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METALLURGICAL CORPORATION OF CHINA LTD. *

中國冶金科工股份有限公司

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

(Stock Code: 1618)

2023 INTERIM RESULTS ANNOUNCEMENT

OVERVIEW

The Company's financial position as at 30 June 2023 and the operating results for the six months ended 30 June 2023 were as follows:

- Operating revenue amounted to RMB334,459 million, representing an increase of RMB45,257 million or 15.65% from RMB289,202 million in the first half of 2022.
- Net profit amounted to RMB8,679 million, representing an increase of RMB1,322 million or 17.98% from RMB7,357 million in the first half of 2022.
- Net profit attributable to the Shareholders of the listed company amounted to RMB7,218 million, representing an increase of RMB1,345 million or 22.90% from RMB5,873 million in the first half of 2022.
- Basic earnings per share amounted to RMB0.26, while the basic earnings per share in the first half of 2022 amounted to RMB0.24.
- As at 30 June 2023, total assets amounted to RMB667,222 million, representing an increase of RMB81,829 million or 13.98% from RMB585,393 million as at 31 December 2022.

- As at 30 June 2023, the Shareholders' equity amounted to RMB175,055 million, representing an increase of RMB13,137 million or 8.11% from RMB161,918 million as at 31 December 2022.
- The value of newly signed contracts amounted to RMB721,891 million, representing an increase of RMB74,891 million or 11.58% from RMB647,000 million in the first half of 2022.

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

I. CHAIRMAN'S STATEMENT

Dear Shareholders,

Dedication to practical efforts and striving for success. In the first half of 2023, MCC, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, focused on high-quality development and pursued the ambitious goal of “one building, two most, five strong (一創兩最五強)”. With unwavering determination and unremitting efforts, we have delivered splendid mid-term performance. On this occasion, on behalf of the Board of Directors of the Company, I hereby present MCC's 2023 interim report to all sectors of society and express heartfelt gratitude to friends from all walks of life who have long supported and cared about the Company's reform and development.

During the Reporting Period, the Company has achieved remarkable milestones in its key operating indicators, demonstrating steady improvements in quality and efficiency. The operating revenue reached a historic high of RMB334,459 million, representing a year-on-year growth of 15.65%. The total profit amounted to RMB9,899 million, indicating a year-on-year increase of 14.46%. Notably, the net profit attributable to the Shareholders of the listed company amounted to RMB7,218 million, marking a year-on-year growth of 22.90%. Additionally, the Company secured new contracts valued at RMB721,891 million, showcasing a year-on-year increase of 11.58%. Despite the complex and challenging external environment and multiple pressures on economic operations, the Company has persevered and achieved growth against the odds. It has made significant contributions as a central enterprise to stabilize the overall economic landscape.

We are committed to focusing on world-class strategies and laying out our plans meticulously. With the aim of creating a globally competitive world-class enterprise, we remain steadfast in strengthening and expanding our operations while enhancing top-level design and strategic planning. Building upon the foundation of improving quality and achieving reasonable growth in quantity, we conduct thorough assessments and apply self-imposed pressure in line with

the guiding principle of “outperforming the market, surpassing the industry, and beyonding ourselves (好於大盤、優於行業、快於自身)”. We have established a clear development framework for our subsidiary enterprises, known as the “2358” hierarchy, as part of the three-year rolling plan from 2023 to 2025. We have adjusted the goals of the 14th Five-Year Plan and annual targets, aiming to achieve superior performance. Continuously optimizing our business structure based on the “one core, two main bodies, and five distinctive features” model, we have designed the “Progress Index” five-force model to propel the development of both domestic and overseas markets, entering a new phase of “dual-drive” growth. Through scientific and systematic planning, rigorous and meticulous arrangements, and step-by-step execution, we are marching forward with even greater determination towards becoming a world-class leader. Our path to building a world-class enterprise is now clearer than ever before.

We are committed to serving the overall interests and seizing opportunities. Actively engaging in the national strategy for regional coordinated development, we have capitalized on opportunities in key areas such as the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region, and the Yangtze River Economic Belt. We successfully secured the bid for the largest project in the same batch, the Xiangjiacha North Area Comprehensive Development Project in the Yangtze River New Area. Furthermore, we won contracts for significant projects such as the Jinghe New Town Photovoltaic Industrial Park and the Nanchong Medical Science Industrial Park, highlighting our strong competitiveness in the public bidding market. In the construction of the Belt and Road Initiative, we have fearlessly explored new frontiers. We signed a contract for the Anwar Integrated Steel Plant, a joint venture with a production capacity of 1.6 million tons, in Bangladesh. We also signed the MMP Nickel Refining EPC Project in Indonesia and undertook the Mindulu Monocrystalline Project in Malaysia, achieving breakthroughs in multiple overseas markets. Contributing to resource replenishment, we successfully increased copper mining resources by 3 million tons. In the first half of the year, our market share in key regions has further increased, our infrastructure business has expanded, the proportion of contracts with major clients has risen, and we have achieved new milestones in obtaining qualifications.

We focused on reform to unleash internal vitality. We have initiated a new round of state-owned enterprise reform and deepened efforts to enhance its implementation. The results of the three-year action plan for state-owned enterprise reform have been steadily consolidated. One of our enterprises has successfully been selected for the list of world-class innovative and specialized demonstration enterprises created by the SASAC. Among our 7 “Top 100 Enterprises” and “Scientific and Technological Innovation Enterprises”, two have been recognized as benchmarks and five as excellent in the special assessment

conducted by SASAC. Additionally, two subsidiary enterprises have been added to the “Top 100 Enterprises” list. We have optimized and adjusted resource allocation, promoting internal regional integration among four subsidiary enterprises. We have made substantial progress in the integration of ecological and environmental protection expertise, focusing on building new advantages. We have facilitated paired assistance among subsidiary enterprises in market development, project management, and talent exchange, aiming to address the issue of imbalanced development and establish an effective mechanism for sustainable growth, thereby stimulating internal vitality within the Company.

We are committed to focusing on technological innovation and harnessing its power. We firmly believe that technology is the primary productive force, talent is the most valuable resource, and innovation is the driving force. We are accelerating high-level technological innovation to achieve self-reliance and self-strengthening. We are strengthening our efforts in key core technology breakthroughs. In areas such as advanced processes, green development, intelligent manufacturing, municipal infrastructure, high-end construction, and large-scale venue construction, we are continuously advancing the implementation of the “181 Plan” and major R&D projects in non-steel fields. We are also expediting the transformation and promotion of research and development achievements. Several major R&D project outcomes, represented by initiatives such as blast furnace gas waste heat recovery, hydrogen vertical furnaces, hydrogen-rich sintering, short-flow material yards, and intelligent workshops, have already been successfully applied in enterprise projects of Baowu and Angang Steel for the first time and first set, opening up new avenues for green, low-carbon, and digitally empowered steel metallurgy. Breakthroughs have been achieved in complex geological conditions for tunnel construction and the construction technology applied to small-span sports venues, filling the technological gaps in the non-steel fields of the Company. We continue to increase incentives for scientific and technological achievements to stimulate the innovation vitality of researchers. The quality of patents has been continuously improved, with four Excellent Awards at the 24th China Patent Awards. In the first half of the year, we obtained 3,521 newly authorized patents, and the cumulative number of valid patents has exceeded 48,000, setting a new historical record.

We focused on foundational management to strengthen the core and foster growth. Just as deep roots enable lush foliage, a solid foundation leads to flourishing branches. Starting from the perspective of strengthening our systems, we have launched a three-year action plan to enhance foundational management in nine areas, including production and contract fulfillment, financial resources, legal compliance, and Party building. The goal of this extensive effort is to firmly establish the foundation for high-quality development. To address weaknesses and bolster areas of strength, we have published the first editions of the “Engineering Project Management Manual” and the “Investment and Financing Business

Project Management Manual (Trial Implementation)”, promoting standardized and regulated project and investment management to enhance our capacity to create value. With the construction of a digital enterprise brain as a breakthrough, we have accelerated the launch of the engineering project control platform, advancing the effectiveness of management and enhancing our competitive advantage. Focusing on maintaining stability and mitigating risks, we have implemented systematic governance to address major safety hazards and ensure the stable situation of production safety, with ironclad determination and strict adherence to regulations.

Persevering in our endeavors, a promising future awaits. In the coming months, we will steadfastly adhere to the guidance of the Party Central Committee, proactively seek opportunities, pragmatically engage in work, and fearlessly achieve success. We will delve deeply into the practice of the “Five Core Principles”, diligently implement the “Five Action Plans” and the deployment of the “Five Types, Five Mines”, while upholding high standards and demanding excellence in advancing reform, development, and party building. With unwavering dedication, we will strive to realize the ambitious goal of “One Innovation, Two Optimisms, Five Dominances”, and ardently write a new chapter of high-quality development. Our utmost efforts are directed towards creating greater value for our nation, Shareholders, society, and employees.

Chairman: Chen Jianguang

II. BUSINESS OVERVIEW

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

1. Engineering Contracting Business

(1) INDUSTRY OVERVIEW

During the Reporting Period, production demand in China steadily recovered and restructuring and upgrading were continuously promoted, leading to a sustained recovery of economic operation. According to the data released by the National Bureau of Statistics, fixed asset investment (excluding rural households) amounted to RMB24,311.3 billion in the first half of 2023, representing a year-on-year increase of 3.8%, among which, the investment in construction and installation projects increased by 3.2% year on year. Fixed asset investment has maintained a growth trend, demonstrating its significant role in driving economic and social development.

In general, as the domestic economy continues to strengthen, alongside improvements in the quality of supply and the vitality

of market players, the economy is expected to maintain a strengthening and improving trend while remaining stable. As China progresses strongly and methodically with 102 major projects in the “14th Five-Year Plan” and other significant economic and social initiatives, the upgrading and transformation of traditional industries and the emerging sectors will continue to develop and prosper in the future, with the steady acceleration of the high-end, intelligent, and eco-friendly manufacturing industries.

In the field of metallurgical construction, with the decrease in the proportion of new greenfield steel projects, the traditional steel business is facing a challenge. At the same time, the weak economic cycle is also forcing iron and steel enterprises to focus on their niche areas and concentrate on green, intelligent and high-quality development. In the context of the “dual-carbon” policy, the steel industry will further increase investment in green and intelligent upgrade and transformation, and low-carbon production technology innovation, energy conservation and emission reduction, intelligent manufacturing, etc. will become the key development direction of steel enterprises.

In the field of infrastructure construction, there is still ample room for market growth. The Central Economic Work Conference pointed out that government investment and policy incentives should be adopted to promote social investment. The Party Central Committee and the State Council recently issued the Outline of the Strategic Plan for Expanding Domestic Demand (2022–2035), approved the Overall Land Spatial Plan for the Yangtze River Delta Ecological Green Integrated Development Demonstration Area (2021–2035), and issued the Outline of the National Water Network Construction Plan, which further increase the support for the infrastructure sector, providing conditions for the economic restructuring and the innovative development of enterprises. The “New Infrastructure and New Urbanisation Initiatives and Major Projects”, rural revitalization and regional coordinated development to address deficiencies and benefiting people’s livelihoods are still the key investment directions for infrastructure.

In the field of new energy construction, the industry’s focus will gradually shift from heavy asset industries such as petroleum and coal to new energy industries represented by photovoltaics, wind power and hydropower. During the “14th Five-Year Plan” period, wind and photovoltaic power will become the main drivers of clean energy growth. By 2025, the total installed capacity of

photovoltaic will reach 730 million KW, equivalent to 2.9 times the capacity at the end of 2020. With the issuance of the medium and long-term development plans for pumped storage and the six measures to accelerate the development and construction of pumped storage, the convergence of favorable policies and industry demand will continue to accelerate the development of pumped storage, which is expected to become a trillion-level investment market.

(2) *OPERATING RESULTS OF THE SEGMENT BUSINESS*

In accordance with the work requirements of “consolidating and improving the metallurgical business, optimizing and improving the housing construction business, expanding and improving the infrastructure business”, the Company has actively promoted the transformation and upgrading of its business structure, and has now established a business structure featuring “one core, two main bodies and five characteristics” (i.e. metallurgical construction as the “core”, housing construction and municipal infrastructure as the “main bodies”, and inspection and testing, new energy materials, mineral resources, water and environmental protection and metallurgy equipment manufacturing as the “characteristics”). Adhering to the principle of “no reduction in indicators, no change in objectives”, the Company has been making unremitting efforts towards the goal of “one building, two most, five strong” through steady growth in marketing, in-depth promotion of reforms, improvement in quality and efficiency of management, and innovation and upgrading of technology. In the first half of 2023, despite a challenging and complicated environment with multiple pressures, the Company achieved remarkable growth in its main operating indicators against the trend at high levels, with the value of newly signed engineering contracts amounted to RMB697.991 billion, representing a year-on-year increase of 11.13%. Among them, the Company's newly signed overseas engineering contracts amounted to RMB21.615 billion, representing a year-on-year increase of 31.27%.

During the Reporting Period, the Company comprehensively promoted the construction of the “Engineering Project Management and Control Platform” and made new progress in digitally-enabled business management. Taking “project performance management” as the core, the Company set up five management cabins, namely the engineering analysis cabin, business management cabin, safety, quality and environmental protection management cabin, material and equipment management cabin and intelligent monitoring cabin, as well as a digital empowerment center. By collecting, interacting

and analysing the basic information data, the Company has realized various management and control functions in project progress status, business management, safety and quality system management, control of ultra-hazardous large-scale projects and dual-control mechanism for safety production, quality inspection and improvement management, energy conservation, emission reduction and environmental protection monitoring, as well as real-name management of project staff and video monitoring of the Company's key projects. The Company established digital empowerment centers at the headquarters and subsidiaries respectively, creating a top-down linked data sharing and interaction system, and an all-process pathway has been built covering the process from the production to collection, transmission, display, analysis and control of project data, ensuring efficient operation of data standardisation, encrypted communication, secure storage, sharing and interaction, and management and control application, as well as the multi-level "penetrating" management from the headquarters to the subsidiaries and the project departments. The engineering project control platform is currently in trial operation. The functions of each cabin management module have been completed. All subsidiaries engaged in the engineering contracting business have connected with the data path of the platform of the Company's headquarters, and the coverage rate of projects under construction under the control of the platform has surpassed 90%.

The overall operating results of the engineering contracting business in the first half of 2023

Unit: RMB'000

	First half of 2023	% of the total	First half of 2022	Year-on- year increase/ decrease
Segment operating revenue	317,750,594	94.25%	270,794,824	17.34%
Gross margin (%)	<u>8.80</u>	<u>-</u>	<u>8.55</u>	Increased by 0.25 percentage point

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

① Metallurgical Engineering Construction Business

As the world's largest and strongest metallurgical construction contractor and operation service provider, the Company has amassed extensive experience in planning, designing, constructing and supervising metallurgical engineering construction, with notable comprehensive advantages in resource endowment. At present, in accordance with the "181" key research plans outlined in the 2021–2025 strategic plan, the Company is accelerating the research and development of key core technologies in the fields of metallurgical core process flow, green development and intelligent manufacturing to continuously consolidate its leading position in the industry and strives to build the best and leading full-service solution provider for metallurgical construction and operation with super core competitiveness and a competitive advantage spanning the entire industrial chain, leading the development of the industry. During the Reporting Period, the value of newly signed metallurgical engineering contracts amounted to RMB93.889 billion, accounting for 13.45% of the value of the Company's newly signed engineering contracts.

During the Reporting Period, another important breakthrough was achieved in overseas metallurgical market development, with the successful signing of the 1.6 million-tonne combined steel plant project of Anwar Integrated Steel Mills Limited in Bangladesh (孟加拉安瓦爾綜合鋼廠有限公司). This project is another overseas full-process greenfield steel project of MCC, following the steel projects of Vietnam Formosa plastics hejing steel project, Malaysia Kuantan steel project, Indonesia Dexin steel project and Vietnam Hoa Phat steel project. Upon completion of the project, it will become a benchmark steel greenfield project in the South Asian region, and will continue to expand the influence of the brand of the national team of MCC Metallurgy Construction; successfully signed the MMP nickel iron smelting EPC project in Indonesia, which further consolidated the leading position of MCC in the global nickel laterite smelting industry and demonstrated the core competitive advantages of MCC.

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

Unit: RMB'000

Item of revenue	First half of 2023		First half of 2022		First half of 2021	
	Proportion		Proportion		Proportion	
	Amount	(%)	Amount	(%)	Amount	(%)
Metallurgical engineering	<u>65,361,807</u>	<u>20.57</u>	<u>56,262,888</u>	<u>20.78</u>	<u>47,198,024</u>	<u>20.41</u>

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Domestic Projects		
1	EPC Project for Wide and Heavy Plate Engineering of Henan Angang Zhoukou Iron & Steel Co., Ltd. (河南安鋼周口鋼鐵寬厚板工程總承包項目)	27.5
2	EPC Contract for 450,000-ton Food-Grade High-End Ductile Iron Pipe Project in Anyang City for 2023 (安陽市2023年產45萬噸食品級高端球墨鑄管工程EPC總承包合同)	26.1
3	Phase II of Lingang Advanced and High-quality Special Steel Industrial Base Project (steelmaking, steel rolling) of Shandong Iron and Steel Group Yongfeng Lingang Co., Ltd. (山東鋼鐵集團永鋒臨港有限公司臨港先進優特鋼產業基地二期項目(煉鋼、軋鋼))	23.0
4	Contract for Stage I of Phase I of Comprehensive Project for Smelting of Rare Metal Resources in Hetian, Xinjiang (新疆和田稀有金屬資源綜合冶煉項目一期工程一階段合同)	15.7

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
5	Coking EPC Contract for Phase II of Guizhou Meijin Liuzhi Coal Coking Hydrogen Comprehensive Utilization Demonstration Project (貴州美錦六枝煤焦氫綜合利用示範項目二期焦化總承包工程合同)	15.6
6	Steelmaking EPC Contract for Integration, Restructuring, Reduction, Replacement, Transformation and Upgrading Project of Tangshan Donghua Steel Group Co., Ltd. (唐山東華鋼鐵企業集團有限公司整合重組減量置換轉型升級項目煉鋼EPC工程合同)	15.2
7	Steelmaking EPC Contract for Yunnan Desheng Vanadium and Titanium Metal Eco-Industrial Park Project (雲南德勝釩鈦金屬生態產業園項目煉鋼主體工程總承包合同)	11.3
8	General Contracting (ironmaking & sintering) for Construction of Lingang Advanced and High-quality Special Steel Industrial Base Project (Phase II) of Shandong Iron and Steel Group Yongfeng Lingang Co., Ltd. (山東鋼鐵集團永鋒臨港有限公司臨港先進優特鋼產業基地二期項目施工總承包(煉鐵、燒結))	11.1
9	EPC Contract for Capacity Replacement (Luoyuan Minguang) and 1×110t Converter Steelmaking System Project of Ancillary Project for Fujian Sangang Minguang Co., Ltd.* (福建三鋼閩光股份有限公司產能置換(羅源閩光部分)及配套項目1×110t轉爐煉鋼系統工程EPC工程總承包合同)	10.5
10	EPC Contract for Ironmaking, Steelmaking and Continuous Casting for Capacity Reduction and Replacement Upgrade Project of Shanxi Huaxinyuan Iron & Steel Group Co., Ltd.* (山西華鑫源鋼鐵集團有限公司產能減量置換升級改造項目煉鐵、煉鋼連鑄EPC工程總承包合同)	10.1

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Overseas Projects		
1	1.6 Million Ton Joint Steel Mill Project of Anwar Integrated Steel Mills Limited, Bangladesh (孟加拉國安瓦爾綜合鋼廠有限公司160萬噸聯合鋼廠項目)	67.2
2	MMP Nickel Smelting Design and Supply Contract in Indonesia (印尼MMP鎳冶煉設計與供貨合同)	17.1
3	Installation and Construction Contract for MMP Nickel Smelting Project in Indonesia (印尼MMP鎳冶煉項目安裝施工合同)	7.7
4	Procurement Contract for Complete Sets of Engineering Equipment, Material Supply and Marine Transportation Services for the 12 Million Tons/Year Beneficiation Project of Phase II of New Tonkolili Iron Ore, Sierra Leone (塞拉利昂新唐克里里鐵礦二期1,200萬噸/年選礦工程設備成套、材料供貨及海運服務採購合同)	4.0

② **Housing Construction and Infrastructure Construction Business**

The Company continued to steadily establish a “big marketing” concept while focusing on “quality market, quality customers and quality projects”, leading to significant improvement in marketing quality. Relying on its outstanding scientific research, exploration, design and construction capabilities, the Company proactively aligns itself with and serves the national development strategy. The Company concentrates its efforts in five major regions, namely Beijing-Tianjin-Hebei, Yangtze River

Delta, Pearl River Delta, the middle reaches of the Yangtze River and the Chengdu-Chongqing urban agglomeration to cultivate and operate the “high quality, large scale, emerging and comprehensive” projects in various fields such as infrastructural facilities, super-high-rise floors, city complexes, highways, transportation hubs, etc. In terms of the high-end housing construction projects, the Company develops large-scale housing construction projects with high technology, high value-added, and high impact, such as landmark buildings and mega city complexes, to realize the high-end transformation of the construction business. During the Reporting Period, the Company continued to make great efforts in overseas markets, and newly signed contracts for a number of high-end housing construction projects in the "Belt and Road" countries, such as Cambodia Huanhai Platinum International Hotel (柬埔寨環海鉑萊國際酒店).

In addition, while maintaining its prominent position as a member of the national team of metallurgical construction, the Company has actively seized the historic opportunity of infrastructure development and continued its endeavor to expand and enhance its infrastructure business, increasing the proportion of its infrastructure business by focusing on municipal infrastructure, high-grade highways, energy and other business areas on an ongoing basis.

The operating revenue of the housing construction and infrastructure construction business of the Company for the recent 3 years and the proportion accounting for the total contract income of the projects were as follows:

Unit: RMB'000

Items of revenue	First half of 2023		First half of 2022		First half of 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction						
engineering	167,466,562	52.70	137,894,743	50.92	114,878,950	49.68
Transportation infrastructure	62,133,543	19.55	53,051,997	19.59	47,569,418	20.57
Other engineering	22,788,682	7.18	23,585,196	8.71	21,610,442	9.34

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Housing Construction Projects		
1	Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目)	108.6
2	Comprehensive Development Project of Shenyang Heping Bay City-Industry Integration (瀋陽和平灣產城融合綜合開發項目)	71.4
3	Construction Project for Medical Science and Industrial Park in Nanchong City (南充市醫學科學產業園建設項目)	50.4
4	EPC Project for Wanda Neijiang Culture and Tourism City Pending Sales Property Project (萬達內江文旅城待建銷售物業項目總承包工程項目)	45.0
5	EPC Project for Comprehensive Industrial Upgrading of Tianjin Port Free Trade Zone (天津空港保稅區產業綜合提升EPC工程總承包項目)	30.2
6	Design and Build Project for Yunnan Dianzhong ASEAN International Logistics Park Project (雲南滇中東盟國際物流園建設項目設計施工一體化項目)	29.4
7	EPC Project for Huawei Xicen Bachelor Apartment Project in Shanghai (華為上海西岑單身公寓項目總承包工程項目)	29.3
8	EPC Project for Urban Renewal Project in Northwest Area of Hi-tech District, Liaocheng (聊城高新區西北片區城市更新項目EPC總承包項目)	28.1

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
9	EPC Project for Huanghai Science and Technology Smart Agriculture Modern Industrial Park in Rizhao City (日照市黃海科技智慧農業現代產業園(EPC)項目)	24.5
10	Construction (Development) Project of the Street Area on the Northeast Side at the Intersection of Huaihai West Road and Fengshan Road in Xiao County, Suzhou City (宿州市蕭縣淮海西路與鳳山路交叉口東北側街區建設(開發)項目)	24.3
Transportation and Municipal Infrastructure Construction Projects		
1	Urban Renewal Project of Qingshan Future Community in Jiangyin City (江陰市青山未來社區城市更新項目)	56.0
2	Suining-Chongqing Expressway (Sichuan Section) Expansion Project (遂寧至重慶高速公路(四川境)擴容工程項目)	30.8
3	EPC Contract for Upgrading and Renovation Project (Survey and Design, Procurement and Construction) of Guangming Village Industrial Cluster in Tongqiao Town, Huizhou City (惠州市潼橋光明村工業集聚區升級改造項目(勘察設計、採購、施工)工程總承包合同(EPC))	30.2
4	Baoding City Major Water System Construction Project-EPC Contract for Water Network Protection and Water Quality Enhancement of River Flows to Baiyang Lake (保定市大水系建設項目--水網防護及入澱水質提升工程(工程總承包)合同)	29.9

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
5	G85G76 Chongqing (Sichuan-Chongqing Boundary) to Chengdu Expressway Expansion Project Contract Section ZCB1 (G85G76重慶(川渝界)至成都高速公路擴容工程項目ZCB1合同段)	27.6
6	EPC Contract for City-Industry Integrative Development PPP Project in Advanced Manufacturing Gathering Area of Yongchuan District, Chongqing Municipality (重慶市永川區先進製造業聚集區產城融合發展PPP項目EPC總承包合同)	21.2
7	EPC Contract for Construction Project of Green Low-carbon Advantage Industrial Park (Phase II) in Sanjiang New Area, Yibin City (宜賓市三江新區綠色低碳優勢產業園項目二期設計施工總承包建設項目工程總承包合同)	16.9
8	EPC Contract for Comprehensive Reconstruction Project of Gaoxin 4th Road (Guanggu Avenue – Guanggu 8th Road) in Wuhan – (Xinpei Road – Guanggu 8th Road) Section (武漢市高新四路(光谷大道—光谷八路)綜合改造工程—(鑫培路—光谷八路)段工程總承包合同)	16.5
9	PPP Project of Infrastructure for Quality Improvement in Urban Areas in Shizhu Tujia Autonomous County, Chongqing City (重慶市石柱土家族自治縣城市品質提升基礎設施PPP項目)	15.5
10	EPC Project for Construction of the S26 Narisong to Changtan (Longkou) Expressway in Urumqi (烏魯木齊S26納日松至長灘(龍口)高速公路施工總承包項目)	14.8

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Other Projects		
1	EPC Contract for Construction Project of Longxi Liquid Hydrogen Production and Carbon Emissions Reduction Demonstration Base (Phase I) (隴西液氫生產及碳減排示範基地一期建設項目EPC工程總承包合同)	28.4
2	EPC Contract for Project of Dezhou Rural Revitalization Industrial Integration Demonstration Park (德州市鄉村振興產業融合示範園EPC項目工程總承包合同)	27.7
3	Design-Build Contract for 8.6 Generation New Display Panel Production Line Project (Section 1) of Xiamen Tianma Optoelectronics Co., Ltd. (廈門天馬光電子有限公司第8.6代新型顯示面板生產線項目總包一標段工程合同)	25.4
4	Construction Project for Zone A of Phase I of the Intelligent Terminal Factory in Yibin High-tech Zone (宜賓市高新區智能終端廠房一期A區等建設項目)	23.2
5	EPC Project for Construction of Daxingan Forest Recreation and Tourism Base in Enshi Prefecture (恩施大興庵森林康旅基地建設項目(EPC))	19.8
6	General Contracting for Wuhu New Display Module Production Line Project (Section I) (蕪湖市新型顯示模組生產線項目總包一標段工程)	18.4
7	General Contracting for Site Preparation Project of Raw Magnesium Mine Plot in Yantai City (煙台市原鎂礦地塊場地平整項目工程總承包)	12.9
8	Gansu Yuzhong Agricultural Products Processing Industrial Park Construction Project (甘肅榆中農產品加工產業園建設項目)	10.6

③ Emerging Industries Business

During the Reporting Period, the National “14th Five-Year Plan” and relevant outline documents expressly proposed to increase policy support for the development of emerging businesses, and the industry’s focus will gradually shift from heavy asset industries such as petroleum and coal to new energy industries represented by photovoltaics, wind power and hydropower. With the launch and implementation of a series of policies and regulations such as the new Environmental Protection Law, Action Plan for the Prevention and Control of Water Pollution and Action Plan for the Prevention and Control of Soil Pollution, China will attach greater importance to the ecological and environmental protection industry. As a policy-driven industry, the implementation of favorable policies is bound to create huge market potential for emerging businesses, especially the eco-environmental industry.

In terms of the inspection and testing business, with the release of a number of policies by the country to support and promote the healthy development of the inspection and testing business, excellent enterprises within the industry have accelerated the pace of mergers and acquisitions, and the trend of internal integration is evident. The Company has qualifications and competencies in the inspection and testing business, covering construction engineering, water conservancy, railway and highway transport, petrochemical, power and coal energy and other industrial and civil construction fields. With the unique advantages of full qualification, outstanding professionalism and high social recognition, the Company is currently one of the most comprehensive and powerful inspection and testing enterprises in the field of civil engineering in China. The Company has three national quality inspection platforms, namely the National Test Center of Quality and Safety Supervision for Industrial Buildings and Structures, the National Test Centre for Steel Structure Quality Supervision and the National Test Centre for Construction Steel Quality Supervision, as well as a metallurgical environment monitoring centre, with more than 6,000 testing parameters. During the Reporting Period, the Company further strengthened the integration of the internal inspection and testing business organizations of its subsidiaries, leading to the further development of the inspection and testing

certification business. Through the research and development and application of new technologies, we can obtain the testing qualifications in the fields of industry, civil use, railway, transportation, etc., expand our business scope, enhance our professional testing ability, build a comprehensive industrial chain model, further consolidating our industry position; and optimize the allocation of resources among the inspection and testing institutions distributed in Sichuan, Shanghai, Anhui, Xiong'an and other cities, thus improving the overall competitiveness of the inspection and testing certification business of the Company, and further demonstrating the professional brand image of MCC Testing.

In terms of the eco-environmental protection industry, in line with its strategic stance of “being the front runner and vanguard of emerging industries”, the Company firmly implemented the concept of “lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)”. Relying on the leading professional and technical advantages of the professional technology research institute, the Company continued to develop emerging industries. Focusing on the favorable opportunities for green and low-carbon development, we gained scale advantages in water and solid waste treatment, mine restoration, ecological and environmental management etc. In the first half of 2023, the Company won bids for a number of new representative projects, including the Construction Contract for Resources Recycling Industrial Park Project in Gongyi City (鞏義市靜脈產業園項目施工合同), EPC Contract for Ecological Management Project of Kunming Pond and Huanbei Pond in Xi'an City (西安市昆明池環北池生態治理工程EPC總承包合同), Second Sewage Treatment Plant and Ancillary Facilities Project in Gaojie Park, High-Tech Zone, Yibin (宜賓高新區高捷園第二污水處理廠及配套設施項目), and EPC Contract of Public and Auxiliary System for Part 1, Phase II of HBIS Laoting Iron and Steel Base (河鋼樂亭鋼鐵基地項目二期一部公輔系統EPC總承包工程合同), expanding its market share. It made every effort to build the Company's ecological and environmental protection brand, and took on the important task to innovate and lead the development of emerging industries.

In terms of the cultural and 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. Relying on the Institute for Theme Park Studies of MCC, the Company strengthened the transformation of achievements and market development by taking scientific and technological innovation as the core and market demand as the guide, to enhance the core competitiveness of the Company's cultural and tourism projects, and to promote the sustainable and healthy development of China's cultural and tourism industry. During the Reporting Period, the Company won bids for a series of cultural and tourism projects, including EPC Project for Design and Construction of Qixing Mountain Cultural and Ecological Park Phase IV Project in Fusui County, Chongzuo City (崇左市扶綏縣七星山人文生態公園四期項目(EPC)設計施工總承包項目), further demonstrated the Company's brand influence in the field of cultural and tourism projects.

In terms of the new energy industry, in accordance with the national industrial policy and leveraging its own advantages, the Company actively deployed, constantly expanded its business scope, and further intensified market development. Up to now, the Company has a large number of patented technologies and proprietary technologies with independent intellectual property rights, and the overall development of the Company's new energy industry shows an upward trend. During the Reporting Period, the Company successively won bids for a series of key projects, including the EPC Contract for New Energy High-end Intelligent Manufacturing Industrial Park Project in Ningguo City, Anhui Province (安徽省寧國市新能源高端智能製造產業園項目EPC工程合同), the EPC Contract for Distributed PV Power Project in Rongchang District, Chongqing Municipality (重慶市榮昌區分布式光伏發電項目EPC總承包工程合同), and the EPC Contract for Qinzhou Changcheng Million Kilowatt New Energy Demonstration Base Phase II Bancheng 160MW PV Power Project (欽州長城百萬千瓦新能源示範基地二期板城160MW光伏發電項目EPC工程合同), which enhanced MCC's brand awareness.

2. *Property Development Business*

(1) *INDUSTRY OVERVIEW*

In the first half of 2023, the overall performance of the real estate market started with an upturn followed by a downturn. Although the market's vitality rose in the first quarter, the market failed to sustain the rebound in the second quarter as pent-up demand of the previous period was mostly satisfied, thus the national real estate market is still under great adjustment pressure.

(2) *THE OPERATING RESULTS OF THE SEGMENT BUSINESS*

In terms of real estate layout, the Company continues to adhere to the three economic circles of “Beijing-Tianjin-Hebei Region, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area” as the center, actively participates in livelihood construction projects and seeks new directions for investment. It properly relieves inventory risk, takes strict control of increment as a mandatory requirement, makes more careful calculations, controls the pace of land acquisition, steps up its destocking efforts, and improves the ability to collect money. At the same time, by utilizing the advantages of being a central state-owned enterprise in the real estate sector, the Company refines its cross-cycle adaptability, and takes the quality development path of giving priority to benefits and appropriate scale.

During the Reporting Period, in the face of the pressure of “reducing the unsold houses (去庫存)” and the policy regulation of “restrictions on property purchase and the granting of loans (限購限貸)”, the Company successfully acquired 1 land parcel located in Qinhuangdao City, Hebei Province, through market tender with a site area and permissible gross floor area of 40,900 sq.m. and 61,200 sq.m. respectively. During the Reporting Period, the amount invested by the Company in property development was RMB6.35 billion, representing a decrease of 2.0% as compared with that in the corresponding period of last year. The new construction area was 611,000 sq.m., representing a year-on-year decrease of 45.8% as compared with that in the corresponding period of last year, while the completed area was 375,000 sq.m., representing a decrease of 85.3% as compared with that in the corresponding period of last year.

During the Reporting Period, MCC Real Estate, a subsidiary of the Company was ranked 35th among the Top 100 real estate enterprises in China, Top 10 in Profitability and Stability of Top 100 Real Estate Developers in China, and was awarded the titles of “Outstanding Real Estate Product Capability Enterprise in China”, “Excellent Enterprise in China’s Urban Development and Operation”, and “2022–2023 Annual Social Responsibility Enterprise of Chinese Real Estate”. In 2023, MCC Real Estate ranked 50th in the “2023 China’s Top 100 Property Service Enterprises”, won the honors of “Property Management Companies in China in terms of Social Responsibility”, “Top 100 China Leading Property Management Companies in terms of Customer Satisfaction Rate”, “Outstanding Specialized Property Service Enterprise in China”, and “Leading Property Service Enterprise with Chinese Characteristics” and others. The brand value of MCC Real Estate reaches RMB30.6 billion, and its main long-term credit rating received the highest AAA rating from domestic authoritative credit rating agencies.

The overall operating results of the property development business in 2023

Unit: RMB '000

	First half of 2023	% of the total	First half of 2022	Year-on- year increase/ decrease
Segment operating revenue	7,785,121	2.31%	9,030,921	-13.79%
Gross margin (%)	8.34	–	10.97	Decreased by 2.63 percentage points
	=====	=====	=====	=====

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

During the Reporting Period, the highlights of property projects developed by the Company were as follows:

① Beijing MCC Dexian Mansion Project

The project is located in Dongba Township, Chaoyang District, Beijing, adjacent to the Fifth Circle and Beijing Capital International Airport, and close to the Louzizhuang West Station of Metro Line 12 (under construction) and Line 3 (under construction), which is another masterpiece of MCC Real Estate's "Dexian Series" high-end products in Beijing. The project covers a site area and permissible gross floor area of 17,000 sq.m. and 48,000 sq.m respectively, and is planned for residential use. The project is currently in the progress of interior and exterior decoration.

② Qinhuangdao MCC Dexian Mansion Project

The project is located in the core area of the Qinhuangdao Economic and Technology Development Zone, with excellent location, convenient transportation, abundant medical resources and complete commercial facilities. The project covers a site area, a total gross floor area and permissible gross floor area of 13,600 sq.m., 27,100 sq.m. and 20,500 sq.m respectively, and is planned for residential use. The project is currently in the construction phase of its main structure.

③ 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 permissible gross floor area of approximately 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 to deal with customer concerns and pain points to effectively improve the surrounding environment and supporting facilities of Dongliangxiang parcels in a way to promote the living quality of the southwest area of Shijiazhuang. Phase I of Lot A-1 is currently in the progress of interior and exterior decoration.

In April 2023, according to the report of the Top 20 Real Estate Project Sales Performance in Shijiazhuang from January to March 2023 released by China Index Academy, Shijiazhuang MCC Dexian Mansion project stood out from many branded real estate projects and won the first place on the list, which successfully demonstrated MCC Real Estate's strong product appeal and brand competitiveness.

④ Nanjing MCC Jinxiu Tianxi Project

The project is located in the Hexi riverside area in the former Xiaguan District (now Gulou District) of Nanjing. The project covers a site area and permissible gross floor area of 40,300 sq.m. and 222,500 sq.m. respectively, and is planned for residential and commercial use. The project is the first ultra-high-rise large-scaled residential project built by MCC Real Estate on the riverside of Gulou, Nanjing, with a skyline of nearly 150 meters, becoming a more high-end and mature advanced product in the Shengshi Binjiang residential group. The project is being developed in phases, and the first phase has been completed and delivered.

⑤ Baotou Dexian Mansion & Dexian Huafu Project

The project is located in the core area of Xindushi District, Baotou, Inner Mongolia. The project covers a site area and permissible gross floor area of 256,700 sq.m. and 590,400 sq.m. respectively, and is planned for residential and commercial use, which is an upgraded project for MCC Real Estate's more than 10 years of in-depth development in Baotou. The project is developed in phases, of which the southern part of the Baotou Dexian Mansion Project (Lot 77#) was completed and delivered in June 2023; the construction of the main structure of the northern part has been substantially completed.

As at the end of June 2023, the sales contract completion rate of the project exceeded expectations, successfully demonstrating the strong brand appeal and product competitiveness of MCC Real Estate, fulfilling MCC Real Estate's quality commitment to the property owners, and demonstrating the brand strength and responsibility of a central state-owned enterprise.

3. *Equipment Manufacturing Business*

(1) *INDUSTRY OVERVIEW*

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

(2) *THE OPERATING RESULTS OF THE SEGMENT BUSINESS*

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

The Company's equipment manufacturing segment mainly focuses on metallurgical equipment, and operates in multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, ironmaking and steel-making, casting and rolling. These products are widely used in international and domestic large steel engineering projects. The equipment manufacturing business closely keeps pace with layout adjustment and industrial upgrading of China's steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company gives full

play to the three functions of core equipment base in respect of R&D pilot testing, core manufacturing and final assembly integration, so as to continuously facilitate the productization and industrialization of core technologies.

The Company will continue to integrate competitive upstream and downstream business resources, include a core equipment manufacturing system into MCC equipment industry park for unified 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 “backbone” of the national team for metallurgical construction, the “incubator” of new products for metallurgical equipment and the “carrier” for the “MCC Equipment” brand.

The overall operating results of the equipment manufacturing business in the first half of 2023

Unit: RMB'000

	First half of 2023	% of the total	First half of 2022	Year-on- year increase/ decrease
Segment operating revenue	6,894,841	2.04%	6,799,675	1.40%
Gross margin (%)	<u>13.36</u>	<u>–</u>	<u>12.04</u>	Increased by 1.32 percentage points

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

(3) STEEL STRUCTURE BUSINESS

The Company is the founder of China’s steel structure engineering and one of the pioneers of China’s steel structure business, and has important R&D platforms and the most influential professional associations in the industry such as the “National Steel Structures Engineering Technology Research Centre” and the “China Steel Structure Association”. It has edited and co-edited almost all domestic steel structure national and industry standards, and holds the leading position in comprehensive

technology of steel structures in China. It has full industry chain consolidation advantages featuring the integration of R&D, design, manufacturing, installation, testing and supervision, and has built a portfolio of famous brands with brand influence and reputation, including the Olympic Bird's Nest, the Yanqi Lake APEC Exhibition Centre, the Shanghai World Expo Theme Pavilion, Shanghai Disney Resort and Universal Beijing Resort.

As one of the largest steel structure manufacturing enterprises in China, the Company has established 32 steel structure manufacturing bases with a design capacity of 1.65 million tonnes in economic hot spots in China, with the Company's steel structure manufacturing (including base and on-site production) capacity, industrial scale and manufacturing volume ranking among the top in the same industry in China. It owns a number of core steel structure manufacturing bases, including MCC (Shanghai) Steel Structure Base, Baoye Zhengzhou Steel Structure Base and MCC5 Chengdu Steel Structure Base. Among them, MCC (Shanghai) Steel Structure Technology Co., Ltd., as the representative enterprise of the Company's steel structure business segment, adheres to the principle of "specialization, branding and regionalisation" through integrating the Company's internal and external steel structure business resources and optimizing the steel structure capacity layout, thus realizing steady and rapid development. During the Reporting Period, it successively won the bids for major landmark projects such as Steel Structure and Metal Roof Construction for New T3 Terminal of Xining Caojiabao Airport (西寧曹家堡機場新建T3航站樓鋼結構及金屬屋面工程), Beijing Subway Line 7 Zhangjiawan Urban Complex Project (北京市軌道7號線張家灣城市綜合體項目), Steel Structure Construction for Shanghai Xuhui West Bund Convention & Exhibition (Longhua Plot) (上海徐匯西岸會展(龍華地塊)鋼結構工程), Steel Structure Construction Project for the Hotel in Sanya International Duty Free Shopping Complex (三亞國際免稅城酒店鋼結構工程項目), Steel Structure Project for Jiading IC R&D and Manufacturing Plant and Ancillary Facilities (嘉定集成電路研發製造用廠房及配套設施鋼結構項目), Steel Structure Project for Scientific Research Office and Ancillary Construction (Phase I) of Huairou National Laboratory (懷柔國家實驗室科研辦公及配套工程(一期)鋼結構項目), Steel Structure Construction for Intelligent Manufacturing of Large-scale and High-end Core Components for Wind Power of Dalian Huarui Heavy Industry Group (大連華銳重工集團大型高端風電核心零部件智能製造項目鋼結構工程), Steel Structure Construction for SONG SPACE (North) in Hi-tech Industries Development Zone (高新望雲松間項目(北區)鋼結構工程), Shanghai Mental Health Center Major Psychosis Clinical

and Diagnostic Centre Project (上海市精神衛生中心重性精神疾病臨床診療中心項目), Steel Structure Construction for 23GWh Cylindrical Lithium Iron Phosphate Power Battery for Energy Storage Project of Qujing EVE Energy (曲靖億緯鋰能23GWh圓柱磷酸鐵鋰儲能動力電池項目鋼結構工程), Steel Structure Construction for Lingang Horizon Building Project (臨港地平線大廈項目鋼結構工程), Steel Structure Project for Boiler of Jingneng Zhuozhou 2x1,000MW Thermal Power Expansion (京能涿州2x1,000MW熱電擴建項目鍋爐鋼結構項目).

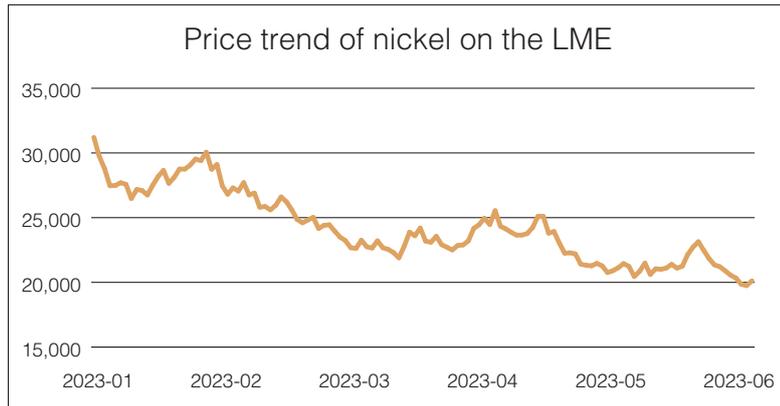
4. Resource Development Business

(1) INDUSTRY OVERVIEW

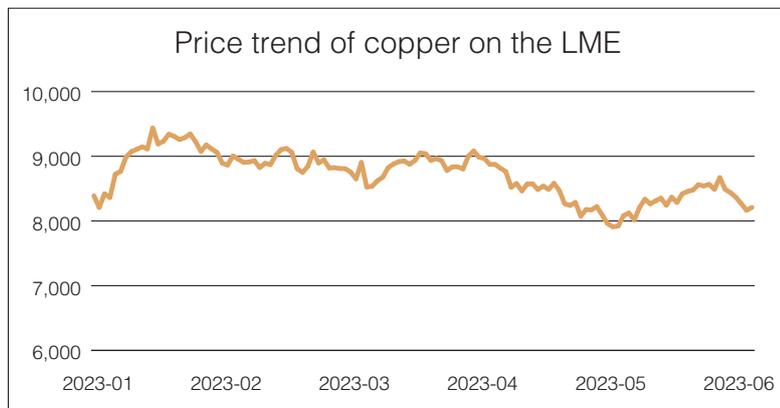
Amid increasing changes unseen in a century, intensified international competition, ongoing geopolitical conflicts, and an unprecedented fluctuation in commodity prices and turbulence in the global mining market, the Company is facing a more complicated and challenging external environment in the resource development business. At the same time, the development of new energy industries, including the new energy automobile, clean energy and the information industry, will lead to a significant increase in the demand for non-ferrous metals, which will be favorable to the long-term development of non-ferrous metal prices.

In the first half of 2023, the price trend of non-ferrous metals was driven by the intensity of the domestic economic recovery, showing an overall trend of rising before falling, and a downward trend with fluctuations. The average prices of nickel, copper, lead and zinc on the London Metal Exchange for the first half of the year were US\$24,205/tonne, US\$8,703/tonne, US\$2,129/tonne and US\$2,835/tonne respectively, representing a decrease of 35.5%, 2.1%, 9.3% and 21.3% respectively from the beginning of the year.

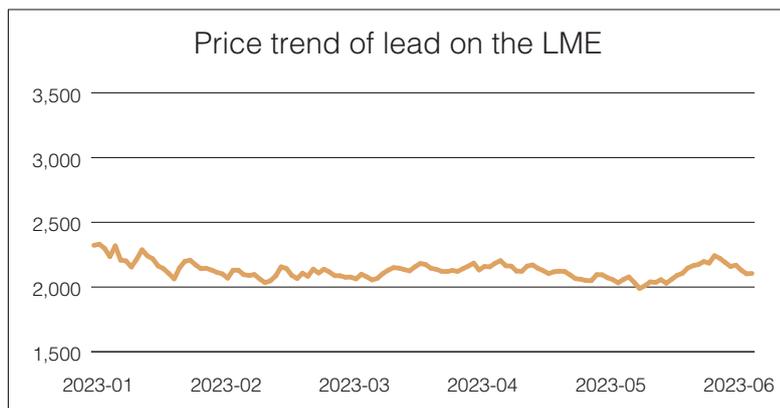
Unit: USD/tonnes



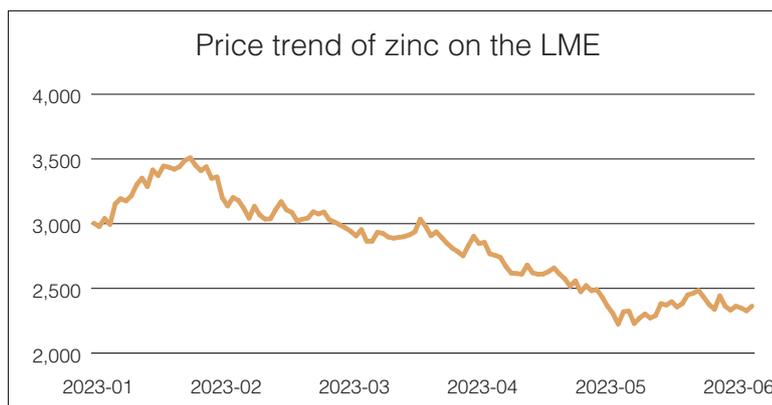
Unit: USD/tonnes



Unit: USD/tonnes



Unit: USD/tonnes



Source: RoyalFlush Info

(2) OPERATING RESULTS OF THE SEGMENT BUSINESS

During the Reporting Period, the Company's resource development business mainly focused on mining, selection and refining of metal resources of nickel, cobalt, copper, lead, zinc and other metals, and the Company strove to improve the development and operation level of its own mineral resources by closely focusing on the development goal of "increasing resources, increasing reserves, increasing production, ensuring safety and reducing costs". In the first half of 2023, three key overseas mines under operation continued to implement the operating principle of "fast mining and fast selling, full production and sales", stabilized the production and operation fundamentals, and generally maintained the state of over-production and profitability, accomplished "half of the mission within half of the time", with a total net profit of RMB1,010 million.

**The overall operating results of the resource development
business in the first half of 2023**

Unit: RMB'000

	First half of 2023	% of the total	First half of 2022	Year-on- year increase/ decrease
Segment operating revenue	4,281,869	1.27%	3,592,811	19.18%
Gross margin (%)	<u>34.51</u>	<u>-</u>	<u>46.30</u>	Decreased by 11.79 percentage points

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

The details on the progress of major mineral resource projects under development is as follows:

① Papua New Guinea Ramu Nico Mine Project

During the Reporting Period, the project was estimated to retain 1.28 million tonnes of nickel resources and 140,000 tonnes of cobalt resources, with an average production rate of 103% in the first half of 2023. The project cumulatively produced nickel hydroxide, which contained 16,800 tonnes of nickel and 1,514 tonnes of cobalt. The project sold nickel hydroxide, which contained 16,991 tonnes of nickel and 1,495 tonnes of cobalt, achieving operating revenue of RMB2.79 billion and net profit attributable to the Chinese party of RMB900.00 million.

② Pakistan Duddar Lead-Zinc Mine Project

During the Reporting Period, it was estimated to extract 390,000 tonnes of lead resources and 840,000 tonnes of zinc resources under the project. In the first half of 2023, the project accomplished 270,000 tonnes of mine output, with an average production rate of 108%. The project cumulatively produced lead concentrate ore containing 4,209 tonnes of lead and zinc concentrate ore containing 22,082 tonnes of

zinc. The project sold lead concentrate ore containing 4,861 tonnes of lead and zinc concentrate ore containing 16,964 tonnes of zinc, achieving operating revenue of RMB290 million and net profit attributable to the Chinese party of RMB80.14 million.

③ Pakistan Saindak Copper-Gold Mine Project

During the Reporting Period, it was estimated to extract 1.85 million tons of copper resources under the project. In the first half of 2023, the project maintained normal and continuous production in mining and processing, with the cumulative production of 8,573 tonnes of copper contained in copper concentrate ore. The project resumed crude copper smelting and refining production on 25 April. As of the end of June, it has produced an aggregate of 4,829 tonnes of crude copper, and sold 7,452 tonnes of crude copper, achieving operating revenue of RMB530 million and net profit attributable to the Chinese party of RMB63.34 million.

④ Pakistan Saindak Copper Mine Project

During the Reporting Period, the project successively completed the expert demonstration and revision of the geological general exploration report, and confirmed the general exploration of 3 million tonnes of copper resources. The Company will continue to carry out the exploration and prospecting at the deep side of the Pakistan Saindak Copper Mine Project, and scientifically carry out the feasibility study of project development.

⑤ Afghanistan Aynak Copper Mine Project

During the Reporting Period, the project retained 11.08 million tonnes of copper resources, and its normal progress was still affected by delays in matters such as cultural relics excavation and land transfer under the responsibility of the Afghan government. The Company will continue to strive to improve the effectiveness of its investment in the project through contract negotiations and collaboration with the Afghan interim government to make actual progress on the project.

⑥ China Silicon Polysilicon Project

During the Reporting Period, China Silicon Corporation Ltd. (“**China Silicon**”), a subsidiary of the Company, has produced and sold an aggregate of 2,650 tonnes and 2,588 tonnes of polysilicon, and produced and sold 5,350 tonnes of new silica-based materials, with sales revenue amounting to RMB443 million (of which the sales of new products amounted to RMB120 million) and net profit amounting to RMB3.08 million.

The project on transformation and updating of the electronic information materials implemented by China Silicon is an “import substitution” project that fills the gap of high-end silica-based materials in China. The technology comes from the achievements of the national industrial foundation project and the major projects of Zheng-Luo-Xin Independent Innovation Demonstration Zone undertaken by China 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 covers an area of 350 mu, and is to build 300t/a of fusion grade polysilicon, 6,000t/a of VAD tetrachlorosilicon, as well as PCVD grade tetrachlorosilicon, electronic grade tetrachlorosilicon, trichlorosilicon, dichlorodihydrosilicon, raw material grade and electronic grade hexachloroethylsilane, ethyl orthosilicate and other semiconductor electronic materials. At present, the mechanical completion has been achieved, and the system debugging is being carried out by product. The second phase of the project will be built in batches, anchoring new products that have made breakthroughs, expanding the production scale of high-purity polysilicon, and building 10 new products such as electronic specialty gas and precursor materials. Among them, the construction of the first batch of 9 products in the second phase has been commenced and is expected to be completed and put into operation by the end of June 2024.

China 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 new development concept, and base itself on the field of integrated circuits, optical communication and new energy

to steadily expand into related technical fields. It will strive to build a national forward-looking innovation centre and production base of basic materials, and strive to bring China's silicon-based materials industry to a higher level, thus consolidating and enhancing the position and voice of China in the optical communication and integrated circuits industries.

(II) Analysis on Core Competitiveness during the Reporting Period

1. In respect of value creation: possessing its own continuously strengthening profitability and project fulfillment capability

The Company continued to implement measures to reduce process assets, cultivate high value-added assets, improve the quality and profitability of corporate assets, optimise the allocation of resources, prioritise the support of businesses with high profit margin contribution and fast cash inflows, and accelerate the disposal of inefficient and ineffective assets. The Company strengthened the centralized management of funds and notes, reduced restricted funds, achieving full use of funds and concentrating financial resources to accomplish major tasks. It actively promoted the transfer of accounts receivable, infrastructure public REITs and other businesses to improve asset turnover. It strengthened tax planning to create value, continuously strengthened the construction of tax management system and improved the general tax management level to give full play to the tax function of value creation. It vigorously carried out supply chain financial services and continued to expand the effectiveness of procurement cost reduction. At the same time, the Company paid close attention to project management improvement, focused on improving production performance efficiency and project profitability, strengthened the concept of "project management by legal person", vigorously promoted the online operation of the construction project management and control platform, promoted the implementation of the Manual for Project Management, promoted the integration of the relevant business systems for project management, broke through business barriers, straightened out key links, and improved the resource allocation efficiency of the main platform; the Company has also strengthened project cost control, adhered to the cost leadership strategy, implemented cost control for all staff, all elements and all processes, and comprehensively improving the gross profit margin of the projects. The Company made full use of its financial sharing center to strengthen cost control of the projects, realize online payment control, and eliminate over-budget, over-settlement and over-ratio payments. It also strengthened the process control of construction project fulfillment and launched fulfillment inspections

of major construction projects at home and abroad, taking the progress of construction, safety, quality, environmental protection, employment and complaints from owners as the key issues of the inspections, and taking major engineering projects as the starting point to bring the level of construction project fulfillment management to new heights.

2. *In respect of market development: possessing steadily improving market development capability and quality of marketing*

The Company continued to closely keep pace with layout adjustments and industrial upgrading of China's steel enterprises, seized the market opportunities brought by energy conservation and environmental protection, green manufacturing and smart manufacturing in metallurgical construction, and facilitated further cooperation with key steel enterprises to ensure that its control and absolute dominance in major steel construction projects remain unchanged, and to continuously march towards the high-end of metallurgical value chain. The Company provided customers with customized "one-to-one" high-quality services in a timely manner through a core customer database and a regular communication mechanism. By continuously deepening the connections and cooperation with core customers, the Company has built a high-end cooperation platform for government and enterprises, continued to optimise its marketing system and re-innovate its marketing mode. The Company continuously reformed its marketing concepts, innovated its marketing ideas, strengthened its marketing foundation, improved its marketing system, and implemented the concept of "three optimisations", to optimize the business structure, establish the concept of large-scale marketing. It also implemented key account management, opened up key areas, and implemented major projects. By focusing on the "on-site recycling market" and leading marketing innovation with conceptual innovation, the Company has promoted the consolidation and enhancement of its metallurgical business, the optimisation and improvement of its housing construction business and the expansion and improvement of its infrastructure business. The Company's marketing quality continued to improve steadily, and the "1+M+N" regional market layout has achieved remarkable results.

3. *In respect of technological innovation: possessing continuously elevating core technological capabilities and system integration abilities*

The Company accumulated core technological advantages penetrating 8 major business fields and 19 business units of steel and iron construction as well as the technological advantages of the strongest mine construction ability, mine development and production. The Company also processes with more than a hundred leading core techniques and the ability of constant reformation and innovation. The Company extended such advantage to other fields. After years of accumulation, including the construction of expressways under complex geographic conditions, gigantic deep-foundation pit under special geographic conditions, super-high-rise building, super-large-span buildings, super-large high-precision electrical and mechanical systems, the Company possesses various internationally top-notch techniques in respect of construction and reaches the leading position nationwide with respect of, among others, new materials, technologies and techniques in the construction field. In addition, the Company also possesses notable technological advantages in respect of emerging technological fields, including integrated pipeline corridors, sponge cities, beautiful villages, smart cities, and environmental protection business fields, including sewage treatment, river dredging, integrated waste treatment and photovoltaic power, and the fields of inspection and testing and new energy materials, etc.

4. *In respect of resource distribution: possessing constantly improving management innovation ability and resource integration capability*

The Company is able to constantly optimize the strategy, model, procedure, standard, value, culture, structure and system through continuous innovation in management thinking, management concept, management knowledge, management approach, management tool, in order to ensure the Company will remain vibrant and energetic under changing external conditions. With a view to improving the industrial chain and value chain, the Company continued to promote the resource integration between different internal companies and different businesses and strived to push forward the effective integration of external social resource and capital of the Company with a complementary effect in order to multiply vitality of the Company, realise the extensive, lean and intensive operation of the Company and efficiently achieve the goal of the Company's results and development.

The Company possesses a whole-process, all-aspect and complete construction industrial chain covering technological research and development, consulting and planning, surveying and mapping, project design, project supervision, civil construction, installation and adjustment, operation and management, equipment manufacturing and integration, technological service and import and export trade. As compared with general engineering design enterprises, project construction enterprises or equipment manufacturing enterprises, the Company is able to carry out resource integration on its industrial chain and to provide more comprehensive and integrated services to customers.

5. *In respect of corporate culture: possessing corporate spirit and vision with high popularity*

Being a founder, pioneer and builder of the iron and steel industry in New China, the Company has come a long way since 1948 when it was mired in predicament before the founding of the People's Republic of China. The staff of MCC has been sailing against the tide over the past seven decades from a humble beginning. Arduously, we finished building of an incomparable steel empire. Thus, the Company has accumulated an excellent tradition characterized by bravery, courage, solidarity and struggles, and courage to rise to challenges, which has become the Company's great spiritual wealth. The Company adheres to the strategic positioning of "being the world-class national team of metallurgical construction, the main force and pioneer of infrastructure construction, and the front runner and vanguard of emerging industries, and adhering to the road of high-tech and high-quality innovation and development in the long term", and unites people's mind with the vision of "Beautiful MCC", and leads all cadres and staffs to work together and strive for progress with simplicity and honesty, responsibility, refreshing and righteous and striving for the first place. It was the mark of a new burst of vitality again. The masterful corporate culture – gaining the unique mastery and powerful spiritual force for the everlasting foundation of MCC – embodies the striving goal, vision of MCC and core value formed in such process that laying at the core competitiveness of the Company.

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

III. FINANCIAL HIGHLIGHTS

(I) Overview

The highlights of the Company's financial position as at 30 June 2023 and the operating results for the six months ended 30 June 2023 were as follows:

- Operating revenue amounted to RMB334,459 million, representing an increase of RMB45,257 million or 15.65% from RMB289,202 million in the first half of 2022.
- Net profit amounted to RMB8,679 million, representing an increase of RMB1,322 million or 17.98% from RMB7,357 million in the first half of 2022.
- Net profit attributable to the Shareholders of the listed company amounted to RMB7,218 million, representing an increase of RMB1,345 million or 22.90% from RMB5,873 million in the first half of 2022.
- Basic earnings per share amounted to RMB0.26, while the basic earnings per share in the first half of 2022 amounted to RMB0.24.
- As at 30 June 2023, total assets amounted to RMB667,222 million, representing an increase of RMB81,829 million or 13.98% from RMB585,393 million as at 31 December 2022.
- As at 30 June 2023, the Shareholders' equity amounted to RMB175,055 million, representing an increase of RMB13,137 million or 8.11% from RMB161,918 million as at 31 December 2022.
- The value of newly signed contracts amounted to RMB721,891 million, representing an increase of RMB74,891 million or 11.58% from RMB647,000 million in the first half of 2022.

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

(II) Operating revenue from principal business segments

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

(1) Engineering Contracting Business

Operating revenue amounted to RMB317,751 million, representing an increase of RMB46,956 million or 17.34% from RMB270,795 million in the first half of 2022.

(2) Property Development Business

Operating revenue amounted to RMB7,785 million, representing a decrease of RMB1,246 million or 13.79% from RMB9,031 million in the first half of 2022.

(3) Equipment Manufacturing Business

Operating revenue amounted to RMB6,895 million, representing an increase of RMB95 million or 1.40% from RMB6,800 million in the first half of 2022.

(4) Resource Development Business

Operating revenue amounted to RMB4,282 million, representing an increase of RMB689 million or 19.18% from RMB3,593 million in the first half of 2022.

(5) Other Businesses

Operating revenue amounted to RMB426 million, representing a decrease of RMB2,336 million or 84.57% from RMB2,762 million in the first half of 2022.

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

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

1. Risks associated with macro-economy

The Company's main businesses are greatly affected by the national macroeconomic conditions, fixed asset investment in the steel industry, development of the construction industry, urbanization process and other external factors. In the first half of 2023, under the complex and challenging international environment, the recovery of the global economy was still weak, and the spillover effects of policy tightening in major developed economies appeared, leaving more instabilities and uncertainties. However, despite these pressures and challenges, the long-term positive fundamentals of China's economy remained unchanged, with strong resilience, great potential, and vast room for development. The economic operation resumed its upward trend and the high-quality development made steady progress. The profound changes in business environment in which enterprises operate, will be a challenge for both their risk appetite and their daily operation ability and ability to respond to challenges.

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

2. Risks associated with traditional metallurgical engineering business segment

Greenization and decarbonization are the main trends of the steel industry during the "14th Five-Year Plan" period, while the digital transformation and the merger and reorganization of the steel industry will continue to be carried out extensively. The steel industry has gradually entered into a new stage of quality and efficiency adjustment from a scale adjustment, and the digital transformation of the steel industry has brought new opportunities. Firstly, a series of national, provincial and municipal policies and measures have been issued to support the development of digital economy, and the benefits of the policies will soon be unlocked. Secondly, the implementation of major projects such as the relocation, transformation and upgrading of the steel industry has brought about the digital reform of production equipment and processes. Thirdly, the growing personalized needs of steel enterprise users lead to the transformation from the inherent essence of "large scale and standardization" of the steel industry to the new demand for "small batch and multiple varieties", and digital transformation will become an important way to rely on. Fourthly, the implementation of "new infrastructure" is initiated, and the construction of intelligent information facilities is accelerated. The new generation of intelligent technology provides new technical support for digital transformation and upgrading of the traditional steel industry.

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

3. Risks associated with the non-steel engineering segment

Since 2023, the recovery of the domestic business environment and investment expectations has been accelerated, and the macro-fundamentals have been improved due to adjustments and optimisation in pandemic prevention and control policies, leading to the adjustment of China’s economic development from high-speed growth to optimisation of economic structure. The International Monetary Fund has raised its forecast for China’s economic growth for 2023 from 4.4% to 5.2%. Under the new situation, the concentration of the non-steel industry is getting higher and higher, the regional layout of the market is gradually becoming the same, and the competition is becoming more intense. Among them, the housing construction business has changed from incremental competition to inventory competition due to the slowdown in its growth; in the field of infrastructure construction, the investment growth rate of national railways, urban railways, highways has declined, but the investment in integrated and major transportation hub planning is still at a high level. It is expected that railway transportation, underground space, ecological and environmental protection and telecommunication facilities will be the fastest growing areas.

In the face of opportunities and challenges, the Company will stay true to ourselves and continuously focus on the keynote of the market development of “quality markets, quality customers and quality projects”; prioritize marketing efforts at the headquarters level, continue to optimise the regional layout of “1+M+N”, adhere to the optimisation of the housing construction business by “phasing out low-end, consolidating mid-end and expanding high-end”, seize opportunities for infrastructure development, accelerate structural transformation, and remedy the shortcomings, forming a diversified business structure with “one core, two main bodies and five characteristics”; continuously improve management efficiency, innovate business models, advance in both traditional advantage field and emerging

field, and strive to achieve the goal of “one building, two most, five strong (一創兩最五強)”, i.e. 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, and strong cultural soft power.

4. Risks associated with the property development business segment

In 2023, on the basis of “houses are for living in but not for speculative investment (房住不炒)”, the fundamental tone of real estate regulation has included the requirement of “preventing and resolving the risks associated with high-quality real estate enterprises”. Although the real estate policies have shown an easing trend, the weak economy has led to pessimistic expectations among residents for the future. Currently, the expectation of further policy tweaks is growing, and recent reductions in reverse repo interest rates have further fueled anticipation for the optimization of real estate policies. At present, the overall transaction volume of the national real estate market remains at a low level with obvious market differentiation. Although the core first-tier and second-tier cities are more active in the land auction market, real estate enterprises maintain a wait-and-see attitude due to sluggish sales in the real estate market, resulting in a lack of investment willingness. The development and investment in real estate has not yet shown any sign of stabilization after the decline.

Therefore, the Company’s real estate business adheres to the policy of “houses are for living in but not for speculative investment (房住不炒)”. The Company closely follows the market trend, and actively guides its subsidiaries to scientifically study regional and city development plans, coordinate investment and management strategies with policy guidance and market trends, fully implement the development concept of “quick turnover, low cost, high quality, high profit”, and effectively implement the guideline of “controlling the total volume, reducing the inventory and preventing the risk”. The Company will actively explore new ideas and methods of destocking, make great efforts to revitalize projects at hand to effectively reduce inventory, vigorously revitalise low-end assets and withdraw from high-risk projects, and continuously improve the anti-risk capacity of projects, so as to effectively respond to risks associated with the real estate development business segment.

5. Risks associated with the financial segment

Since 2023, the global financial market has been facing severe challenges. Events such as ongoing war between Russia and Ukraine, intensified conflicts between Russia and Ukraine, significant increase in interest rate by the Federal Reserve, and the “debacle (暴雷)” of banks in Europe and the U.S. has led to the volatility in the international financial market, and the exchange rate of RMB against the US dollar showed a material two-way fluctuation trend.

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

6. Risks associated with bulk commodity prices

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

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

7. Risks associated with international operations

The 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 the global economic downturn continue, which may result in the failure to complete construction works on time, cost overruns, disputes arising from claims and difficulties in contractual performance, etc., which in turn affect the revenue and profit of the Company’s overseas business.

The Company shall urge each subsidiary and foreign institution to formulate scientific safety plan, make risk assessment and emergency drills, and ensure the health and safety of employees; at the same time, we have summarized the experience learned from 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, and made every effort to decrease the risk of international operation to accelerate the localization and enhance international competitiveness.

8. Environmental and safety production risks

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

To effectively avoid environmental risks, the Company will continue to actively practice the green development ideology that "Lucid Waters and Lush Mountains are Invaluable Assets (綠水青山就是金山銀山)", continuously pay attention to the launch of environmental protection supervision, continuously improve environmental management efforts, carry out environmental protection supervision and inspection with "no notice, no greeting, no report, no accompanying reception, straight to the grassroots level, and direct access to the scene (四不兩直)", and conduct energy saving environmental protection training to raise environmental awareness. In terms of production safety, the Company further improved the all-staff safety production responsibility system, strengthened the construction of safety teams, actively built a "double prevention" mechanism, intensified safety inspections by adopting the "guarantee" inspection and "open competition" special inspections, and carried out solid investigation and management of major hidden dangers and safety management strengthening annual actions to further improve the quality of hidden dangers rectification, strengthened the management of hazardous chemicals and explosives, and performed well in flood safety to continuously improve the level of safety production management.

9. Risks associated with data fraud and theft

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

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

10. Cyber risks and security

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

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

V. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

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

Unit: RMB'000

Items	Amount for the current period	Amount for the same period of the previous year	Change in Proportion (%)
Operating revenue	334,458,860	289,201,742	15.65
Operating costs	303,470,277	262,190,220	15.74
Selling expenses	1,392,314	1,227,620	13.42
Administrative expenses	5,425,525	4,939,714	9.83
Financial expenses	248,599	109,355	127.33
Research and development expenses	9,089,092	7,638,329	18.99
Net cash flows from operating activities	(14,516,419)	167,708	N/A
Net cash flows from investing activities	(2,517,715)	(1,594,881)	N/A
Net cash flows from financing activities	<u>31,102,865</u>	<u>22,233,423</u>	<u>39.89</u>

Explanation of change in operating revenue: Mainly due to the growth in revenue from engineering contracting and other businesses during the Reporting Period as the Company actively expanded its markets.

Explanation of change in operating costs: Mainly due to the increase in costs of engineering contracting and other businesses in alignment with the growth of operating revenue.

Explanation of change in selling expenses: Mainly due to the increase in market development expenses such as staff expenses and travelling expenses of the Company during the Reporting Period.

Explanation of change in administrative expenses: Mainly due to the increase in administrative expenses such as staff expenses and travelling expenses of the Company during the Reporting Period.

Explanation of change in financial expenses: Mainly due to the increase in interest expenses of the Company as a result of the larger scale of long-term borrowings during the Reporting Period.

Explanation of change in research and development expenses: Mainly due to the increase in research and development investment of the Company during the Reporting Period.

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

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

Explanation of change in net cash flows from financing activities: Mainly due to the increased issuance of perpetual bonds.

2. *Analysis on revenue and costs*

(1) *Major business by segment and region*

1) Major business by segment

Unit: RMB'000

Segments	Major Business by Segment					
	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to the corresponding period of last year (%)	Increase or decrease in the operating costs as compared to the corresponding period of last year (%)	Increase or decrease in the gross margin as compared to that of last year
Engineering contracting	317,750,594	289,789,285	8.80	17.34	17.02	Increased by 0.25 percentage point
Property development	7,785,121	7,136,137	8.34	-13.79	-11.25	Decreased by 2.63 percentage points
Equipment manufacturing	6,894,841	5,973,528	13.36	1.40	-0.12	Increased by 1.32 percentage points
Resource development	4,281,869	2,804,029	34.51	19.18	45.35	Decreased by 11.79 percentage points

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

① Engineering contracting business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing. It is currently the major source of the Company's revenue and profit. Gross profit margins of the Company's construction contracting business for the first half of 2023 and 2022 were 8.80% and 8.55%, respectively, with a year-on-year increase of 0.25 percentage point.

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

Unit: RMB'000

Items of revenue	In the first half of 2023		In the first half of 2022		In the first half of 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	65,361,807	20.57	56,262,888	20.78	47,198,024	20.41
Housing construction engineering	167,466,562	52.70	137,894,743	50.92	114,878,950	49.68
Transportation infrastructure	62,133,543	19.55	53,051,997	19.59	47,569,418	20.57

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

② Property development business

For the first half of 2023 and 2022, the total gross profit margins of the Company's property development business were 8.34% and 10.97% respectively, with a year-on-year decrease of 2.63 percentage points.

③ Equipment manufacturing business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. For the first half of 2023 and 2022, the gross profit margins of the Company's equipment manufacturing business were 13.36% and 12.04%, respectively, representing a year-on-year increase of 1.32 percentage points.

④ Resource development business

The Company's resource development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶集團銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), among others, were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中矽高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. For the first half of 2023 and 2022, the gross profit margins of the Company's resource development business were 34.51% and 46.30%, respectively, representing a year-on-year decrease of 11.79 percentage points, mainly due to changes in international commodity prices.

2) Major business by region

For details, please refer to the the notes to the financial statements included herein.

(2) Table of costs analysis

Unit: RMB'000

Segment	Costs component items	Amount for the current period	By Segment		Proportion of the amount for the same period in the previous year	Proportion of the amount for the same period in the previous year to the total cost (%)	Percentage change in the amount for the current period as compared to that for same period in the previous year (%)
			Proportion of the amount for the current period to the total costs (%)	Amount for the same period in the previous year			
Engineering contracting	Operating costs	289,789,285	94.70	247,642,999	93.18	17.02	
Property development	Operating costs	7,136,137	2.33	8,040,299	3.03	-11.25	
Equipment manufacturing	Operating costs	5,973,528	1.95	5,980,936	2.25	-0.12	
Resource development	Operating costs	2,804,029	0.92	1,929,190	0.73	45.35	

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

Description of other results in the cost analysis:

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

Unit: RMB'000

Items of costs	In the first half of 2023		In the first half of 2022		In the first half of 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	141,027,452	48.67	119,174,278	48.12	102,841,725	48.53
Materials expenses	113,919,572	39.31	93,694,791	37.83	78,846,057	37.21
Labour costs	13,927,327	4.81	13,382,222	5.40	11,813,345	5.57
Machinery usage fees	5,844,280	2.02	4,228,699	1.71	3,940,599	1.86
Others	15,070,654	5.19	17,163,009	6.94	14,467,566	6.83
Total engineering cost	<u>289,789,285</u>	<u>100.00</u>	<u>247,642,999</u>	<u>100.00</u>	<u>211,909,292</u>	<u>100.00</u>

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

(3) *Information on major customers and major suppliers*

The sales of top five customers amounted to RMB12,365,025 thousand, accounting for 3.70% of the total sales during the Reporting Period; among them, related-party sales included in the sales of the top five customers amounted to RMB5,069,001 thousand, accounting for 1.52% of the total sales during the Reporting Period.

Unit: RMB'000

Customer's name	Operating revenue	Proportion of the total operating revenue (%)
Unit 1	2,897,140	0.87
Unit 2	2,560,388	0.77
Unit 3	2,415,430	0.72
Unit 4	2,320,206	0.69
Unit 5	2,171,861	0.65
Total	<u>12,365,025</u>	<u>3.70</u>

The procurement of the top five suppliers amounted to RMB4,117,004 thousand, accounting for 1.35% of the operating costs during the Reporting Period; among them, the procurement from related parties under the procurement of the top five suppliers amounted to RMB2,453,664 thousand, accounting for 0.81% of total procurement during the Reporting Period.

Unit: RMB'000

Supplier's name	Procurement for the current period	Proportion of the total operating costs (%)
Unit 1	1,380,167	0.46
Unit 2	1,073,497	0.35
Unit 3	726,572	0.24
Unit 4	469,226	0.15
Unit 5	467,542	0.15
	<hr/>	<hr/>
Total	<u>4,117,004</u>	<u>1.35</u>

3. Analysis on expenses

(1) Selling expenses

The Company's selling expenses mainly include employees compensation costs, travelling expenses, transportation expenses, advertising and sale services expenses. In the first half of 2023 and 2022, the Company's selling expenses were RMB1,392,314 thousand and RMB1,227,620 thousand respectively, representing a year-on-year increase of 13.42%.

(2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses, office expenses and travelling expenses. In the first half of 2023 and 2022, the Company's administrative expenses were RMB5,425,525 thousand and RMB4,939,714 thousand respectively, representing a year-on-year increase of 9.83%.

(3) *Financial expenses*

The Company's financial expenses include costs of borrowing, exchange gains or losses, and bank charges incurred in the course of business. In the first half of 2023 and 2022, the Company's financial expenses were RMB248,599 thousand and RMB109,355 thousand respectively, representing a year-on-year increase of 127.33%.

4. *Research and development expenditure*

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

Unit: RMB'000

Research and development expenditure for the current period	9,089,092
Total research and development expenditure	9,696,029
Proportion of total research and development expenditure to operating revenue (%)	<u>2.90</u>

5. *Cash flows*

The cash flows of the Company are as follows:

Unit: RMB'000

Items	From January to June 2023	From January to June 2022
Net cash flows from operating activities	(14,516,419)	167,708
Net cash flows from investing activities	(2,517,715)	(1,594,881)
Net cash flows from financing activities	<u>31,102,865</u>	<u>22,233,423</u>

(1) *Operating activities*

In the first half of 2023 and 2022, the Company's net cash flows generated from operating activities amounted to RMB-14,516,419 thousand and RMB167,708 thousand respectively. In the first half of 2023 and 2022, the cash inflows generated from operating activities mainly came from the cash received from the sale of goods and the rendering of services. The Company's cash outflows generated from operating activities mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees and payments of various types of taxes.

(2) Investing activities

In the first half of 2023 and 2022, the Company's net cash flows generated from investing activities amounted to RMB-2,517,715 thousand and RMB-1,594,881 thousand. The investing activities of the Company mainly came from engineering contracting and property development business. The Company's cash inflows generated from investing activities mainly consisted of cash received from recovery of investments, investment income and disposal of assets. Cash outflows mainly included cash payments to acquire or construct fixed assets, intangible assets and other long-term assets and cash payments to acquire investments.

(3) Financing activities

In the first half of 2023 and 2022, the Company's net cash flows generated from financing activities amounted to RMB31,102,865 thousand and RMB22,233,423 thousand respectively. The Company's cash inflows from financing activities mainly consisted of cash received from capital contributions and cash inflows from interest-bearing liabilities according to the needs of operation and management. Cash outflows mainly consisted of cash for repayment of debts and interest.

(II) Analysis on assets and liabilities

1. Status of assets and liabilities

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period	Amount at the end of the previous year (As restated)	Proportion of the amount at the end of the previous year	Proportion change in the amount at the end of the current period as compared to that at the end of the previous year
		to the total assets/total liabilities (%)		to the total assets/total liabilities (%)	(%)
Current assets	508,684,993	76.24	438,205,660	74.86	16.08
Cash and bank balances	62,107,585	9.31	45,485,413	7.77	36.54
Accounts receivable	111,553,999	16.72	93,439,673	15.96	19.39
Inventories	85,438,923	12.81	79,948,631	13.66	6.87
Contract assets	139,798,996	20.95	106,826,600	18.25	30.87
Non-current assets	158,537,240	23.76	147,187,167	25.14	7.71
Intangible assets	22,514,521	3.37	22,026,293	3.76	2.22
Total assets	667,222,233	100.00	585,392,827	100.00	13.98
Current liabilities	444,169,131	90.25	385,844,649	91.11	15.12
Short-term borrowings	42,350,720	8.60	20,192,878	4.77	109.73
Bills payable	36,902,926	7.50	37,186,380	8.78	-0.76
Accounts payable	230,345,733	46.80	187,160,134	44.20	23.07
Contract liabilities	64,374,848	13.08	74,016,212	17.48	-13.03
Non-current liabilities	47,998,107	9.75	37,630,616	8.89	27.55
Long-term borrowings	37,351,142	7.59	28,840,673	6.81	29.51
Total liabilities	492,167,238	100.00	423,475,265	100.00	16.22

(1) Analysis on the structure of assets

Cash and bank balances

As at 30 June 2023 and 31 December 2022, the balances of cash and bank balances of the Company were RMB62,107,585 thousand and RMB45,485,413 thousand, respectively, representing an increase of 36.54% from the beginning of the year.

As at 30 June 2023 and 31 December 2022, the restricted cash and bank balances of the Company were RMB14,434,059 thousand and RMB12,017,196 thousand, respectively, which accounted for 23.24% and 26.42% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included cash deposits of acceptance bills, deposits for letters of guarantee, frozen funds for lawsuit, wage deposits for migrant workers and project supervision funds, etc.

Accounts receivable

As at 30 June 2023 and 31 December 2022, the carrying values of the Company's accounts receivable were RMB111,553,999 thousand and RMB93,439,673 thousand, respectively, representing an increase of 19.39% from the beginning of the year, which was mainly due to an increase in accounts receivable related to engineering contracting services.

Inventories

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

As at 30 June 2023 and 31 December 2022, the Company's net inventories were RMB85,438,923 thousand and RMB79,948,631 thousand, respectively, representing an increase of 6.87% from the beginning of the year.

Contract assets

Contract assets of the Company are mainly completed and unsettled inventories and construction quality guarantee deposits with regard to the engineering contracting service contracts. As at 30 June 2023 and 31 December 2022, the net contract assets of the Company amounted to RMB139,798,996 thousand and RMB106,826,600 thousand, respectively, representing an increase of 30.87% from the beginning of the year, which was mainly due to an increase in contract assets related to engineering contracting services.

Intangible assets

As at 30 June 2023 and 31 December 2022, the aggregated carrying values of the Company's intangible assets were RMB22,514,521 thousand and RMB22,026,293 thousand respectively, representing an increase of 2.22% from the beginning of the year. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc.

(2) *Analysis on the structure of liabilities*

Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, pledge loans and guaranteed loans from commercial banks and other financial organizations. As at 30 June 2023 and 31 December 2022, the carrying values of the Company's short term borrowings were RMB42,350,720 thousand and RMB20,192,878 thousand, respectively, representing an increase of 109.73% from the beginning of the year. As at 30 June 2023 and 31 December 2022, the carrying value of the Company's long-term borrowings were RMB37,351,142 thousand and RMB28,840,673 thousand, respectively, representing an increase of 29.51% from the beginning of the year.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB66,819,750 thousand and RMB12,727,853 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 RMB30,628,341 thousand and RMB17,939,996 thousand, respectively.

Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 30 June 2023 and 31 December 2022, the Company's carrying values of accounts payable were RMB230,345,733 thousand and RMB187,160,134 thousand, respectively, representing an increase of 23.07% from the beginning of the year.

Contract liabilities

Contract liabilities mainly comprised contract liabilities related to engineering contracting services and sales contracts. As at 30 June 2023 and 31 December 2022, the Company's carrying values of contract liabilities amounted to RMB64,374,848 thousand and RMB74,016,212 thousand, respectively, representing a decrease of 13.03% from the beginning of the year.

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

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

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (<i>Unit</i>)	2,330	751	1,843	374	5,298
Total amount	<u>12,240,316</u>	<u>4,596,469</u>	<u>8,639,748</u>	<u>2,185,739</u>	<u>27,662,272</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (<i>Unit</i>)	5,177	121	5,298
Total amount	<u>27,183,291</u>	<u>478,981</u>	<u>27,662,272</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 (<i>Unit</i>)	4,947	1,779	4,513	1,278	12,517
Total amount	<u>160,186,933</u>	<u>53,784,876</u>	<u>47,155,811</u>	<u>17,134,548</u>	<u>278,262,168</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (<i>Unit</i>)	12,010	507	12,517
Total amount	<u>272,657,354</u>	<u>5,604,814</u>	<u>278,262,168</u>

3. *Overseas projects during the Reporting Period*

Unit: RMB'000

Project location	Number of projects (<i>Unit</i>)	Total amount
Asia	528	5,802,130
Africa	34	177,057
South Africa	25	44,827
Europe	28	57,563
Oceania	11	996
North America	2	1,222
Total	<u>628</u>	<u>6,083,795</u>

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

4. *Relevant information on 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 RMB137,111 million, representing an increase of 35.59% as compared to the beginning of the period, which better satisfied the capital needs for corporate development and industrial structure adjustment. In particular, the balances of debt financing and financing by other equity instruments amounted to RMB90,364 million and RMB46,747 million, respectively, which contributed to further optimization of its financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB49,070 million and RMB88,041 million, respectively.

(IV) Investment analysis

As at 30 June 2023 and 31 December 2022, the net assets of the Company's trading financial assets were RMB2,056 thousand and RMB178,026 thousand, respectively, representing a decrease of RMB175,970 thousand from the beginning of the year. As at 30 June 2023 and 31 December 2022, the net long-term equity investments of the Company were RMB33,886,070 thousand and RMB31,863,695 thousand, respectively, representing an increase of 6.35% from the beginning of the year. As at 30 June 2023 and 31 December 2022, the net investment in other equity instruments of the Company amounted to RMB1,067,430 thousand and RMB939,925 thousand, respectively, representing an increase of 13.57% from the beginning of the year. As at 30 June 2023 and 31 December 2022, the Company's other net investment in non-current financial assets amounted to RMB3,980,532 thousand and RMB4,477,895 thousand, respectively, representing a decrease of 11.11% from the beginning of the year.

(1) Substantial equity investments

Applicable Not applicable

(2) Substantial non-equity investments

Applicable Not applicable

(3) Financial assets measured at fair value

Securities investment

Stock variety	Stock code	Stock abbreviation	Initial Investment cost	Carrying amount at the beginning of the period	Profit or loss arising from changes in fair value for the period	Fair value change recorded in equity for the period	Amount of purchase for the period	Amount of disposal for the period	Carrying amount at the end of the period	Account category
Shares	601005	Chongqing Iron and Steel (重慶鋼鐵)	361	264	(29)	-	-	-	235	Financial assets held for trading
Shares	600787	CMST Development Corp (中儲股份)	499	572	48	-	-	-	620	Financial assets held for trading
Shares	000539	GED (粵電力A)	24	35	12	-	-	-	47	Financial assets held for trading
Shares	600515	Hainan Airport (海南機場)	264	434	(93)	-	-	-	341	Financial assets held for trading
Shares	600221	Hainan Airlines Holding (海航控股)	206	209	(33)	-	-	-	176	Financial assets held for trading
Shares	000709	Hesteel (河鋼股份)	4,600	4,287	-	-	-	-	4,287	Investments in other equity instruments
Shares	601328	Bank of Communications (交通銀行)	89,697	199,958	-	44,279	-	2,942	241,295	Investments in other equity instruments
Shares	000939	Kaidi Ecological (凱迪生態)	2,502	-	-	-	-	-	-	Investments in other equity instruments
Shares	600642	Shenergy (申能股份)	188	247	-	68	-	-	315	Investments in other equity instruments
Shares	000005	Fountain (世紀星源)	420	698	-	(224)	-	-	474	Investments in other equity instruments
Shares	600665	Tande (天地源)	1,122	613	-	29	-	-	642	Investments in other equity instruments
Shares	601005	Chongqing Iron and Steel (重慶鋼鐵)	170,080	75,196	-	(8,567)	-	-	66,629	Investments in other equity instruments

Private fund investments

Applicable Not applicable

Derivative investments

Applicable Not applicable

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

30 June 2023

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (restated)
Current Assets:		
Cash and bank balances	62,107,585	45,485,413
Financial assets held for trading	2,056	178,026
Bills receivable	5,708,193	5,127,425
Accounts receivable	111,553,999	93,439,673
Receivables at FVTOCI	10,733,969	10,346,388
Prepayments	32,817,748	36,352,532
Other receivables	44,935,758	48,071,717
Inventories	85,438,923	79,948,631
Contract assets	139,798,996	106,826,600
Non-current assets due within one year	5,418,243	4,896,108
Other current assets	10,169,523	7,533,147
Total Current Assets	508,684,993	438,205,660
Non-current Assets:		
Long-term receivables	43,261,519	35,841,643
Long-term equity investments	33,886,070	31,863,695
Investments in other equity instruments	1,067,430	939,925
Other non-current financial assets	3,980,532	4,477,895
Investment properties	7,864,706	7,871,895
Fixed assets	24,919,727	25,411,113
Construction in progress	4,610,791	4,077,347
Right-of-use assets	767,406	860,236
Intangible assets	22,514,521	22,026,293
Goodwill	54,315	54,315
Long-term prepayments	399,552	396,200
Deferred tax assets	6,531,414	6,268,552
Other non-current assets	8,679,257	7,098,058
Total Non-current Assets	158,537,240	147,187,167
TOTAL ASSETS	667,222,233	585,392,827

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2023

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (restated)
Current Liabilities:		
Short-term borrowings	42,350,720	20,192,878
Derivative financial liabilities	510,932	200,670
Bills payable	36,902,926	37,186,380
Accounts payable	230,345,733	187,160,134
Receipts in advance	115,048	92,382
Contract liabilities	64,374,848	74,016,212
Employee benefits payable	2,639,947	2,254,726
Taxes payable	4,582,403	5,525,953
Other payables	32,719,054	28,228,858
Non-current liabilities due within one year	7,093,305	11,981,744
Other current liabilities	22,534,215	19,004,712
Total Current Liabilities	444,169,131	385,844,649
Non-current Liabilities:		
Long-term borrowings	37,351,142	28,840,673
Bonds payable	3,300,000	1,300,000
Lease liabilities	519,200	569,000
Long-term payables	761,013	615,009
Long-term employee benefits payable	3,491,988	3,506,754
Provisions	881,432	1,081,743
Deferred income	1,114,044	1,078,553
Deferred tax liabilities	118,903	178,523
Other non-current liabilities	460,385	460,361
Total Non-current Liabilities	47,998,107	37,630,616
TOTAL LIABILITIES	492,167,238	423,475,265

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2023

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (restated)
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	43,500,000	28,500,000
Including: Perpetual bonds	43,500,000	28,500,000
Capital reserve	22,595,943	22,601,592
Other comprehensive income	1,259,094	1,084,471
Special reserve	345,494	119,813
Surplus reserve	2,976,424	2,976,424
Retained earnings	48,870,194	45,110,342
Total shareholders' equity attributable to shareholders of the Company	<u>140,270,768</u>	<u>121,116,261</u>
Non-controlling interests	<u>34,784,227</u>	<u>40,801,301</u>
TOTAL SHAREHOLDERS' EQUITY	<u>175,054,995</u>	<u>161,917,562</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>667,222,233</u>	<u>585,392,827</u>

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S BALANCE SHEET
30 JUNE 2023

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Current Assets:		
Cash and bank balances	7,944,536	4,562,014
Accounts receivable	506,141	390,950
Prepayments	232,844	241,723
Other receivables	75,148,638	69,564,542
Inventories	785	877
Contract assets	837,336	829,494
Non-current assets due within one year	2,037	2,037
Total Current Assets	84,672,317	75,591,637
Non-current Assets:		
Long-term receivables	241,531	241,531
Long-term equity investments	99,093,911	97,969,791
Investments in other equity instrument	695	687
Fixed assets	17,152	18,393
Right-of-use assets	31,237	40,474
Intangible assets	1,940	2,416
Other non-current assets	371,490	431,393
Total Non-current Assets	99,757,956	98,704,685
TOTAL ASSETS	184,430,273	174,296,322
Current Liabilities:		
Short-term borrowings	13,770,605	8,540,913
Derivative financial liabilities	461,266	166,454
Accounts payable	1,550,121	1,851,774
Contract liabilities	750,632	519,069
Employee benefits payable	15,819	17,278
Taxes payable	49,420	56,526
Other payables	39,247,580	46,269,575
Non-current liabilities due within one year	20,265,445	20,498,188
Total Current Liabilities	76,110,888	77,919,777

THE COMPANY'S BALANCE SHEET (CONTINUED)

30 JUNE 2023

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Non-current Liabilities:		
Long-term borrowings	439,080	439,080
Lease liabilities	10,681	19,819
Long-term employee benefits payable	57,538	56,406
Deferred income	3,598	3,598
Total Non-current Liabilities	510,897	518,903
TOTAL LIABILITIES	76,621,785	78,438,680
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	43,500,000	28,500,000
Including: Perpetual bonds	43,500,000	28,500,000
Capital reserve	37,894,014	37,907,129
Other comprehensive losses	(5,892)	(4,125)
Special reserve	12,550	12,550
Surplus reserve	2,976,424	2,976,424
Retained earnings	2,707,773	5,742,045
TOTAL SHAREHOLDERS' EQUITY	107,808,488	95,857,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	184,430,273	174,296,322

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022 (restated)
I. Total operating revenue	334,458,860	289,201,742
Less: Operating costs	303,470,277	262,190,220
Taxes and levies	995,124	910,603
Selling expenses	1,392,314	1,227,620
Administrative expenses	5,425,525	4,939,714
Research and development expenses	9,089,092	7,638,329
Financial expenses	248,599	109,355
Including: Interest expenses	1,380,651	905,550
Interest income	968,978	1,109,460
Add: Other income	195,212	184,731
Investment losses	(701,874)	(813,722)
Including: Gains/(losses) from investments in associates and joint ventures	106,708	(91,968)
Losses from derecognition of financial assets at amortized cost	(709,780)	(536,947)
Losses from changes in fair values	(328,383)	(130,695)
Credit impairment losses	(1,831,302)	(1,603,202)
Impairment losses of assets	(1,250,783)	(1,315,925)
Gains on disposal of assets	33,959	103,781
II. Operating profit	9,954,758	8,610,869
Add: Non-operating income	69,728	116,214
Less: Non-operating expenses	125,908	78,652
III. Total profit	9,898,578	8,648,431
Less: Income tax expenses	1,219,604	1,291,929

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022 (restated)
IV. Net profit	8,678,974	7,356,502
(I) Net profit classified by operating continuity		
Net profit from continuing operations	8,678,974	7,356,502
(II) Net profit classified by ownership		
Net profit attributable to shareholders of the Company	7,217,536	5,872,872
Profit or loss attributable to non-controlling interests	1,461,438	1,483,630
V. Other comprehensive income, net of income tax	257,598	413,117
Other comprehensive income attributable to shareholders of the Company, net of income tax	174,195	369,667
(I) Items that will not be reclassified to profit or loss	(33,189)	(70,183)
1. Re-measurement of defined benefit obligations	(62,646)	(75,610)
2. Other comprehensive income that can not be reclassified to profit or loss under the equity method	(8)	(26)
3. Changes in fair values of investments in other equity instruments	29,465	5,453

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022 (restated)
(II) Items that may be reclassified to profit or loss	207,384	439,850
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	668	(26,339)
2. Changes of fair value of receivables at FVTOCI	1,883	5,340
3. Exchange differences on translating financial statements in foreign currencies	204,833	460,849
Other comprehensive income attributable to non-controlling interests, net of income tax	83,403	43,450
VI. Total comprehensive income	8,936,572	7,769,619
Total comprehensive income attributable to shareholders of the Company	7,391,731	6,242,539
Total comprehensive income attributable to non-controlling interests	1,544,841	1,527,080
VII. Earnings per share		
(I) Basic earnings per share (RMB/share)	0.26	0.24
(II) Diluted earnings per share (RMB/share)	0.26	0.24

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S INCOME STATEMENT

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
I. Operating revenue	425,918	860,297
Less: Operating costs	347,345	810,512
Taxes and levies	3,716	855
Administrative expenses	98,550	84,436
Financial expenses	(490,341)	242,366
Including: Interest expenses	975,333	1,197,843
Interest income	1,216,722	1,203,052
Add: Other income	662	1,886
Investment income	265,670	1,554,877
Including: (Losses)/gains from investments in associates and joint ventures	(649)	11,874
Losses from changes in fair values	(294,812)	(129,151)
Credit impairment losses	(3,803)	(84,202)
Reversal of impairment losses of assets	935	3,137
	<hr/>	<hr/>
II. Operating profit	435,300	1,068,675
Add: Non-operating income	–	90
Less: Non-operating expenses	4	16
	<hr/>	<hr/>
III. Total profit	435,296	1,068,749
Less: Income tax expenses	6,815	3,820
	<hr/>	<hr/>
IV. Net profit	428,481	1,064,929
Net profit from continuing operations	428,481	1,064,929
	<hr/>	<hr/>

THE COMPANY'S INCOME STATEMENT (CONTINUED)*For the six months period ended 30 June 2023**All amounts in RMB'000*

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
V. Other comprehensive losses, net of income tax	(1,767)	(6,207)
(I) Items that will not be reclassified to profit or loss	(1,767)	(1,931)
1. Re-measurement of defined benefit obligations	(1,775)	(1,938)
2. Changes in fair values of investments in other equity instruments	8	7
(II) Items that may be reclassified to profit or loss	–	(4,276)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	–	(4,276)
VI. Total comprehensive income	<u>426,714</u>	<u>1,058,722</u>

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	235,624,983	235,101,049
Receipts of tax refunds	513,796	784,538
Other cash receipts relating to operating activities	<u>2,147,291</u>	<u>2,433,370</u>
Sub-total of cash inflows from operating activities	<u>238,286,070</u>	<u>238,318,957</u>
Cash payments for goods purchased and services Vreceived	220,328,166	209,893,935
Cash payments to and on behalf of employees	14,744,142	14,405,025
Payments of various types of taxes	5,861,211	5,765,743
Other cash payments relating to operating activities	<u>11,868,970</u>	<u>8,086,546</u>
Sub-total of cash outflows from operating activities	<u>252,802,489</u>	<u>238,151,249</u>
Net Cash Flows (used in)/from Operating Activities	<u>(14,516,419)</u>	<u>167,708</u>
II. Cash Flows from Investing Activities		
Cash receipts from disposals and recovery of investments	429,350	122,220
Cash receipts from investment income	135,467	75,666
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	54,263	296,046
Net cash received from acquiring subsidiaries and other business units	247,118	10,802

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Other cash receipts relating to investing activities	<u>516,868</u>	<u>2,781,085</u>
Sub-total of cash inflows from investing activities	<u>1,383,066</u>	<u>3,285,819</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,495,654	1,327,518
Cash payments to acquire investments	2,382,192	2,773,150
Other cash payments relating to investing activities	<u>22,935</u>	<u>780,032</u>
Sub-total of cash outflows from investing activities	<u>3,900,781</u>	<u>4,880,700</u>
Net Cash Flows used in Investing Activities	<u>(2,517,715)</u>	<u>(1,594,881)</u>
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	18,000,490	35,552
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	490	35,552
Cash receipts from issue of perpetual bonds	18,000,000	–
Cash receipts from borrowings	106,047,192	69,146,052
Other cash receipts relating to financing activities	<u>35,858</u>	<u>178,000</u>
Sub-total of cash inflows from financing activities	<u>124,083,540</u>	<u>69,359,604</u>

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Cash repayments of borrowings	79,617,918	41,726,934
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,968,819	3,085,923
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	675,147	829,001
Other cash payments relating to financing activities	10,393,938	2,313,324
Sub-total of cash outflows from financing activities	92,980,675	47,126,181
Net Cash Flows from Financing Activities	31,102,865	22,233,423
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	136,578	267,296
V. Net Increase in Cash and Cash Equivalents	14,205,309	21,073,546
Add: Opening balance of cash and cash equivalents	33,468,217	31,216,824
VI. Closing Balance of Cash and Cash Equivalents	47,673,526	52,290,370

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

THE COMPANY'S CASH FLOW STATEMENT

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
I. Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	822,886	846,820
Receipts of tax refunds	–	1,886
Other cash receipts relating to operating activities	566,498	533,294
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	1,389,384	1,382,000
	<hr/>	<hr/>
Cash payments for goods purchased and services received	700,342	521,067
Cash payments to and on behalf of employees	82,974	70,742
Payments of various types of taxes	17,190	11,878
Other cash payments relating to operating activities	608,891	298,288
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	1,409,397	901,975
	<hr/>	<hr/>
Net Cash Flows (used in)/from Operating Activities	(20,013)	480,025
	<hr/>	<hr/>
II. Cash Flows from Investing Activities		
Cash received from returns on investments	60,000	–
Cash receipts from investment income	346,407	1,230,375
Net cash received from disposal of subsidiaries and other business units	2,098	–
Other cash receipts relating to investing activities	11,735,452	4,298,965
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	12,143,957	5,529,340
	<hr/>	<hr/>

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	580	3,903
Cash payments to acquire investments	1,187,726	100,000
Other cash payments relating to investing activities	<u>15,555,726</u>	<u>9,390,290</u>
Sub-total of cash outflows from investing activities	<u>16,744,032</u>	<u>9,494,193</u>
Net Cash Flows used in Investing Activities	<u>(4,600,075)</u>	<u>(3,964,853)</u>
III. Cash Flows from Financing Activities		
Cash received from accepting investment	18,000,000	–
Cash receipts from borrowings	65,205,125	27,696,779
Other cash receipts relating to financing activities	<u>175,611,897</u>	<u>140,124,443</u>
Sub-total of cash inflows from financing activities	<u>258,817,022</u>	<u>167,821,222</u>
Cash repayments of borrowings	60,195,422	25,465,806
Cash payments for distribution of dividends or profits or settlement of interest expenses	737,527	909,222
Other cash payments relating to financing activities	<u>189,910,532</u>	<u>134,296,357</u>
Sub-total of cash outflows from financing activities	<u>250,843,481</u>	<u>160,671,385</u>
Net Cash Flows from Financing Activities	<u>7,973,541</u>	<u>7,149,837</u>

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	28,164	17,262
V. Net Increase in Cash and Cash Equivalents	3,381,617	3,682,271
Add: Opening balance of cash and cash equivalents	4,551,152	5,006,514
VI. Closing Balance of Cash and Cash Equivalents	7,932,769	8,688,785

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

For the six months period ended 30 June 2023									
Attributable to shareholders of the Company									
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I Closing balance of the preceding period	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
Add: Changes in accounting policies	-	-	-	-	-	-	7,927	510	8,437
II Opening balance of the current period	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,110,342	40,801,301	161,917,562
III Changes for the period	-	15,000,000	(5,649)	174,623	225,681	-	3,759,852	(6,017,074)	13,137,433
(I) Total comprehensive income	-	-	-	174,195	-	-	7,217,536	1,544,841	8,936,572
(II) Shareholders' contributions and reduction in capital	-	15,000,000	(5,649)	-	-	-	5,497	(6,898,267)	8,101,581
1. Capital contribution from shareholders	-	-	-	-	-	-	-	490	490
2. Capital contribution from other equity instruments' holders	-	18,000,000	(13,115)	-	-	-	-	-	17,986,885
3. Capital reduction from other equity instruments' holders	-	(3,000,000)	-	-	-	-	(17,357)	(6,892,172)	(9,909,529)
4. Acquisition of subsidiaries	-	-	-	-	-	-	-	34,184	34,184
5. Transaction with non-controlling interests	-	-	5,041	-	-	-	22,349	(41,510)	(14,120)
6. Others	-	-	2,425	-	-	-	505	741	3,671

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB'000

For the six months period ended 30 June 2023									
Attributable to shareholders of the Company									
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
(III) Profit distribution	-	-	-	-	-	-	(3,462,753)	(672,997)	(4,135,750)
1. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(504,100)	(2,224,160)
2. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,742,693)	(168,897)	(1,911,590)
(IV) Transfers within shareholders' equity	-	-	-	428	-	-	(428)	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	428	-	-	(428)	-	-
(V) Special reserve	-	-	-	-	225,681	-	-	9,349	235,030
1. Transfer to special reserve in the current period	-	-	-	-	5,442,657	-	-	380,396	5,823,053
2. Amount utilized in the current period	-	-	-	-	(5,216,976)	-	-	(371,047)	(5,588,023)
IV Closing balance of the current period	<u>20,723,619</u>	<u>43,500,000</u>	<u>22,595,943</u>	<u>1,259,094</u>	<u>345,494</u>	<u>2,976,424</u>	<u>48,870,194</u>	<u>34,784,227</u>	<u>175,054,995</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB'000

For the six months period ended 30 June 2022 (restated)									
Attributable to shareholders of the Company									
Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I Closing balance of the preceding period	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,954,521	43,892,782	151,387,759
Add: Changes in accounting policies	-	-	-	-	-	-	4,097	182	4,279
II Opening balance of the current period	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,958,618	43,892,964	151,392,038
III Changes for the period	-	-	1,735	369,342	35,222	-	3,271,096	807,823	4,485,218
(I) Total comprehensive income	-	-	-	369,667	-	-	5,872,872	1,527,080	7,769,619
(II) Shareholders' contributions and reduction in capital	-	-	1,735	-	-	-	-	35,552	37,287
1. Capital contribution from shareholders	-	-	-	-	-	-	-	34,222	34,222
2. Others	-	-	1,735	-	-	-	-	1,330	3,065
(III) Profit distribution	-	-	-	-	-	-	(2,602,101)	(755,262)	(3,357,363)
1. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(577,813)	(2,194,255)
2. Distributions of perpetual bond interest	-	-	-	-	-	-	(985,659)	(177,449)	(1,163,108)
(IV) Transfers within shareholders' equity	-	-	-	(325)	-	-	325	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	(325)	-	-	325	-	-
(V) Special reserve	-	-	-	-	35,222	-	-	453	35,675
1. Transfer to special reserve in the current period	-	-	-	-	3,858,759	-	-	338,474	4,197,233
2. Amount utilized in the current period	-	-	-	-	(3,823,537)	-	-	(338,021)	(4,161,558)
IV Closing balance of the current period	<u>20,723,619</u>	<u>23,700,000</u>	<u>22,614,654</u>	<u>167,718</u>	<u>47,772</u>	<u>2,692,992</u>	<u>41,229,714</u>	<u>44,700,787</u>	<u>155,877,256</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

		For the six months period ended 30 June 2023							
Items	Share	Other equity instruments	Capital	Other	Special	Surplus	Retained	Total	
	capital	(Perpetual bonds)	reserve	comprehensive losses	reserve	reserve	profits	shareholders' equity	
I	Opening balance of the current period	20,723,619	28,500,000	37,907,129	(4,125)	12,550	2,976,424	5,742,045	95,857,642
II	Changes for the period	-	15,000,000	(13,115)	(1,767)	-	-	(3,034,272)	11,950,846
	(I) Total comprehensive income	-	-	-	(1,767)	-	-	428,481	426,714
	(II) Shareholders' contributions and reduction in capital	-	15,000,000	(13,115)	-	-	-	-	14,986,885
	1. Capital contribution from other equity instruments' holders	-	18,000,000	(13,115)	-	-	-	-	17,986,885
	2. Capital reduction from other equity instruments' holders	-	(3,000,000)	-	-	-	-	-	(3,000,000)
	(III) Profit distribution	-	-	-	-	-	-	(3,462,753)	(3,462,753)
	1. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(1,720,060)
	2. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,742,693)	(1,742,693)
III	Closing balance of the current period	<u>20,723,619</u>	<u>43,500,000</u>	<u>37,894,014</u>	<u>(5,892)</u>	<u>12,550</u>	<u>2,976,424</u>	<u>2,707,773</u>	<u>107,808,488</u>

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB'000

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

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

X. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIC CORPORATE INFORMATION

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 No.28, Shuguangxili, Chaoyang District, BEIJING, upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June, 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was RMB13 billion, representing 13 billion ordinary shares of RMB1.0 each. On 14 September 2009, the Company issued 3,500 million A Shares of the Company to domestic investors and these A Shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H Shares of the Company were issued on 16 September 2009 and listed on the Main Board of The Stock Exchange of Hong Kong Ltd. (the “**Hong Kong Stock Exchange**”) on 24 September 2009. During the course of the issue of A Shares and H Shares of the Company, CMGC and CBSGC transferred a total amount of 350 million Shares of the Company to National Council for State Security Fund (“**NSSF**”) of the PRC and converted 261 million domestic shares into H Shares and transferred to NSSF, among which 261 million H Shares were offered for sale upon issuance of H Shares of the Company. Upon completion of the public offering of A Shares and H Shares above, the total registered capital of the Company increased to RMB19.11 billion.

Pursuant to the special mandate granted by the Shareholders at the 2016 First Extraordinary General Meeting, the 2016 First A Shareholders’ Class Meeting and the 2016 First H Shareholders’ Class Meeting, having received the Approval in relation to the Non-public Issuance of Shares by Metallurgical Corporation of China Ltd. (Zheng Jian Xu Ke [2016] No. 1794) from the China Securities Regulatory Commission (the “**CSRC**”), the Company performed the non-public issuance of 1,613,619,000 A Shares of the Company (the “**Non-Public Issuance**”) to certain specific investors on 26 December 2016. Upon completion of the Non-Public Issuance, the share capital of the Company increases to RMB20,723,619,000, 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 the 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 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 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% respectively, and CMGC remains as the Controlling Shareholder of the Company.

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

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

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

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

The Company's and consolidated financial statements had been approved by the board of directors of the Company on 30 August 2023.

2. BASIS OF PREPARATION

(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 ASBEs to all stockholders, taking into consideration the relevant disclosure standards of Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

(2) Statement of compliance

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company's financial position as at 30 June 2023 and consolidated and the Company's operating results and cash flows for the period then ended.

(3) *Accounting period*

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The preparation period of these financial statements is from 1 January to 30 June 2023.

(4) *Functional currency*

The Company and its domestic subsidiaries choose Renminbi (“**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.

3. Changes in significant accounting policies and accounting estimates

According to the “Interpretation of Accounting Standards for Business Enterprises No. 16” issued by the Ministry of Finance, the exemption from initial recognition of deferred income tax does not apply to a single transaction that is not a business combination, that affects neither accounting profit nor taxable income (or deductible losses) at the time of the transaction, and that gives rise to equal amounts of taxable and deductible temporary differences on the initial recognition of the assets and liabilities. On 1 January 2023, the Group changed its policy from not recognizing deferred income tax to recognizing corresponding deferred tax liabilities and deferred tax assets, respectively, for taxable temporary differences and deductible temporary differences arising from initial recognition of assets and liabilities for lease transactions in which lease liabilities are initially recognized on the commencement date of the lease term and included in the right-of-use asset. In accordance with the convergence provisions, the Group adjusted the above transactions that occurred between the beginning of the earliest period of the financial statement presentation in which the interpretation was first applied and the date of the change in accounting policy; if the lease liabilities and right-of-use assets recognized at the beginning of the earliest period of the financial statement presentation in which the interpretation was first applied resulted in the taxable temporary differences and deductible temporary differences due to the above transactions, the Group adjusted the financial statement presentation by the cumulative effect of the difference in taxable temporary differences and deductible temporary differences. The Group adjusts the cumulative effect to the opening retained earnings and other related financial statement items in the earliest period for which the financial statements are presented. The main effects of the retrospective adjustments arising from the above changes in accounting policies on the Group’s financial statements are set out below:

The Group

For the six months period ended 30 June 2023

All amounts in RMB' 000

	Before changes in accounting policies 31 December 2022/ Amount for the current period	Changes in accounting policies Adjustments	After changes in accounting policies 1 January 2023/ Amount for the current period
Deferred tax assets	6,260,115	8,437	6,268,552
Retained earnings	45,102,415	7,927	45,110,342
Non-controlling interests	40,800,791	510	40,801,301
Income tax expenses	1,221,798	(2,194)	1,219,604
Net profit attributable to Shareholders of the Company	7,215,560	1,976	7,217,536
Net profit attributable to non-controlling interests	<u>1,461,220</u>	<u>218</u>	<u>1,461,438</u>

For the six months period ended 30 June 2022

All amounts in RMB' 000

	Before changes in accounting policies 31 December 2021/ Amount for the current period	Changes in accounting policies Adjustments	After changes in accounting policies 1 January 2022/ Amount for the current period
Deferred tax assets	6,056,805	4,279	6,061,084
Retained earnings	37,954,521	4,097	37,958,618
Non-controlling interests	43,892,782	182	43,892,964
Income tax expenses	1,293,702	(1,773)	1,291,929
Net profit attributable to shareholders of the Company	5,871,055	1,817	5,872,872
Net profit attributable to non-controlling interests	<u>1,483,674</u>	<u>(44)</u>	<u>1,483,630</u>

The Company

The retrospective adjustments arising from the above changes in accounting policies have no effect on the Company's financial statements.

4. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and bank balances

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Cash	9,716	11,004
Bank deposits	56,441,602	40,427,149
Other cash and bank balances	5,656,267	5,047,260
Total	<u>62,107,585</u>	<u>45,485,413</u>
Including: Total amount of deposits abroad	<u>3,103,497</u>	<u>3,436,973</u>

Bills receivable

(1) *Bills receivable analyzed by category*

All amounts in RMB'000

Items	30 June 2023			31 December 2022		
	Carrying amount	Provisions for credit losses	Book value	Carrying amount	Provisions for credit losses	Book value
Bank acceptance bills	2,951,821	8,266	2,943,555	2,776,663	5,823	2,770,840
Commercial acceptance bills	2,824,107	59,469	2,764,638	2,398,421	41,836	2,356,585
Total	<u>5,775,928</u>	<u>67,735</u>	<u>5,708,193</u>	<u>5,175,084</u>	<u>47,659</u>	<u>5,127,425</u>

Accounts receivable

(1) Disclosed by aging

The Group's accounts receivables are mainly receivables for engineering contracting business. The credit period of accounts receivable is generally one to three months.

All amounts in RMB'000

Aging	30 June	31 December
	2023	2022
Within 1 year	81,567,446	64,731,628
1 to 2 years	20,427,703	19,972,973
2 to 3 years	9,781,566	8,277,928
3 to 4 years	4,034,499	4,296,073
4 to 5 years	3,725,557	3,240,391
Over 5 years	10,654,705	10,457,635
Total carrying amount	130,191,476	110,976,628
Less: provisions for credit losses	18,637,477	17,536,955
Book value	111,553,999	93,439,673

Prepayments

(1) Analysis by aging

All amounts in RMB'000

Aging	30 June 2023		31 December 2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	25,703,272	78.32	28,097,869	77.29
1 to 2 years	4,436,287	13.52	5,073,643	13.96
2 to 3 years	1,163,618	3.55	1,631,498	4.49
Over 3 years	1,514,571	4.61	1,549,522	4.26
Total	32,817,748	100.00	36,352,532	100.00

Other receivables

(a) Analysis by aging

All amounts in RMB'000

Aging	30 June 2023	31 December 2022
Within 1 year	18,063,437	16,339,095
1 to 2 years	9,686,936	14,478,969
2 to 3 years	5,028,503	5,660,108
3 to 4 years	3,440,527	3,361,149
4 to 5 years	4,288,872	3,805,083
Over 5 years	13,072,088	12,572,455
Total carrying amount	53,580,363	56,216,859
Less: provisions for credit losses	8,708,586	8,299,184
Book value	44,871,777	47,917,675

(b) Other receivables categorized by nature

All amounts in RMB'000

Nature of other receivables	carrying amount on 30 June 2023	carrying amount on 31 December 2022
Deposits, guarantee funds	19,383,066	19,548,227
Advances	12,324,382	13,605,421
Loan receivables from related parties	11,216,726	14,827,983
Receivables on disposal of investments	3,371,423	2,702,393
Reserves	279,698	285,024
Others	7,005,068	5,247,811
Total	53,580,363	56,216,859

Inventories

(1) Categories of inventories

All amounts in RMB'000

Items	30 June 2023			31 December 2022		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Raw materials	3,067,954	28,833	3,039,121	3,054,719	40,647	3,014,072
Materials procurement	46,088	-	46,088	29,013	-	29,013
Outsourced processing materials	9,860	-	9,860	7,641	-	7,641
Work in progress	2,547,562	322,683	2,224,879	2,474,626	345,149	2,129,477
Finished goods	2,486,333	102,577	2,383,756	2,928,397	115,787	2,812,610
Other materials	527,538	784	526,754	535,424	790	534,634
Performance costs of contracts	70,021	-	70,021	64,610	-	64,610
Properties under development	46,034,703	-	46,034,703	45,633,743	400,020	45,233,723
Completed properties held for sale	31,764,979	661,238	31,103,741	26,310,587	187,736	26,122,851
Total	<u>86,555,038</u>	<u>1,116,115</u>	<u>85,438,923</u>	<u>81,038,760</u>	<u>1,090,129</u>	<u>79,948,631</u>

(2) Provision for decline in value of inventories

All amounts in RMB'000

Items	31 December 2022	Increase		Decrease			Balance at 30 June 2023
		Provision	Other changes	Reversals	Write-offs	Other changes	
Raw materials	40,647	8	-	-	11,822	-	28,833
Work in progress	345,149	2,198	-	-	24,664	-	322,683
Finished goods	115,787	11,993	-	-	25,203	-	102,577
Other materials	790	-	-	5	1	-	784
Properties under development	400,020	-	-	-	-	400,020	-
Completed properties held for sale	187,736	146,426	400,020	-	72,944	-	661,238
Total	<u>1,090,129</u>	<u>160,625</u>	<u>400,020</u>	<u>5</u>	<u>134,634</u>	<u>400,020</u>	<u>1,116,115</u>

Contract assets

(1) Presentation of contract assets

All amounts in RMB'000

Items	30 June 2023			31 December 2022		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Contract assets interrelated with engineering contracting services	143,639,208	5,487,646	138,151,562	109,333,033	4,486,893	104,846,140
Contract assets interrelated with quality guarantee deposits	<u>1,818,894</u>	<u>171,460</u>	<u>1,647,434</u>	<u>2,167,042</u>	<u>186,582</u>	<u>1,980,460</u>
Total	<u>145,458,102</u>	<u>5,659,106</u>	<u>139,798,996</u>	<u>111,500,075</u>	<u>4,673,475</u>	<u>106,826,600</u>

(1) West Australia SINO Iron Mining Project

In 2012, MCC Mining (Western Australia) Pty Ltd. (“**Western Australia**”), a wholly-owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons such as extreme weather condition in Australia and other unpredictable reasons. The owner of the project is CITIC Limited (“**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 the SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be within USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD481 million (equivalent to approximately RMB3.035 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 (owner) signed the Fourth Supplementary Agreement of SINO Iron Project in Western Australia dated 24 December 2013 for the handing over of the first and the second production lines of the project to CITIC Group at the end of 2013. As such, the construction, installation and trial running work set out in the EPC contract for the project entered into by Western Australia was completed. For the third to sixth production lines of the project, Western Australia and Northern Engineering & Technology Corporation, a subsidiary of the Company, has entered into the Project Management Service Agreement and Engineering Design and Equipment Procurement Management Technology Service Agreement, respectively, with CITIC Group for the provision of follow-up technology management services to CITIC Group. In addition, both the Group and CITIC Group have agreed to engage an independent third party to perform an audit of the total construction costs incurred for the project, the reasonableness of the construction costs incurred, the reasons for the project delay and the responsibility for the delay. Based on the final result of the audit, the Group and CITIC Group will make final settlement of the project.

The Group assessed the accounts receivable and the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses as at 30 June 2023.

On 30 June 2023, the accounts receivable for the above items amounted to RMB1,748,510,000, and the contract assets of the project mentioned above amounted to RMB3,865,878,000. 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.

Long-term receivables

(1) Long-term receivables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Long-term receivables on project	49,901,986	41,754,912
Long-term loans	431,317	234,230
Receivables on disposal of equity investments	333,485	333,485
Others	730,634	901,755
Total carrying amount	<u>51,397,422</u>	<u>43,224,382</u>
Less: Provisions for credit losses of long-term receivables	2,717,660	2,486,631
Total book value	<u>48,679,762</u>	<u>40,737,751</u>
Including: Long-term receivables due within 1 year, net	5,418,243	4,896,108
Long-term receivables due over 1 year, net	<u>43,261,519</u>	<u>35,841,643</u>

Bills payable

All amounts in RMB'000

Category	30 June 2023	31 December 2022
Bank acceptance bills	35,850,391	36,020,220
Commercial acceptance bills	1,052,535	1,166,160
Total	<u>36,902,926</u>	<u>37,186,380</u>

Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Project fees	148,260,681	118,541,390
Purchases	61,746,213	51,211,608
Labor fees	16,130,831	13,065,735
Retention money	1,638,165	1,383,682
Design fees	531,922	522,101
Others	2,037,921	2,435,618
Total	<u>230,345,733</u>	<u>187,160,134</u>

(2) Aging analysis of accounts payable

All amounts in RMB'000

Aging	30 June 2023	31 December 2022
Within 1 year	179,605,828	141,713,545
1 to 2 years	30,247,447	25,759,751
2 to 3 years	9,170,904	8,001,616
Over 3 years	11,321,554	11,685,222
Total	<u>230,345,733</u>	<u>187,160,134</u>

Contract liabilities

Presentation of contract liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Contract liabilities relating to engineering contracting service contracts	53,479,423	64,682,231
Contract liabilities relating to pre-sales deposits	6,265,722	4,992,691
Contract liabilities relating to sales contracts	3,125,240	2,663,036
Contract liabilities relating to other contracts	1,504,463	1,678,254
Total	<u>64,374,848</u>	<u>74,016,212</u>

Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

Categories	30 June 2023	31 December 2022
Interest payable	11,918	11,139
Dividends payable	3,286,329	452,635
Other payables	29,420,807	27,765,084
Total	<u>32,719,054</u>	<u>28,228,858</u>

(2) Dividends payable

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Dividend declared on perpetual bonds classified as equity instrument	1,385,964	117,676
Other dividends	1,900,365	334,959
Total	<u>3,286,329</u>	<u>452,635</u>

(3) Other payables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Security deposits	13,017,253	12,919,347
Current accounts	10,244,800	8,290,054
Guarantee deposits	1,284,912	1,269,546
Others	4,873,842	5,286,137
Total	<u>29,420,807</u>	<u>27,765,084</u>

Operating revenue and operating costs

All amounts in RMB'000

Items	For the six months period ended 30 June 2023		For the six months period ended 30 June 2022	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	333,810,924	303,111,463	288,719,325	261,914,974
Other business	647,936	358,814	482,417	275,246
Total	<u>334,458,860</u>	<u>303,470,277</u>	<u>289,201,742</u>	<u>262,190,220</u>

Taxes and levies

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Land appreciation tax	210,256	130,163
Stamp duty	164,765	172,536
City construction and maintenance tax	156,771	163,122
Property tax	142,142	122,066
Education surcharges	121,142	125,341
Land use tax	55,578	49,238
Others	144,470	148,137
	<hr/>	<hr/>
Total	995,124	910,603
	<hr/> <hr/>	<hr/> <hr/>

Selling expenses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Employee benefits	652,526	587,237
Advertising and sales service expenses	314,718	268,994
Travelling expenses	125,773	84,214
Office expenses	90,704	80,653
Lease rentals	51,030	43,203
Consulting expenses	21,389	16,050
Depreciation of fixed assets	5,275	9,654
Others	130,899	137,615
	<hr/>	<hr/>
Total	1,392,314	1,227,620
	<hr/> <hr/>	<hr/> <hr/>

Administrative expenses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Employee benefits	3,655,850	3,417,640
Depreciation of fixed assets	249,706	255,066
Travelling expenses	199,368	133,142
Office expenses	191,730	185,277
Professional service fees	173,171	169,356
Lease rentals	103,695	82,765
Amortization of intangible assets	91,823	92,988
Repairs and maintenance expenses	49,222	35,741
Others	710,960	567,739
Total	<u>5,425,525</u>	<u>4,939,714</u>

Research and development expenditure

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Research and development material expenditure	6,434,192	5,186,375
Employee benefits	2,286,810	2,120,046
Depreciation of fixed assets	56,695	52,410
Amortization of intangible assets	13,859	10,554
Others	297,536	268,944
Total	<u>9,089,092</u>	<u>7,638,329</u>

Financial expenses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Interest expenses	2,059,523	1,947,849
Less: Capitalized interests	678,872	1,042,299
Less: Interest income	968,978	1,109,460
Exchange gains	(536,326)	(198,329)
Bank charges	297,547	400,984
Interest expenses of lease liabilities	18,284	15,370
Others	57,421	95,240
	<hr/>	<hr/>
Total	248,599	109,355
	<hr/> <hr/>	<hr/> <hr/>

Credit impairment losses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Loss/(reversal) from impairment of bills receivable	(20,979)	86,574
Loss from impairment of accounts receivable	(1,170,361)	(1,023,259)
Loss from impairment of other receivables	(407,976)	(528,568)
Loss from impairment of long-term receivables	(231,986)	(137,949)
	<hr/>	<hr/>
Total	(1,831,302)	(1,603,202)
	<hr/> <hr/>	<hr/> <hr/>

Impairment losses of assets

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Loss from impairment of contract assets	(984,959)	(1,095,967)
Loss from impairment of long-term equity investments	–	(171,447)
Loss from impairment of fixed assets	(14,683)	(44,962)
Loss from impairment of inventories	(160,620)	(3,549)
Loss from impairment of construction in progress	(63,729)	–
Loss from impairment of other non-current assets	(26,792)	–
	<hr/>	<hr/>
Total	(1,250,783)	(1,315,925)
	<hr/> <hr/>	<hr/> <hr/>

Investment losses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022
Gains/(Losses) from long-term equity investments under equity method	106,708	(91,968)
Investment incomes on disposal of long-term equity investments	83,800	20,546
Investment losses on disposal of financial assets held-for-trading	(2,551)	–
Investment incomes from disposal of other non-current financial assets	6,957	–
Investment loss from disposal of receivables at FVTOCI	(178,040)	(222,466)
Investment incomes from holding investments in other equity instruments	1,698	775
Investment incomes from holding other non-current financial assets	13,003	16,599
Losses from derecognition of financial assets at amortized cost	(709,780)	(536,947)
Others	(23,669)	(261)
	<hr/>	<hr/>
Total	(701,874)	(813,722)
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Non-operating income

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022	Recognized in non-recurring profit or loss for the current period
Income from penalty	26,514	37,864	26,514
Government grants irrelevant to routine activities	5,842	20,046	5,842
Unpayable balances	7,736	27,153	7,736
Others	29,636	31,151	29,636
Total	<u>69,728</u>	<u>116,214</u>	<u>69,728</u>

Non-operating expenses

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022	Recognized in non-recurring profit or loss for the current period
Compensation and default payments	37,264	26,237	37,264
Expected losses on pending lawsuits	57,853	19,154	57,853
Losses on damage or retirement of non-current assets	5,059	12,356	5,059
Fines and surcharges for overdue payments	11,968	12,333	11,968
Donation outlays	658	4,392	658
Others	13,106	4,180	13,106
Total	<u>125,908</u>	<u>78,652</u>	<u>125,908</u>

Income tax expenses

(1) *Income tax expenses*

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022 (restated)
Current period tax expenses	1,553,515	1,634,872
Deferred tax expenses	(333,911)	(342,943)
Total	<u>1,219,604</u>	<u>1,291,929</u>

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

All amounts in RMB'000

Items	For the six months period ended 30 June 2023	For the six months period ended 30 June 2022 (restated)
Total profit	9,898,578	8,648,431
Income tax expenses calculated at the tax rate of 25%	2,474,645	2,162,108
Effect of difference between applicable tax rate and statutory tax rate	(661,352)	(970,023)
Income not subject to tax	(68,515)	(40,146)
Expenses not deductible for tax purposes	89,866	82,036
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(281,135)	(381,486)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	563,328	872,973
Additional deduction for R&D expenses and others	(897,233)	(433,533)
Income tax expense	<u>1,219,604</u>	<u>1,291,929</u>

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.

Other comprehensive income

Accumulated balance of other comprehensive income attributable to the parent company in the consolidated balance sheet:

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	1 January 2023	Attributable to owners of the Company, net of income tax	Less: Retained earnings transferred from other comprehensive income	30 June 2023
Other comprehensive income that will not be reclassified to profit or loss				
Changes in re-measurement of defined benefit obligations	104,173	(62,646)	–	41,527
Other comprehensive income that cannot be transferred to profit or loss under equity method	43	(8)	–	35
Fair value changes in investments in other equity instruments	(125,061)	29,465	(428)	(95,168)
Sub-total	<u>(20,845)</u>	<u>(33,189)</u>	<u>(428)</u>	<u>(53,606)</u>

Items	1 January 2023	Attributable to owners of the Company, net of income tax	Less: Retained earnings transferred from other comprehensive income		30 June 2023
Other comprehensive income that may be reclassified to profit or loss					
Other comprehensive income that may be transferred to profit or loss under equity method	17,744	668	–		18,412
Changes in fair value of receivables at FVTOCI	(95,064)	1,883	–		(93,181)
Exchange differences on translating foreign operations	1,182,636	204,833	–		1,387,469
Sub-total	<u>1,105,316</u>	<u>207,384</u>	<u>–</u>		<u>1,312,700</u>
Total	<u>1,084,471</u>	<u>174,195</u>	<u>(428)</u>		<u>1,259,094</u>

Other comprehensive income incurred:

For the six months period ended 30 June 2023

All amounts in RMB '000

Items	Other comprehensive income before tax the period	Less: Income tax expenses	Attributable to owners of the Company, net of income tax	Attributable to non-controlling interests, net of for income tax
Other comprehensive income that will not be reclassified to profit or loss				
Changes in re-measurement of defined benefit obligations	(67,481)	720	(62,646)	(5,555)
Other comprehensive income that cannot be transferred to profit or loss under equity method	(8)	–	(8)	–
Fair value changes in investments in other equity instruments	36,160	6,352	29,465	343

Items	Other comprehensive income before tax the period	Less: Income tax expenses	Attributable to owners of the Company, net of income tax	Attributable to non-controlling interests, net of for income tax
Other comprehensive income that may be reclassified to profit or loss				
Other comprehensive income that may be transferred to profit or loss under equity method	437	–	668	(231)
Changes in fair value of receivables at FVTOCI	4,746	3,145	1,883	(282)
Exchange differences on translating foreign operations	<u>293,961</u>	<u>–</u>	<u>204,833</u>	<u>89,128</u>
Total	<u><u>267,815</u></u>	<u><u>10,217</u></u>	<u><u>174,195</u></u>	<u><u>83,403</u></u>

XI. DIVIDENDS

During the Reporting Period, the Company had no preliminary proposal for profit distribution or transfer of capital reserve to share capital for the first half of 2023. No interim dividend will be declared by the Board for the Reporting Period.

XII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in ordinary shares

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

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

(III) Particulars of Shareholders

1. Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period (<i>Person</i>)	336,873
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (<i>Person</i>)	<u><u>0</u></u>

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

Unit: share

Name of Shareholder (full name)	Shareholding of the top 10 Shareholders			Number of Shares subject to selling restrictions	Pledged, charged or frozen		Nature of Shareholder
	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)		Status of Shares	Amount	
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	0	10,190,955,300	49.18	0 Nil	0	State-owned legal person	
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ⁽²⁾	229,000	2,842,262,951	13.71	0 Nil	0	Others	
China National Petroleum Corporation (中國石油天然氣集團有限公司)	0	1,227,760,000	5.92	0 Nil	0	State-owned legal person	
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	309,178,317	752,470,975	3.63	0 Nil	0	Others	
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	589,038,427	2.84	0 Nil	0	State-owned legal person	
Bank of Communications Co., Ltd. – GF China Securities Infrastructure Engineering Trading Open Index Securities Investment Fund (交通銀行股份有限公司–廣發 中證基建工程交易型開放式指數證 券投資基金)	-13,618,543	74,792,557	0.36	0 Nil	0	Others	
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program (博時基金–農業 銀行–博時中證金融資產管理計劃)	0	63,516,600	0.31	0 Nil	0	Others	
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Programme (易方達基金–農業銀行– 易方達中證金融資產管理計劃)	0	63,516,600	0.31	0 Nil	0	Others	

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, charged or frozen		Nature of Shareholder
					Status of Shares	Amount	
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金–農業銀行–大成中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金–農業銀行–廣發中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金–農業銀行–中歐中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme (華夏基金–農業銀行–華夏中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme (銀華基金–農業銀行–銀華中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme (南方基金–農業銀行–南方中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme (工銀瑞信基金–農業銀行–工銀瑞信中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others

Shareholding of the top 10 Shareholders not subject to selling restrictions

Name of Shareholder	Number of tradable Shares held and not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ⁽²⁾	2,842,262,951	Overseas-listed foreign shares	2,842,262,951
China National Petroleum Corporation (中國石油天然氣集團有限公司)	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	752,470,975	RMB-denominated ordinary shares	752,470,975
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	589,038,427	RMB-denominated ordinary shares	589,038,427
Bank of Communications Co., Ltd. – GF China Securities Infrastructure Engineering Trading Open Index Securities Investment Fund (交通銀行股份有限公司–廣發中證基建工程交易型開放式指數證券投資基金)	74,792,557	RMB-denominated ordinary shares	74,792,557
Bosera Funds – Agricultural Bank– Bosera China Securities and Financial Assets Management Program (博時基金–農業銀行–博時中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Programme (易方達基金–農業銀行–易方達中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金–農業銀行–大成中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金–農業銀行–嘉實中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金–農業銀行–廣發中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金–農業銀行–中歐中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme (華夏基金–農業銀行–華夏中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme (銀華基金–農業銀行–銀華中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme (南方基金–農業銀行–南方中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600

Shareholding of the top 10 Shareholders not subject to selling restrictions

Name of Shareholder	Number of tradable Shares held and not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme (工銀瑞信基金–農業銀行–工銀瑞信中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on repurchase accounts of the top ten Shareholders	Not Applicable		
Explanations on the voting rights of the aforesaid Shareholders (as the trustor and trustee), and waiver of their voting rights	Not Applicable		
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of any connections or parties acting in concert among the aforesaid Shareholders		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not Applicable		

Note (1): Figures in the table were extracted from the Company’s register of Shareholders as at 30 June 2023.

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

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

Applicable Not applicable

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

Applicable Not applicable

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

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

XIV. RELEVANT INFORMATION ON BONDS

(I) Corporate debentures, corporate bonds and non-financial corporate debt financing instruments

1. Corporate debentures

Applicable Not applicable

2. Corporate bonds

Applicable Not applicable

3. Non-financial corporate debt financing instruments in interbank bond market

(1) Basic Information on Non-Financial Corporate Debt Financing Instruments

Unit: RMB

Name of bonds	Abbreviation	Bond 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
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	21 MCC MTN001	102101395	26 July 2021 to 27 July 2021	28 July 2021	Exercise date of options redeemed by the issuer, with the first exercise date on 28 July 2024	2,000,000,000	3.55	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	21 MCC MTN002	102101593	17 August 2021 to 18 August 2021	19 August 2021	Exercise date of options redeemed by the issuer, with the first exercise date on 19 August 2024	2,000,000,000	3.47	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	21 MCC MTN003	102101685	24 August 2021 to 25 August 2021	26 August 2021	Exercise date of options redeemed by the issuer, with the first exercise date on 26 August 2024	2,000,000,000	3.50	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	21 MCC MTN004	102103353	28 December 2021 to 29 December 2021	30 December 2021	Exercise date of options redeemed by the issuer, with the first exercise date on 30 December 2024	500,000,000	3.30	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2022 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	22 MCC MTN001	102282664	7 December 2022 to 8 December 2022	9 December 2022	Exercise date of options redeemed by the issuer, with the first exercise date on 9 December 2025	2,000,000,000	4.18	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No

Name of bonds	Abbreviation	Bond 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
2022 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	22 MCC MTN002	102282722	14 December 2022 to 15 December 2022	16 December 2022	Exercise date of options redeemed by the issuer, with the first exercise date on 16 December 2025	2,000,000,000	4.23	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2022 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	22 MCC MTN003	102282771	21 December 2022 to 22 December 2022	23 December 2022	Exercise date of options redeemed by the issuer, with the first exercise date on 23 December 2025	1,300,000,000	4.12	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN001	102380165	8 February 2023 to 9 February 2023	10 February 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 10 February 2025	2,000,000,000	3.57	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN002	102380190	10 February 2023, 13 February 2023	14 February 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 14 February 2025	2,000,000,000	3.52	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN003	102380222	15 February 2023 to 16 February 2023	17 February 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 17 February 2025	2,000,000,000	3.45	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN004	102380244	17 February 2023, 20 February 2023	21 February 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 21 February 2025	2,000,000,000	3.52	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Fifth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN005	102380443	8 March 2023 to 9 March 2023	10 March 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 10 March 2025	2,000,000,000	3.37	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Sixth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN006	102380488	10 March 2023, 13 March 2023	14 March 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 14 March 2025	2,000,000,000	3.36	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Seventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN007	102380546	15 March 2023 to 16 March 2023	17 March 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 17 March 2025	2,000,000,000	3.37	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Eighth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN008	102380610	17 March 2023, 20 March 2023	21 March 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 21 March 2025	2,000,000,000	3.36	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No

Name of bonds	Abbreviation	Bond 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
2023 Ninth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN009	102380672	22 March 2023 to 23 March 2023	24 March 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 24 March 2025	2,000,000,000	3.35	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Tenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN010	102382163	18 August 2023, 21 August 2023	22 August 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 22 August 2026	2,000,000,000	3.05	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	23 MCC MTN011	102382240	23 August 2023 to 24 August 2023	25 August 2023	Exercise date of options redeemed by the issuer, with the first exercise date on 25 August 2026	1,400,000,000	3.04	Interests payable per annum, and principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Third Tranche of Ultra-short-term Financing Bonds of Metallurgical Corporation of China Ltd.*	23 MCC SCP003	012382815	26 July 2023	27 July 2023	29 December 2023	2,000,000,000	2.20	Principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Fourth Tranche of Ultra-short-term Financing Bonds of Metallurgical Corporation of China Ltd.*	23 MCC SCP004	012382838	27 July 2023	28 July 2023	29 December 2023	2,000,000,000	2.20	Principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No
2023 Fifth Tranche of Ultra-short-term Financing Bonds of Metallurgical Corporation of China Ltd.*	23 MCC SCP005	012383187	22 August 2023	23 August 2023	29 December 2023	2,000,000,000	2.07	Principal and interest payable upon maturity	National Interbank Bond Market	–	Bidding transaction	No

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

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Explanations of overdue debts

Applicable Not applicable

XV. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, adhering to the two “consistent implementation principles”, the Company further promoted the unification of strengthening the overall Party leadership and completion of the Company’s governance, established a modern enterprise system with Chinese characteristics, continued to comply strictly with the laws and regulations including the Company Law, the Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the SSE and the Hong Kong Stock Exchange, continuously strengthened the establishment of governance mechanisms such as general meetings, the Board, the Supervisory Committee, as well as the management and the subsidiaries of the Company and standardized those operation. As important components of the governance structure of the Company, the Board, the Party committee, the Supervisory Committee and the management performed their respective duties, discharged their respective responsibilities and communicated in a timely and effective manner, and formed a standardized mechanism that coordinated decision-making, management and supervision sections and operated effectively. During the Reporting Period, the corporate governance level of the Company has further improved, laying a favorable foundation for promoting the Company’s development and improving shareholder value.

During the Reporting Period, the members of the third session of the Board were: Chen Jianguang as the Chairman, Zhang Mengxing as an Executive Director, Zhou Jichang as an Independent Non-executive Director, Lang Jia as a non-executive Director, Liu Li as an Independent Non-executive Director, Ng, Kar Ling Johnny as an Independent Non-executive Director, and Yan Aizhong as an employee representative Director.

Each general meeting, Board meeting and meeting of the Supervisory Committee is convened in accordance with the relevant requirements of the Company Law and the Articles of Association. During the Reporting Period, the Company convened 1 general meeting, 4 Board meetings, 3 special meetings presided over by the Chairman, 6 meetings of Special Committees, and 4 meetings of Supervisory Committee in total.

The Company has adopted the Model Code as the code governing the dealings in the Company’s securities by the Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, the Company is of the view that all Directors and Supervisors fully complied with the Model Code and requirements set out thereof during the six months ended 30 June 2023.

XVI. COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS

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

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

The Finance and Audit Committee under the Board has reviewed the accounting principles and practices adopted by the Company and its subsidiaries in collaboration with the Company's management, and has discussed with the Directors matters in relation to internal control and financial reporting of the Company, including the review of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2023.

XVIII. PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 will be available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.mccchina.com>) in mid to late September 2023 and will be dispatched to the Shareholders for reference.

XIX. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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

“Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“State Council”	the State Council of the People's Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	the China Securities Regulatory Commission
“SSE”	the Shanghai Stock Exchange
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules of the Hong Kong Stock Exchange” or “H Share Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“China Minmetals”	China Minmetals Corporation
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“general meeting(s)”	the general meeting(s) of Metallurgical Corporation of China Ltd.*
“Shareholder(s)”	holder(s) of share(s) of the Company
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“Director(s)”	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
“Independent Director” 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
“Supervisory Committee”	the supervisory committee of Metallurgical Corporation of China Ltd.*
“Supervisor(s)”	the supervisor(s) of the Company
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Reporting Period”	from 1 January 2023 to 30 June 2023

“A Share(s)”	the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“USD”	United States dollars, the lawful currency of the United States
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
“‘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
“‘1+M+N’ regional layout”	the Company’s regional market layout focusing on “1” province where the headquarters of a subsidiary is located (including municipalities directly under the central government, the same below) +“M” key provinces +“N” cultivated provinces

“one building, two most, five strong” “one building” refers to creating a world-class enterprise with global competitiveness as the guiding principle; “two most” refers to building the best full-service solution provider for metallurgical construction and operation with super core competitiveness, and the most reliable general contractor in infrastructure with global reputation and domestic leading position as the target; “five strong” refers to building the Company into a world-class investment and construction group with strong value creation, market competitiveness, innovative driving force, resource allocation and cultural soft power

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

The 2023 interim financial statement of the Company has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited. Ernst & Young Hua Ming LLP has issued the review report for the Company without a qualified opinion.

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

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

Beijing, the PRC
30 August 2023

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

* *For identification purposes only*