentrate and 8,886 tons of lead in lead concentrate, representing a year-on-year increase of 20% and 22% respectively, and sold 36,730 tons of zinc in zinc concentrate and 7,881 tons of lead in lead concentrate, representing a year-on-year increase of 15% and 20% respectively. The project achieved operating revenue of RMB 823 million throughout the year, representing a year-on-year increase of 51.54%, and achieved net profit attributable to the PRC RMB 281 million, representing a year-on-year increase of 38.24%.

(4) *Pakistan Sialdik Copper Project*

During the Reporting Period, the Company completed the acquisition of three mining rights under the Sialdik copper project in Balochistan and carried out a detailed survey of the core area. Based on the results of the stage drilling, the copper ore resources of the project were estimated at 1,014 million tonnes, with 3,278,700 tonnes of copper metal and an average copper grade of 0.32%. The Company will continue with the exploration work and conduct a scientific feasibility study for the development of the project.

(5) *Afghanistan Aynak Copper Mine Project*

During the Reporting Period, the Company conducted negotiations with Afghanistan on the solution regarding significant issues that hinder project progress under the principle of equality and mutual benefits and safeguard the legitimate rights and interests of the Company in a reasonable and orderly manner. The Company will continue to strive to improve the effectiveness of its investment in the project through contract negotiations and to promote actual progress of the project.

(6) *Luoyang Silicon Polysilicon Project*

During the Reporting Period, the Company's subsidiary Luoyang Silicon High Technology Company Limited ("**Luoyang Silicon**") produced 6,508 tons of polysilicon and sold 6,585 tons of polysilicon. It produced 11,435 tons of new silicon-based materials. It achieved sales revenue of RMB 1,789 million, representing a year-on-year increase of 104%, including sales revenue from new products of more than RMB 290 million, representing a year-on-year increase of 164%, and realised net profit of RMB 422 million, representing a year-on-year increase of 269%.

The electronic information material transformation and upgrading project is an "import substitution" project that fills the gap in the market of high-end silicon based materials in China. The technology comes from the achievements of the national industrial foundation projects and the major projects of Zheng-Luo-Xin Independent Innovation Demonstration Zone undertaken by Luoyang Silicon. Many achievements have reached the international leading level through appraisal, meaning a broad development prospect. The project is developed in two phases: the first phase of the project covering an area of 350 mu, to build 300t/a of fusion

grade polysilicon, 6,000t/a of VAD tetrachlorosilicon, and PCVD grade silicon tetrachloride, electronic grade silicon tetrachloride, trichlorosilane, dichlorodihydrosilane, raw material grade and electronic grade hexachlorodisilane, ethyl orthosilicate and other semiconductor electronic materials; the project was planned to be completed and put into production in the first quarter of 2023; the second phase of the project adopt the batch-by-batch construction mode for anchoring new products that have made breakthroughs, expanding the production scale of high-purity polysilicon, and building 10 new products such as electronic special gas and precursor materials. At present, the first batch of nine products in the second phase has been successfully developed and is available for industrialization. Its feasibility study has been completed and it is scheduled to commence construction in 2023.

In the future, Luoyang Silicon will actively carry out the corporate mission of “shouldering the national responsibility and making up for the shortcomings of basic materials”, adhere to the development idea of “high end, multiple varieties, small batch and high profit”, and base itself on the field of integrated circuits and optical communications to steadily expand into related technical fields. It will strive to build a national forward-looking innovation centre and production base of basic materials with an output value exceeding RMB 10 billion, and undertake to lead China’s silicon-based materials industry to a higher level, thus consolidating and enhancing the position and increasing the say of China in the optical communication and semiconductor industry.

(III) Analysing on core competitiveness during the Reporting Period

In the metallurgical engineering 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 reformatational and innovation capabilities as well as irreplaceable whole-industry chain integration advantage in metallurgical construction, the Company shoulders the state responsibility of bringing 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 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 stays ahead of the curve internationally and sets its eyes on the growth of the 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 the ferrous metallurgy field, as well as technical competitiveness in the eight major business lines of iron and steel engineering, which fully represents China's strength and level in technological development and engineering construction in the ferrous metallurgy field.

In 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 construction, property, municipal infrastructure, comprehensive industrial engineering construction and equipment installation sectors. In 2022, the Company ranked sixth in the "Global Contractors 250" issued by ENR. The Company has 12 Class A scientific research and design institutes, and 15 large-scale construction enterprises, with 5 comprehensive Class A design qualifications and 42 special-grade general contracting construction qualifications. The Company has obtained extra-grade qualifications including 7 for highway construction, 7 for municipal utilities construction and 14 for 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 into the entire industry chain to provide more comprehensive services 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, and has achieved a leading position in the industry. The Company has a large number of patented 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 which meets the highest discharge standard, and accounts for 60% of the market share in the field of large-scale incineration power generation consulting and design in China. The Company has 28 national technological research and development platforms and technology research institutes with the themes of utility tunnels, sponge cities, beautiful countryside and smart cities, theme parks, water environment, and healthcare

and recreation. The Company has more than 47,000 active patents in total. In particular Research Institute for Theme Park Studies in China, the only professional design institute of theme park, has achieved “made in China” in terms of theme park design, raw materials and construction, with manufacturing capacity of producing steel structures, especially deformed steel structures. In addition, the Company has 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 and plenty of other metal, and having developed digital surveying and geographic information systems 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 industry field, the status of the Company in the industry has been improving, and its brand influence has also been increasing steadily. MCC Real Estate ranked 36th in the “Top 100 Real Estate Developers in China” in 2022, and was awarded “Top 10 in Profitability” and the “Top 10 in Stability” for seven consecutive years and won “Annual Social Responsibility Enterprises of Property Services in China”, “Real Estate Enterprise with Excellent Products in China”, and “China Excellent Operator of Special Real Estate – Urban Development Operator”. MCC Real Estate was awarded “China Leading Property Companies in terms of Technology Empowerment”, and “Leading Brand Enterprises in Specialized Operation of Property Service in China”. The Company achieved a leap development from property developers to urban development operators. 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) Summary

The highlights of the Company's financial position as at 31 December 2022 and the operating results for 2022 are as follows:

- Operating revenue amounted to RMB 592,669 million, representing an increase of RMB 92,097 million or 18.40% from RMB 500,572 million in 2021.
- Net profit amounted to RMB 12,927 million, representing an increase of RMB 1,320 million or 11.37% from RMB 11,607 million in 2021.
- Net profit attributable to Shareholders of the listed Company amounted to RMB 10,272 million, representing an increase of RMB 1,897 million or 22.66% from RMB 8,375 million in 2021.
- Basic earnings per Share amounted to RMB 0.45, and the basic earnings per Share in 2021 amounted to RMB 0.35.
- As at 31 December 2022, total assets amounted to RMB 585,384 million, representing an increase of RMB 41,914 million or 7.71% from RMB 543,470 million as at 31 December 2021.
- As at 31 December 2022, Shareholders' equity amounted to RMB 161,909 million, representing an increase of RMB 10,521 million or 6.95% from RMB 151,388 million as at 31 December 2021.
- Value of newly signed contracts amounted to RMB 1,343,574 million, representing an increase of RMB 138,594 million or 11.50% from RMB 1,204,980 million in 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, operating revenue from the principal business segments of the Company is as follows:

(1) Engineering Contracting Business

Operating revenue amounted to RMB 550,441 million, representing an increase of RMB 88,151 million or 19.07% from RMB 462,290 million in 2021.

(2) Property Development Business

Operating revenue amounted to RMB 22,727 million, representing an increase of RMB 1,311 million or 6.12% from RMB 21,416 million in 2021.

(3) Equipment Manufacturing Business

Operating revenue amounted to RMB 12,319 million, representing an increase of RMB 696 million or 5.99% from RMB 11,623 million in 2021.

(4) Resources Development Business

Operating revenue amounted to RMB 8,866 million, representing an increase of RMB 2,197 million or 32.94% from RMB 6,669 million in 2021.

(5) Other Businesses

Operating revenue amounted to RMB 4,752 million, representing a decrease of RMB 1,410 million or 22.88% from RMB 6,162 million in 2021.

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

(III) Major Financial Data by Quarter in 2022

Unit: RMB '000

	The first quarter (January– March)	The second quarter (April–June)	The third quarter (July– September)	The fourth quarter (October– December)
Operating revenue	118,026,827	171,174,915	107,842,179	195,625,151
Net profit attributable to Shareholders of the listed Company	2,681,072	3,189,983	840,342	3,560,960
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	2,581,676	3,036,892	985,772	3,063,851
Net cash flow generated from operating activities	<u>(14,542,276)</u>	<u>14,709,984</u>	<u>(1,737,272)</u>	<u>19,722,625</u>

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

1. Risks associated with the macro-economy

With increasing changes unseen in a century, the world situation is complex and volatile, the global economy is at risk of stagnation and recession, and a new round of technological revolution and industrial change is reshaping the global economic structure. Uncertainties such as the international competition has intensified and the Russia-Ukraine conflict caused severe turbulence in the global economy, interest rate hikes in major developed economies overlap the strong US dollar effect, global financial markets are under increased pressure to make adjustments, emerging economies especially face significantly increased pressure to repay their debts, and the risk of instability in the global financial markets clearly increases. In the face of complex macro situation and exceptionally severe development environment, China's economy has continued to recover from the pressure under the influence of a series of economic stabilization policies. However, the three-fold pressure from “contracting demand, supply shocks and weak expectations” has posed increasing impact on the economic operation and slowed down the economic recovery.

In order to effectively respond to the adverse impact of the macro economy, the Company takes the four major business segments as the breakthrough point, collects information on, tracks and analyzes macro-economic and industrial policies in a timely manner, accurately and deeply grasps the spirit of the policy documents, and improves judgment and accuracy of future trends. For major policy changes and industry trend changes at important time points, the Company issues the Research Reference Information internally to timely prompt its subsidiaries to pay more attention to and deal with macroeconomic and industrial policy risks. At the same time, the Company will prudently evaluate macroeconomic and policy risks, identify, analyze and evaluate possible significant risks in its areas of responsibility in combination with changes in the internal and external environment, make appropriate adjustments to its business strategies, fully utilize and explore positive development conditions, and ensure stable development of the Company.

2. Risks associated with the traditional metallurgical engineering business segment

Currently, the restructuring of the iron and steel industry and the optimization and upgrade of the industry will continue and deepen. Underpinning the upgrade and adjustment of product structure of the transformation of the manufacturing industry in China, the merger and reorganization of iron and steel enterprises, and the greening and intelligent development are the theme of development of domestic iron and steel industry, and bring a range of market opportunities for quality efficiency adjustments and upgrades. From an overseas perspective, despite the unprecedented complexity of the current international situation, the cooperation and mutual benefit of all countries is a long-term trend, and the overseas market is still an important pole for the future growth of the metallurgical engineering sector of the Company.

In the face of the prevailing complex market environment, the Company will establish a foothold in the domestic market, promote domestic and overseas mutual circulation, aim to become the superior all-round solution provider of metallurgical construction and operation with superb core competitiveness, pay continuous attention to the cost risks caused by the fluctuation of raw material prices and rising labor costs, continuously consolidate its position as the world's first-class metallurgical construction national team, and continuously improve its core competitiveness and brand influence in the global iron and steel engineering technology.

3. Risks associated with the non-steel engineering segment

Risks relating to non-steel engineering are closely related to national strategic and fixed asset investments policies, in particular key projects such as rail transit, airports and highways tend to face the most intense competition among construction companies. Recently, the State has promulgated policies to encourage greater investment in urban infrastructure construction. In general, “New Infrastructure and New Urbanisation Initiatives and Major Projects”, rural revitalization and infrastructure construction remains one of the key elements of the “14th Five-Year Plan”. In terms of regional development, emphasis will be placed on strengthening the coordinated development of the Beijing-Tianjin-Hebei Region, the integration of the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing urban agglomeration.

The Company will firmly seize the opportunities of expanding its infrastructure investment, continue to adhere to the key market development principle of “focus on quality markets, focus on quality customers and focus on quality projects”, build a business structure to be in line with the market, establish a “big marketing” concept, actively innovate its business model, rapidly expand its market size, comprehensively enhance the Company’s competitiveness in the infrastructure market and emerging businesses, such as expressways, municipal infrastructure, rail transit and new urbanization, become the most reliable general contractor known by the world and domestic leading infrastructure, and secure more market share.

4. Risks associated with the property development business segment

In 2022, the real estate market faced serious challenges due to the crises of suspension of projects and broken capital chains of many real estate companies. The central and local governments have gradually loosened their property control policies to stabilize market expectations. However, there was a time lag in the market response, and consumer demand for housing has yet to be stimulated.

In order to actively adapt to the requirements of the situation and market changes, the Company will further accelerate the transformation from a “property developer” to a “city operator” and from focusing on “commodity attributes” to highlighting “livelihood attributes”. The Company will insist on the positioning of “houses are for living in, not for speculation”, strictly adhere to the “Three Red Lines”, focus on rigid demand and improved demand to explore new potential, focus on product structure, service model and cash flow, further control the pace of land acquisition, improve the ability of payment collection of projects, solve the problem of existing projects, ensure the efficiency of new projects, achieve steady development, continue to do a good job to ensure the delivery of buildings, people’s livelihoods and stability, and improve the product, service and brand power as a whole.

5. Risks associated with financial segment

The downward pressure on the global economy continues to mount with increasing risk of recession and sharply increasing geopolitical tensions, reshaping the industrial chain and supply chain pattern becomes the theme. It is expected that the global economic growth will slow down, inflation will fall, and the pace of interest rate increase will slow down. The foundation of China's economic recovery is not solid, and the three-fold pressure from contracting demand, supply shocks and weak expectations are still relatively strong, but the long-term positive fundamentals remain unchanged, the economy is expected to rebound in general and the monetary policy is expected to remain stable.

In order to prevent risks in the financial sector, the Company paid close attention to policy directions and market changes, strengthened dual control of financing, enhanced coordination and operation, continued to optimize its financing structure, attracted low-cost capital, and improved the efficiency of capital utilization. The Company carried out capital operations and optimize its capital structure by tapping the capital market. It adhered to the neutral management concept of exchange rate risk, coordinated our control over foreign exchange risk exposures, strictly adhered to the principle of hedging, prudently carried out foreign exchange hedging business, and proactively prevented and resolved foreign exchange risks.

6. Risks associated with bulk commodity prices

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

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

7. Risks associated with international operations

The Company's operations in various countries and regions are subject to local political, economic, social, legal, exchange rate and other environmental factors. On the other hand, the derivative risks caused by global economic downturn continue, which may result in the failure to complete construction work on time, cost overruns, disputes arising from claims, difficulties in contractual performance and increased risks in the operation of mining projects, etc., which in turn affect the revenue and profit of the Company's overseas business.

The Company shall supervise each subsidiary and foreign institution to scientifically formulate safety plan, make risk assessment and emergency drills, and ensure the health and safety of employees; at the same time, we summed up the experience and lessons learned from the international operation in terms of market expansion and project implementation, studied the policies, regulations and humanities environment of the overseas projects in-depth, established good long-term collaborative relationships with local partners, made every effort to decrease the risk of international operating by securing projects with more favourable contract terms and dynamically monitoring the projects under construction.

8. Environmental and safety production risks

We implement all-rounded environmental protection measures, resolutely fight the battle against pollution, and insist that green, low-carbon circular development has become an important national strategy, enterprises shall pay more attention to ecological civilization and environmental protection. The Company is engaged in a number of industries, including engineering contracting, property development, equipment manufacturing and resource development. Numerous subsidiaries and respective projects result in more stringent requirements on ecological and environmental protection management for the enterprises. As a construction and production enterprise, safety risks exist in all aspects of the Company's production and operating activities, which may lead to safety accidents due to unsafe human behavior, unsafe material conditions, unsafe environmental factors, etc., which in turn may harm the health of employees, cause certain economic losses to the enterprise and damage the reputation of the enterprise.

In order to deal with the above environmental and safety production risks, the Company will continue to actively put into practice the green development ideology that “Lucid Waters and Lush Mountains are Invaluable Assets”, persist in the requirements of the relevant national laws and regulations of energy conservation and environmental protection, strictly implement an accountability system on enterprise bodies, continuously improve the energy conservation and environmental protection system, enhance daily supervision, and proactively initiate environmental pollution control. Also, the Company will continue to improve the safety management system, strengthen the implementation of responsibility system for safe production, strengthen the supervision of production safety, carry out training and education of production safety, implement strict safety control of the team in charge, strictly investigate the accident responsibility, and resolutely curb the occurrence of major and above production safety accidents.

9. Risks associated with data fraud or theft

In order to keep state secrets confidential, protect trade secrets, and protect national and corporate security, the Company has formulated a set of relatively comprehensive rules and regulations on confidentiality. The Company adopts various promotional and educational measures regularly in order to raise the awareness of information confidentiality amongst employees. The Company randomly assesses the information confidentiality of its subsidiaries every year, conducts interviews, investigates and reviews systems, recorded documents and conducts on-site investigations. We carried out a comprehensive inspection on the operation of the confidentiality management system and rectify any issues discovered within a period of time. The Company has specially purchased the domestically-prescribed classified computers and timely updated the protection system, arranged for the person to be responsible for the management, and strictly abided by the principle of “no internet with secrets and no secrets on internet”. During the Reporting Period, the Company was not involved in any data fraud and theft cases.

10. Cyber risk and security

Driven by the digital transformation needs of enterprises, the number of information system is surging, and the security requirements for network transmission, application systems and information data have increased significantly. Besides, the Company endeavors to expand the overseas markets for gradual enhancement in international influence. The risk from cyber attacks to the information system has increased subsequently. The occurrence of the risk events may cause adverse impacts on the production and operating activities of the Company.

In order to effectively prevent and control cyber and information security protection risks, and strengthen security protection capabilities, the Company has established a comprehensive safety protection system in accordance with relevant national network security laws, regulations, rules and requirement, and continuously promoted the optimization and upgrade of enterprise information technology infrastructure and application systems. The Company regularly carries out verification and optimization of security monitoring and protection policies, conducts vulnerability scanning for various information systems and server hosts, rectifies and strengthens the identified problems in a timely manner, and conducts retesting to ensure the security and stability of the data usage environment. The Company has attached great importance to the construction of network outlet security protection capacity, deployed network security equipment such as firewalls, WAFs, IDSs and IPSs to defend against external network attacks. At the same time, the online security monitoring platform and automated network monitoring and early warning platforms for state-owned enterprises are deployed to monitor the status of the network on a real-time basis and make timely rectification of abnormal behaviors to make sure the Company's network and information security is infallible.

V. THE COMPANY'S DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Landscape and trend of the industry

In 2023, it is estimated that the steel industry will still face some problems, such as overcapacity, the apparent shortage of iron ore resources, tight energy and environmental constraints, etc. Affected by the global economic recession and the increasingly complex international market environment, and different levels of profitability and debt ratios and varied ability to resist risks of steel companies. It is expected that mergers and acquisitions in the industry will accelerate, and the industry concentration will further improve. At the same time, China's direct and indirect steel exports are under greater pressure. Under the general working principle of "seeking progress while maintaining stable" of China's economy, the gradual release of the effect of stabilizing economy policies will benefit the steel industry and provide strong support for steel consumption. In addition, in the context of the new trend of green development and "dual-carbon" policy, the steel industry will increase investment in green and intelligent upgrade and transformation, and low-carbon production technology innovation, energy saving and emission reduction, intelligent manufacturing, etc. will become the key development direction of steel enterprises. The growing popularity of greening and intelligence in the steel industry provides huge development opportunities for the Company.

At the same time, the development of China's construction industry has ushered in huge changes and is experiencing a shift from a high-speed growth phase to a high-quality development one, and continues to develop in the direction of industrialization, greening and intelligence, which poses a huge challenge to the production methods and management models of the construction industry.

In 2022, the total value of the construction industry in China was RMB 31,198.0 billion, representing a year-on-year increase of 6.5%. The scale of the construction industry was still huge, and its position as a pillar of the national economy was stable. While the construction industry became bigger and stronger, the industry concentration got higher, the market share of state-owned construction enterprises steadily increased, the business and regional layout gradually became the same, and the industry competition became more and more fierce. The housing construction market had limited increment, and huge stock and urbanization development was changing from incremental expansion mainly in new city construction to stock quality improvement mainly in urban renewal. The infrastructure sector contained a wide range of space. In order to stabilize the economy and ensure the achievement of the annual targets, the central and local governments will issue policy packages to stabilize the economy. The "New Infrastructure

and New Urbanisation Initiatives and Major Projects”, rural revitalization and regional coordinated development to make up for shortcomings and benefiting people’s livelihoods are still the key investment directions for infrastructure.

The economy is facing downward pressure, stable growth, cross-cycle adjustment is approaching, and the construction industry is expected to usher in the policy-driven and “construction +” double development opportunities. The “New Infrastructure and New Urbanisation Initiatives and Major Projects” construction is expected to intensify, and infrastructure investment is expected to be moderately ahead of expectations. At the same time, the construction industry actively embraces the “new economy”, actively lays out new industries around the “construction +”, and BIPV, energy storage, carbon pool, etc. become the key layout areas. In respect of the investment system reform, the country continues to launch and improve the PPP, REITs and other new models, pushing construction enterprises to make huge adjustments in resource allocation, business model and management system, which accelerated innovation and development of construction enterprises.

The Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Building Industrialisation (《關於推動智能建造與建築工業化協同發展的指導意見》) jointly issued by 13 ministries and commissions including the Ministry of Housing and Urban-Rural Development in 2020, proposed that by 2025, the policy system and industrial system of the coordinated development of intelligent construction and building industrialization in China will be basically established, which will promote the formation of a number of leading enterprises in intelligent construction, lead the transformation and upgrade of small and medium-sized enterprises to intelligent construction and create an upgraded version of “Made in China”. In 2023, the Company will continue to promote digital transformation to become a leading enterprise in intelligent construction, thus taking the lead in the new wave of digital development of the construction industry.

In February 2022, the Ministry of Housing and Urban-Rural Development issued a notice on the “Construction Enterprise Qualification Standards (Draft Request for Comments)” (《建築業企業資質標準 (徵求意見稿)》) and other four qualification standards for public comments. According to the notice, the new qualification standards for construction enterprises have undergone tremendous changes: it was clearly stipulated to transform the special qualification into comprehensive qualification, the Level One construction general contracting into Grade A general contracting, the Level Two and Level Three construction general contracting into Grade B general contracting, Level One professional contracting into Grade A professional contracting, Level Two and Level Three professional contracting into Grade B professional contracting. The national reform of the qualification

management system will further promote the construction industry to strengthen the trend of “survival of the fittest”.

In the face of future opportunities and challenges, the Company will firmly resolve to further seize opportunities, take the initiative, and leverage the momentum. The Company will be fully prepared to not only give full play to the synergy effect of the integration of the entire industry chain, but also have the flexibility and efficiency to turn the whole chain into breakthroughs, thus actively and properly dealing with various competitive relationships.

(II) Development strategy of the Company

With “One Creation, Two Best and Five Strongest“ as the goal, the Company insists on innovation and accelerate integration development, puts forward the strategic positioning of “being world-class national team for metallurgical construction, the main force and pioneer team in infrastructure construction, the leader and front-runner in emerging industries, and long-term adherence to pursuing the path of quality innovation and development with advanced technologies”. “Four Beams and Eight Columns” is the business system and product positioning under this strategic positioning, which is the organic unity of future development direction, ambitious goals and realization path, closely related to each other and in line with each other.

“Four Beams” represents four business sectors namely metallurgical construction, project contracting, emerging industries and comprehensive real estate.

“Eight Columns” represents metallurgical engineering and operation services, mine engineering and operation services, core equipment and steel structures, building and urban renewal, transportation and municipal and other projects, eco-environmental protection and tourism projects, new energy and mineral resources development, green health and intelligent real estate.

One Creation, Two Best and Five Strongest: “One Creation” means creating a world class enterprise with global competitiveness as the guidance; “Two Best” is to build the best full-service solution provider for metallurgical construction and operation with super core competitiveness, and the most reliable general contractor known by the world and domestic leading infrastructure as the target; “Five Strongest” is to build the Company into a world class investment and construction group with strong value creation, market competitiveness, innovation driving force, resource allocation force and cultural soft power.

World-class national team for metallurgical construction: We always strive to hold a leading global position and pursue development opportunities in the metallurgical industry. We, in accordance with the world-class standards, concentrate the best talents from 8 major parts and 19 business units of metallurgy, and continuously increase the investment in research and development. We aim for the major and frontier areas of metallurgical engineering. We improve the innovation ability of key links and key areas, focusing on breakthroughs in a number of key technologies and major equipment and iteratively upgrading the core technologies so as to always stay at the top. By integrating the resources of research and development, consulting, design, equipment, construction and operation within and outside the Company, and integrating the resources of domestic and foreign strategic customers, core equipment manufacturers and information service providers, the Group is able to improve the “professional chain + industry chain” to make the advantageous chains better, strengthen the weak chains and supplement the missing chains. The Company will remain irreplaceable with its advantages of integration of full chain. The Company will also seize the opportunities brought by the supply-side structural reform in the domestic steel market, actively lay out the metallurgical construction structural adjustment, industry layout, process optimization, technology transformation and equipment upgrade, and develop overseas markets by adhering to the three principles of “technology, cost and cooperation”. With technical innovation as the guide, we will realise the integration of planning, design, construction, service and raw materials, the whole process and the whole life cycle output, and realise the internal expansion and outward expansion of the market with continuous innovation ability. The Company will accelerate the development of the world’s first national team for metallurgical construction, operation and service, and assume the national responsibility of leading China’s metallurgy enterprise to go out at a higher level.

Main force and pioneer team in infrastructure construction: With the attitude of “main force” and “pioneer team”, we will grasp the “Belt and Road” policy, explore the huge potential of countries in the field of infrastructure construction along the Belt and Road. We will fully utilize our synergy advantages in the whole industry chain, and lead the development of the market with technological innovation to become a deep participant in the construction of urban infrastructure in target countries. We will cultivate and plan a number of high-quality, high-efficiency and distinctive brand projects. We will closely focus on the strategic layout of the coordinated development of national regions such as the joint development of Beijing, Tianjin and Hebei, the construction of Xiong’an New Area, the construction of Guangdong-Hong Kong-Macao Greater Bay Area, and the integrated development of Yangtze River Delta. In addition, we will give full play to our comparative advantages in the infrastructure business fields such as housing construction, transportation and municipal infrastructure construction, and medium and high-end real estate, and will

increase our market breakthrough and influence by actively participating in the construction of new infrastructure facilities such as urban railways, extra-high voltage stations, 5G networks, and data centres. We will strive to be the driving force in the construction of national infrastructure and the implementation of the “Belt and Road” initiative. In the face of the development trend of industrialization of construction, we will give full play to the National Steel Structure Research Centre and the China Steel Construction Society and other advantageous resources to develop a steel structure and assembled building technology system with the characteristics of MCC, thus becoming the organization formulating national and industry-related standards and norms. We will open up the chain and links of design and manufacturing, component production, and construction to develop the Company into a prefabricated building company integrating research and development, design, manufacturing, installation and testing.

Leader and front-runner in emerging industries: taking the role of “leader” and “front-runner” of the industry, the Company keeps up with the pace of new industrialized, informationalized, urbanized and agriculturally modernized national construction, and seeks market opportunities and direction for improving the quality and efficiency of the economic development of emerging industries. The Company, guided by market demand and driven by technological breakthroughs, with capital strength and business mode as “multipliers”, obtains the dominant position in the markets of urban underground utility tunnels, large theme parks construction, sponge city, smart city, beautiful countryside, health care, environment and new energy. The Company centralizes resources coordination for conducting research on key and generic technologies for emerging industries, proactively takes the lead in compiling relevant specifications and standards, establishing relevant technical systems and standard systems, comprehensively improves overall planning and execution capabilities, and hence ensures the Company to lead the market with its state-of-the-art technology and become the industry’s leading enterprise with high-end technologies, products and markets. The Company strives to be the pioneer in the process of national new urbanized construction in the idea, design and construction, so as to achieve the successful transformation and upgrade development of the Company.

Long-term adherence to pursuing the path of quality innovation and development with advanced technologies: The Company’s conclusion of the development history of the new China steel industry with its rapid development and rapid expansion is in line with the requirements of the “New Development Concepts” and is the only way for the Company to reform and develop, to become stronger and better, and the only way to achieve the overall strategy. The systemic, comprehensive and complex nature of metallurgical engineering has enabled the Company to possess technological advantages that are not available in other construction enterprises, which

include a wide range of specialties and outstanding innovation capabilities, creating the Company's core technology in the field of metallurgical engineering. The irreplaceable integration advantages of the metallurgical industry chain and the continuous innovation capabilities have established the status of the national team for metallurgical construction and contributed to the Company's glory. "Long-term adherence to pursuing the path of quality innovation and development with advanced technologies" is to consolidate and build up technological innovation as the primary driver for development of the Company. We accelerated our research and development efforts to lead the construction industry in the future development of emerging technologies, occupying the commanding heights of technology. The Company implements the plan and deployment of the CPC Central Committee, the State Council, the SASAC and other competent authorities. We pursue high-quality development, optimize the industry layout, highlight main responsibility and main business, to promote the adjustment of the "four-beam and eight-pillar" business system. The Company has also focused on its own outstanding problems and strengthened the management system and management capability, thereby enhancing the effectiveness of the Company as a whole.

(III) Operational plan

The Company expected to achieve operating revenue of RMB 550 billion in 2022, actually achieving operating revenue of RMB 592.7 billion; expected to achieve a newly signed contract value of RMB 1,250 billion, actually achieving newly signed contract value of RMB 1,343.6 billion, surpassing the operating target.

In 2023, the Company expects to achieve operating revenue of RMB 660.0 billion and a newly signed contract value of RMB 1,400.0 billion.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

1. Analysis on the changes in the relevant items in income statement and cash flow statement

Unit: RMB '000

Items	Amount for the current year	Amount for the prior year	Change in proportion (%)
Operating revenue	592,669,072	500,571,647	18.40
Operating costs	535,516,918	447,435,146	19.69
Selling expenses	2,883,123	2,742,789	5.12
Administrative expenses	11,273,969	10,921,869	3.22
Financial expenses	940,841	1,055,115	(10.83)
Research and development expenses	18,732,632	15,901,198	17.81
Net cash flows from operating activities	18,153,061	17,640,008	2.91
Net cash flows from investing activities	(6,559,348)	(12,567,230)	N/A
Net cash flows from financing activities	(9,670,175)	(16,236,483)	N/A

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 and China's financial and monetary policies and 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, 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 trends of international and domestic macroeconomics, 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 performance of the Company business operations may vary.

- 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 significant fluctuations of prices of mineral products globally. 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 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 high-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 the 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 affect the Company's financing costs and interest income.

4) Overseas tax policies and their changes

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

(2) Major business by segment and region

Unit: RMB '000

Situation on Major Business by Segment						
Segment	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
Engineering contracting	550,440,814	501,113,886	8.96	19.07	19.37	Decreased by 0.23 percentage point
Property development	22,726,736	20,226,222	11.00	6.12	23.43	Decreased by 12.48 percentage points
Equipment manufacturing	12,319,197	10,892,637	11.58	5.99	10.41	Decreased by 3.54 percentage points
Resources development	8,866,005	5,643,306	36.35	32.94	47.58	Decreased by 6.32 percentage points

Situation on Major Business by Region						
Region	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
PRC	569,649,404	516,219,748	9.38	18.56	19.59	Decreased by 0.78 percentage point
Other countries/regions	23,019,668	19,297,170	16.17	14.43	22.24	Decreased by 5.36 percentage points

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

Explanation of major business by segment, product, region and sales mode

1) Explanation on Major Business by Segment

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 year 2022 and 2021 were 8.96% and 9.19%, respectively, with a year-on-year decrease of 0.23 percentage point.

The operating revenue of segments of the Company and their respective proportions of the total engineering contracting revenue for each of the past three years are as follows:

Unit: RMB'000

Items of revenue	2022		2021		2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	129,649,185	23.55	115,256,465	24.93	90,498,906	24.87
Housing construction engineering	287,483,146	52.23	228,220,508	49.37	165,001,421	45.33
Transportation infrastructure	105,343,715	19.14	88,338,320	19.11	77,372,999	21.26
Other engineering	27,964,768	5.08	30,474,860	6.59	31,091,801	8.54
Total	550,440,814	100.00	462,290,153	100.00	363,965,127	100.00

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

② Property development business

For the years of 2022 and 2021, the total gross profit margin of the Company's property development business was 11.00% and 23.48%, respectively, with a year-on-year decrease of 12.48 percentage points. The decrease was mainly due to the impact of adjustment and control measures of local governments and industrial cycle.

③ Equipment manufacturing business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. For the years of 2022 and 2021, the gross profit margin of the Company's equipment manufacturing business was 11.58% and 15.12%, respectively, with a year-on-year decrease of 3.54 percentage points. The decrease was mainly due to the rising price of the Company's major production raw materials that led to a larger decrease in gross profit margin.

④ Resources development business

The Company's resources development business included mining and processing. Companies including MCC Tongsin Resources Limited (MCCT) (中冶銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司) were mainly engaged in the mining business while 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 years of 2022 and 2021, the gross profit margin of the Company's resources development business was 36.35% and 42.67% respectively, with a year-on-year decrease of 6.32 percentage points. The decrease was mainly due to the significant increase in international bulk material prices.

2) Information of Major Business by Region

For the years of 2022 and 2021, the Company realized overseas operating revenue of RMB 23,019,668 thousand and RMB 20,117,266 thousand, respectively. The revenue was mainly derived from the engineering contracting business including Central Expressway in Sri Lanka, Normanton Park in Singapore, Indonesian Dexin Steel Plant, the property development business in Singapore, and the resources development business including the Ramu Nico Laterite Mine Project in Papua New Guinea.

(3) Table of cost analysis

Unit: RMB'000

Segments	Costs component	By segment				
		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 costs (%)	Percentage change in the amount for the current period as compared to that for the same period in the previous year (%)
Engineering contracting	Operating costs	501,113,886	92.52	419,814,524	92.28	19.37
Property development	Operating costs	20,226,222	3.73	16,386,721	3.60	23.43
Equipment manufacturing	Operating costs	10,892,637	2.01	9,865,876	2.17	10.41
Resources development	Operating costs	5,643,306	1.04	3,823,828	0.84	47.58

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

The major components of cost used in construction project of the Company for the same period of the recent three years are as follows:

Unit: RMB'000

Items of cost	2022		2021		2020	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	277,625,907	55.40	228,688,091	54.47	180,518,387	55.21
Materials expenses	166,957,997	33.32	137,104,977	32.66	100,136,643	30.63
Labour costs	20,277,206	4.05	20,405,670	4.86	18,101,161	5.54
Machinery usage fees	8,218,176	1.64	7,731,277	1.84	6,389,727	1.95
Others	28,034,600	5.59	25,884,509	6.17	21,802,531	6.67
Total engineering costs	<u>501,113,886</u>	<u>100.00</u>	<u>419,814,524</u>	<u>100.00</u>	<u>326,948,449</u>	<u>100.00</u>

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

(4) Information of major sales customers and major suppliers

A. Information of major sales customers of the Company

The sales of top five major sales customers amounted to RMB 21,343,343 thousand, accounting for 3.60% of the total annual sales; of which, the sales of top five major customers derived from the sales to related parties amounted to RMB 4,409,435 thousand, accounting for 0.74% of the total annual sales.

Unit: RMB'000

Customer's name	Operating revenue	Proportion of the total operating revenue of the Company (%)
Unit 1	5,281,428	0.89
Unit 2	4,409,435	0.74
Unit 3	4,332,940	0.73
Unit 4	3,889,165	0.66
Unit 5	3,430,375	0.58
Total	<u>21,343,343</u>	<u>3.60</u>

B. Information of major suppliers of the Company

The procurement of top five suppliers amounted to RMB 7,482,584 thousand, accounting for 1.39% of the total annual procurement; of which, the procurement from related parties under the procurement of top five suppliers amounted to RMB 4,878,499 thousand, accounting for 0.91% of the total annual procurement.

Unit: RMB'000

Supplier's name	Procurement for the current period	Proportion of the total operating costs of the Company (%)
Supplier 1	4,878,499	0.91
Supplier 2	788,500	0.15
Supplier 3	665,250	0.12
Supplier 4	589,445	0.11
Supplier 5	560,890	0.10
Total	<u>7,482,584</u>	<u>1.39</u>

3. Expenses

(1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, advertising and sale services expenses. In 2022 and 2021, the Company's selling expenses were RMB 2,883,123 thousand and RMB 2,742,789 thousand respectively, representing a year-on-year increase of 5.12%, which was mainly due to the Company's intensified market development and an increase in related expenses.

(2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and office expenses. In 2022 and 2021, the Company's administrative expenses were RMB 11,273,969 thousand and RMB 10,921,869 thousand respectively, representing a year-on-year increase of 3.22%, which was mainly due to the increase in labour costs.

(3) Financial expenses

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In 2022 and 2021, the Company's financial expenses were RMB 940,841 thousand and RMB 1,055,115 thousand respectively, representing a year-on-year decrease of 10.83%, which was mainly because the Company optimized the financing structure, reducing capital costs.

(4) Research and development expenses

The Company's research and development expenses include personnel labour costs, direct input costs, depreciation expenses and external research and development commission expenses. In 2022 and 2021, the Company's research and development expenses were RMB 18,732,632 thousand and RMB 15,901,198 thousand respectively, representing a year-on-year increase of 17.81%, which was mainly because the Company increased research and development investments.

4. *Research and development expenditure*

Table of research and development expenditure

Unit: RMB '000

Expensed research and development expenditure for the current period	18,732,632
Capitalized research and development expenditure for the current period	17,136
Total research and development expenditure	18,749,768
Proportion of total research and development expenditure to operating revenue (%)	3.16
Proportion of capitalized research and development expenditure (%)	<u>0.09</u>

5. *Cash flow*

The cash flows of the Company are as follows:

Unit: RMB '000

Items	2022	2021
Net cash flows from operating activities	18,153,061	17,640,008
Net cash flows from investing activities	(6,559,348)	(12,567,230)
Net cash flows from financing activities	(9,670,175)	(16,236,483)

(1) Operating activities

In 2022 and 2021, the Company's net cash flows from operating activities amounted to RMB 18,153,061 thousand and RMB 17,640,008 thousand, respectively, representing a year-on-year increase of 2.91%. For the years 2022 and 2021, the cash inflow from operating activities mainly came from the cash received from sales of products and provision of services, accounting for 98.58% and 98.71% respectively with respect to the cash inflow from operating activities. The Company's cash outflow from operating activities mainly consisted of cash paid out for commodities purchased and the labour services received, cash paid to and for staff and payment for various taxes, etc. In 2022 and 2021, such cash outflow accounted for 87.57%, 6.13%, 2.29% and 87.17%, 6.38%, 2.49%, respectively with respect to the cash outflow from operating activities.

(2) *Investing activities*

In 2022 and 2021, the Company's net cash flows from investing activities amounted to RMB -6,559,348 thousand and RMB -12,567,230 thousand, respectively. The investing activities of the Company mainly relate to engineering contracting and property development business. The Company's cash inflow from investing activities mainly consisted of recovery of related party borrowings and interests, cash receipts from recovery of investments and disposal of assets, which accounted for 63.10%, 12.86%, 11.02% and 16.04%, 62.73%, 10.97% of the cash inflow from investing activities in 2022 and 2021, respectively. Cash outflow mainly included cash paid for investment, as well as cash payments to acquire or construct fixed assets, intangible assets and other long-term assets. In 2022 and 2021, such cash outflow accounted for 49.14%, 38.74% and 28.30%, 20.22% respectively with respect to the cash outflow from investing activities.

(3) *Financing activities*

In 2022 and 2021, the Company's net cash flows from financing activities amounted to RMB -9,670,175 thousand and RMB -16,236,483 thousand respectively. A large amount of net cash outflow from financing activities was mainly due to the higher amount of cash paid for debt repayment, together with the cash for the distribution of dividends and, profit and interest paid for the current period than that of cash received from borrowings. The Company's cash inflow from financing activities mainly consisted of cash receipts from borrowings which accounted for 95.91% and 90.38% respectively of the cash inflow from financing activities for the years 2022 and 2021. The Company's cash outflow from financing activities mainly consisted of cash repayments of borrowings and cash payments for distribution of dividends, profits or settlement of interest expenses, accounting for 90.87%, 5.33% and 87.70%, 6.32% respectively of the cash outflow from financing activities for the years 2022 and 2021.

(II) Analysis on Assets and Liabilities

Assets and Liabilities

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of current period with respect to the total assets /total liabilities	Amount at the end of the previous period	Proportion of the amount at the end of the previous period with respect to the total assets /total liabilities	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period
		(%)		(%)	(%)
Current Assets	438,205,660	74.86	412,315,644	75.87	6.28
Cash and bank balances	45,485,413	7.77	41,824,464	7.70	8.75
Accounts receivable	93,439,673	15.96	83,881,695	15.43	11.39
Inventories	79,948,631	13.66	61,847,522	11.38	29.27
Contract assets	106,826,600	18.25	91,185,630	16.78	17.15
Non-current Assets	147,178,730	25.14	131,154,503	24.13	12.22
Intangible assets	22,026,293	3.76	20,878,147	3.84	5.50
Total Assets	585,384,390	100.00	543,470,147	100.00	7.71
Current Liabilities	385,844,649	91.11	358,889,666	91.53	7.51
Short-term borrowings	20,192,878	4.77	21,395,848	5.46	-5.62
Bills payable	37,186,380	8.78	37,616,532	9.59	-1.14
Accounts payable	187,160,134	44.20	155,265,041	39.60	20.54
Contract liabilities	74,016,212	17.48	87,092,166	22.21	-15.01
Non-current Liabilities	37,630,616	8.89	33,192,722	8.47	13.37
Long-term borrowings	28,840,673	6.81	25,332,533	6.46	13.85
Total Liabilities	423,475,265	100.00	392,082,388	100.00	8.01

(1) Analysis on the structure of assets

Cash and bank balances

As at 31 December 2022 and 31 December 2021, the balances of cash and bank balances of the Company were RMB 45,485,413 thousand and RMB 41,824,464 thousand, respectively, representing a year-on-year increase of 8.75%.

As at 31 December 2022 and 31 December 2021, the restricted cash and bank balances of the Company were RMB 12,017,196 thousand and RMB 10,607,640 thousand, respectively, which accounted for 26.42% and 25.36% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included acceptance bill margin deposit, deposits for the guarantee letter, frozen funds for lawsuit, project supervision funds and wage deposits for rural migrant workers, etc.

Accounts receivable

As at 31 December 2022 and 31 December 2021, the carrying value of the Company's accounts receivable were RMB 93,439,673 thousand and RMB 83,881,695 thousand, respectively, representing a year-on-year increase of 11.39%, 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 31 December 2022 and 31 December 2021, the Company's net inventories were RMB 79,948,631 thousand and RMB 61,847,522 thousand, respectively, representing a year-on-year increase of 29.27%.

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 31 December 2022 and 31 December 2021, the net contract assets of the Company amounted to RMB 106,826,600 thousand and RMB 91,185,630 thousand, respectively, representing a year-on-year increase of 17.15%, which was mainly due to an increase in contract assets related to engineering contracting services.

Intangible assets

As at 31 December 2022 and 31 December 2021, the aggregated carrying value of the Company's intangible assets were RMB 22,026,293 thousand and RMB 20,878,147 thousand, respectively, representing a year-on-year increase of 5.50%. The Company's intangible assets mainly included land use rights, franchise right, patent right 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 31 December 2022 and 31 December 2021, the carrying value of the Company's short-term borrowings were RMB 20,192,878 thousand and RMB 21,395,848 thousand, respectively, representing a year-on-year decrease of 5.62%. As at 31 December 2022 and 31 December 2021, the carrying value of the Company's long-term borrowings were RMB 28,840,673 thousand and RMB 25,332,533 thousand, respectively, representing a year-on-year increase of 13.85%.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB 103,821,087 thousand and RMB 24,926,540 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 13,608,161 thousand and RMB 12,824,062 thousand, respectively.

Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 31 December 2022 and 31 December 2021, the Company's carrying value of accounts payable were RMB 187,160,134 thousand and RMB 155,265,041 thousand, respectively, representing a year-on-year increase of 20.54%.

Contract liabilities

Contract liabilities mainly comprises contract liabilities related to engineering contracting services and sales contracts. As at 31 December 2022 and 31 December 2021, the Company's carrying value of contract liabilities amounted to RMB 74,016,212 thousand and RMB 87,092,166 thousand, respectively, representing a year-on-year decrease of 15.01%.

(III) Analysis on the Operational Information in the Industry

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 (<i>Unit</i>)	3,288	1,133	3,029	680	8,130
Total amount	<u>28,005,720</u>	<u>10,552,862</u>	<u>20,161,127</u>	<u>4,202,876</u>	<u>62,922,585</u>

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Domestic	7,763	61,087,023
Overseas	367	1,835,562
Including: Asia	184	1,233,417
Africa	82	307,997
South America	34	46,786
Europe	27	59,928
Oceania	33	3,566
North America	7	183,868
Total	<u>8,130</u>	<u>62,922,585</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)	6,155	1,695	4,568	1,681	14,099
Total amount	<u>262,118,472</u>	<u>94,545,832</u>	<u>89,425,114</u>	<u>26,214,632</u>	<u>472,304,051</u>

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Domestic	12,593	458,010,846
Overseas	1,506	14,293,205
Including: Asia	1,142	13,193,693
Africa	152	460,272
South America	88	252,915
Europe	93	329,636
Oceania	23	41,731
North America	8	14,958
	<hr/>	<hr/>
Total	<u>14,099</u>	<u>472,304,051</u>

3. Significant projects under construction

Applicable Not applicable

4. Accumulated number of newly signed projects during the Reporting Period

During the Reporting Period, the accumulated number of newly signed projects amounting to over RMB 50 million was 2,991, and the total amount was RMB 1,260.058 billion.

5. Orders on hand as at the end of the Reporting Period

As at the end of the Reporting Period, the outstanding contractual value of construction orders with an amount of over RMB 50 million amounted to RMB 2,183.150 billion in total. In particular, the value of outstanding contracts for the projects that have been signed but yet to be commenced amounted to RMB 675.698 billion, and the amount of the outstanding portion of the projects under construction was RMB 1,507.452 billion.

6. *Engineering construction qualifications of the Company*

As a national innovative enterprise, the Company has 5 integrated qualifications of Grade A for design and 42 special qualifications for construction general contracting. Among them, 5 subsidiaries each has 4 special qualifications for construction general contracting, 3 subsidiaries each has 3 special qualifications for construction general contracting, and 4 subsidiaries each has 2 special qualifications for construction general contracting, ranking among the top in China.

7. *The operation of the quality control system and production safety system of the Company*

In 2022, the operation of the quality control system of the Company was normal and the overall construction quality was under control without occurrence of any significant quality accident. The quality control system of the Company, which comprises three core levels, namely the head office, the subsidiaries and the project management departments, operated smoothly. Each of the levels stringently executes the national, industrial and local standards of quality. The Company carried out special inspections of municipal transportation projects, housing construction projects and metallurgical projects, and organized the subsidiaries to implement effective quality control on projects under construction by various measures such as self-check, regional check and special inspection, which focused on promoting standardization of quality management and building quality constructions and commenced publicity and educational activities such as “quality month” activities as safeguards.

In 2022, the Company’s safety management system functioned effectively and the production safety situation was basically stable. The Company conscientiously implemented the production safety work arrangements of the Party Central Committee, the State Council, the Ministry of Emergency Management and other higher departments, adhered to the guiding ideology of “systematic governance, addressing the root causes, addressing problems on both symptoms and root causes with focus on root causes”, and constantly improved the construction of the safety management system in combination with the tasks in the upgrading stage of the national three-year action for special rectification of production safety and the 15 strict measures for production safety. The Company deepened the understanding and awareness of the uttermost importance of production safety at all levels, comprehensively and thoroughly carried out the investigation and treatment of security risks, vigorously promoted standardization of construction and fully implemented the main responsibility of enterprises. The Company has convened six production safety conferences successfully, conveyed

the spirit of the instructions of the Party Central Committee and the State Council at the earliest time, and strictly implemented the “15 Measures for Production Safety” of the State Council, especially for high-risk industries, key areas and key links of production safety, and carried out repeated deployment and implementation. The Company reinforced entity responsibility through all levels, and leaders at all levels earnestly fulfilled the “one position with two responsibilities” of production safety. The leaders of the Company head office carried out a total of 73 rounds of inspections throughout the year, and the leaders of all subsidiaries carried out a total of 5,199 rounds of inspections. The Company insisted on systematic governance and addressing the root causes, further improved the system, formulated and strictly implemented the rules on production safety at construction sites and the implementation details of leading shifts to strengthen on-site safety management; strongly implemented the safety director system, opened up career paths for safety management personnel, strictly implemented the special subsidy system, and comprehensively strengthened the construction of safety management teams. The Company is committed to the principle of prevention as the first and practice as the backing, and on the basis of “Four Don’ts and Two Directs” and systematic linkage inspections, constantly innovated the inspection mode, comprehensively carried out the “guarantee” inspection, and paid close attention to the investigation and treatment of hidden dangers. A total of 1,164 key projects under construction were inspected throughout the year, and 11,765 potential safety hazards were eliminated. The Group has ensured the standardization of safety and civilisation with the guidance of “on-site recycling market”. 21 projects were awarded the honorary title of “standardized construction sites for safe production in national construction projects”, 226 projects were awarded provincial-level safety and civilized standard chemical sites, and 217 projects were awarded provincial-level safety and civilized standard chemical sites, setting benchmarks for MCC.

8. *Financing arrangements 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 101.122 billion, representing an increase of 7.18% 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 62.483 billion and RMB 38.639 billion, respectively, which contributed to the further optimization of financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB 31.663 billion and RMB 69.459 billion, respectively.

(IV) Investment analysis

1. Overall analysis on external equity investments

As at 31 December 2022 and 31 December 2021, the net assets of the Company's trading financial assets were RMB 178,026 thousand and RMB 1,107 thousand, respectively. As at 31 December 2022 and 31 December 2021, the net long-term equity investments of the Company were RMB 31,863,695 thousand and RMB 30,328,766 thousand, respectively, representing an increase of 5.06% compared to the beginning of the year. As at 31 December 2022 and 31 December 2021, the net investment in other equity instruments of the Company amounted to RMB 939,925 thousand and RMB 786,855 thousand, respectively, representing an increase of 19.45% as compared to the beginning of the year. As at 31 December 2022 and 31 December 2021, the Company's other net investment in non-current financial assets amounted to RMB 4,477,895 thousand and RMB 4,711,041 thousand, respectively, representing a decrease of 4.95% as compared with the beginning of the year.

2. Financial assets measured at fair value

Equity interests in other listed companies at fair value through profit or loss

No.	Stock variety	Stock code	Stock abbreviation	Initial investment amount (RMB)	Number of shares held (share)	Carrying amount at the end of the period (RMB)	Percentage	Gain or loss
							in securities investment held at the end of the period (%)	incurred in the Reporting Period (RMB)
1	Shares	601005	Chongqing Iron and Steel (重慶鋼鐵)	360,600	167,720	264,137	17.45	(86,399)
2	Shares	600787	CMST Development Corp (中儲股份)	498,768	57,528	571,828	37.76	(146,121)
3	Shares	000539	GED (粵電力A)	23,955	6,371	35,359	2.34	(3,504)
4	Shares	600515	Hainan Airport (海南機場)	264,438	83,683	434,315	28.68	169,876
5	Shares	600221	Hainan Airlines Holding (海航控股)	206,343	110,937	208,562	13.77	2,219
Total				<u>1,354,104</u>	<u>/</u>	<u>1,514,201</u>	<u>100.00</u>	<u>(63,929)</u>

Equity interests in listed companies at fair value through other comprehensive income

Unit: RMB'000

Stock code	Stock abbreviation	Initial investment cost	Percentage of shareholding at the beginning of the period (%)	Percentage of shareholding at the end of the period (%)	Carrying amount at the end of the period	Gain or loss incurred during the Reporting Period	Changes in owners' equity during the Reporting Period	Accounting category
000709	Hesteel	4,600	0.018	0.018	4,287	190	(379)	Investments in other equity instruments
601328	Bank of Communications	89,697	0.108	0.107	199,958	14,973	5,586	Investments in other equity instruments
000939	Kaidi Ecological	2,502	1.100	1.100	-	-	-	Investments in other equity instruments
600642	Shenergy	188	0.001	0.001	247	9	(85)	Investments in other equity instruments
000005	Fountain	420	0.035	0.035	698	-	(160)	Investments in other equity instruments
600665	Tande	1,122	0.018	0.018	613	21	122	Investments in other equity instruments
601005	Chongqing Iron and Steel	170,080	0.568	0.568	75,196	-	(24,272)	Investments in other equity instruments
Total		<u>268,609</u>	<u>/</u>	<u>/</u>	<u>280,999</u>	<u>15,193</u>	<u>(19,188)</u>	

Equity interests in non-listed financial companies held

Name of investee	Initial investment amount (RMB'000)	Number of shares held (share)	Percentage of shareholding to the Company (%)	Carrying amount at the end of the period (RMB'000)	Gain or loss incurred during the Reporting Period (RMB'000)	Change in owners' equity during the Reporting Period (RMB'000)	Accounting category	Source of shares
Changcheng Life Insurance Co., Ltd. (長城人壽保險股份有限公司)	30,000	-	0.54	30,000	-	-	Investments in other equity instruments	By acquisition
Hankou Bank Company Limited (漢口銀行股份有限公司)	27,696	-	0.63	67,910	40,214	-	Investments in other equity instruments	By acquisition
Total	<u>57,696</u>	<u>-</u>	<u>/</u>	<u>97,910</u>	<u>40,214</u>	<u>-</u>		

VII. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

31 December 2022

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Current Assets:		
Cash and bank balances	45,485,413	41,824,464
Financial assets held for trading	178,026	1,107
Derivative financial assets	–	114,790
Bills receivable	5,127,425	3,425,229
Accounts receivable	93,439,673	83,881,695
Receivables at FVTOCI	10,346,388	11,857,791
Prepayments	36,352,532	46,111,033
Other receivables	48,071,717	67,766,635
Inventories	79,948,631	61,847,522
Contract assets	106,826,600	91,185,630
Non-current assets due within one year	4,896,108	2,241,185
Other current assets	7,533,147	2,058,563
	<hr/>	<hr/>
Total Current Assets	438,205,660	412,315,644
	<hr/> <hr/>	<hr/> <hr/>
Non-current Assets:		
Long-term receivables	35,841,643	30,386,163
Long-term equity investments	31,863,695	30,328,766
Investments in other equity instruments	939,925	786,855
Other non-current financial assets	4,477,895	4,711,041
Investment properties	7,871,895	7,327,797
Fixed assets	25,411,113	25,117,809
Construction in progress	4,077,347	4,379,190
Right-of-use assets	860,236	591,878
Intangible assets	22,026,293	20,878,147
Goodwill	54,315	55,896
Long-term prepayments	396,200	293,791
Deferred tax assets	6,260,115	6,056,805
Other non-current assets	7,098,058	240,365
	<hr/>	<hr/>
Total Non-current Assets	147,178,730	131,154,503
	<hr/> <hr/>	<hr/> <hr/>
TOTAL ASSETS	585,384,390	543,470,147
	<hr/> <hr/>	<hr/> <hr/>

Items	31 December 2022	31 December 2021
Current Liabilities:		
Short-term borrowings	20,192,878	21,395,848
Derivative financial liabilities	200,670	4,413
Bills payable	37,186,380	37,616,532
Accounts payable	187,160,134	155,265,041
Receipts in advance	92,382	135,118
Contract liabilities	74,016,212	87,092,166
Employee benefits payable	2,254,726	2,055,773
Taxes payable	5,525,953	5,097,306
Other payables	28,228,858	27,582,380
Non-current liabilities due within one year	11,981,744	13,218,552
Other current liabilities	19,004,712	9,426,537
	<u>385,844,649</u>	<u>358,889,666</u>
Total Current Liabilities		
Non-current Liabilities:		
Long-term borrowings	28,840,673	25,332,533
Bonds payable	1,300,000	220,000
Lease liabilities	569,000	369,145
Long-term payables	615,009	1,050,081
Long-term employee benefits payable	3,506,754	3,887,979
Provisions	1,081,743	811,797
Deferred income	1,078,553	1,465,004
Deferred tax liabilities	178,523	56,183
Other non-current liabilities	460,361	–
	<u>37,630,616</u>	<u>33,192,722</u>
Total Non-current Liabilities		
TOTAL LIABILITIES	<u>423,475,265</u>	<u>392,082,388</u>

Items	31 December 2022	31 December 2021
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	28,500,000	23,700,000
Including: Perpetual bonds	28,500,000	23,700,000
Capital reserve	22,601,592	22,612,919
Other comprehensive income	1,084,471	(201,624)
Special reserve	119,813	12,550
Surplus reserve	2,976,424	2,692,992
Retained earnings	45,102,415	37,954,521
Total Shareholders' equity attributable to Shareholders of the Company	121,108,334	107,494,977
Non-controlling interests	40,800,791	43,892,782
TOTAL SHAREHOLDERS' EQUITY	161,909,125	151,387,759
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	585,384,390	543,470,147

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

31 December 2022

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Current Assets:		
Cash and bank balances	4,562,014	5,017,042
Derivative financial assets	–	114,325
Accounts receivable	390,950	173,325
Prepayments	241,723	717,175
Other receivables	69,564,542	60,379,167
Inventories	877	1,107
Contract assets	829,494	1,482,927
Non-current assets due within one year	2,037	2,037
Other current assets	–	1,481
Total Current Assets	75,591,637	67,888,586
Non-current Assets:		
Long-term receivables	241,531	632,590
Long-term equity investments	97,969,791	97,647,601
Investments in other equity instrument	687	553
Fixed assets	18,393	11,947
Right-of-use assets	40,474	691
Intangible assets	2,416	3,758
Other non-current assets	431,393	–
Total Non-current Assets	98,704,685	98,297,140
TOTAL ASSETS	174,296,322	166,185,726

Items	31 December 2022	31 December 2021
Current Liabilities:		
Short-term borrowings	8,540,913	16,032,447
Derivative financial liabilities	166,454	–
Accounts payable	1,851,774	1,734,094
Contract liabilities	519,069	973,037
Employee benefits payable	17,278	16,219
Taxes payable	56,526	54,690
Other payables	46,269,575	32,902,591
Non-current liabilities due within one year	<u>20,498,188</u>	<u>2,830,724</u>
Total Current Liabilities	<u>77,919,777</u>	<u>54,543,802</u>
Non-current Liabilities:		
Long-term borrowings	439,080	–
Bonds payable	–	220,000
Lease liabilities	19,819	138
Long-term payables	–	20,456,990
Long-term employee benefits payable	56,406	62,011
Deferred income	<u>3,598</u>	<u>3,598</u>
Total Non-current Liabilities	<u>518,903</u>	<u>20,742,737</u>
TOTAL LIABILITIES	<u>78,438,680</u>	<u>75,286,539</u>
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	28,500,000	23,700,000
Including: Perpetual bonds	28,500,000	23,700,000
Capital reserve	37,907,129	37,925,332
Other comprehensive income	(4,125)	(1,554)
Special reserve	12,550	12,550
Surplus reserve	2,976,424	2,692,992
Retained earnings	<u>5,742,045</u>	<u>5,846,248</u>
TOTAL SHAREHOLDERS' EQUITY	<u>95,857,642</u>	<u>90,899,187</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>174,296,322</u>	<u>166,185,726</u>

VIII. CONSOLIDATED AND THE COMPANY'S INCOME SHEETS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

All amounts in RMB'000

Items	2022	2021
I. Total operating revenue	592,669,072	500,571,647
Including: Operating revenue	592,669,072	500,571,647
II. Total operating costs	571,218,254	480,571,671
Including: Operating costs	535,516,918	447,435,146
Taxes and levies	1,870,771	2,515,554
Selling expenses	2,883,123	2,742,789
Administrative expenses	11,273,969	10,921,869
Research and development expenses	18,732,632	15,901,198
Financial expenses	940,841	1,055,115
Including: Interest expenses	2,633,074	2,140,452
Interest income	2,423,313	2,667,996
Add: Other income	433,224	428,034
Investment losses	(1,523,214)	(1,793,422)
Including: Gains/(losses) from investments in associates and joint ventures	177,712	(131,052)
Losses from derecognition of financial assets at amortized cost	(1,273,573)	(1,491,538)
(Losses)/gains from changes in fair values	(317,778)	177,934
Credit impairment losses	(3,601,874)	(3,714,814)
Impairment losses of assets	(1,359,652)	(1,624,422)
Gains on disposal of assets	303,355	689,228
III. Operating profit	15,384,879	14,162,514
Add: Non-operating income	323,055	299,559
Less: Non-operating expenses	315,818	449,894
IV. Total profit	15,392,116	14,012,179
Less: Income tax expenses	2,464,644	2,404,985

Items	2022	2021
V. Net profit	12,927,472	11,607,194
(I) Net profit classified by operating continuity		
Net profit from continuing operations	12,927,472	11,607,194
(II) Net profit classified by ownership ascription		
Net profit attributable to Shareholders of the Company	10,272,357	8,374,970
Profit or loss attributable to non-controlling interests	2,655,115	3,232,224
VI. Other comprehensive income, net of income tax	1,502,518	(73,012)
Other comprehensive income attributable to Shareholders of the Company, net of income tax	1,389,333	207,063
(I) Items that will not be reclassified to profit or loss	63,633	(4,416)
1. Re-measurement of defined benefit obligations	92,481	3,333
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	(12)	55
3. Changes in fair values of investments in other equity instruments	(28,836)	(7,804)
(II) Items that may be reclassified to profit or loss	1,325,700	211,479
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	(35,827)	30,346
2. Changes of fair value of receivables at FVTOCI	25,232	(12,449)
3. Exchange differences on translating financial statements in foreign currencies	1,336,295	193,582
Other comprehensive income attributable to non-controlling interests, net of income tax	113,185	(280,075)

Items	2022	2021
VII. Total comprehensive income	14,429,990	11,534,182
Total comprehensive income attributable to Shareholders of the Company	11,661,690	8,582,033
Total comprehensive income attributable to non-controlling interests	2,768,300	2,952,149
VIII. Earnings per share		
(I) Basic earnings per share (<i>RMB/share</i>)	0.45	0.35
(II) Diluted earnings per share (<i>RMB/share</i>)	0.45	0.35

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 year ended 31 December 2022

All amounts in RMB'000

Items	2022	2021
I. Total operating revenue	1,999,796	3,552,768
Less: Operating costs	1,812,142	3,249,717
Taxes and levies	3,727	3,612
Administrative expenses	311,035	273,575
Financial expenses	729,482	179,015
Including: Interest expenses	2,408,207	2,119,621
Interest income	2,289,658	1,895,214
Add: Other income	1,886	676
Investment income	4,524,923	6,713,361
Including: Gains from investments in associates and joint ventures	17,122	17,701
(Losses)/gains from changes in fair values	(280,779)	140,960
Credit impairment (losses)/reversal	(541,441)	68,561
Impairment losses of assets	(1,128)	(3,672)
II. Operating profit	2,846,871	6,766,735
Add: Non-operating income	91	2
Less: Non-operating expenses	10	317
III. Total profit	2,846,952	6,766,420
Less: Income tax expenses	12,631	4,182
IV. Net profit	2,834,321	6,762,238
Net profit from continuing operations	2,834,321	6,762,238
V. Other comprehensive income, net of income tax	(2,571)	(1,199)
(I) Items that will not be reclassified to profit or loss	1,705	(1,219)
1. Changes in re-measurement of defined benefit obligations	1,571	(1,318)
2. Changes in fair values of investments in other equity instruments	134	99
(II) Items that will be reclassified to profit or loss	(4,276)	20
1. Items that may be reclassified to profit or loss in equity method	(4,276)	20
VI. Total comprehensive income	2,831,750	6,761,039

IX. CONSOLIDATED AND THE COMPANY'S CASH FLOWS STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

All amounts in RMB'000

Items	2022	2021
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	521,602,191	469,930,650
Receipts of tax refunds	1,799,701	573,918
Other cash receipts relating to operating activities	5,713,694	5,555,846
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	529,115,586	476,060,414
	<hr/>	<hr/>
Cash payments for goods purchased and services received	447,439,021	399,596,402
Cash payments to and on behalf of employees	31,296,525	29,261,065
Payments of various types of taxes	11,719,249	11,429,292
Other cash payments relating to operating activities	20,507,730	18,133,647
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	510,962,525	458,420,406
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	18,153,061	17,640,008

Items	2022	2021
II. Cash Flows from Investing Activities		
Cash receipts from disposals and recovery of investments	588,310	3,135,749
Cash receipts from investment income	210,340	424,781
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	504,261	548,126
Net cash receipts from disposal of subsidiaries and other business units	3,656	88,266
Other cash receipts relating to investing activities	3,269,801	801,548
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	4,576,368	4,998,470
	<hr/>	<hr/>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	4,313,922	3,551,383
Cash payments to acquire investments	5,472,246	4,971,778
Net cash payments to acquire subsidiaries and other business units	356,403	–
Other cash payments relating to investing activities	993,145	9,042,539
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	11,135,716	17,565,700
	<hr/>	<hr/>
Net Cash Flows used in Investing Activities	(6,559,348)	(12,567,230)

Items	2022	2021
III. Cash Flows from Financing Activities		
Cash receipts from capital contributions	5,413,645	11,048,169
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	113,645	3,348,169
Cash receipts from issue of perpetual bond	5,300,000	7,700,000
Cash receipts from borrowings	135,665,962	106,816,090
Other cash receipts relating to financing activities	371,220	322,886
	<u>141,450,827</u>	<u>118,187,145</u>
Sub-total of cash inflows from financing activities	<u>141,450,827</u>	<u>118,187,145</u>
Cash repayments of borrowings	137,329,627	117,884,912
Cash payments for distribution of dividends or profits or settlement of interest expenses	8,056,220	8,489,370
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	1,600,555	1,934,726
Other cash payments relating to financing activities	5,735,155	8,049,346
	<u>151,121,002</u>	<u>134,423,628</u>
Sub-total of cash outflows from financing activities	<u>151,121,002</u>	<u>134,423,628</u>
Net Cash Flows used in Financing Activities	<u>(9,670,175)</u>	<u>(16,236,483)</u>
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	327,855	215,227
V. Net Increase/(Decrease) in Cash and Cash Equivalents	2,251,393	(10,948,478)
Add: Opening balance of Cash and Cash equivalents	31,216,824	42,165,302
VI. Closing Balance of Cash and Cash Equivalents	<u>33,468,217</u>	<u>31,216,824</u>

THE COMPANY'S CASH FLOW STATEMENT

For the year ended 31 December 2022

All amounts in RMB'000

Items	2022	2021
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	1,578,273	1,479,193
Other cash receipts relating to operating activities	<u>1,208,074</u>	<u>619,518</u>
Sub-total of cash inflows from operating activities	<u>2,786,347</u>	<u>2,098,711</u>
Cash payments for goods purchased and services received	1,205,120	1,547,900
Cash payments to and on behalf of employees	216,170	183,255
Payments of various types of taxes	23,431	5,359
Other cash payments relating to operating activities	<u>1,112,971</u>	<u>863,627</u>
Sub-total of cash outflows from operating activities	<u>2,557,692</u>	<u>2,600,141</u>
Net Cash Flows from/(used in) Operating Activities	<u>228,655</u>	<u>(501,430)</u>

Items	2022	2021
II. Cash Flows from Investing Activities		
Cash receipts from returns on investments	20,246	–
Cash receipts from investment income	3,717,372	5,371,439
Other cash receipts relating to investing activities	<u>22,003,282</u>	<u>2,864,952</u>
Sub-total of cash inflows from investing activities	<u>25,740,900</u>	<u>8,236,391</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	14,659	1,659
Cash payments to acquire investments	337,794	2,923,814
Other cash payments relating to investing activities	<u>28,860,464</u>	<u>99,952</u>
Sub-total of cash outflows from investing activities	<u>29,212,917</u>	<u>3,025,425</u>
Net Cash Flows (used in)/from Investing Activities	<u>(3,472,017)</u>	<u>5,210,966</u>

Items	2022	2021
III. Cash Flows from Financing Activities		
Cash receipts from investments	5,300,000	7,700,000
Including: Cash receipts from issue of perpetual bond	5,300,000	7,700,000
Cash receipts from borrowings	76,965,339	78,012,556
Other cash receipts relating to financing activities	<u>363,640,755</u>	<u>103,050</u>
Sub-total of cash inflows from financing activities	<u>445,906,094</u>	<u>85,815,606</u>
Cash repayments of borrowings	87,416,468	86,119,183
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,503,019	4,504,147
Other cash payments relating to financing activities	<u>352,236,683</u>	<u>4,500,000</u>
Sub-total of cash outflows from financing activities	<u>443,156,170</u>	<u>95,123,330</u>
Net Cash Flows from/(used in) Financing Activities	<u>2,749,924</u>	<u>(9,307,724)</u>
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>38,076</u>	<u>(1,872)</u>
V. Net Decrease in Cash and Cash Equivalents	(455,362)	(4,600,060)
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>4,551,152</u></u>	<u><u>5,006,514</u></u>

X. CONSOLIDATED AND THE COMPANY'S STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB '000

Items	For the year ended 31 December 2022								
	Attributable to Shareholders of the Company								
	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 year	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 year	-	4,800,000	(11,327)	1,286,095	107,263	283,432	7,147,894	(3,091,991)	10,521,366
(I) Total comprehensive income	-	-	-	1,389,333	-	-	10,272,357	2,768,300	14,429,990
(II) Shareholders' contributions and reductions in capital	-	4,800,000	(11,327)	-	-	-	-	(4,560,901)	227,772
1. Capital contribution from Shareholders	-	-	-	-	-	-	-	167,902	167,902
2. Capital reduction from Shareholders	-	-	-	-	-	-	-	(3,980,000)	(3,980,000)
3. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	-	5,281,797
4. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(800,000)	(1,300,000)
5. Others	-	-	6,876	-	-	-	-	51,197	58,073
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(1,600,555)	(4,255,647)
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-	-
2. Distributions to Shareholders	-	-	-	-	-	-	(1,616,442)	(1,233,724)	(2,850,166)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(366,831)	(1,405,481)
(IV) Transfers within Shareholders' equity	-	-	-	(5,595)	-	-	5,595	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	(5,595)	-	-	5,595	-	-
(V) Special reserve	-	-	-	-	107,263	-	-	11,988	119,251
1. Transfer to special reserve in the current year	-	-	-	-	9,253,421	-	-	709,371	9,962,792
2. Amount utilized in the current year	-	-	-	-	(9,146,158)	-	-	(697,383)	(9,843,541)
(VI) Others	-	-	-	(97,643)	-	-	(191,534)	289,177	-
III. Closing balance of the current year	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,102,415	40,800,791	161,909,125

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB '000

Items	For the year ended 31 December 2021								
	Attributable to Shareholders of the Company								
	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 year	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 year	-	3,200,000	151,317	82,772	-	676,224	5,493,026	1,429,113	11,032,452
(I) Total comprehensive income	-	-	-	207,063	-	-	8,374,970	2,952,149	11,534,182
(II) Shareholders' contributions and reductions in capital	-	3,200,000	151,317	-	-	-	-	226,515	3,577,832
1. Capital contribution from Shareholders	-	-	-	-	-	-	-	122,166	122,166
2. Capital contribution from other equity instruments' holders	-	7,700,000	-	-	-	-	-	3,246,700	10,946,700
3. Capital reduction from other equity instruments' holders	-	(4,500,000)	-	-	-	-	-	(3,172,039)	(7,672,039)
4. Others	-	-	151,317	-	-	-	-	29,688	181,005
(III) Profit distribution	-	-	-	-	-	676,224	(3,006,235)	(1,749,551)	(4,079,562)
1. Transfer to surplus reserve	-	-	-	-	-	676,224	(676,224)	-	-
2. Distributions to Shareholders	-	-	-	-	-	-	(1,554,272)	(1,364,810)	(2,919,082)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(775,739)	(384,741)	(1,160,480)
(IV) Transfers within Shareholders' equity	-	-	-	(124,291)	-	-	124,291	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	(124,291)	-	-	124,291	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current year	-	-	-	-	7,189,775	-	-	606,714	7,796,489
2. Amount utilized in the current year	-	-	-	-	(7,189,775)	-	-	(606,714)	(7,796,489)
III. Closing balance of the current year	<u>20,723,619</u>	<u>23,700,000</u>	<u>22,612,919</u>	<u>(201,624)</u>	<u>12,550</u>	<u>2,692,992</u>	<u>37,954,521</u>	<u>43,892,782</u>	<u>151,387,759</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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	For the year ended 31 December 2022								
	Other equity instruments		Capital reserve	Other			Surplus reserve	Retained profits	Total Shareholders' equity
	Share capital	(Perpetual bonds)		comprehensive income	Special reserve				
I. Opening balance of the current year	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 year	-	4,800,000	(18,203)	(2,571)	-	283,432	(104,203)	4,958,455	
(I) Total comprehensive income	-	-	-	(2,571)	-	-	2,834,321	2,831,750	
(II) Shareholders' contributions and reductions in capital	-	4,800,000	(18,203)	-	-	-	-	4,781,797	
1. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	5,281,797	
2. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(500,000)	
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(2,655,092)	
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-	
2. Distributions to Shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)	
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(1,038,650)	
III. Closing balance of the current year	<u>20,723,619</u>	<u>28,500,000</u>	<u>37,907,129</u>	<u>(4,125)</u>	<u>12,550</u>	<u>2,976,424</u>	<u>5,742,045</u>	<u>95,857,642</u>	

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	For the year ended 31 December 2021							
	Other equity instruments		Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total Shareholders' equity
	Share capital	(Perpetual bond)						
I. Opening balance of the current year	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 year	-	3,200,000	-	(1,199)	-	676,224	3,756,003	7,631,028
(I) Total comprehensive income	-	-	-	(1,199)	-	-	6,762,238	6,761,039
(II) Shareholders' contributions and reductions in capital	-	3,200,000	-	-	-	-	-	3,200,000
1. Capital contribution from other equity instruments' holders	-	7,700,000	-	-	-	-	-	7,700,000
2. Capital reduction from other equity instruments' holders	-	(4,500,000)	-	-	-	-	-	(4,500,000)
(III) Profit distribution	-	-	-	-	-	676,224	(3,006,235)	(2,330,011)
1. Transfer to surplus reserve	-	-	-	-	-	676,224	(676,224)	-
2. Distributions to Shareholders	-	-	-	-	-	-	(1,554,272)	(1,554,272)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(775,739)	(775,739)
III. Closing balance of the current year	<u>20,723,619</u>	<u>23,700,000</u>	<u>37,925,332</u>	<u>(1,554)</u>	<u>12,550</u>	<u>2,692,992</u>	<u>5,846,248</u>	<u>90,899,187</u>

XI. 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 Stock Exchange of Hong Kong 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 of RMB 1.0 each (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 before or after the Strategic Restructuring.

In October 2018, CMGC purchased the structure adjusting funds for central state-owned enterprises at a consideration of 3% 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 for free. After the completion of the free transfer, the shareholding ratio and voting right ratio of CMGC 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 on principal business activities.

The financial statements had been approved by the Board of Directors of the Company on 29 March 2023. According to the Articles of Association, the financial statements will be submitted to the General Meeting of Shareholders for deliberation.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. *Basis of preparation*

These financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard and specific accounting standards, implementation guidance, interpretations, other relevant regulations issued subsequently by the Ministry of Finance (the “**MoF**”) (hereinafter collectively referred to as “**ASBEs**”).

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.

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

2. *Statement of compliance*

These financial statements are in compliance with the ASBEs to truly and completely reflect consolidated and the Company’s financial position as at 31 December 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.

4. *Functional 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) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

During the Reporting Period, there were no significant changes in accounting policies.

(IV) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Cash	11,004	11,136
Bank deposits	40,427,149	30,905,299
Other cash and bank balances	5,047,260	10,908,029
Total	45,485,413	41,824,464
Including: Total amount of deposits abroad	3,436,973	2,333,195

2. Bills receivable

All amounts in RMB'000

Items	31 December 2022			31 December 2021		
	Book value	Provisions for credit losses	Carrying amount	Book value	Provisions for credit losses	Carrying amount
Bank acceptance bills	2,776,663	5,823	2,770,840	1,085,427	-	1,085,427
Commercial acceptance bills	2,398,421	41,836	2,356,585	2,736,162	396,360	2,339,802
Total	5,175,084	47,659	5,127,425	3,821,589	396,360	3,425,229

3. *Accounts receivable*

All amounts in RMB'000

Aging	31 December 2022	31 December 2021
Within 1 year	64,731,628	62,442,338
1 to 2 years	19,972,973	13,893,734
2 to 3 years	8,277,928	6,350,925
3 to 4 years	4,296,073	3,921,082
4 to 5 years	3,240,391	3,027,452
Over 5 years	10,457,635	9,219,754
Total book value	110,976,628	98,855,285
Less: provisions for credit losses	17,536,955	14,973,590
Carrying amount	93,439,673	83,881,695

4. *Prepayments*

All amounts in RMB'000

Aging	31 December 2022		31 December 2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	28,097,869	77.29	38,785,762	84.12
1 to 2 years	5,073,643	13.96	4,146,628	8.99
2 to 3 years	1,631,498	4.49	1,703,716	3.69
Over 3 years	1,549,522	4.26	1,474,927	3.20
Total	36,352,532	100.00	46,111,033	100.00

5. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Interest receivables	11,614	1,038
Dividend receivables	142,428	579,445
Other receivables	<u>47,917,675</u>	<u>67,186,152</u>
Total	<u><u>48,071,717</u></u>	<u><u>67,766,635</u></u>

(2) Other receivables

(a) Aging analysis

All amounts in RMB'000

Aging	31 December 2022	31 December 2021
Within 1 year	16,339,095	44,830,051
1 to 2 years	14,478,969	9,813,773
2 to 3 years	5,660,108	4,197,192
3 to 4 years	3,361,149	3,810,157
4 to 5 years	3,805,083	3,903,880
Over 5 years	12,572,455	9,392,287
Total book value	<u>56,216,859</u>	<u>75,947,340</u>
Less: provisions for credit losses	8,299,184	8,761,188
Carrying amount	<u><u>47,917,675</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 31 December 2022	Book value on 31 December 2021
Deposits, guarantee funds and advances	33,153,648	31,827,031
Loan receivables from related parties	14,827,983	34,363,346
Advance to employees	285,024	284,175
Receivables on disposal of investments	2,702,393	2,702,393
Others	5,247,811	6,770,395
Total	<u>56,216,859</u>	<u>75,947,340</u>

6. Inventories*(1) Categories of inventories**All amounts in RMB'000*

Items	31 December 2022			31 December 2021		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	3,054,719	40,647	3,014,072	4,867,187	19,609	4,847,578
Materials procurement	29,013	-	29,013	352,585	-	352,585
Outsourced processing materials	7,641	-	7,641	8,339	105	8,234
Work in progress	2,474,626	345,149	2,129,477	3,056,724	503,637	2,553,087
Finished goods	2,928,397	115,787	2,812,610	3,190,278	199,283	2,990,995
Other materials	535,424	790	534,634	635,843	4,469	631,374
Performance costs of contracts	64,610	-	64,610	142,430	-	142,430
Properties under development	45,633,743	400,020	45,233,723	26,552,312	19,763	26,532,549
Completed properties held for sale	<u>26,310,587</u>	<u>187,736</u>	<u>26,122,851</u>	<u>24,141,037</u>	<u>352,347</u>	<u>23,788,690</u>
Total	<u>81,038,760</u>	<u>1,090,129</u>	<u>79,948,631</u>	<u>62,946,735</u>	<u>1,099,213</u>	<u>61,847,522</u>

(2) *Provision for decline in value of inventories*

All amounts in RMB'000

Items	31	Increase	Decrease		31
	December		Provision	Reversals	Write-offs
	2021				2022
Raw materials	19,609	21,230	4	188	40,647
Outsourced processing materials	105	–	–	105	–
Work in progress	503,637	24,665	178,587	4,566	345,149
Finished goods	199,283	27,923	85,578	25,841	115,787
Other materials	4,469	–	3,603	76	790
Properties under development	19,763	400,020	19,763	–	400,020
Completed properties held for sale	352,347	5,051	167,020	2,642	187,736
Total	<u>1,099,213</u>	<u>478,889</u>	<u>454,555</u>	<u>33,418</u>	<u>1,090,129</u>

7. Contract assets

(1) *Presentation of contract assets*

All amounts in RMB'000

Items	31 December 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	109,333,033	4,486,893	104,846,140	91,584,943	4,226,123	87,358,820
Contract assets interrelated with quality guarantee deposits	<u>2,167,042</u>	<u>186,582</u>	<u>1,980,460</u>	<u>4,110,334</u>	<u>283,524</u>	<u>3,826,810</u>
Total	<u>111,500,075</u>	<u>4,673,475</u>	<u>106,826,600</u>	<u>95,695,277</u>	<u>4,509,647</u>	<u>91,185,630</u>

(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 China CITIC Group Ltd. (“**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 USD 4.357 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 USD 481 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 USD 4.357 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 31 December 2022.

On 31 December 2022, the accounts receivable for the above items amounted to RMB 1,682,517,000, and the contract assets of the project mentioned above amounted to RMB 3,726,133,000. 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

Items	<i>All amounts in RMB'000</i>	
	31 December 2022	31 December 2021
Long-term receivables on project	41,754,912	33,284,178
Long-term loans receivables	234,230	319,333
Receivables on disposal of equity investments	333,485	333,485
Others	901,755	891,877
Total carrying amount	<u>43,224,382</u>	<u>34,828,873</u>
Less: Provisions for credit losses of long-term receivables	2,486,631	2,201,525
Total book value	<u>40,737,751</u>	<u>32,627,348</u>
Less: Long-term receivables due within 1 year, net	4,896,108	2,241,185
Long-term receivables due over 1 year, net	<u>35,841,643</u>	<u>30,386,163</u>

9. Bills payable

All amounts in RMB'000

Category	31 December 2022	31 December 2021
Bank acceptance bills	36,020,220	34,781,032
Commercial acceptance bills	1,166,160	2,835,500
Total	<u>37,186,380</u>	<u>37,616,532</u>

10. Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Project fees	118,541,390	95,991,899
Purchases	51,211,608	43,764,628
Labor fees	13,065,735	11,633,071
Retention money	1,383,682	1,395,095
Design fees	522,101	354,893
Others	2,435,618	2,125,455
Total	<u>187,160,134</u>	<u>155,265,041</u>

(2) Aging analysis of accounts payable

All amounts in RMB'000

Aging	31 December 2022	31 December 2021
Within 1 year	141,713,545	116,689,113
1 to 2 years	25,759,751	20,849,638
2 to 3 years	8,001,616	7,486,816
Over 3 years	11,685,222	10,239,474
Total	<u>187,160,134</u>	<u>155,265,041</u>

11. Contract liabilities

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Contract liabilities relating to engineering contracting service contracts	64,682,231	73,477,762
Contract liabilities relating to pre-sales deposits	4,992,691	9,067,067
Contract liabilities relating to sales contracts	2,663,036	2,602,022
Contract liabilities relating to contracts of other customers	1,678,254	1,945,315
Total	<u>74,016,212</u>	<u>87,092,166</u>

12. Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

Categories	31 December 2022	31 December 2021
Interest payable	11,139	8,609
Dividends payable	452,635	495,521
Other payables	27,765,084	27,078,250
Total	<u>28,228,858</u>	<u>27,582,380</u>

(2) *Dividends payable*

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Dividend declared on perpetual bonds classified as equity instrument	117,676	165,567
Other dividends	334,959	329,954
Total	<u>452,635</u>	<u>495,521</u>

(3) *Other payables*

All amounts in RMB'000

Items	31 December 2022	31 December 2021
Security deposits	12,919,347	11,147,526
Current accounts	8,290,054	9,565,704
Guarantee deposits	1,269,546	1,466,045
Others	5,286,137	4,898,975
Total	<u>27,765,084</u>	<u>27,078,250</u>

13. *Operating revenue and operating costs*

All amounts in RMB'000

Items	2022		2021	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	591,626,764	534,867,307	499,163,634	446,531,020
Other business	1,042,308	649,611	1,408,013	904,126
Total	<u>592,669,072</u>	<u>535,516,918</u>	<u>500,571,647</u>	<u>447,435,146</u>

14. Taxes and levies

All amounts in RMB'000

Items	2022	2021
City construction and maintenance tax	362,150	347,777
Education surcharges	278,762	160,123
Stamp duty	414,030	334,605
Property tax	227,736	237,192
Land appreciation tax	155,790	971,133
Land use tax	100,694	111,075
Others	331,609	353,649
Total	<u>1,870,771</u>	<u>2,515,554</u>

15. Selling expenses

All amounts in RMB'000

Items	2022	2021
Employee benefits	1,426,462	1,249,215
Advertising and sales service expenses	686,974	602,009
Travelling expenses	219,523	230,777
Office expenses	172,189	220,036
Packing charges	25,453	9,611
Depreciation of fixed assets	15,299	16,967
Transportation expenses	7,893	87,973
Others	329,330	326,201
Total	<u>2,883,123</u>	<u>2,742,789</u>

16. Administrative expenses

All amounts in RMB'000

Items	2022	2021
Employee benefits	7,874,619	7,384,071
Depreciation of fixed assets	502,983	512,248
Office expenses	713,510	742,442
Professional service fees	363,081	497,395
Travelling expenses	345,285	364,543
Lease rentals	199,781	173,362
Amortization of intangible assets	183,798	180,462
Depreciation of right of use assets	138,291	121,721
Repairs and maintenance expenses	108,544	106,061
Others	844,077	839,564
Total	<u>11,273,969</u>	<u>10,921,869</u>

17. Research and development expenditure

All amounts in RMB'000

Items	2022	2021
Research and development material expenditure	12,559,003	10,768,976
Employee benefits	5,388,874	4,460,189
Depreciation of fixed assets	125,291	102,255
Amortization of intangible assets	33,280	34,912
Others	626,184	534,866
Total	<u>18,732,632</u>	<u>15,901,198</u>

18. Financial expenses

All amounts in RMB'000

Items	2022	2021
Interest expenses	3,786,310	4,053,429
Less: Capitalized interests	1,153,236	1,912,977
Less: Interest income	2,423,313	2,667,996
Exchange (gains)/losses	(206,181)	356,153
Bank charges	799,390	962,234
Interest expenses of lease liabilities	37,101	27,667
Others	100,770	236,605
Total	<u>940,841</u>	<u>1,055,115</u>

19. Credit impairment losses

All amounts in RMB'000

Items	2022	2021
Loss from impairment of bills receivable	(21,918)	(380,960)
Loss from impairment of accounts receivable	(2,291,504)	(1,843,968)
Loss from impairment of other receivables	(1,003,296)	(1,530,642)
Loss from impairment of long-term receivables	(285,156)	40,756
Total	<u>(3,601,874)</u>	<u>(3,714,814)</u>

20. Asset impairment losses

All amounts in RMB'000

Items	2022	2021
Loss from impairment of contract assets	(313,950)	(824,007)
Loss from impairment of inventories	(24,334)	(125,680)
Loss from impairment of long-term equity investments	(74,476)	(553,808)
Loss from impairment of fixed assets	(632,024)	(15,895)
Loss from impairment of goodwill	(2,743)	(105,032)
Loss from impairment of intangible assets	(181,293)	–
Loss from impairment of other non-current assets	(130,832)	–
Total	<u>(1,359,652)</u>	<u>(1,624,422)</u>

21. Investment losses

All amounts in RMB'000

Items	2022	2021
Gains/(losses) from long-term equity investments under equity method	177,712	(131,052)
Investment income on disposal of long-term equity investments	76,921	148,070
Investment income generated by the remeasurement of the equity held before the acquisition date of the business combinations not involving enterprises under common control according to the fair value	146,349	–
Investment income on disposal of financial assets held-for-trading	–	9,344
Investment income from disposal of other non-current financial assets	–	6,716
Investment losses from disposal of receivables at FVTOCI	(331,713)	(457,765)
Investment income from holding investments in other equity instruments	21,585	23,338
Investment income from holding other non-current financial assets	33,323	54,110
Losses from derecognition of financial assets at amortized cost	(1,273,573)	(1,491,538)
Others	(373,818)	45,355
Total	<u>(1,523,214)</u>	<u>(1,793,422)</u>

22. *Non-operating income*

All amounts in RMB'000

Items	2022	2021	Recognized in non- recurring profit or loss for the current year
Income from penalty	28,300	31,187	28,300
Government grants irrelevant to routine activities	47,161	133,718	47,161
Unpayable balances	81,727	75,064	81,727
Others	165,867	59,590	165,867
Total	<u>323,055</u>	<u>299,559</u>	<u>323,055</u>

23. *Non-operating expenses*

All amounts in RMB'000

Items	2022	2021	Recognized in non- recurring profit or loss for the current year
Litigation estimated liabilities	137,705	101,565	137,705
Compensation and default payments	90,266	294,544	90,266
Loss on damage and retirement of non-current assets	38,050	17,575	38,050
Fines and surcharges for overdue payments	22,733	32,109	22,733
Donations	14,997	2,460	14,997
Others	12,067	1,641	12,067
Total	<u>315,818</u>	<u>449,894</u>	<u>315,818</u>

24. Income tax expenses

(1) Income tax expenses

All amounts in RMB'000

Items	2022	2021
Current year tax expenses	2,819,274	2,923,906
Deferred tax expenses	<u>(354,630)</u>	<u>(518,921)</u>
Total	<u>2,464,644</u>	<u>2,404,985</u>

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

All amounts in RMB'000

Items	2022	2021
Total profit	15,392,116	14,012,179
Income tax expenses calculated at the tax rate of 25%	3,848,029	3,503,045
Effect of difference between applicable tax rate and statutory tax rate	(920,534)	(856,452)
Income not subject to tax	(241,265)	(265,424)
Expenses not deductible for tax purposes	304,492	209,898
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(700,706)	(327,912)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	1,323,957	1,036,861
Others	<u>(1,149,329)</u>	<u>(895,031)</u>
Income tax expense	<u>2,464,644</u>	<u>2,404,985</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

<i>All amounts in RMB'000</i>		
Items	Amount for the current year	Amount for the prior year
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit obligations	107,556	6,651
Less: Income tax effects on changes in remeasurement of defined benefit obligations	<u>13,939</u>	<u>(410)</u>
Sub-total	<u>93,617</u>	<u>7,061</u>
2. Other comprehensive income that cannot be transferred to profit or loss under equity method	(12)	55
Less: The income tax effect arising from the other comprehensive income that cannot be transferred to profit or loss under equity method	<u>–</u>	<u>–</u>
Sub-total	<u>(12)</u>	<u>55</u>
Fair value changes in investments in other equity instruments	(31,074)	29,388
Less: Income tax effects arising from fair value changes of investments in other equity instruments	<u>(7,122)</u>	<u>28,934</u>
Sub-total	<u>(23,952)</u>	<u>454</u>

Items	Amount for the current year	Amount for the prior year
(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 equity method	(47,751)	41,705
Less: Effect of income tax incurred by other comprehensive income under equity method	—	—
Sub-total	<u>(47,751)</u>	<u>41,705</u>
2. Changes in fair value of receivables at FVTOCI	31,936	(15,831)
Less: Effect of changes in fair value of receivables at FVTOCI on income tax	<u>3,414</u>	<u>(2,613)</u>
Sub-total	<u>28,522</u>	<u>(13,218)</u>
Exchange differences on translating foreign operations	<u>1,452,094</u>	<u>(109,069)</u>
Total	<u><u>1,502,518</u></u>	<u><u>(73,012)</u></u>

XII. DIVIDENDS

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2022 amounted to RMB 10,272,357 thousand and the undistributed profit of MCC headquarters amounted to RMB 5,742,045 thousand. Based on the total share capital of 20,723,619,170 shares, the Company proposed to distribute a cash dividend of RMB 0.83 (tax inclusive) for every 10 shares and the total cash dividend is RMB 1,720,060 thousand, the remaining undistributed profit of RMB 4,021,985 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 16.74% of the net profit attributable to the Shareholders of the Company in the consolidated statement of MCC in 2022. The above preliminary scheme for profit distribution will be implemented subject to consideration and approval of the Shareholders at the general meeting of the Company. The Company will pay dividends on or before 31 August 2023 subject to approval. Details of the arrangement for the distribution of dividends to Shareholders will be notified by the Company separately.

XIII. 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) Particulars of Shareholders and de facto controllers

1. Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (<i>Person</i>)	384,921
Total number of holders of ordinary shares as at the end of the last month prior to the disclosure of annual report (<i>Person</i>)	376,843
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (<i>Person</i>)	0
Total number of holders of preference shares with voting rights restored as at the end of the last month prior to the disclosure of annual report (<i>Person</i>)	<u>0</u>

2. Shareholdings of the Top Ten Shareholders and Top Ten Holders of Tradable Shares (or holders of shares not subject to selling restrictions) as at the end of the Reporting Period⁽¹⁾

Unit: share

Name of Shareholder (full name)	Shareholding of the top 10 Shareholders						
	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
China Metallurgical Group Corporation	0	10,190,955,300	49.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ⁽²⁾	166,400	2,842,033,951	13.71	0	Nil	0	Others
China National Petroleum Corporation	0	1,227,760,000	5.92	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	0	589,038,427	2.84	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	70,499,411	443,292,658	2.14	0	Nil	0	Others
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	18,751,200	88,411,100	0.43	0	Nil	0	Others
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others

Shareholding of the top 10 Shareholders

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, marked or frozen		Nature of Shareholder
						Status of Shares	Amount	
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others	
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	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	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited ⁽²⁾	2,842,033,951	Overseas-listed foreign shares	2,842,033,951
China National Petroleum Corporation	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited	589,038,427	RMB-denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited	443,292,658	RMB-denominated ordinary shares	443,292,658
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	88,411,100	RMB-denominated ordinary shares	88,411,100
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600

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 AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	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 Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on the special account for repurchase of the top ten Shareholders			Not applicable
Explanations on the aforesaid Shareholders’ entrusting of voting rights, entrusted voting rights, and waiver of 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 31 December 2022.

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

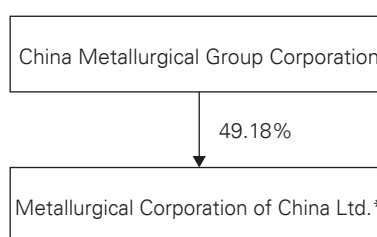
(III) Particulars of Controlling Shareholder and de facto controllers

1. Controlling Shareholder

(1) Legal person

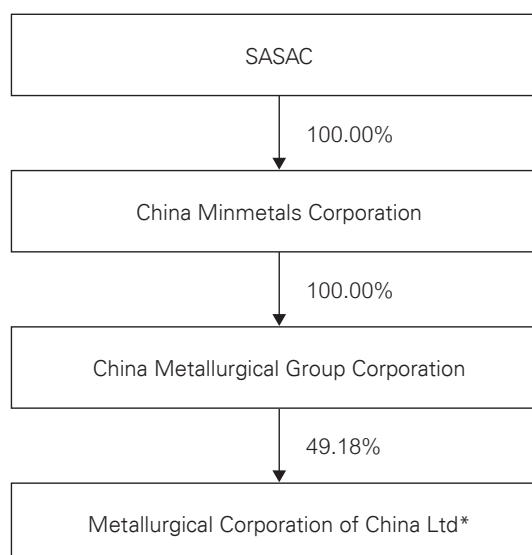
Name	China Metallurgical Group Corporation
Person in charge	Chen Jianguang
Date of incorporation	1982-12-18
Principal business operations	General contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technological development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; property development and operation; bidding agent; undertaking various types of international industrial and civilian construction, engineering consulting, surveying, design and leasing of equipment; import and export businesses; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, surveying, design, supervision and services for construction and installation projects of mechanical and electrical equipment and its related technology; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services. (The Company independently selects operational projects and carries out operational activities in accordance with laws; for projects subject to approval according to laws, operational activities shall be carried out according to the approved contents upon approval by related authorities; and the Company shall not engage in operational activities of projects prohibited or restricted by the municipal industrial policies.)
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	As at the end of the Reporting Period, CMGC held 27% of equity interest in MCC Huludao Nonferrous Metals Group Co., Ltd., which in turn had a shareholding of 23.59% in Huludao Zinc Industry Co., Ltd. (000751). CMGC had a shareholding of 0.31% in PetroChina Company Limited (601857).
Other explanations	Nil.

- (2) *A diagram showing the equity and relationship between the Company and the Controlling Shareholder*



2. De Facto Controller

- (1) *The de facto controller of the Company is the SASAC.*
- (2) *A diagram showing the equity and relationship between the Company and the de facto controller*



XIV. PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

XV. RELEVANT INFORMATION ON CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Stock code	Issue date	Value date	Expiry date	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
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 adopts simple interest on a yearly basis rather than compound rate and interest shall be paid once a year. Upon expiry of such period, the principal shall be repaid on one-off basis and the interest for the last tranche shall also be paid at the same time	SSE	-	Bidding transaction	No

The Company's measures to reduce the risk of termination of listing and trading of the Bonds

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Payment of bond interest during the Reporting Period

Name of bonds	Explanations on bond interest payment
2017 Corporate Bonds (First Tranche) under the Public Issuance	Normal interest payment and repayment
2018 Corporate Bonds (First Tranche) under the Public Issuance	Normal interest payment

Other information on corporate bonds

2018 Corporate Bonds (First Tranche) under the Public Issuance are targeted at qualified investors through public issuance.

XVI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board has reviewed the corporate governance report of the Company. The Board is of the view that during the Reporting Period, the Company has complied with the requirements of the Corporate Governance Code, and adopted recommended best practices as appropriate.

In terms of board diversity, there are six mainland Directors and one Hong Kong Director on the Board; in terms of professional background, the Board comprises senior experts in corporate management as well as professionals in finance, law and human resources; in terms of personal career experience, the Board comprises corporate executives as well as experts and scholars who have worked in government, universities and accounting firms for many years. The diversified Board brings diversified ways of thinking to the Company, forming a good complement to each other and promoting scientific decision-making of the Board. For the next step, the Company will actively follow the requirements of the Hong Kong Stock Exchange to promote gender diversity in the Board, making “her contribution” to the scientific and effective decision-making of the Board. It is expected that, by December 2024, the Company will achieve gender diversity both in the levels of the Board and employees, including senior management.

In order to ensure that the Board receives independent views and opinions, the Company’s Rules of Procedure for Board meeting clearly provide that Directors may seek information from the Company and relevant persons and organisations as necessary to make decisions, and may propose that representatives of relevant persons and organisations attend meetings to explain the situation. If a Director needs to obtain advice from an independent professional intermediary in order to properly discharge the Director’s duties to the Company, the Director may make a reasonable request to the Board to that effect, and the Board may pass a resolution to provide the Director with the advice of the professional intermediary and the Company shall bear the relevant intermediary’s fees. The Company has implemented the above mechanism to effectively ensure the independence of the Directors. The Board has reviewed the implementation and effectiveness of the mechanism during the Reporting Period which is considered to be effective.

XVII. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions as the codes 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 of the Company confirmed that they and their respective associates had fully complied with the required standards provided by the above code during the Reporting Period.

XVIII. WORK REVIEW OF 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 on matters in relation to the internal control and the financial reporting of the Company, including the review of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

XIX. ANNUAL GENERAL MEETING AND CLOSURE OF H SHARE REGISTER OF MEMBERS

The Company will give notice in relation to the closure of its register of members for the annual general meeting once the date of the annual general meeting is determined. Pursuant to Rule 13.66(1) of the Hong Kong Listing Rules, relevant notice will be given at least ten (10) business days before such closure.

XX. AUDITOR

The Company's 2021 annual financial report auditor and internal control auditor are WUYIGE Certified Public Accountants LLP (Special General Partnership). Considering the needs of the Company's development strategy and audit requirements, with the approval of the Company's annual general meeting for 2021, Ernst & Young Hua Ming LLP (Special General Partnership) was appointed as the Company's auditor for the 2022 financial report, review auditor of the interim financial report and the Company's 2022 internal control audit accounting firm, responsible for the annual audit and interim review of the Company's financial statements prepared in accordance with China Accounting Standards for enterprises.

The certified public accountants who signed off the 2022 audit report of the Company are Zhang Ningning and Zhao Ning.

XXI. PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2022 will be available on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.mccchina.com) on or before 29 April 2023 for inspection by the Shareholders.

XXII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this announcement, unless the context otherwise requires, the following expressions have the meanings as follows:

““181” key research plan”	181 core technology breakthrough plans developed by the Company comprising advanced processes, green development, intelligent manufacturing and cutting-edge key technologies
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“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
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“China Minmetals”	China Minmetals Corporation
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including all executive, non-executive and Independent Non-executive Directors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“HKEx Listing Rules”, “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 Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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
“Related/connected person(s)”	Related party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	from 1 January 2022 to 31 December 2022
“Rules of Procedures for Board Meetings”	Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*
“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
“Shareholders’ Meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*

“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 “Company” or “MCC”	Metallurgical Corporation of China Ltd.*

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

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

By order of the Board
Metallurgical Corporation of China Ltd.*
Wang Zhen
Joint Company Secretary

Beijing, the PRC
29 March 2023

As at the date of this announcement, the Board 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