



中國冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LTD.*

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

Stock Code: 1618

2023

INTERIM REPORT



* For identification purpose only

Important Notice

- I. The Board and the Supervisory Committee of the Company and its Directors, Supervisors and senior management warrant that the contents of this interim report are true, accurate and complete without false representations, misleading statements or material omissions, and they severally and jointly accept legal responsibility for the above warranty.
- II. The 51st meeting of the third session of the Board was convened on 30 August 2023. All Directors of the Company attended the Board meeting.
- III. The interim financial statement of the Company for the first half of 2023 has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited. Ernst & Young Hua Ming LLP issued a review report with unqualified opinions to the Company.
- IV. Chen Jianguang, the chairman of the Company, Zou Hongying, the vice president and general accountant of the Company, and Fan Wanzhu, the assistant to the president, deputy general accountant and head of the financial department have declared that they guarantee the truthfulness, accuracy and completeness of the financial report contained in this interim report.
- V. Proposal for the distribution of profits or the transfer of capital reserves to share capital for the Reporting Period as approved by the Board
Not Applicable
- VI. Statement for the risks associated with the forward-looking statements
The forward-looking statements contained in this report regarding the Company's future plans and others do not constitute any substantive commitment to investors and investment risks are brought to the attention of investors.
- VII. Is there any misappropriation of funds by the Controlling Shareholder and other related parties for non-operating purposes
No
- VIII. Is there any external guarantee made in contravention of the required decision-making procedures
No
- IX. Are there more than half of the Directors unable to guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company
No
- X. Warning of significant risks
During the Reporting Period, no material risks were identified in the Company.
The Company has elaborated on the potential risks that the Company may be facing in this interim report. Please refer to the section of "Report of Board of Directors, Management Discussion and Analysis" of this report for the details of the risks that may be faced by the Company.
- XI. Others
Unless otherwise specified, all the amounts in this report are denominated in RMB.

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CONTENTS FOR DOCUMENTS AVAILABLE FOR INSPECTION	Financial statements signed and sealed by the person-in-charge of the Company, the person-in-charge of accounting and the head of the accounting department
	Original of auditor's report sealed with the corporate seal of the accounting firm and signed and sealed by the certified public accountant
	Originals of all documents and announcements of the Company published on Shanghai Stock Exchange during the Reporting Period
	2023 interim report and 2023 interim results announcement published on the Hong Kong Stock Exchange



Section I Definitions

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

Section I Definitions

“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
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code 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

Section II Chairman's Statement



Chen Jianguang Chairman

Section II 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.

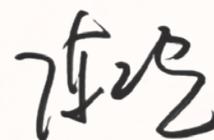
Section II Chairman's Statement

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. This comprehensive effort aims 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 Optimums, 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.



Section III Company Profile and Major Financial Indicators

As the largest and the only A+H share listed company under China Minmetals, MCC is the world's largest and strongest metallurgical construction contractor and operation service provider, one of the state-recognized major resource enterprises, one of China's largest steel structure producers, one of the first 16 central state-owned enterprises designated by the SASAC with the main business of real estate development, and the driving force of China's infrastructure construction. In the early stages of China's reform and opening-up, MCC created the world-renowned "Shenzhen Speed". It was ranked 5th among ENR's Top 250 Global Contractors in 2023 and 20th among 2023 Fortune's Top 500 Listed Chinese Companies.

With "one building, two most, five strong" as its goal, MCC will insist on perseverance and innovation spirit and speed up its integrated development. Adhering to the strategic positioning of "being the world-class national team of metallurgical construction, the main force of infrastructure construction, and the frontrunner and vanguard of emerging industries, and sticking to the path of high-tech and high-quality development in the long run", MCC has always been at the forefront internationally and among the top of the entire metallurgical industry, and shouldered the responsibilities of leading China's metallurgy to become an intelligent, green, low-carbon "advanced manufacturer" with efficient development, through first-class core technology, continuous innovation research and development of self-controllable ability, irreplaceable integration advantages of the whole metallurgical industry chain. Relying on its outstanding scientific research, exploration, design and construction capabilities, MCC speeds up transformation and upgrading, builds the "four-beam and eight-pillar" comprehensive business system, and forges itself into the leading force of national infrastructure construction. By using innovation as the new engine and fuel for corporate development, MCC undertakes the important task to innovate and lead China's development of emerging industries, thus constantly upgrading itself with a new 'name card' for promoting sustainable development under the new normality.

As a national innovation-oriented enterprise, MCC has 5 comprehensive Class A design qualifications and 45 special-grade construction qualifications for general contracting. Among its subsidiaries, 5 subsidiaries have four special qualifications for general construction contracting, 3 subsidiaries have 3 special qualifications for general construction contracting, and 4 subsidiaries have two special qualifications for general construction contracting, ranking among the top in China. The Company also has 28 national-level scientific research and development platforms and over 48,000 valid patents. Since 2009, it has won 88 China Patent Awards (winning the China Patent Gold Award for 3 consecutive years from 2015 to 2017). Since 2000, it has won 55 National Science & Technology Awards, and published 63 international standards and 602 national standards. It has received the Luban Prize for Construction Projects for 135 projects (including participation), the National Quality Engineering Award for 288 projects (including participation), the Tien-yow Jeme Civil Engineering Prize for 28 projects (including participation), and Metallurgy Industry Quality Engineering Excellent Achievement Award and Metallurgy Industry High Quality Engineering Award for 1,053 projects (including participation). MCC has over 60,000 engineering technicians, 1 academician of the Chinese Academy of Engineering, 13 national exploration and design masters, 5 experts listed on the "National Hundred, Thousand and Ten Thousand Talent Project", more than 300 staff members granted special government allowances from the State Council, 3 winners of the Grand Skill Award of China, 3 gold medalists of the World Skills Competition, 77 National Technical Experts and 6 national skill master studios.

MCC was listed on the main board of the SSE and the Hong Kong Stock Exchange on 21 September 2009 and 24 September 2009, respectively. At present, the A Shares of the Company have been selected to be a constituent stock of the CSI Central State-owned Enterprises Composite Index, MSCI Concept Index, SSE Social Responsibility Index; while the H Shares have been selected to be a constituent stock of the Hang Seng Stock Connect Hong Kong Index, Bloomberg ESG Data Index, S&P China BMI Index, etc..

I. CORPORATE INFORMATION

Company name (in Chinese)	中國冶金科工股份有限公司
Abbreviation in Chinese	中國中冶
Company name (in English)	Metallurgical Corporation of China Ltd.*
Abbreviation in English	MCC
Legal representative of the Company	Zhang Mengxing

Section III Company Profile and Major Financial Indicators

II. CONTACT PERSONS AND CONTACT METHOD

	Secretary to the Board	Joint Company Secretaries
Name	Wang Zhen	Wang Zhen, Ng Sau Mei
Address	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC
Telephone	+86-10-59868666	+86-10-59868666
Facsimile	+86-10-59868999	+86-10-59868999
E-mail	ir@mccchina.com	ir@mccchina.com

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	28 Shuguang Xili, Chaoyang District, Beijing
Historical change of the registered address of the Company	On 29 June 2010, the 2009 annual general meeting of the Company considered and approved the resolution regarding the Amendments to the Articles of Association, and approved the change of the registered address of the Company from "No.11, Gaoliangqiao Xie Jie, Haidian District, Beijing" to "28 Shuguang Xili, Chaoyang District, Beijing".
Business address of the Company in the PRC	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC
Postal code of the business address of the Company in the PRC	100028
Place of business of the Company in Hong Kong	Room 3205, 32/F Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
Address of H Share registrar and transfer office	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website of the Company	http://www.mccchina.com
E-mail	ir@mccchina.com
Query index of changes during the Reporting Period	Not Applicable

Section III Company Profile and Major Financial Indicators

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of newspapers for information disclosure designated by the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publication of the A Shares interim report	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of the H Shares interim report	http://www.hkexnews.hk
Place where an interim report of the Company is available for inspection	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC
Query index of changes during the Reporting Period	Not Applicable

V. SHARES OF THE COMPANY

Types of shares	Stock exchanges of listing	Stock abbreviation	Stock code
A Shares	the Shanghai Stock Exchange	MCC	601618
H Shares	The Stock Exchange of Hong Kong Limited	MCC	01618

VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company	Name	Ernst & Young Hua Ming LLP
	Office address	Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Ave., Dongcheng District, Beijing, China
	Signing auditors	Zhang Ningning, Zhao Ning
Sponsor performing continuous supervisory duty during the Reporting Period	Name	CITIC Securities Company Limited
	Office address	23/F, CITIC Securities Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing, China
	Signing representatives of sponsor	Yang Bin, Chen Shumian
	Period of continuous supervision	CITIC Securities Company Limited was the sponsor for the initial public offering of A Shares of MCC on 21 September 2009 and the sponsor for the non-public issuance of A Shares of MCC in 2016. As the A Shares proceeds raised by MCC have not been fully utilized, CITIC Securities Company Limited continues to supervise MCC on the use of A Shares proceeds, and performs the relevant continuous supervisory duties after the expiry of the continuous supervisory period.
PRC legal advisor appointed by the Company	Name	Beijing Jia Yuan Law Offices
	Office address	F408 Ocean Plaza, 158 Fu Xing Men Nei Avenue, Xicheng District, Beijing, China
Overseas legal advisor appointed by the Company	Name	King & Wood Mallesons
	Office address	13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong

Section III Company Profile and Major Financial Indicators

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Major accounting data

Unit: RMB '000

Major accounting data	Reporting Period (January – June)	Corresponding period of the previous year		Increase/decrease for the Reporting Period as compared to the corresponding period of the previous year (%)
		After Adjustment	Before Adjustment	
Operating revenue	334,458,860	289,201,742	289,201,742	15.65
Net profit attributable to Shareholders of the listed company	7,217,536	5,872,872	5,871,055	22.90
Net profit attributable to Shareholders of the listed company after deducting non-recurring profits and losses	6,981,126	5,620,385	5,618,568	24.21
Net cash flow generated from operating activities	(14,516,419)	167,708	167,708	N/A

Major accounting data	End of the Reporting Period	End of the previous year		Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
		After Adjustment	Before Adjustment	
Net assets attributable to Shareholders of the listed company	140,270,768	121,116,261	121,108,334	15.81
Total assets	667,222,233	585,392,827	585,384,390	13.98

(II) Major financial indicators

Major financial indicators	Reporting Period (January – June)	Corresponding period of the previous year		Increase/decrease for the Reporting Period as compared to the corresponding period of the previous year (%)
		After Adjustment	Before Adjustment	
Basic earnings per share (RMB/Share)	0.26	0.24	0.24	8.33
Diluted earnings per share (RMB/Share)	0.26	0.24	0.24	8.33
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.25	0.22	0.22	13.64
Weighted average return on net assets (%)	5.73	5.65	5.65	Increased by 0.08 percentage point
Weighted average return on net assets after deducting non-recurring profits and losses (%)	5.48	5.36	5.36	Increased by 0.12 percentage point

Section III Company Profile and Major Financial Indicators

(III) Financial Highlights

1. 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.

2. 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.

Section III Company Profile and Major Financial Indicators

3. Summary of financial statements

The following is a summary of the financial information prepared in accordance with the China Financial Reporting Standards:

(1) Consolidated Income Statement

Unit: RMB'000

Item	Note VII	For the six months ended 30 June 2023	For the six months ended 30 June 2022 (Restated)
I. Operating revenue	51	334,458,860	289,201,742
Including: Operating revenue		334,458,860	289,201,742
II. Total operating costs		320,620,931	277,015,841
Including: Operating costs	51	303,470,277	262,190,220
Taxes and surcharges	52	995,124	910,603
Selling expenses	53	1,392,314	1,227,620
Administrative expenses	54	5,425,525	4,939,714
Research and development expenses	55	9,089,092	7,638,329
Financial expenses	56	248,599	109,355
Including: interest expenses		1,380,651	905,550
Interest income		968,978	1,109,460
Add: Other income	57	195,212	184,731
Investment losses	58	(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 amortised costs		(709,780)	(536,947)
Losses from changes in fair values	59	(328,383)	(130,695)
Impairment losses of credit	60	(1,831,302)	(1,603,202)
Impairment losses of assets	61	(1,250,783)	(1,315,925)
Gains from disposal of assets	62	33,959	103,781
III. Operating profit		9,954,758	8,610,869
Add: Non-operating income	63	69,728	116,214
Less: Non-operating expenses	64	125,908	78,652
IV. Total profit		9,898,578	8,648,431
Less: Income tax expenses	66	1,219,604	1,291,929
V. Net profit		8,678,974	7,356,502
(I) Net profit classified by continuity of operation			
Net profit from continuing operations		8,678,974	7,356,502
(II) Net profit classified by ownership ascription			
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

Section III Company Profile and Major Financial Indicators

Item	Note VII	For the six months ended 30 June 2023	For the six months ended 30 June 2022 (Restated)
VI. Other comprehensive income, net of income tax	47	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 plans		(62,646)	(75,610)
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		(8)	(26)
3. Changes in fair value of investments in other equity instruments		29,465	5,453
(II) Items that may be reclassified to profit or loss		207,384	439,850
1. Other comprehensive income that may be reclassified to profit or loss under the equity method		668	(26,339)
2. Changes in 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
VII. 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
VIII. Earnings per share	67		
(I) Basic earnings per share (RMB/share)		0.26	0.24
(II) Diluted earnings per share (RMB/share)		0.26	0.24

(2) Summary of Consolidated Total Assets and Total Liabilities at the end of June 2023

Unit: RMB'000

	30 June 2023	31 December 2022 (Restated)
Total assets	667,222,233	585,392,827
Total liabilities	492,167,238	423,475,265
Total equity	175,054,995	161,917,562

Explanation of major accounting data and financial indicators of the Company

Applicable Not Applicable

Section III Company Profile and Major Financial Indicators

VIII. DIFFERENCE IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not Applicable

IX. NON-RECURRING PROFIT AND LOSS ITEMS AND THEIR AMOUNTS

Unit: RMB'000

Non-recurring profit and loss items	Amount	Note
Profit or loss on disposal of non-current assets	33,959	XVII 1
Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature	–	–
Government grants recognized in current profit or loss (except for the government grants that are closely related to the normal operating business of the Company and received in a certain amount or fixed quantity in accordance with the state's regulations)	215,705	XVII 1
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss	76,832	XVII 1
Excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures	–	–
Profit/loss of non-monetary asset swap	–	–
Profit/loss from entrusted investment or asset management	–	–
Provision for impairment of assets due to force majeure, i.e. natural disaster	–	–
Profit/loss from debt restructuring	2,885	XVII 1
Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc.	–	–
Profit/loss from the excess of the fair value of a transaction of unfair consideration	–	–
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger	–	–
Profit/loss from contingencies irrelevant to the ordinary business operations of the Company	–	–

Section III Company Profile and Major Financial Indicators

Non-recurring profit and loss items	Amount	Note
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments except for those gain/loss relating to the effective hedging transactions under the Company's normal operating business	(326,164)	XVII 1
Write back of the provision for impairment of accounts receivable and contract assets that is individually test for impairment	367,724	XVII 1
Profit/loss from external entrusted loans	-	-
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement	-	-
Effect of one-off adjustment on current profit/loss in accordance with laws and regulations on taxation and accounting, etc.	-	-
Income of entrustment fees from entrusted operations	-	-
Other non-operating income and expenses other than the above items	(62,022)	XVII 1
Profit or loss on disposal of long-term equity investments	83,800	XVII 1
Less: Impact on income tax	96,806	XVII 1
Impact on non-controlling interests (after tax)	59,503	XVII 1
Total	236,410	XVII 1

Reasons shall be given with respect to the Company classifying the non-recurring profit and loss items defined and listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Profit and Loss Items as recurring profit and loss items.

Applicable Not Applicable

X. MAJOR FINANCIAL DATA IN 2023 (BY QUARTER)

Unit: RMB'000

Major Indicators	The first quarter (January–March)	The second quarter (April–June)
Operating revenue	144,452,637	190,006,223
Net profit attributable to Shareholders of the listed company	3,371,860	3,845,676
Net profit attributable to Shareholders of the listed company after deducting non-recurring profits and losses	3,284,546	3,696,580
Net cash flow generated from operating activities	(21,577,680)	7,061,261

Section IV Report of Board of Directors, Management Discussion and Analysis

I. EXPLANATION OF THE INDUSTRIES THAT THE COMPANY ENGAGES IN AND THE PRINCIPAL OPERATING RESULTS DURING THE REPORTING PERIOD

(I) 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.

Section IV Report of Board of Directors, Management Discussion and Analysis

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 RMB 21.615 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, realizing 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 (%)	8.80	—	8.55	Increased by 0.25 percentage point

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

Section IV Report of Board of Directors, Management Discussion and Analysis

(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	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	65,361,807	20.57	56,262,888	20.78	47,198,024	20.41

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

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No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
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
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
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).

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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
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

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No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
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—水網防護及入澗水質提升工程(工程總承包)合同)	29.9
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
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

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(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.

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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 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.

(II) 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.

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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.

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(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.

(III) **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.

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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 (%)	13.36	—	12.04	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.

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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 2x1000MW Thermal Power Expansion (京能涿州2x1000MW熱電擴建項目鍋爐鋼結構項目).

(IV) Resource Development Business

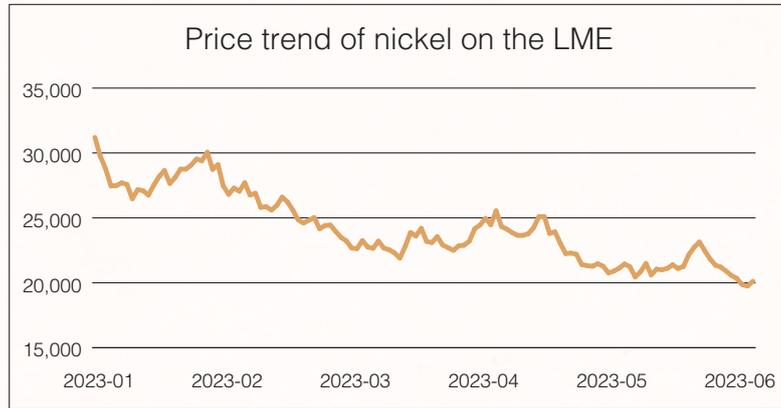
1. INDUSTRY OVERVIEW

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.

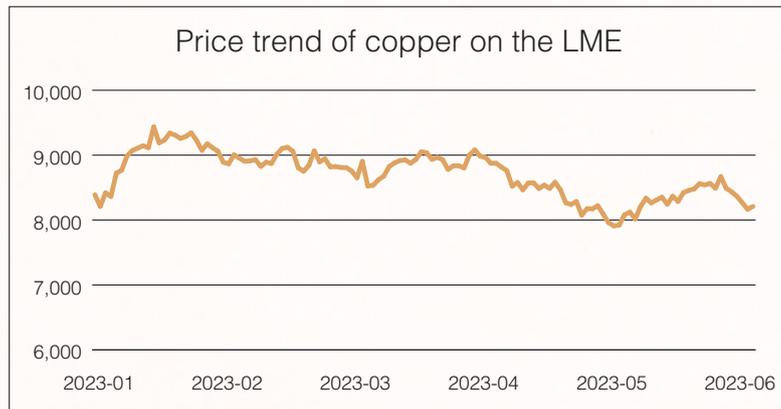
In the first half of 2023, the price trend of non-ferrous metals was driven by the intensity of the domestic economic recovery, showing an overall trend of rising before falling, and a downward trend with fluctuations. The average prices of nickel, copper, lead and zinc on the London Metal Exchange for 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.

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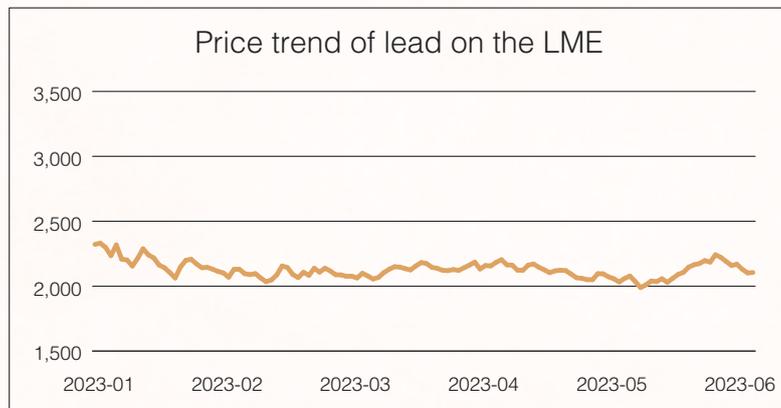
Unit: USD/tonnes



Unit: USD/tonnes

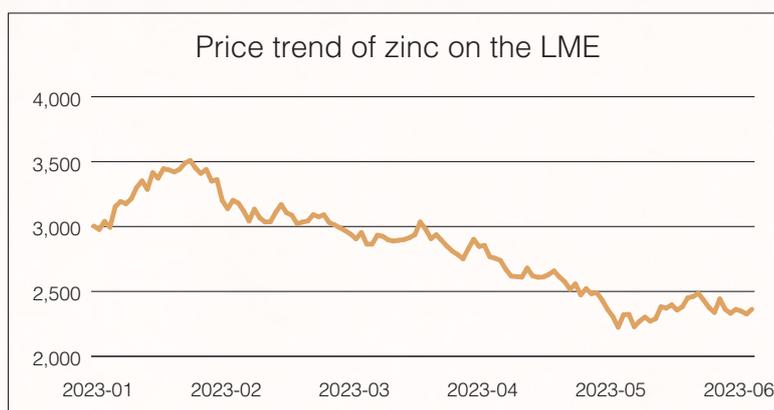


Unit: USD/tonnes



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Unit: USD/tonnes



Source: Royal Flush 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 (%)	34.51	—	46.30	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.

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(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.

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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

(I) 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.

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(II) 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.

(III) 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.

(IV) 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.

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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.

(V) 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 staff 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. DISCUSSION AND ANALYSIS OF OPERATIONS

During the Reporting Period, the operating revenue of the Company amounted to RMB334,458,860,000, representing a year-on-year increase of 15.65%; the total profit amounted to RMB9,898,578,000, representing a year-on-year increase of 14.46%, and the net profit attributable to Shareholders of the listed company amounted to RMB7,217,536,000, representing a year-on-year increase of 22.90%.

Significant changes in the operation of the Company, and matters occurring during the Reporting Period that have a significant impact on the operation of the Company and are expected to have a significant impact in the future

Applicable Not applicable

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IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

(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	31,102,865	22,233,423	39.89

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.

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2. Analysis on revenue and costs

(1) Major business by segment and region

1) Major business by segment

Unit: RMB'000

Segments	Operating revenue	Operating costs	Major Business by Segment			Increase or decrease in the gross margin as compared to that of last year
			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 (%)	
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.

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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 information contained in the Part 1 of Note XV to Section X "Financial Statements" of this report.

(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 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.

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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	289,789,285	100.00	247,642,999	100.00	211,909,292	100.00

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

(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	12,365,025	3.70

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.

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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
Total	4,117,004	1.35

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 (%)	2.90

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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	31,102,865	22,233,423

(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.

6. Detailed statement of the major changes in the Company's business types, profits structure or profits sources:

Applicable Not applicable

(II) Description of material changes in profits from non-major business

Applicable Not applicable

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(III) Analysis on assets and liabilities

1. Status of assets and liabilities

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period to the total assets/total liabilities (%)	Amount at the end of the previous year (restated)	Proportion of the amount at the end of the previous year to the total assets/total liabilities (%)	Proportion change in the amount at the end of the current period as compared to that at the end of the previous year (%)
Current assets	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

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(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 a year-on-year increase of 36.54%.

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, 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.

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(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.

2. Overseas assets

(1) Asset size

Among them: overseas assets 36,399,624 (Unit: RMB'000), accounting for 5.46% of the total assets.

(2) Relevant explanations of the relatively high proportion of overseas assets

Applicable Not applicable

3. Restrictions on major assets as of the end of the Reporting Period

For details, please refer to Note VII 70 to Section X "Financial Statements" of this report.

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

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

Unit: RMB'000

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

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (Unit)	5,177	121	5,298
Total amount	27,183,291	478,981	27,662,272

2. Projects under construction during the Reporting Period

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	4,947	1,779	4,513	1,278	12,517
Total amount	160,186,933	53,784,876	47,155,811	17,134,548	278,262,168

Unit: RMB'000

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

3. Major projects under construction

Applicable Not applicable

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4. Overseas projects during the Reporting Period

Unit: RMB'000

Project location	Number of projects (Unit)	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	628	6,083,795

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

5. 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.

(V) Investment analysis

1. Overall analysis on external equity investments

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

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(3) Financial assets measured at fair value

Securities investments

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 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 (中醫股份)	499	572	48	-	-	-	620	Financial assets held for trading
Shares	000539	GED (傳電力 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) Disposal of material assets and equity

Applicable Not applicable

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(VII) Analysis on holding company and joint stock company

Unit: RMB'000

No.	Name of subsidiary	Business scope	Place of establishment/ incorporation	Registered capital	Total assets	Net assets	Net profit
1	China MCC 5 Group Co., Ltd.	Engineering contracting	Chengdu	5,004,178	65,769,312	11,991,753	1,428,243
2	Shanghai Baoye Group Co., Ltd.	Engineering contracting	Shanghai	5,285,230	61,268,759	11,358,924	977,282
3	China MCC 17 Group Co., Ltd.	Engineering contracting	Ma'anshan	2,050,000	33,312,179	8,147,629	853,609
4	China First Metallurgical Group Co., Ltd.	Engineering contracting	Wuhan	2,019,027	28,514,710	7,111,870	767,782
5	MCC-JJJ Mining Development Company Limited	Resource development	Beijing	3,095,703	8,076,845	2,576,767	643,318
6	WISDRI Engineering & Research Incorporation Limited	Design, scientific research, EPC	Wuhan	3,350,000	26,619,147	10,080,876	626,100
7	China Metallurgical Construction Engineering Group Co., Ltd.	Engineering contracting	Chongqing	2,100,000	27,245,966	6,012,208	403,241
8	MCC Capital Engineering & Research Incorporation Limited	Design, scientific research, EPC	Beijing	3,283,104	27,666,821	5,199,940	387,458
9	MCC TianGong Group Corporation Limited	Engineering contracting	Tianjin	2,050,000	31,961,585	5,131,271	384,973
10	China MCC 19 Group Co., Ltd.	Engineering contracting	Panzhuhua	3,010,000	28,778,490	4,741,374	355,570
11	China MCC 22 Group Co., Ltd.	Engineering contracting	Tangshan	2,780,000	33,051,466	5,177,052	337,662
12	CISDI Group Co., Ltd.	Design, scientific research, EPC	Chongqing	2,300,000	21,201,187	5,754,090	303,577
13	MCC Communication Construction Group Co., Ltd.	Infrastructure contractor	Beijing	9,312,258	35,618,737	9,266,242	292,433
14	China Second Metallurgical Group Corporation Limited	Engineering contracting	Baotou	1,500,000	21,691,060	2,733,042	282,352
15	Central Research Institute of Building and Construction Co., Ltd.	Design, scientific research, EPC	Beijing	2,905,110	14,302,421	4,737,521	203,899
16	MCC Ecological Environmental Protection Group Co., Ltd.	Water resource management	Beijing	3,000,000	6,230,268	3,137,739	177,079
17	China MCC 20 Group Co., Ltd.	Engineering contracting	Shanghai	2,050,000	35,181,006	5,177,348	159,708
18	China Non-ferrous Engineering Co., Ltd.	Design, scientific research, EPC	Beijing	2,346,730	11,090,355	4,185,219	149,573
19	Zhong Ye Chang Tian International Engineering Co., Ltd.	Design, scientific research, EPC	Changsha	677,301	6,501,642	2,764,364	141,438
20	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	Design, scientific research, EPC	Anshan	1,296,600	9,285,783	2,558,507	123,932

Subsidiaries with net profit of subsidiaries accounting for more than 10% of the consolidated net profit

Unit: RMB'000

No.	Name of entity	Operating revenue	Operating cost	Operating profit	Net profit	Net profit attributable to the parent company
1	China MCC 5 Group Co., Ltd.	45,291,637	40,850,669	1,577,313	1,428,243	1,421,269
2	Shanghai Baoye Group Co., Ltd.	40,344,658	37,280,054	1,077,847	977,282	967,543

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(VIII) Structured entities controlled by the Company

For details, please refer to Note IX 3 to Section X “Financial Statements” of this report.

V. OTHER DISCLOSURES

(I) 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 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. 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 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.

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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, 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.

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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.

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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.

Section V Corporate Governance

I. CORPORATE GOVERNANCE AND GOVERNANCE OF THE COMPANY

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.

Section V Corporate Governance

II. SUMMARY OF THE GENERAL MEETINGS

Sessions of the meeting	Convening date	Enquiry index of the designated website for the publication of the resolutions	Date of publication of the resolutions	Resolutions of the meeting
MCC's 2022 Annual General Meeting	2023/6/26	www.see.com.cn www.hkexnews.hk	2023/6/26	To consider and approve 12 resolutions including the Resolution on the "Work Report of the Board of MCC for the Year 2022", Resolution on the "Work Report of the Supervisory Committee of MCC for the Year 2022", Resolution on the Report on Final Accounts of the Company for the Year 2022, the Resolution on the Profit Distribution Plan of the Company for the Year 2022, the Resolution on the Emoluments of Directors and Supervisors of the Company for the Year 2022 and the Resolution on the Plan of Guarantees to be Provided by the Company for the Year 2023.

Shareholders of preferred shares with restored voting rights who request to convene an extraordinary general meeting

Applicable Not applicable

Description of General Meeting

On 26 June 2023, the Company convened the 2022 annual general meeting, where Mr. Chen Jianguang and Mr. Zhou Jichang, being Directors of the Company, Mr. Yin Sisong and Mr. Chu Zhiqi, being Supervisors of the Company, and Mr. Wang Zhen, being the secretary to the Board, attended the meeting. 12 resolutions were considered and approved at the meeting, including the Resolution on the "Work Report of the Board of MCC for the Year 2022", the Resolution on the "Work Report of the Supervisory Committee of MCC for the Year 2022", the Resolution on the Report on Final Accounts of MCC for the Year 2022, the Resolution on the Profit Distribution Plan of MCC for the Year 2022, the Resolution on the Emoluments of Directors and Supervisors of MCC for the Year 2022, the Resolution on the Plan of Guarantees of MCC for the year 2023, the Resolution on the Appointment of the Auditor of the Financial Report and Internal Control Auditor of the Company for the Year 2023, the Resolution on the Company's Revision and Setting of the Annual Caps for the Routine Connected Transactions/Continuing Connected Transactions for the Years of 2023 and 2024 and Renew the Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement, the Resolution on the Closing of Part of Investment Projects Utilising Proceeds from A Shares and Allocation of the Surplus Proceeds as Supplementary Working Capital on a Permanent Basis, the Resolution on the Amendments to the Articles of Association, the Resolution on the Amendments to the Rules of Procedure for the General Meetings, the Resolution on the Amendments to the Rules of Procedure for the Board Meetings of the Company. The "Work Report of Independent Non-executive Directors of Metallurgical Corporation of China Ltd. for the Year 2022" was heard at the meeting.

III. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

During the Reporting Period, there were no changes of Directors, Supervisors and senior management of the Company.

Section V Corporate Governance

IV. PROPOSALS ON PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

Proposal for profit distribution and transfer of capital reserve to share capital for the first half of the year

Any distribution or transfer: No

V. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACT

(I) **Relevant equity incentive events disclosed in interim announcements without further development or change in subsequent implementation**

Applicable Not applicable

(II) **Incentive events not disclosed in interim announcements or with subsequent progress**

Equity incentives

Applicable Not applicable

Other description

Applicable Not applicable

Employee stock ownership plan

Applicable Not applicable

Other incentives measures

During the Reporting Period, CISDI (Chongqing) Information Technology Co., Ltd. (a subsidiary of the Company) continued to promote employee shareholding-related work in accordance with laws and regulations; WSGRI Engineering & Surveying Incorporation Limited (a subsidiary of the Company) promoted the implementation of bonus incentives schemes for positions in science and technology enterprises during the Reporting Period with the approval of the competent authorities.

VI. REVIEW OF INTERIM RESULTS BY THE FINANCE AND AUDIT COMMITTEE

The finance and audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2023. The committee was of the opinion that the unaudited interim results for the six months ended 30 June 2023 had been in compliance with the applicable accounting principles as well as laws and regulations, and proper disclosures had been made.

Section VI Environmental and Social Responsibility

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

(I) Environmental protection of the Company and its subsidiaries categorised as major sewage discharge enterprises as published by the environmental protection department

In accordance with the List of Enterprises under Special Supervision and Enterprises with Significant Waste Disposal in the first half of 2023 published by the state, provincial and municipal and environmental protection departments, among all subsidiaries of MCC, Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司), a subsidiary of China Nonferrous Engineering Co., Ltd. (hereinafter referred to as "China Non-ferrous"), Ganzhou Enfi Environmental Protection Energy Co., Ltd. (贛州恩菲環保能源有限公司), Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司), Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司) and China City New Energy Development Dafeng Co., Ltd. (都市環保新能源開發大豐有限公司), a subsidiary of WISDRI Engineering & Research Incorporation Limited (hereinafter referred to as "WISDRI"), were included in the list of enterprises under special supervision of exhaust gas. China Silicon Corporation Ltd. (洛陽中硅高科技有限公司), a subsidiary of China Non-ferrous, Gu'an Enfi Environmental Protection Energy Co., Ltd. and Enfi Urban Solid Waste (Xiaogan) Co., Ltd. were included in the list of enterprises under special supervision of wastewater treatment plants. 33 sewage treatment plants under WISDRI, MCC Huatian Engineering & Technology Co., Ltd. and MCC Ecological Environmental Protection Group Co., Ltd. were included in the list of enterprises under special supervision of sewage treatment. During the Reporting Period, each environmental protection facility of all units under the List of Enterprises with Significant Waste Disposal operated normally, and the emission of key pollutants met the standard regulations without exceeding the limits, achieving the objective of total emission reduction.

During the Reporting Period, the cumulative volume of sewage treated by the Company amounted to 283 million tonnes in total. Emission of COD was reduced by 65,200 tonnes and emission of ammoniacal nitrogen was cut down by 7,500 tonnes.

1. Information about pollution discharge

① 33 enterprises under special supervision of sewage treatment

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Standard for implementation	Emission standard (mg/L) ^{Note 1}	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
1	Chuzhou Huatian Water Corporation MCC (滁州市中冶華天水務有限公司)	Main vent of Qingliu Wastewater Treatment Plant WS-01904	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50 5(8)	22 0.31	13.66	Qingliu River (清流河)
2	Lai'an Huatian Water Corporation MCC (來安縣中冶華天水務有限公司)	Vent from Lai'an Huatian Water Corporation MCC Wastewater WS-06998	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	30 1.5	23.81 0.44	7.60	Lai River (來河)
3	MCC Qinhuangdao Water Co., Ltd. (中冶秦皇島水務有限公司)	Vent from Shanhaiguan Water Treatment Plant (山海關污水處理廠出水口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50 5(8)	16.54 0.12	3.09	Chao River (潮河)
4	Shouguang North Water Corporation MCC (壽光市城北中冶水務有限公司)	Vent outside Shouguang North Water Corporation MCC WS-37078304	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A ^{Note 2}	30 1.5	21.42 0.46	7.85	Zhangseng River (張澗河)

Section VI Environmental and Social Responsibility

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Standard for implementation	Emission standard (mg/L) ^{Note 1}	Actual emission (mg/L)	Total emission rate (10,000/day)	Discharge flow
5	Tianchang Water Corporation MCC (Tianchang Wastewater Treatment Plant) (天長市中治水務有限公司 (天長市污水處理廠))	Vent No. WS-009	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	40 2(3)	11.8 0.29	6.04	Chuanqiao River (川橋河)
6	Qinlan Wastewater Treatment Plant of Tianchang Water Corporation MCC (天長市中治水務有限公司 (秦欄鎮污水處理廠))	Mixed inflow of sewage emission in Qinlan Town and Jiangwei County of Tianchang City	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	16.95 0.27	0.60	Qinlan River (秦欄河)
7	Yangcun Water Treatment Plant of Tianchang Water Corporation MCC (天長市中治水務有限公司 (楊村鎮污水處理廠))	Mixed inflow of sewage emission in Yangcun Wastewater Treatment Plant of Tianchang City	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	23.28 0.90	0.77	Yangcun River (楊村河)
8	Wastewater Treatment Plant of Tianchang Economic Development Zone of Tianchang Water Corporation MCC (天長市中治水務有限公司 (天長市經濟開發區污水處理廠))	Vent No. WS-04303	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 2(3)	21.84 0.39	2.64	Chuanqiao River (川橋河)
9	Tongcheng Water Treatment Plant of Tianchang Huatian Water Corporation MCC (天長市中治華天水務有限公司 (銅城鎮污水處理廠))	Vent No. WS-04305	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	21.84 0.23	0.59	Tonglong River (銅龍河)
10	MCC Xinglong Water Co., Ltd. (興隆縣中治水務有限公司)	Vent of disinfecting tank OWS-001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	21.66 0.67	2.14	Liu River (柳河)
11	MCC Dingyuan Water Co., Ltd. (定遠縣中治水務有限公司)	Wastewater discharge vent WS-50004	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	17.90 0.12	5.14	Maqiao River (馬橋河)
12	Cha He Water Treatment Plant of Lai'an Huatian Water Corporation MCC (來安縣中治華天水務有限公司 (汊河污水處理廠))	Vent from Cha He Wastewater Treatment Plant (汊河污水處理廠污水排放口) WS-06902	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	33.16 0.24	2.00	Chu River (滁河)
13	Ma'anshan Water Corporation MCC (馬鞍山市中治水務有限公司)	Ma'anshan Water Corporation MCC WS-090801	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	11.83 0.23	1.94	Xiangcheng River (襄城河)
14	Huangshi Water Corporation MCC (黃石市中治水務有限公司)	Vent from Huangshi Water Corporation MCC DW001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	12.81 1.36	3.66	Chi-hu Lake (磁湖)
15	Shouguang MCC Water Service Company Limited (壽光市中治水務有限公司)	Vent from Shouguang MCC Water Service Company Limited WS37078309	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard ^{Note 2}	30 1.5	25.20 0.46	11.76	Xiaoqing River (小清河)
16	Qinhuangdao Funing District MCC Water Co., Ltd. (秦皇島市撫寧區中治水務有限公司)	Vent from Qinhuangdao Funing District MCC Water Co., Ltd. DW001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50 5(8)	29.45 0.18	4.69	Discharged into artificial river

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No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Standard for implementation	Emission standard (mg/L) ^{Note 1}	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
17	Fuzhou MCC Changle District Water Co., Ltd. (福州市長樂區中冶水務有限公司)	Vent from Fuzhou MCC Changle District Water Co., Ltd. WS26616	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50	22.60	4.58	Min River (甌江)
			Ammoniacal nitrogen		5(8)	0.17		
18	MCC Xuancheng Water Co., Ltd. (宣城市中冶水務有限公司)	Mixed inflow of sewage emission in Xuancheng Shuangqiao Sewage Treatment Plant No.: 341802022	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50	14.17	1.38	Shuiyang River (水陽江)
			Ammoniacal nitrogen		5(8)	0.27		
19	Beijing Zhongshe Water Treatment Co., Ltd. (北京中設水處理有限公司)	Main vent (Phase I)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (Level 1 Standard A of current wastewater plant) DB11/890-2012	20	15.03	5.51	Ciwei River (刺渭河)
			Ammoniacal nitrogen		1.0(1.5)	0.35		
			Total phosphorus		0.2	0.12		
		Main vent (Phase II)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (Level 1 Standard A of new wastewater plant) DB11/890-2012	20	14.33	3.65	
			Ammoniacal nitrogen		1.0(1.5)	0.32		
			Total phosphorus		0.2	0.10		
20	Lanzhou Zhongtuo Water Corporation (蘭州中投水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard B	50	20.23	23.33	Yellow River
			Ammoniacal nitrogen		5(8)	0.45		
			Total phosphorus		0.5	0.06		
21	Xiaogan Zhongshe Water Co., Ltd. (孝感中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50	18.79	12.82	Gunzi River (滾子河)
			Ammoniacal nitrogen		5(8)	0.91		
			Total phosphorus		0.5	0.19		
22	Wenxian Zhongtuo Water Co., Ltd. (溫縣中投水務有限公司)	Main vent of the First Wastewater Treatment Plant	COD	Discharge Standard of Pollutants for the Yellow River Basin of Henan Province (Level I Standard) DB41/2087-2021	50	14.79	3.06	Rongyiu River (榮州河)
			Ammoniacal nitrogen		5(8)	0.33		
			Total phosphorus		0.5	0.18		
		Main vent of the Second Wastewater Treatment Plant	COD	Discharge Standard of Pollutants for the Yellow River Basin of Henan Province (Level I Standard) DB41/2087-2021	50	24.90	2.30	New Mang River (新蟒河)
			Ammoniacal nitrogen		5(8)	0.43		
			Total phosphorus		0.5	0.16		
23	Changzhou Enfi Water Co., Ltd. (常州恩菲水務有限公司)	Main vent	COD	Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu (DB32/1072-2018)	60	42.05	2.23	Cailing Port (採菱港)
			Ammoniacal nitrogen		5	0.37		
			Total phosphorus		0.5	0.09		
24	Wuzhi County Zhongshe Water Co., Ltd. (武陟縣中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for the Yellow River Basin of Henan Province DB41/2087-2021 (Level II)	50	40.58	1.91	Lao River in District 2 and 4 (二四區澆河)
			Ammoniacal nitrogen		5(8)	0.71		
			Total phosphorus		0.5	0.16		
25	Pingyuan Zhongshe Water Co., Ltd. (平原中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002) Level I Standard A	50	35.40	4.24	Ma Hong Trunk Sewers (馬洪幹渠)
			Ammoniacal nitrogen		5(8)	0.44		
			Total phosphorus		0.5	0.21		
26	Luoping Zhongshe Environmental Protection Co., Ltd. (樂平中設環保有限公司)	Main vent	COD	Level II of Environmental Quality Standard for Surface Water (《地表水環境質量標準》)(GB3838-2002)	15	5.11	0.02	Huodoushan River (火門山河)
			Ammoniacal nitrogen		0.5	0.02		
			Total phosphorus		0.1	0.02		

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No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Standard for implementation	Emission standard (mg/L) ^{Note 1}	Actual emission (mg/L)	Total emission rate (10,000/day)	Discharge flow		
27	Zhuozhou Zhongshe Water Treatment Co., Ltd. (涿州中設水處理有限公司)	Main vent	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	16.29	0.68	North Juma River South Branch (北拒馬河南支)		
			Ammoniacal nitrogen		1.5(2.5)	0.18				
			Total phosphorus		0.3	0.08				
28	Zhuozhou Zhongshe Environmental Protection Co., Ltd. (涿州中設環保有限公司)	Main vent of the West Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.47	2.66	North Juma River (北拒馬河)		
			Ammoniacal nitrogen		1.5(2.5)	0.13				
			Total phosphorus		0.3	0.10				
		Main vent of the East Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.29	3.19	North Drainage Channel into Baigou River (北排幹渠道入白溝河)		
			Ammoniacal nitrogen		1.5(2.5)	0.16				
			Total phosphorus		0.3	0.08				
		Main vent of the Development Zone Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.75	2.02	North Drainage Channel into Baigou River (北排幹渠道入白溝河)		
			Ammoniacal nitrogen		1.5(2.5)	0.13				
			Total phosphorus		0.3	0.04				
		29	Wuhan Urban Environmental Water Co., Ltd. (都市環保武漢水務有限公司)	Vent from Wuhan Baoxie Wastewater Treatment Plant (武漢市豹澗污水處理廠廢水排放口)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50	12.33	6.52	Yangtze River (長江)
					Ammoniacal nitrogen		5(8)	0.06		
					Total phosphorus		0.5	0.31		
30		Main vent of Zuoling Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd. (都市環保武漢水務有限公司左嶺污水處理廠廢水總排口)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50	8.31	7.95			
			Ammoniacal nitrogen		5(8)	0.16				
			Total phosphorus		0.5	0.26				
31	Zhuxi Urban Environmental Water Co., Ltd. (都市環保竹溪縣水務有限公司)	Vent from Zhuxi County Dongcheng New District Wastewater Treatment Plant (竹溪縣東城新區污水處理廠排放口)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50	13.48	0.70	Zhuxi River (竹溪河)		
			Ammoniacal nitrogen		5(8)	0.17				
			Total phosphorus		0.5	0.28				
32	Macheng Urban Environmental Water Co., Ltd. (都市環保麻城水務有限公司)	Vent from Macheng Urban Environmental Wastewater Treatment Plant (都市環保麻城污水處理廠廢水排放口)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002) Level I Standard A	50	14.48	1.20	Jushui River (舉水河)		
			Ammoniacal nitrogen		5(8)	0.43				
			Total phosphorus		0.5	0.10				
33	Lai'an MCC Huatian Water Environment Investment Co., Ltd. (Second Wastewater Treatment Plant) (來安縣中冶華天水環境投資有限公司(第二污水處理廠))	Main vent of wastewater DW001	COD	Level II of Integrated Wastewater Discharge Standards (《污水綜合排放標準》)(GB8978-1996)	120	84.62	1.46	Lai'an County Wastewater Treatment Plant (來安縣污水處理廠)		
			Ammoniacal nitrogen		Level II of Integrated Wastewater Discharge Standards (《污水綜合排放標準》)(GB8978-1996)	25			0.38	

Note 1: The values outside the brackets of the standard GB18918-2002 represent control objectives when water temperature is higher than 12 degrees Celsius. The value inside the brackets of the standard GB18918-2002 is control objectives whose water temperature is equal to or below 12 degrees Celsius.

Note 2: Pursuant to Document Wei Guan Wei Ban Fa [2019] No. 3 (滄管委辦發[2019]3號文件), the official document issued by Weifang City Commission of Urban Management, the required water output indicators of COD and ammoniacal nitrogen for Shouguang North Water Corporation MCC and Shouguang MCC Water Co., Ltd. were 30mg/L and 1.5mg/L, respectively.

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I. Information on pollution discharge (Continued)

② Enterprises under special supervision of exhaust gas (8 enterprises)

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
1	Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司) (new exhaust vent #4)	Xiangyang Enfi Municipal Solid Waste Incineration Power Plant (sewage vent)	COD	Integrated wastewater discharge standard (GB8978-1996) Level Three Emission limit	500mg/L	30.52	0.72	Wastewater Treatment Plant of Yujiahu
			PH	Integrated wastewater discharge standard (GB8978-1996) Level Three Emission limit	6-9	7.49	/	
		Exhaust vent #1 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	37.32	2.47	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	123.15	10.87	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	1.01	0.02	
		Exhaust vent #2 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	33.05	2.08	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	173.09	11.30	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	0.66	0.06	
		Exhaust vent #3 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	34.60	1.79	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	152.09	10.29	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	0.72	0.006	
		Exhaust vent #4 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	18.57	1.02	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	109.84	7.13	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	3.26	0.06	

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No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
2	Ganzhou Enfi Environmental Protection Energy Co., Ltd. (贛州恩菲環保能源有限公司)	Exhaust vent #1 from Ganzhou Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	23.48	1.61	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	231.41	15.93	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	5.49	0.38	
		Exhaust vent #2 from Ganzhou Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	19.19	1.42	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	183.31	13.61	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	3.53	2.65	
		Exhaust vent #3 from Ganzhou Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	18.12	13.24	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	178.55	1.35	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	5.71	0.42	
3	Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司)	Exhaust vent 1# from Gu'an Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	30.56	4.48	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	75.57	9.03	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	0.97	0.11	
		Exhaust vent 2# from Gu'an Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	65.67	5.47	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	75.67	6.49	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	1.68	0.14	

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No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
4	Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司)	Exhaust vent of Xiaogan Enfi	SO ₂	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	100mg/Nm ³	48.84	0.29	Atmosphere
			NO _x	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	300mg/Nm ³	122.58	0.72	
			Smoke and dust	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	30mg/Nm ³	24.13	0.14	
5	Ganzhou Nankang District Enfi Environmental Protection Energy Co., Ltd. (贛州南康區恩菲環保能源有限公司)	Incinerator Exhaust vent 1#	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	63.80	0.32	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	224.66	1.13	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	6.43	0.03	
		Incinerator Exhaust vent 2#	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	72.83	0.21	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	237.57	0.68	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	2.94	0.01	
6	China City New Energy Development Dafeng Co., Ltd. (都市環保新能源開發大豐有限公司)	China City 2# exhaust gas	SO ₂	Discharge Standard of Pollutants for Thermal Power Plant (GB13223-2011)	50mg/m ³	3.00	0.18	Atmosphere
			NO _x		100mg/m ³	42.36	2.50	

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No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
7	MCC-SFRE Heavy Industry Equipment Co., Ltd. (中冶陝重工業設備有限公司)	5t electric furnace exhaust pipe	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	<1.0	<0.13	Atmosphere
		60t refining furnace	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	<1.0	<0.31	
		Exhaust pipe of heating furnace in the heat treatment workshop of the old plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	2.1	0.027	
			NO _x		300mg/m ³	3	<0.039	
			SO ₂		100mg/m ³	3	<0.039	
		Boiler room boiler exhaust pipe	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	<1.0	0.0038	
			NO _x		80mg/m ³	54	0.18	
			SO ₂		20mg/m ³	<3	0.01	
		1# exhaust pipe of the heating furnace in the forging workshop of the new plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	1.5	0.45	
			NO _x		300mg/m ³	<3	<3	
			SO ₂		100mg/m ³	<3	<0.9	
		2# exhaust pipe of the heating furnace in the forging workshop of the new plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)	30mg/m ³	2.4	0.12	
			NO _x		300mg/m ³	167	8.24	
			SO ₂		100mg/m ³	<3.0	0.07	
		8	MCC (Shanghai) Steel Structure Technology Corp, Ltd. (中冶(上海)鋼結構科技有限公司)	Structural 10A workshop exhaust vent	Non-methane hydrocarbons	Integrated Emission Standards of Air Pollutants DB31/199-2015	70mg/Nm ³	
Structural workshop door no. 9 exhaust vent	Non-methane hydrocarbons			70mg/Nm ³	4.48		0.0856	
Equipment workshop east paint workshop discharge vent	Non-methane hydrocarbons			70mg/Nm ³	3.38		0.0699	

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I. Information on pollution discharge (Continued)

③ Enterprises under special supervision of wastewater treatment plants (3 enterprises)

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
1	China Silicon Corporation Ltd. -The First Subsidiary (洛陽中硅高科技有限公司一分公司)	Main vent of wastewater	pH	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	6-9	7.60	/	Sewage treatment Plant of New District, Luoyang City
			SS	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	400mg/L	87.25	4.28	
			COD	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	500mg/L	143.25	6.73	
			Ammoniacal nitrogen	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	/	0.14	0.01	
			Cl ⁻	Discharge Standard of Chlorides for Salt and Alkali Industry DB41/276-2011	350mg/L	150.00	7.33	
			F ⁻	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	20mg/L	3.07	0.16	
		Chimney of Exhaust Washing Tower	HCl	Integrated Emission Standards of Air Pollutants (Level Two)	100mg/Nm ³ 0.915kg/h	12.44 0.065	/ 0.39	Atmosphere
		Chimney of Acid Fume Purification Tower	HF	Integrated Emission Standards of Air Pollutants (Level Two)	9mg/Nm ³ 0.38kg/h	2.26 0.095	/ 0.19	
			NOx	Integrated Emission Standards of Air Pollutants (Level Two)	240mg/Nm ³ 2.85kg/h	20.5 0.37	/ 0.74	
		2	Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司)	Main vent of wastewater	COD	Table 4 of Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three) and requirements for influent water quality of Gu'an Lvyan Urban Sewage Treatment Co., Ltd.	500mg/L	120.24
Ammoniacal nitrogen	45mg/L				1.38		0.05	
PH	6-9				7.36		/	

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No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Standard for implementation	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
3	Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固废(孝感)有限公司)	Main vent of wastewater	COD	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan City	400mg/L	26.29	0.05	Sewage treatment plant of Dengjiahe, Xiaogan City
			Ammoniacal nitrogen	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan City	40mg/L	0.85	0.01	

II. Construction and operation of pollution prevention facilities

In the first half of 2023, the pollution prevention and control facilities of all relevant enterprises under the Company were in normal and stable operation with perfect production operation management, ensuring compliance with applicable emission standards. All sewage treatment companies attached great importance to energy conservation and consumption reduction so that the operation of pollution prevention facilities was normal. By continuously strengthening the management and control of sewage treatment facilities, operation and other aspects, the standards of stable water discharge quality were guaranteed.

- (1) The wastewater treatment facilities of China Silicon Corporation Ltd. -The First Subsidiary is equipped with a three-waste treatment station, an integrated system for domestic sewage; the exhaust gas treatment facility is equipped with exhaust washing tower, acid fume purification tower and dust collecting bag. With respect to the solid waste treatment facility, general solid waste storage yard, sludge yard for wastewater treatment, hydrogenated residues yard and hazardous waste temporary storage yard are provided. During the Reporting Period, all pollution prevention and control facilities operated normally and stably, and the production and operation management was perfect, which could meet the emission standards.
- (2) All incineration power plants continued to strengthen the control over percolate, fly ash, flue gas purification system, etc., in order to ensure that wastewater treatment and smoke and dust emission is compliant with requirements.
- (3) The 2 units of China City New Energy Development Dafeng Co., Ltd. are equipped with "SNCR (urea injection at high temperature section of furnace, selective non-catalytic reduction denitrification system) (SNCR (爐內高溫段注射尿素、非催化還原脫硝系統))", "furnace desulfurization system (injection of dry lime powder into high temperature combustion zone in the furnace) (爐內脫硫系統向爐內高溫燃燒區注入乾石灰粉))" and "two-level dust removal system comprising of a cyclone dust remover + a dust collection bag (旋風除塵+布袋除塵的兩級除塵系統)", respectively.

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- (4) During the Reporting Period, Beijing Enfi Environmental Protection Co., Ltd. continuously improved its management and control over wastewater treatment facility, operation, etc., and was able to ensure that all effluent meets the standards.
- (5) Baoxie Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd. adopted hydrolytic acidification + modified A/A/O + coagulation and filtration process with enhanced biological denitrification and phosphorus removal function. Effluent disinfection adopted disinfection by sodium hypochlorite.
- (6) Zuoling Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd. adopted modified MSBR + coagulation and filtration process with enhanced biological denitrification and phosphorus removal function. Effluent disinfection adopted disinfection by sodium hypochlorite.

III. Environmental impact assessment of construction projects and other permits granted by environmental protection administrative departments

The environmental impact assessment and administrative approval status of relevant sewage treatment plants and solid waste treatment plants operated by subsidiaries of the Company are as follows:

Phase II Project of Ganzhou Enfi Environmental Protection Energy Co., Ltd. was approved by the Administrative Approval Bureau of Ganzhou City (赣州市行政审批局) (Gan Shi Xing Shen Zheng (1) Zi [2019] No. 110) on 3 September 2019, and environmental protection acceptance monitoring was carried out in September 2020. On 16 December 2020, the environmental protection inspection for completion was conducted by the expert inspection team. It was published on the national information system of acceptance of environmental protection for completion of construction projects from 9 February to 12 March 2021, and filed with the district and municipal ecological environment departments in the month of publication.

Gu'an Enfi has obtained the EIA approval from Langfang Ecological Environment Bureau (Lang Huan Han [2020] No. 37) on 2 April 2020, and the requirements in the EIA approval during the project construction have been strictly implemented. We have arranged for our own experts to complete the environmental protection facilities and accepted them independently on 31 December 2021.

Xiaogan Enfi has obtained the EIA approval (Xiao Huan Han [2019] No. 101) on 11 July 2019; the independent completion and acceptance of environmental protection has been completed on 20 October 2021, and the environmental protection requirements in the EIA and acceptance approval documents have been fully implemented.

The EIA approval (Lan Huan Fu [2018] No. 18) of the standard enhancement and modification projects of Lanzhou Yan'erwan Sewage Plant of Enfi Environmental Protection. The standard enhancement and modification projects of Zhuozhou Zhongshe Environmental Protection West Plant have obtained the EIA approval (Zhuo Huan Biao [2020] No. 22) and have passed the acceptance of environmental protection for completion of construction works. The standard enhancement and modification projects of Zhuozhou Zhongshe Environmental Protection East Plant have obtained the EIA approval (Zhuo Huan Biao [2020] No. 21) and have passed the acceptance of environmental protection for completion of construction works. The standard enhancement and modification projects of Zhuozhou Zhongshe Water Treatment Songliudian Plant have obtained the EIA approval (Zhuo Huan Shu [2019] No. 09).

Zhuxi County Dongcheng New District Wastewater Treatment Plant Construction Project has received the EIA approval (Shi Huan Han [2019] No. 481), the environmental protection requirements specified in the EIA approval document have been fully implemented.

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IV. Contingency plans for environmental emergencies

The contingency plan for environmental emergencies set out by Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司) was filed with Xiangyang Ecological Environment Bureau Xiangcheng Branch on 9 September 2021, with reference number: 420602-2021-005M.

The contingency plan for environmental emergencies set out by Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司) was filed with Langfang Ecological Environment Bureau Gu'an County Branch on 30 December 2021, with reference number: 131022-2021-044-M.

The contingency plan for environmental emergencies set out by Macheng Urban Environmental Water Co., Ltd. (都市環保麻城水務有限公司) was filed with Macheng Environmental Protection Bureau on 9 July 2023, and was updated and revised for the second time in March 2023, with reference number: 421181-2019-043L.

The contingency plan for environmental emergencies set out by Ganzhou Nankang District Enfi Environmental Protection Energy Co., Ltd. (贛州南康區恩菲環保能源有限公司) was filed with Ganzhou Nankang District Ecological Environment Bureau on 16 February 2023, with reference number: 360782-2023-001-L.

In addition, all sewage treatment companies have developed contingency plans for environmental emergencies and filed them with the local ecological environment bureau.

V. Environmental self-monitoring plans

China Silicon Corporation Ltd. (洛陽中硅高科技有限公司), Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司), Ganzhou Enfi Environmental Protection Energy Co., Ltd. (贛州恩菲環保能源有限公司), Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司), Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司), China City New Energy Development Dafeng Co., Ltd. (都市環保新能源開發大豐有限公司) and each of the sewage treatment companies has worked out environmental self-monitoring plans to ensure that monitoring data is transmitted and traced in real time by local environmental protection authorities via the Internet.

VI. Administrative punishment for environmental issues during the Reporting Period

Applicable Not Applicable

During the Reporting Period, none of the Company's affiliated enterprises with significant waste disposal were subject to administrative punishment due to environmental issues.

VII. Other information about environmental protection that should be made public

Applicable Not applicable

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(II) Information on environmental protection of companies not under the List of Enterprises with Significant Waste Disposal

I. Administrative penalties due to environmental issues

During the Reporting Period, the subsidiaries of the Company were subject to 8 administrative penalties for environmental issues such as noise and dust, with fines of RMB545,900 in total. The rectifications of such issues have been completed.

II. Disclosure of other environmental information with reference to the enterprises with significant waste disposal

(1) Information about pollution discharge

- 1) CISDI Equipment Co., Ltd. (中冶賽迪裝備有限公司): The main pollutants are exhaust gas and wastewater, and the main air pollutants include volatile organic compounds, particulate matter, nitrogen oxides and sulfur dioxide. The emission concentrations of such air pollutants meet the emission standard. The main water pollutants include ammonia nitrogen, suspended solids and chemical oxygen demand. The discharge concentrations of such water pollutants meet the discharge standards after wastewater is treated in the biochemical tank and then discharged to the sewage treatment plant in the park.
- 2) WISDRI (Wuhan) Heavy Machinery Co., Ltd (中冶南方(武漢)重工製造有限公司): The main pollutant is exhaust gas, and the main air pollutants are volatile organic compounds. The emission concentration meets the emission standards after being treated by pollution prevention and control facilities.
- 3) Zhengzhou Baoye Steel Structure Co., Ltd. (鄭州寶冶鋼結構有限公司): The main pollutants are exhaust gas, general industrial solid waste and domestic wastewater, and the main air pollutants include particulate matter, benzene, toluene, xylene, non-methane hydrocarbons, nitrogen oxides and sulfur dioxide, the emission concentrations of which all meet the emission standards. The main water pollutants include ammonia nitrogen, suspended solids, chemical oxygen demand, Five-day biochemical oxygen demand, total nitrogen, total phosphorus and petroleum-based water pollutants, the discharge concentration of which meets the discharge standards. The major types of general industrial solid waste are scrap steel, scrap copper, wire reel, iron powder, iron scraps and oxidizing slag, which are collected, stored and disposed of in compliance with regulations.
- 4) Engineering project: The main pollutants include dust, wastewater, noise, solid waste, etc..

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(2) Construction and operation of pollution prevention and control facilities

Each production enterprise of the Company has built the pollution control facilities for wastewater, exhaust gas, solid waste and noise in accordance with the environmental impact assessment report and approval requirements, and each project is equipped with fog cannons, spraying cars, car washing stations, garbage stations and other facilities. In addition, bare soil is covered with dense mesh and noise reduction measures are taken for high-noise operations. The specific details are as follows:

1) CISDI Equipment Co., Ltd. (中冶賽迪裝備有限公司)

Exhaust gas treatment facilities: organic gases adsorption filtration system and bag type dust collector system are effectively operated, and the treated exhaust gas is discharged in compliance with standards.

Wastewater treatment facilities: after being treated by biochemical tank, the wastewater is discharged into the sewage treatment plant of the park, the discharge concentrations of which all meet the discharge standard.

Solid waste treatment facilities: special hazardous waste and solid waste warehouses are built, hazardous wastes and solid wastes are entrusted to units with business license qualifications for transfer and disposal, and five-duplicate procedures have been completed in accordance with the Measures for the Administration of Hazardous Waste Transfer Manifests (《危險廢物轉移聯單管理辦法》).

2) WISDRI (Wuhan) Heavy Machinery Co., Ltd (中冶南方(武漢)重工製造有限公司)

Exhaust gas treatment facilities: we use ground absorption exhaust gas collection, cyclone tower, dry filter, UV photolysis/photocatalysis, activated carbon adsorption process to purify paint fume and then discharge in accordance with the standard.

Noise pollution prevention and control measures: we select low-noise or self-contained muffler equipment, high-noise equipment with vibration reduction, sound insulation in buildings and other measures to reduce noise pollution.

Solid waste treatment facilities: special hazardous waste warehouses are built, hazardous wastes are sold to units with corresponding hazardous waste business license qualifications for recovery, and five-duplicate procedures for hazardous waste transfer have been completed in accordance with the Measures for the Administration of Hazardous Waste Transfer Manifests (《危險廢物轉移聯單管理辦法》).

3) Zhengzhou Baoye Steel Structure Co., Ltd. (鄭州寶冶鋼結構有限公司)

Exhaust gas pollution control measures: three sets of smoke and dust purification and treatment devices (filter cartridge dust collector and three 20m-high exhaust pipes) are equipped for treating smoke and dust as a result of cutting; five sets of central smoke and dust purification and treatment systems and five 20m-high exhaust pipes are equipped for treating smoke and dust as a result of welding, each welding station is provided with suction hood; two sets of spraying-drying integrated spraying rooms, including two sets of paint mist filtration systems (including glass fiber filter felt and two-stage paint mist filtration devices), two sets of activated carbon adsorption devices, one set of desorption catalytic combustion devices, one 20m-high exhaust pipe, are equipped for treating organic gases such as paint mist, xylene and non-methane hydrocarbons; and three 20m-high exhaust pipes are equipped for treating natural gas, exhaust gas as a result of combustion, smoke and dust, SO₂ and NO_x, etc. in the drying burner.

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Noise pollution control measures: select wind turbines with high efficiency, low noise, low speed and high quality, and adopt shock absorption foundation, flexible joint, and sound insulation in buildings to reduce noise pollution.

Solid waste treatment facilities: special hazardous waste warehouses are built, hazardous wastes are sold to units with corresponding hazardous waste business license qualifications for recovery, and five-duplicate procedures for hazardous waste transfer have been completed in accordance with the Measures for the Administration of Hazardous Waste Transfer Manifests (《危險廢物轉移聯單管理辦法》).

4) Engineering projects

Flying dust prevention and control measures: strictly implement the "six 100%" measures of flying dust prevention and control, and adopt dust reduction measures such as water-spraying on tower cranes, high-rise buildings, walls and mist cannon trucks, as well as dust prevention measures such as covering bare soil, greening and solidification based on the construction characteristics of the projects. Besides, sealing measures for transportation of high-floor garbage and muck are adopted, and vehicles shall be washed and cleaned before entering and leaving the site. Such measures are in line with the limit requirements of comprehensive emission standards of air pollutants.

Wastewater prevention and control measures: drainage facilities are set up on the construction site, and wastewater is treated by pre-treatment facilities such as tertiary sedimentation tanks. After the water in monitoring wells passes quality tests, part of the wastewater is reused for greening irrigation, water spraying and dust reduction, etc..

Noise abatement measures: reasonably arrange the plan to keep high-noise facilities and equipment away from surrounding noise-sensitive buildings, set up continuous closed enclosures to isolate noise, set up closed protective cover in woodworking sheds, select low-vibration and low-noise construction machineries, and regularly monitor noise levels at the factory boundary to keep in line with the environmental noise emission standards for the construction sites.

Solid waste prevention and control measures: construction waste classification collection facilities are set up on the construction site; wastes of steel, wood and concrete are rationally reused in combination with the site, and the remaining wastes are recycled for resources recycling. In addition, we enter into a solid waste removal contract with qualified units to dispose of discharged solid wastes in accordance with the rules.

III. *Reasons for non-disclosure of other environmental information*

Applicable Not applicable

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(III) Disclosed information on subsequent progress or changes of environmental protection during the Reporting Period

Applicable Not applicable

(IV) Relevant information conducive to protecting ecology, preventing pollution and fulfilling environmental responsibilities

All enterprises with Significant Waste Disposal of the Company have timely submitted environment monitoring data to the Environmental Statistics Reporting System for Enterprises under Special Supervision (《國家重點監控企業的環境統計直報系統》) or published it on relevant online platforms.

Lanzhou Zhongtuo Water Corporation, a subsidiary of MCC Ecological Environmental Protection has carried out the standard increase and medication to improve its energy utilization rate. After the standard enhancement and modification of the water plant, the hot water source heat pump technology is adopted to provide heating for buildings of the whole plant. The sewage source heat pump system transfers the heat energy of the sewage together with the heat generated by the heat pump unit itself to the indoor space, with an energy efficiency ratio reaching 4.5–6.0, and an energy utilization rate of 3–4 times of that of the electric heating. Compared with the air source heat pump, the sewage source heat pump has lower condensing temperature in summer and higher evaporation temperature in winter, greatly improving energy efficiency ratio and performance coefficient with stable operating conditions, and saving 30%-40% of operating costs compared to traditional central air conditioners. Moreover, the sewage source heat pump technology system does not require cooling towers, and utilize urban raw sewage, saving a lot of water resources while developing and generating a new clean energy.

The period from 14 to 20 May 2023 is the National Urban Water Conservation Publicity Week. In order to further enhance the awareness of water conservation among the whole population, and consolidate the achievements of "National Water-saving City" in Zhumadian City, on May 19, Zhumadian Zhongye Water Co., Ltd. (駐馬店中業自來水有限公司), a subsidiary of the Company, carried out the publicity activity of the 2023 National Urban Water Conservation Publicity Week in Hengji Mingdu Community under the unified organization of the Zhumadian City Administration Bureau.

(V) Measures adopted to reduce carbon emission during the Reporting Period and its results

The Company promotes resource conservation and recycling by turning waste into wealth and implementing green construction practices. We adopt organizational management methods such as general contracting and whole-process engineering consultation, strengthen integrated collaborative management of design and construction, and save resource consumption through double optimization measures; actively promote the factory-based processing of materials to realise precise blanking and fine management, thus reducing the loss rate of building materials, and make full use of surplus materials such as concrete, steel bars and formwork to implement recycling; fully consider the combination of temporary and permanent construction facilities to realise the combination of "permanent facilities" and "temporary facilities" to reduce construction waste.

The Company actively builds an energy saving and environmental protection industry platform, develops comprehensive energy saving and environmental protection services, and enhances the capacity of the environmental protection industry in all aspects. Focusing on sub-sectors including water environment comprehensive treatment, waste incineration, hazardous waste treatment, soil remediation, ecological and environment governance in mining areas, and photovoltaic power generation, the Company cultivates a number of specialized service enterprises integrating technology consultation of energy saving and environmental protection, systematic design, equipment manufacturing, engineering construction, operation management, etc.. The Company has built its energy saving and environmental protection brand and increased publicity efforts to continuously enhance brand recognition.

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The Company implements the overall strategic deployment of “Carbon Peak and Carbon Neutrality”, pays attention to technological innovation and sustainable development, conducts various researches around the energy saving and consumption reduction goals of sewage plants, and studies new processes with low energy consumption and low carbon source consumption. Among them, the key technologies for high-quality reclaimed water treatment of Enfi Environmental Protection (a subsidiary of the Company) have been successively applied to the second phase project and the first phase of the standard increase and medication project of Liangxiang Wastewater Treatment Plant in Fangshan District, Beijing, which is operated by Enfi Environmental Protection. Enfi Environmental Protection fully embraced the development concept of “Water + Green” and has developed the Liangxiang Wastewater Treatment Plant into one of the first comprehensive environmental protection and new energy demonstration projects in China, integrating wastewater treatment, reclaimed water reuse, photovoltaic power generation, sludge disposal and water-source heat pump. With the use of photovoltaic and water-source heat pump technology, it achieves an annual carbon emission reduction of 1,000 tons; meanwhile, through reclaimed water reuse, it saves over 10 million tons of water per year; and at the end of the project, it adopts the advanced dewatering combined with aerobic fermentation technology, realizing the resourceful utilization of sludge. At the same time, the technology has been successfully promoted and applied to various projects, such as the Second Wastewater Treatment Plant in Wen County, Jiaozuo, Henan Province, the Third Wastewater Treatment Plant in Wuzhi County, and the wastewater treatment project group in Zhuozhou. With the outstanding breakthrough ability of scientific and technological innovation and the key technology for high-quality reclaimed water, Enfi Environmental Protection has been appraised by the provincial and ministerial technical achievements as “domestic innovative with international leading standard” and has successively won various prizes, such as “First Prize for the China Nonferrous Metals Industry Science and Technology Award (中國有色金屬工業科學技術一等獎)”, “Second Prize for Science and Technology Progress in China Minmetals Technology Awards (中國五礦科學技術獎科技進步獎二等獎)” and “Second Prize for Beijing Water Science and Technology Award (北京市水務科學技術二等獎)”, etc., as well as being granted with 1 invention patent authorization.

The high-efficiency reduction low-carbon blast furnace technology developed by CISDI Group Corp. Ltd., a subsidiary of the Company, has been currently applied in a 2,000 m³-class large-scale blast furnace in Hebei, and is expected to be put into full production in late July 2023, with a design carbon reduction capacity of 15%, which can reduce CO₂ emissions by 400,000 tons per year.

China MCC 20 Group Co., Ltd., a subsidiary of the Company, focuses on the key construction technology of environmental-friendly stockyard to build a green construction brand. By virtue of its unique technological advantage, it has brought about new breakthroughs in environmental-friendly stockyard, and has successively undertaken 21 environmental-friendly stockyard projects in China, and the achievements of green construction technology have been widely extended to Zhanjiang Iron and Steel, WISCO and Masteel. For the intelligent and full-closed environmental-friendly stockyard upgrading and renovation project of Baowu system such as Baosteel Desheng which was constructed by China MCC 20, the dust reduction of the completed stockyard has decreased from 140 tons/square kilometer per month, to 10 tons/square kilometer per month, the emission concentration of particulate matter in the air is less than 1.0 mg/cubic meter, and the material loss is reduced to 0.25–0.36%, which has brought significant benefits and made significant contributions to China’s victory in the Blue Sky Defense Battle, the Clear Water Defense Battle and the Clean Land Defense Battle.

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II. THE SPECIFIC WORK TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS IN POVERTY ALLEVIATION AND TO PROMOTE RURAL REVITALIZATION

In the first half of 2023, the Company thoroughly studied and implemented General Secretary Xi Jinping's guiding principles related to rural revitalization and paired assistance policies, took the five strategies for rural revitalization as the focus of consolidating the achievements in poverty alleviation, and continuously assisted the paired assistance counties in consolidating and expanding the achievements in poverty alleviation and comprehensively promoting the rural revitalization through the industrial assistance, consumption assistance, and ecological development.

(I) DISBURSEMENT OF AID FUNDS

During the Reporting Period, the Company has fully allocated the non-reimbursable assistance funds for the paired assistance and partner assistance of RMB17.44 million, including allocating RMB5.8 million to conduct 7 industrial assistance projects in Dejiang County; RMB4.61 million to conduct 9 assistance projects (including 8 industrial revitalization projects and 1 ecological revitalization project) in Yanhe County; RMB4.9 million to conduct 3 assistance projects (including 2 industrial revitalization projects and 1 cultural and talent revitalization project) in Zhenxiang County; and RMB2.13 million to Panzhihua Technician College to implement the "Mine Heart" vocational education program. Among them, 42 students of the class of 2021 and 52 students of the class of 2022 were subsidized, and 60 new students of the class of 2023 were planned to be recruited in the paired assistance and partner assistance counties.

(II) CONSUMER ASSISTANCE

The Company extensively arranged for its subsidiaries and labor unions to actively participate in consumer assistance. In the first half of 2023, the total amount of direct purchases of agricultural products in the paired assistance counties was RMB3,110,800; the total amount of assistance in selling agricultural products in the paired assistance counties was RMB183,500; and the total amount of direct purchases in the original 832 national-level poverty-stricken counties outside the paired assistance counties was RMB2,020,800.

(III) INNOVATION IN ASSISTANCE WORK

Chongqing CCIDA Data Technology Co., Ltd., a subsidiary of the Company, applied the three-dimensional assistance mode to other industries in the Company's paired assistance counties, and built an "assistance county specialties" whole industrial chain cluster integrating research and development, production, processing, storage and transportation, sales, branding, experience and service. A new model of agricultural digitalization development, characterized by "radiable, drivable and linkable" has been formed, providing sustained assistance to the development of industries in the assistance areas. The Company's empowerment for the development of the paired assistance areas is mainly reflected in the following two aspects: First, subdividing the advantages of the industry and constructing industrial clusters. Relying on the rich geographic and environmental resources of the assistance county, the Company integrates the expert team and corporate resources of MCC CISDI in the vegetable industry, and develops a 55-mu characteristic vegetable planting base in Heshui Town by means of "revitalization of idle assets + new demonstration base". Second, the industry continues to assist, consolidate the results of assistance. The Company continued to provide the whole-process and whole-life cycle support for the "Peach and Pear Joy (桃梨歡喜)" Agricultural Demonstration Park in Heshui, Yanhe. The "Peach and Pear Joy" Agricultural Demonstration Park operated in accordance with the "1125" development model (i.e., the Party branch of the five villages (communities) in which the Peach and Pear Joy" Agricultural Demonstration Park is situated in Heshui, Guizhou have jointly formed a joint village party committee to preside over the daily work, and such five village joint-stock economic cooperatives jointly registered and established one park operation and management company to be responsible for the daily management of the park, forming two parks of peach and pear garden, and radiating to drive the group development of five villages (communities) in Longbao, Aiqun, Qitang, Houjia and Guijiashan), and established the "4321" mechanism (i.e., the operation and management company obtains the income, with 40% as dividends for villagers, 30% as the park rolling development funds, 20% as the village collective economy, and 10% as the manager's remuneration, to build an "ecological chain" of green circular development of the peach and pear park), which not only increased the collective economic income, but also provided employment opportunities for the surrounding surplus labor force, benefiting 6,000 person-times of migrant workers.

Section VII Significant Events

I. PERFORMANCE OF UNDERTAKINGS

(1) Undertakings made by relevant parties such as de facto controllers, Shareholders, related parties and acquirers of the Company and the Company during the Reporting Period or subsisting during the Reporting Period.

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings in relation to the restructuring of major assets	Solution to and prevention of horizontal competition	China Minmetals	<ol style="list-style-type: none"> In respect of businesses carried out by China Minmetals and other controlled companies which overlap with those of MCC, China Minmetals will, according to its actual circumstances and the characteristics and development trend of the industry in which it operates, actively adopts different methods such as entrusted management, asset restructuring, equity swap and business adjustment to minimize the business overlap between the two parties. Upon the completion of the acquisition, China Minmetals and other controlled companies will not, in whatever form, directly or indirectly, engage in new businesses competing with MCC, and will not establish controlling subsidiaries which engage in the same or similar businesses that will constitute substantial horizontal competition with MCC. China Minmetals will supervise its controlled companies and adopt certain measures when necessary. Subject to the above principles 1 and 2 and upon the completion of the acquisition, if the products or services that will be operated by the unlisted subsidiaries controlled by or other unlisted related enterprises of China Minmetals are likely to compete with the main products or services of MCC, China Minmetals will agree that MCC shall have the priority to acquire the assets in relation to these products or services or 100% equity of China Minmetals in the subsidiaries. MCC shall be entitled to determine the time to request China Minmetals to divest the abovementioned competing businesses at its discretion. China Minmetals will abstain from voting at the Board meeting or general meeting at which MCC reviews whether its new businesses constitute horizontal competition with China Minmetals and whether to exercise the above option right and pre-emptive rights. China Minmetals undertook that it will strictly comply with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, and the Articles of Association and other rules and regulations of MCC, and equally exercise the Shareholder's rights and perform the Shareholder's obligations. It also undertook not to take advantage of its privileged positions as the substantial Shareholder nor prejudice the lawful interests of MCC or other Shareholders. The commitments continue to be valid, cannot be altered and are irrevocable during the period in which China Minmetals has control over MCC or there is relatively material impact. If there is any breach of the above commitments, China Minmetals shall be liable to MCC for all losses. 	17 February 2016	No	Yes	-	-

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Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings in relation to the initial public offering	Solution to and prevention of horizontal competition	CMGC	CMGC, the Controlling Shareholder of MCC, undertook to avoid being engaged in or taking part in any business which may compete horizontally with the principal business of MCC.	5 December 2008	No	Yes	-	-
Undertakings in relation to the corporate bonds	Others	MCC	<p>During the term of corporate bonds (First Tranche) for 2018 under the Public Issuance by Metallurgical Corporation of China Ltd.* ("2018 Corporate Bonds"), if the Company does not expect to pay the principal and interest for this tranche of bonds on time or fails to pay the principal and interest on time on the maturity date of this tranche of bonds, at least the following measures will be taken: (1) no distribution of profits to the ordinary Shareholders; (2) no reduction in registered capital.</p> <p>The funds raised via the corporate bonds are used only for production and operating activities of enterprises that comply with national laws, regulations and policies. Such raised funds will be used strictly in accordance with the agreed purpose mentioned in the prospectus. Such funds will not be used by others and will not be used as non-production expenditures or for real estate business. A practical and effective monitoring mechanism and segregation mechanism for the funds raised will be established.</p>	8 May 2018 to 8 May 2023	Yes	Yes	-	-

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Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings in relation to non-financial corporate debt financing instruments	Others	MCC	The funds raised from the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above medium-term notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-
			The funds raised from the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above medium-term notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-
			The funds raised from the 2022 First Tranche, the Second Tranche and the Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. If there is any change in the use of funds during the term of the above medium term notes, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2022 First Tranche, the Second Tranche and the Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-

Section VII Significant Events

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
			The funds raised from the 2023 First Tranche to Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. If there is any change in the use of funds during the term of the above medium term notes, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2023 First Tranche to Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-

II. MISAPPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES DURING THE REPORTING PERIOD

Applicable Not Applicable

III. BREACH OF GUARANTEES

Applicable Not Applicable

IV. AUDITING OF INTERIM REPORT

Applicable Not Applicable

The Company's 2022 annual general meeting held on 26 June 2023 approved the appointment of Ernst & Young Hua Ming LLP as the Company's 2023 annual financial report auditor, interim financial report review institution and the Company's 2023 internal control audit accounting firm. The Company's 2023 interim financial statement has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited.

V. CHANGES AND RESOLUTIONS OF MATTERS IN RELATION TO NONSTANDARD AUDIT OPINION FOR THE ANNUAL REPORT OF LAST YEAR

Applicable Not Applicable

VI. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

Section VII Significant Events

VII. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the Reporting Period

The Company had no material litigation and arbitration during the Reporting Period

VIII. SUSPECTED VIOLATION OF LAWS AND REGULATIONS, THE PENALTIES AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

Applicable Not Applicable

IX. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, the Company and its Controlling Shareholder, CMGC, did not have any court ruling in effect that was yet to be enforced or any overdue liability with a relatively significant outstanding amount and was not otherwise involved in any other similar circumstances.

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions in relation to daily operation

1. *Events disclosed in interim announcements without further development or change in subsequent implementation*

Overview of the Matter

Query Indexes

At the 47th meeting of the third session of the Board of Directors of the Company convened on 29 March 2023, the Resolution on Adjusting Annual Caps for Daily Related Party Transactions/Continuing Connected Transactions in 2023 and 2024, the adjustment to and estimate of the relevant cap were approved and the relevant agreement was entered into.

For details, please refer to the relevant announcement published by the Company on 30 March 2023.

2. *Events disclosed in interim announcements and with further development or change in subsequent implementation*

Applicable Not Applicable

Section VII Significant Events

3. Events not disclosed in interim announcements

Unit: RMB'000

Party to connected transaction	Connected relationship	Type of connected transaction	Description of connected transaction	Pricing principle of connected transaction	Annual caps for 2023	Price of connected transaction	Amount of connected transaction	Percentage to similar transactions (%)	Payment Method for Connected transaction	Reason for significant difference between transaction price and reference market price	
										Market price	reference market price
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Sales of commodities	Purchase and sales of materials – income	Agreed price	6,274,780	-	2,291,660	17.76%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Purchase of commodities	Purchase and sales of materials – expense	Agreed price	25,307,130	-	6,411,552	6.9%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of services	Engineering construction – income	Agreed price	13,447,080	-	1,512,301	0.5%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of services	Engineering construction – expense	Agreed price	1,131,140	-	92,942	0.06%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of services	Metallurgy and management services – income	Agreed price	313,770	-	38,450	0.41%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of services	Metallurgy and management services-expenses	Agreed price	1,160,000	-	162,045	21.52%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Other outflow	Property leasing – expenses	Lease contracts	460,000	-	52,154	6.74%	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Comprehensive credit	Daily maximum balance of provision of comprehensive credit granting to the Company and its subsidiaries by CMC Finance Co., Ltd. ^{Note 1}	Agreed price	30,000,000	-	116,651	-	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Deposits	Daily deposits balance by the Company and its subsidiaries with CMC Finance Co., Ltd. ^{Note 2}	Agreed price	12,000,000	-	4,000,002	-	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Expenditures	Total charges for provision of financial services to the Company and its subsidiaries by CMC Finance Co., Ltd. ^{Note 3}	Agreed price	70,000	-	426	0.14%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Interest expenses	Industry and financial Services – financing costs – financial assistance	Agreed price	1,600,000	-	6,523	0.47%	-	-	-
Total	/	/	/	/	91,763,900	/	14,684,706	/	/	/	/
Details of return of sold goods in large quantities					Not Applicable						
Description of connected transaction					Not Applicable						

Section VII Significant Events

Notes:

- (1) Including but not limited to loans, acceptances and discounts on bills, guarantees, letters of guarantee and opening letters of credit, including accrued interest incurred.
- (2) Including accrued interest incurred.
- (3) Including but not limited to the total amount of agency fees, handling fees, advisory fees or other service fees charged for the provision of advisory, clearing, online banking and, investment services, letters of credit, entrusted loans, guarantees, bills acceptance services, letters of guarantee, etc.

(II) Related party transaction in relation to acquisition of assets or acquisition or disposal of equity interests

1. *Events disclosed in interim announcements without further development or change in subsequent implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements with further development or change in subsequent implementation*

Applicable Not Applicable

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

4. *Business results during the Reporting Period shall be disclosed as agreed involving the results*

Applicable Not Applicable

(III) Material related party transactions in relation to joint investment in external parties

1. *Events disclosed in interim announcements without further development or change in subsequent implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements with further development or change in subsequent implementation*

Applicable Not Applicable

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

(IV) Related creditors' rights and debt transactions

1. *Events disclosed in interim announcements without further development or change in subsequent implementation*

Applicable Not Applicable

2. *Events disclosed in interim announcements with further development or change in subsequent implementation*

Applicable Not Applicable

3. *Events not disclosed in interim announcements*

Applicable Not Applicable

Section VII Significant Events

(V) Financial transactions between the Company and its related financial companies and financial transactions between the Company's holding financial company and its related parties

1. Deposits

During the Reporting Period, the deposits of the Company in CMC Finance Co., Ltd. (referred to as "Minmetals Finance Company", a related party of the Company) are as follows:

Unit: RMB

Related party	Connection relationship	Maximum limit of daily deposit	Interest rate range of deposits	Balance at the beginning of the period	Amount for the period		Balance at the end of the period
					Total deposits for the period	Total withdrawal amount for the period	
Minmetals Finance Company	A company under the common control of China Minmetals	12,000,000,000	0.35%–1.15%	219,984.51	19,057,598,945.63	15,553,089,909.25	3,504,729,020.89
Total	/	12,000,000,000	0.35%–1.15%	219,984.51	19,057,598,945.63	15,553,089,909.25	3,504,729,020.89

2. Loan business

Applicable Not Applicable

3. Credit granting or other financial business

During the Reporting Period, the credit granted by Minmetals Finance Company (a related party of the Company) to the Company and its member units is as follows:

Unit: RMB

Related party	Relationship	Business type	Total	Actual amount incurred
Minmetals Finance Company	A company under the common control of China Minmetals	Credit granting	30,000,000,000	116,651,088.48

4. Other explanations

During the Reporting Period, the total amount of handling fees, consultancy fees or other service fees charged by Minmetals Finance Company, a related party of the Company, for the provision of financial services to the Company and its member units is set out below:

Unit: RMB

Related party	Relationship	Business type	Total	Actual amount incurred
Minmetals Finance Company	A company under the common control of China Minmetals	Service fees	70,000,000	425,968.06

(VI) Other material related party transactions

Applicable Not Applicable

Section VII Significant Events

XI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

1. TRUSTEESHIP, CONTRACTING AND LEASING

Applicable Not Applicable

2. MAJOR GUARANTEES PERFORMED AND OUTSTANDING DURING THE REPORTING PERIOD

Unit: RMB

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	External guarantees provided by the Company (excluding guarantees to subsidiaries)							Whether execution of guarantee has been completed	Is the guarantee overdue	Overdue amount	Counter guarantee	Whether guarantee is provided to related parties	Connection
			Guaranteed amount	Date of guarantee (Signing date of agreement)	Inception date of guarantee	Expiration date of guarantee	Type of guarantee	Principal debt	Security (if any)						
MCC Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Zhuohai Hengqin Headquarters Building Development Co., Ltd.	512,466,654.17	2019-9-4	2019-9-4	2024-9-4	Joint liability guarantee	Normal	No	No	No	0	No	No	Others
China MCC 20 Group Co., Ltd.	Holding subsidiary	Zhuohai Hengqin Headquarters Building Development Co., Ltd.	330,623,647.85	2019-9-4	2019-9-4	2024-9-4	Joint liability guarantee	Normal	No	No	No	0	No	No	Others
Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)														-102,000,000.00	
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)														843,090,302.02	
Guarantees provided by the Company to its subsidiaries															
Total amount of guarantees provided to its subsidiaries during the Reporting Period														-6,988,254,304.42	
Total balance of guarantees provided to its subsidiaries as at the end of the Reporting Period (B)														9,636,421,773.37	
Total guarantees provided by the Company (including guarantees to its subsidiaries)															
Total amount of guarantees (A+B)														10,479,512,075.39	
Total amount of guarantees as a percentage in the net assets of the Company (%)														5.99	
Including:															
Amount of guarantees granted to Shareholders, the de facto controllers and their related parties (C)														0	
Debt guarantees directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)														5,626,286,600.00	
Guarantees with the total amount exceeding 50% of the net assets (E)														0	
Total amount of guarantees of the three above items (C+D+E)														5,626,286,600.00	
Explanation of the potential joint and several liability in respect of repayment arising from outstanding guarantees														N/A	
Explanation of guarantees														See below	

Section VII Significant Events

Explanation of guarantees: Zhuhai Hengqin Headquarters Building Development Co., Ltd. (珠海橫琴總部大廈發展有限公司) is 31% owned by MCC Real Estate, a subsidiary of the Company, 20% owned by China MCC 20 Group Co., Ltd., another subsidiary of the Company, 30% owned by Zhuhai Da Hengqin Real Estate Co., Ltd. (珠海大橫琴置業有限公司), and 19% owned by Hong Kong Jimei Property Development Co., Ltd. (香港集美地產發展有限公司). In July 2016, Zhuhai Da Hengqin Real Estate Co., Ltd. agreed to act in concert with MCC Real Estate on voting at the Board meeting, and issued a Letter of Acting in Concert. The control of Zhuhai Hengqin Headquarters Building Development Co., Ltd. acquired by MCC Real Estate was included in the scope of consolidation in August 2016. On 5 September 2019, MCC Real Estate and China MCC 20 Group Co., Ltd. provided guarantees in the amount of up to RMB930 million and RMB600 million respectively, on a pro-rata basis, to Zhuhai Hengqin Headquarters Building Development Co., Ltd. (for details, please refer to the announcement of the Company dated 30 August 2019 in relation to the provision of guarantees to its subsidiaries). In March 2020, Zhuhai Da Hengqin Real Estate Co., Ltd. cancelled the Letter of Acting in Concert with MCC Real Estate, and Zhuhai Hengqin Headquarters Building Development Co., Ltd. ceased to be included in the scope of MCC Real Estate. The guarantee provided by MCC Real Estate and China MCC 20 Group Co., Ltd. to Zhuhai Hengqin Headquarters Building Development Co., Ltd. then became a guarantee provided for an external company (excluding the guarantee provided for the subsidiaries).

As at 30 June 2023, the mortgage guarantee of real estate of the Company amounted to RMB9.39 billion.

3. OTHER MATERIAL CONTRACTS

For details of the material contracts signed by the Company during the Reporting Period, please refer to section IV "Report of Board of Directors, Management Discussion and Analysis" of this report.

XII. EXPLANATION OF OTHER SIGNIFICANT MATTERS

On 21 June 2023, the 49th meeting of the 3rd session of the Board of Directors of the Company considered and approved the resolution relating to the issuance of preferred shares by the Company to specific parties for the year 2023. As at the date of approval of this interim report, the Company has received the "Reply to the Approval of the State-owned Assets Supervision and Administration Commission of the State Council on Matters Relating to the Non-public Issue of Preferred Shares by Metallurgical Corporation of China Limited"(Guo Zi Chan Quan No. [2023]363 (國資產權[2023]363號)), which stated that the SASAC had given its approval in principle of the general proposal of the Company's issuance of not more than 150 million preferred shares to certain targets to raise funds of not more than RMB15 billion. For details, please refer to the relevant announcement published by the Company on 14 August 2023. The first extraordinary general meeting of 2023 will be convened on 11 September 2023 to consider the relevant proposals in relation to the issue of preferred shares to specific targets. For details, please refer to the relevant announcement published by the Company on 18 August 2023.

Section VIII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Statement of changes in Shares

1. STATEMENT OF CHANGES IN SHARES

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

2. EXPLANATION OF THE CHANGES IN SHARES

Applicable Not Applicable

3. IMPACTS ON FINANCIAL INDICATORS INCLUDING EARNINGS PER SHARE, NET ASSETS PER SHARE, ETC. DUE TO CHANGES IN SHARES DURING THE PERIOD FROM THE END OF THE REPORTING PERIOD TO THE ISSUANCE OF INTERIM REPORT (IF ANY)

Applicable Not Applicable

4. OTHER INFORMATION ON THE DISCLOSURE OF WHICH IS DEEMED NECESSARY BY THE COMPANY OR IS REQUIRED BY SECURITIES REGULATORY AUTHORITIES

Applicable Not Applicable

(II) Changes in shares subject to selling restrictions

Applicable Not Applicable

II. PARTICULARS OF SHAREHOLDERS

(I) 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>)	0

Section VIII Changes in Shares and Particulars of Shareholders

(II) 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)	Change during the Reporting Period	Shareholding of the top 10 Shareholders			Pledged, charged or frozen		
		Number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restrictions	Status of shares	Amount	Nature of Shareholder
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
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

Section VIII Changes in Shares and Particulars of Shareholders

Name of Shareholder (full name)	Change during the Reporting Period	Shareholding of the top 10 Shareholders			Pledged, charged or frozen		
		Number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restrictions	Status of shares	Nature of Shareholder	
						Amount	
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

Section VIII Changes in Shares and Particulars of Shareholders

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
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

Section VIII Changes in Shares and Particulars of Shareholders

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
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

(III) 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

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Particulars of changes in the shareholdings of current and resigned Directors, Supervisors and senior management during the Reporting Period

Applicable Not Applicable

Explanation of other circumstances

Applicable Not Applicable

(II) Share incentives granted to Directors, Supervisors and senior management during the Reporting Period

Applicable Not Applicable

(III) Securities interests owned by Directors, Supervisors and senior management

Section VIII Changes in Shares and Particulars of Shareholders

1. *Directors', Supervisors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations*

As at 30 June 2023, so far as the Company is aware, interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code or the rights granted for the purchase of shares or debentures of the Company or any of its associated corporations are as follows:

Unit: Share

Name	Position	Class of shares	Long/ short position	Capacity	Number of shares	Percentage of the relevant class of shares in issue (%)	Percentage of the total number of shares in issue (%)
Director							
Zhang Mengxing	Executive Director and President	A Shares	Long position	Beneficial owner	60,032	0	0
Supervisor							
Yin Sisong	Chairman of the Supervisory Committee	A Shares	Long position	Beneficial owner	28,100	0	0

Save as disclosed above, as at 30 June 2023, so far as the Company is aware, interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

Section VIII Changes in Shares and Particulars of Shareholders

2. Other senior management's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at 30 June 2023, so far as the Company is aware, interests of other senior management of the Company in the Shares of the Company are as follows:

Unit: share

Name	Position	Class of shares	Long/short position	Capacity	Number of shares	Percentage of the relevant class of shares in Issue (%)	Percentage of the total number of shares in issue (%)
Zou Hongying	Vice President and Chief Accountant	A Shares	Long position	Beneficial owner	40,000	0	0
Qu Yang	Vice President	H Shares	Long position	Beneficial owner	70,000	0	0

3. Interests and short positions of substantial Shareholders and other persons in the Shares and underlying Shares of the Company

As at 30 June 2023, the Company was informed that the following persons had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Unit: share

Name of substantial Shareholder	Capacity	Number of A Shares	Nature of interest	Percentage of the relevant class of shares in Issue (%)	Percentage of the total number of shares in issue (%)
China Minmetals Corporation	Interest of a controlled corporation	10,190,955,300	Long position	57.08	49.18
China Metallurgical Group Corporation	Beneficial owner	10,190,955,300	Long position	57.08	49.18
China National Petroleum Corporation	Beneficial owner	1,227,760,000	Long position	6.88	5.92

Save as disclosed above, so far as the Directors, Supervisors and chief executives of the Company are aware, as at 30 June 2023, in accordance with the register required to be kept under Section 336 of the SFO, no other person or corporation has an interest or short position in the Company's share capital that would require disclosure to the Company under Divisions 2 and 3 of Part XV of the SFO.

Section VIII Changes in Shares and Particulars of Shareholders

IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

Applicable Not Applicable

V. EMPLOYEES AND REMUNERATION POLICY

(I) Employees

Number of existing employees of parent company	335
Number of existing employees of principal subsidiaries	94,956
Total number of existing employees	95,291
Number of employees resigned or retired to whom the parent company and principal subsidiaries are liable	118,782

Composition of Professionals	Number of Professionals
Engineering contracting	85,034
Property development and others	3,677
Equipment manufacture	5,561
Resource development	1,019
Total	95,291

Categories of Educational Level	Level of Education	Number (person)
Postgraduate or above		13,415
Undergraduate		53,721
Vocational graduate		19,415
Vocational graduate or below		8,740
Total		95,291

(II) Remuneration policies

The Company implements a market-aligned remuneration system on the basis of performance appraisal. In accordance with applicable regulations, the Company established the basic pension contribution plan, basic medical insurance, unemployment insurance, maternity insurance, workers' injury compensation insurance and housing fund for employees. In accordance with applicable laws and regulations, the amount of contribution to the aforesaid social securities and housing fund are strictly based on state, provincial and municipal requirements. As approved by higher authorities, the Company also set up its enterprise annuity system for employees according to applicable regulations.

Section IX Corporate Bonds

I. CORPORATE DEBENTURES, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

(I) Corporate debentures

Applicable Not applicable

(II) Corporate bonds

Applicable Not applicable

(III) 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.*	21MCC 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.*	21MCC 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	2022 December	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

Section IX Corporate Bonds

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

Section IX Corporate Bonds

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 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
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

Section IX Corporate Bonds

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

2. *Trigger and Implementation of Option Clauses of Issuer or Investor and Investor Protection Clauses*

As of the date of approval of the interim report, the issuer's redemption option and interest deferred payment option created on the medium-term notes and ultra-short-term financing bonds issued by the Company have not been exercised; the medium-term notes issued by the Company have not triggered the investor protection clauses.

3. *Adjustment of Credit Rating Results*

Applicable Not Applicable

4. *Implementation, Change and Impact of Guarantee, Debt Repayment Plan and Other Debt Repayment Guarantee Measures During the Reporting Period*

Status	Implementation	Whether there is a change	Situation after the change	Reasons for the change	Whether the change has been approved by the decision making authority	Effect of the change on the interests of bond investors
As at the date of approval of the interim report, no credit enhancement mechanism has been set up in the medium-term notes and ultra-short-term financing bonds issued by the Company, and no changes have been made to the debt repayment plans and other debt repayment protective measures	The debt repayment plans and other debt repayment protective measures are in line with the terms of the prospectus and the relevant undertakings	No	-	-	No	-

Financial Statements

For the six months ended 30 June 2023

I. REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Ernst & Young Hua Ming [2023] Zhuan Zi No. 60923904_A115

TO THE BOARD OF DIRECTORS OF METALLURGICAL CORPORATION OF CHINA LTD.:

We have reviewed the accompanying interim financial statements of Metallurgical Corporation of China Ltd. (the "Company"), which comprised the consolidated and Company's balance sheets as at 30 June 2023, the consolidated and Company's income statements, the consolidated and Company's statements of changes in shareholders' equity and the consolidated and Company's cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the "Interim Financial Statements"). The preparation of the Interim Financial Statements is the responsibility of the Company's management. Our responsibility is to deliver a report on review of these Interim Financial Statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as enquiry of entity's personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements of Metallurgical Corporation of China Ltd. are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated and Company financial positions as at 30 June 2023 and the consolidated and Company's operating performance and cash flows for the six months then ended.

Ernst & Young Hua Ming LLP
Beijing, China

Chinese Certified Public Accountant:
Zhang Ningning

Chinese Certified Public Accountant:
Zhao Ning

30 August 2023

This auditor's report of the financial statements and the accompanying financial statements are English translations of the auditor's report and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the balance sheet and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET 30 June 2023

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

Items	Notes	30 June 2023	31 December 2022 (Restated)
Current Assets:			
Cash and bank balances	VII 1	62,107,585	45,485,413
Financial assets held for trading	VII 2	2,056	178,026
Bills receivable	VII 3	5,708,193	5,127,425
Accounts receivable	VII 4	111,553,999	93,439,673
Receivables at FVTOCI	VII 5	10,733,969	10,346,388
Prepayments	VII 6	32,817,748	36,352,532
Other receivables	VII 7	44,935,758	48,071,717
Inventories	VII 8	85,438,923	79,948,631
Contract assets	VII 9	139,798,996	106,826,600
Non-current assets due within one year	VII 10	5,418,243	4,896,108
Other current assets	VII 11	10,169,523	7,533,147
Total Current Assets		508,684,993	438,205,660
Non-current Assets:			
Long-term receivables	VII 12	43,261,519	35,841,643
Long-term equity investments	VII 13	33,886,070	31,863,695
Investments in other equity instruments	VII 14	1,067,430	939,925
Other non-current financial assets	VII 15	3,980,532	4,477,895
Investment properties	VII 16	7,864,706	7,871,895
Fixed assets	VII 17	24,919,727	25,411,113
Construction in progress	VII 18	4,610,791	4,077,347
Right-of-use assets	VII 19	767,406	860,236
Intangible assets	VII 20	22,514,521	22,026,293
Goodwill	VII 21	54,315	54,315
Long-term prepayments	VII 22	399,552	396,200
Deferred tax assets	VII 23	6,531,414	6,268,552
Other non-current assets	VII 24	8,679,257	7,098,058
Total Non-current Assets		158,537,240	147,187,167
TOTAL ASSETS		667,222,233	585,392,827

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED) 30 June 2023

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

Items	Notes	30 June 2023	31 December 2022 (Restated)
Current Liabilities:			
Short-term borrowings	VII 25	42,350,720	20,192,878
Derivative financial liabilities	VII 26	510,932	200,670
Bills payable	VII 27	36,902,926	37,186,380
Accounts payable	VII 28	230,345,733	187,160,134
Receipts in advance	VII 29	115,048	92,382
Contract liabilities	VII 30	64,374,848	74,016,212
Employee benefits payable	VII 31	2,639,947	2,254,726
Taxes payable	VII 32	4,582,403	5,525,953
Other payables	VII 33	32,719,054	28,228,858
Non-current liabilities due within one year	VII 34	7,093,305	11,981,744
Other current liabilities	VII 35	22,534,215	19,004,712
Total Current Liabilities		444,169,131	385,844,649
Non-current Liabilities:			
Long-term borrowings	VII 36	37,351,142	28,840,673
Bonds payable	VII 37	3,300,000	1,300,000
Lease liabilities	VII 38	519,200	569,000
Long-term payables	VII 39	761,013	615,009
Long-term employee benefits payable	VII 40	3,491,988	3,506,754
Provisions	VII 41	881,432	1,081,743
Deferred income	VII 42	1,114,044	1,078,553
Deferred tax liabilities	VII 23	118,903	178,523
Other non-current Liabilities	VII 43	460,385	460,361
Total Non-current Liabilities		47,998,107	37,630,616
TOTAL LIABILITIES		492,167,238	423,475,265

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED) 30 June 2023

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

Items	Notes	30 June 2023	31 December 2022 (Restated)
Shareholders' Equity:			
Share capital	VII 44	20,723,619	20,723,619
Other equity instruments	VII 45	43,500,000	28,500,000
Including: Perpetual bonds		43,500,000	28,500,000
Capital reserve	VII 46	22,595,943	22,601,592
Other comprehensive income	VII 47	1,259,094	1,084,471
Special reserve	VII 48	345,494	119,813
Surplus reserve	VII 49	2,976,424	2,976,424
Retained earnings	VII 50	48,870,194	45,110,342
Total shareholders' equity attributable to shareholders of the Company		140,270,768	121,116,261
Non-controlling interests		34,784,227	40,801,301
TOTAL SHAREHOLDERS' EQUITY		175,054,995	161,917,562
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		667,222,233	585,392,827

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S BALANCE SHEET 30 June 2023

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

Items	Notes	30 June 2023	31 December 2022
Current Assets:			
Cash and bank balances		7,944,536	4,562,014
Accounts receivable	XVI 1	506,141	390,950
Prepayments		232,844	241,723
Other receivables	XVI 2	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	XVI 3	241,531	241,531
Long-term equity investments	XVI 4	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	XVI 5	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	XVI 6	39,247,580	46,269,575
Non-current liabilities due within one year	XVI 7	20,265,445	20,498,188
Total Current Liabilities		76,110,888	77,919,777

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S BALANCE SHEET (CONTINUED) 30 June 2023

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

Items	Notes	30 June 2023	31 December 2022
Non-current Liabilities:			
Long-term borrowings	XVI 8	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

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period (Restated)
I. Total operating revenue	VII 51	334,458,860	289,201,742
Less: Operating costs	VII 51	303,470,277	262,190,220
Taxes and levies	VII 52	995,124	910,603
Selling expenses	VII 53	1,392,314	1,227,620
Administrative expenses	VII 54	5,425,525	4,939,714
Research and development expenses	VII 55	9,089,092	7,638,329
Financial expenses	VII 56	248,599	109,355
Including: Interest expenses		1,380,651	905,550
Interest income		968,978	1,109,460
Add: Other income	VII 57	195,212	184,731
Investment losses	VII 58	(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	VII 59	(328,383)	(130,695)
Credit impairment losses	VII 60	(1,831,302)	(1,603,202)
Impairment losses of assets	VII 61	(1,250,783)	(1,315,925)
Gains on disposal of assets	VII 62	33,959	103,781
II. Operating profit		9,954,758	8,610,869
Add: Non-operating income	VII 63	69,728	116,214
Less: Non-operating expenses	VII 64	125,908	78,652
III. Total profit		9,898,578	8,648,431
Less: Income tax expenses	VII 66	1,219,604	1,291,929
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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period (Restated)
V. Other comprehensive income, net of income tax	VII 47	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 cannot 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
(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)	VII 67	0.26	0.24
(II) Diluted earnings per share (RMB/share)	VII 67	0.26	0.24

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S INCOME STATEMENT For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period
I. Operating revenue	XVI 9	425,918	860,297
Less: Operating costs	XVI 9	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	XVI 10	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	XVI 11	(3,803)	(84,202)
Reversal of impairment losses of assets		935	3,137
II. Operating profit		435,300	1,068,675
Add: Non-operating income		—	90
Less: Non-operating expenses		4	16
III. Total profit		435,296	1,068,749
Less: Income tax expenses		6,815	3,820
IV. Net profit		428,481	1,064,929
Net profit from continuing operations		428,481	1,064,929
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		426,714	1,058,722

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		235,624,983	235,101,049
Receipts of tax refunds		513,796	784,538
Other cash receipts relating to operating activities	VII 68(1)	2,147,291	2,433,370
Sub-total of cash inflows from operating activities		238,286,070	238,318,957
Cash payments for goods purchased and services received		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	VII 68(2)	11,868,970	8,086,546
Sub-total of cash outflows from operating activities		252,802,489	238,151,249
Net Cash Flows (used in)/from Operating Activities	VII 69(1)	(14,516,419)	167,708
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
Other cash receipts relating to investing activities	VII 68(3)	516,868	2,781,085
Sub-total of cash inflows from investing activities		1,383,066	3,285,819
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	VII 68(4)	22,935	780,032
Sub-total of cash outflows from investing activities		3,900,781	4,880,700
Net Cash Flows used in Investing Activities		(2,517,715)	(1,594,881)

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period
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	VII 68(5)	35,858	178,000
Sub-total of cash inflows from financing activities		124,083,540	69,359,604
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	VII 68(6)	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	VII 69(2)	47,673,526	52,290,370

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		822,886	846,820
Receipts of tax refunds		—	1,886
Other cash receipts relating to operating activities		566,498	533,294
Sub-total of cash inflows from operating activities		1,389,384	1,382,000
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
Sub-total of cash outflows from operating activities		1,409,397	901,975
Net Cash Flows (used in)/from Operating Activities	XVI 12(1)	(20,013)	480,025
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
Sub-total of cash inflows from investing activities		12,143,957	5,529,340
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		15,555,726	9,390,290
Sub-total of cash outflows from investing activities		16,744,032	9,494,193
Net Cash Flows used in Investing Activities		(4,600,075)	(3,964,853)

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Notes	Amount for the current period	Amount for the prior period
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		175,611,897	140,124,443
Sub-total of cash inflows from financing activities		258,817,022	167,821,222
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		189,910,532	134,296,357
Sub-total of cash outflows from financing activities		250,843,481	160,671,385
Net Cash Flows from Financing Activities		7,973,541	7,149,837
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	XVI 12(1)	7,932,769	8,688,785

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	For the six months period ended 30 June 2023									
	Attributable to shareholders of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits			
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 (Note VIII 45)	-	18,000,000	(13,115)	-	-	-	-	-	17,986,885	
3. Capital reduction from other equity instruments' holders (Note VIII 45)	-	(3,000,000)	-	-	-	-	(17,357)	(6,892,172)	(9,909,529)	
4. Acquisition of subsidiaries (Note VIII 1)	-	-	-	-	-	-	-	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	
(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 (Note VIII 14)	-	-	-	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	20,723,619	43,500,000	22,595,943	1,259,094	345,494	2,976,424	48,870,194	34,784,227	175,054,995	

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB'000

Items	For the six months period ended 30 June 2022 (Restated)									
	Attributable to shareholders of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits			
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	20,723,619	23,700,000	22,614,654	167,718	47,772	2,692,992	41,229,714	44,700,787	155,877,256	

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

Financial Statements

For the six months ended 30 June 2023

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	For the six months period ended 30 June 2023							
	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	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	20,723,619	43,500,000	37,894,014	(5,892)	12,550	2,976,424	2,707,773	107,808,488

All amounts in RMB'000

Items	For the six months period ended 30 June 2022							
	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	20,723,619	23,700,000	37,925,332	(7,761)	12,550	2,692,992	4,309,076	89,355,808

This financial statement is signed by the following persons:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

III. BASIC CORPORATE INFORMATION

1. Basic information of the Company

Metallurgical Corporation of China Ltd. (the “Company”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“CMGC”) and China Baowu Steel Group Corporation (“CBSGC”, formerly named as Baosteel Group Corporation) as promoters on 1 December 2008 and was registered at the address of 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 which were 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 increased to RMB20,723,619,000, and CMGC remains as 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 the 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%, and CMGC remains as the controlling shareholder of the Company.

In May 2020, CMGC transferred its 1,227,760,000 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.

Financial Statements

For the six months ended 30 June 2023

III. BASIC CORPORATE INFORMATION (CONTINUED)

1. Basic information of the Company (Continued)

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 non-ferrous metal and polysilicon (“resource development”).

During the reporting period, the Group did not have material changes on principal its 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. Scope of consolidated financial statements

Please refer to Note VIII for details of significant subsidiaries included in the consolidation scope in the current period.

IV. 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 ASBEs and International Financial Reporting Standards (“IFRSs”) 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 requirements of Hong Kong Companies Ordinance and the Hong Kong Listing Rules into consideration.

2. Accrual basis and measurement principle

The Group has adopted the accrual basis of accounting. Except for certain financial instruments set out in Note XI 1 which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

In the historical cost measurement, assets obtained shall be measured at the amount of cash or cash equivalents or fair value of the purchase amount paid. Liabilities shall be measured at the actual amount of cash or assets received or the contracted amount, given the current obligations assumed, or measured at the prospective amount of cash or cash equivalents paid to discharge the liabilities according to business activities.

IV. BASIS OF PREPARATION (CONTINUED)

2. Accrual basis and measurement principle (Continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing market participants in an arm's length transaction at the measurement date. Fair value measured and disclosed in the financial statements is determined on this basis whether it is observable or estimated by valuation techniques.

The following table provides an analysis, grouped into Levels 1 to 3 based on the degree to which the fair value input is observable and significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. Going concern

The Group has performed an assessment of the going concern for the following 12 months from 30 June 2023 and does not identify any significant doubtful matter or event on the going concern. As such, these financial statements have been prepared on a going concern basis.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

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

2. 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 January 1 to June 30 of 2023.

3. Business cycle

Business cycle refers to the period that starts from the purchase of assets for production and ends with the realization of cash or cash equivalents. The business cycle of infrastructure and property development business of the Group is normally over one year because the duration of construction and infrastructure warranty is relatively long. The business cycles of other businesses last for 12 months in general.

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.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

(1) *Business combinations involving enterprises under common control*

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving entities under common control, the entity that, at the combination date, obtains control of another combining entity is the absorbing entity, while that other combining entity is the entity being absorbed. The combination date refers to the date on which the merging party actually obtains control of the merged party.

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(2) *Business combinations not involving enterprises under common control*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognised and measured at cost, being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the fair value of the consideration transferred (or the fair value of the equity securities issued), together with the fair value of the Group's previously held equity interest in the acquiree. If after that reassessment, the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and the Group's previously held equity interest in the acquiree is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations (Continued)

(2) Business combinations not involving enterprises under common control (Continued)

Where a business combination not involving enterprises under common control is achieved through multiple transactions in stages, the long-term equity investments held in the acquiree before the acquisition date are remeasured at fair value at the acquisition date, with any difference between the fair value and the carrying amount included in investment income for the current period. Where the long-term equity investments held in the acquiree before the acquisition date relates to other comprehensive income measured under the equity method, the accounting treatment shall be conducted on the same basis as the direct disposal of related assets or liabilities by the invested entity, other changes in shareholders' equity except net profit or loss, other comprehensive income and profit distribution shall be transferred to income for the period in which the acquisition date falls. Where the equity instrument investments are held in the acquiree before the acquisition date, accumulated changes in the fair value of other comprehensive income of those equity instrument investment before the acquisition date are transferred to retained earnings.

6. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. Subsidiary refers to the entity controlled by the company (including the divisible parts of the enterprises, the invested units, and the structured entities controlled by the company, etc).

In the preparation of the consolidated financial statements, where the accounting policies of a subsidiary are different from those of the Company have made adjustments to the financial statements of the subsidiary based on the Company's own accounting policies, Where the accounting period of a subsidiary is different from that of the Company, the Company has adjusted the financial statements of the subsidiary based on the Company's own accounting period. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

For subsidiaries disposed of by the Group, the results of operations and cash flows prior to the date of disposal (date of loss of control) have been included in the consolidated income statement and consolidated cash flow statement.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Classification of joint arrangement and joint operation

Joint arrangement involves two or more parties with joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

The Group classifies the joint arrangements according to the rights enjoyed and obligations borne in the joint arrangements. There are only two types of joint arrangements – joint operations and joint ventures.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint ventures are accounted for using the equity method.

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. When the Group undertakes its activities under joint operations, the Group as a joint operator recognized in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the provision applicable to the particular assets, liabilities, revenue and expenses.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Translation of transactions and financial statements denominated in foreign currencies

a) *Transactions denominated in foreign currencies*

On initial recognition, foreign currency transactions are translated into RMB using the spot exchange rate prevailing at the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period.

When preparing financial statements involving foreign operations, if there is any foreign currency monetary items which in substance form part of the net investment in the foreign operations, exchange differences arising from the changes of foreign currency should be recorded as other comprehensive income, and will be reclassified to profit or loss upon disposal of the foreign operations.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Translation of transactions and financial statements denominated in foreign currencies (Continued)

a) Transactions denominated in foreign currencies (Continued)

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

b) Translation of financial statements denominated in foreign currency

For the purpose of preparing consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; and the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recorded as other comprehensive income.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of foreign exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of prior year are presented at the translated amounts in the prior year's financial statements.

On disposal of the Group's entire equity interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain equity investment in it or other reasons, the Group transfers the accumulated exchange fluctuation reserve, which is attributable to the owners' equity of the Company and presented under other comprehensive income to profit or loss in the period in which the disposal occurs.

In case of disposal of certain equity investment or other reasons that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange fluctuation reserve is re-attributed to non-controlling interests and is not recognized in profit and loss. For partial disposals of equity interest in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange fluctuation reserve is reclassified to profit or loss.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. When the Group recognizes the accounts receivable excluding significant financing component or does not consider the financing component in the contract within one year in accordance with the Accounting Standards of Business Enterprise No. 14 – Revenue (hereinafter referred to as “New Standards for Revenue”, the standards for revenue before modification are to be referred to as “Former Standards for Revenue”), the accounts receivable on initial recognition is measured at transaction price defined in New Standards for Revenue.

The amortized cost of a financial asset or a financial liability is an accumulatively amortized amount arising from the initially recognized amount of the financial asset or the financial liability deducting repaid principals plus or less amortization of the differences between the initially recognized amount on initial recognition and the amount on maturity date using the effective interest method, and then deducting accumulated provisions for losses (only applicable to financial assets).

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability without considering expected credit losses.

a) *Classification and measurement of financial assets*

On initial recognition, the Group's financial assets are classified into the following categories: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

i. *Financial assets measured at amortized cost*

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortized cost. The Group's financial assets measured at amortized cost include cash and bank balances, bills and accounts receivable, other receivables, non-current assets due within one year and long-term receivables.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

For financial assets measured at amortized cost, the Group recognizes interest income using effective interest rate method. The Group calculates and recognizes interest income through book value of financial assets multiplying effective interest rate, except for the following circumstances:

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

a) Classification and measurement of financial assets (Continued)

i. Financial assets measured at amortized cost (Continued)

1. For purchased or originated credit-impaired financial assets with credit impairment, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest rate through credit adjustment since initial recognition.
2. For purchased or originated financial assets without credit impairment incurred while with credit impairment incurred in subsequent periods, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest rate in subsequent periods. If the credit risk of the financial asset is reduced during subsequent periods and credit impairment does not exist, the Group shall calculate and recognize interest income through book value of financial assets multiplying effective interest rate.

ii. Financial assets at fair value through other comprehensive income ("FVTOCI")

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, the Group shall classify the financial asset into the financial assets at FVTOCI.

Impairment losses or gains related to financial assets, interest income measured using effective interest rate method and exchange gains or losses are recognized into profit or loss for the current period. Except for the above circumstances, changes in fair value of the financial assets are included in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be removed from other comprehensive income and recognized in profit or loss.

The Group's financial assets at FVTOCI are presented in the line item "financing with receivables" in the balance sheet.

iii. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets at FVTPL and those designated as at FVTPL.

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are categorized into financial assets measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Other than financial assets included in a portion of hedging relations, the Group subsequently measured these financial assets at fair value, and gains or losses arising from changes in fair value and dividends and interest income related to these financial assets shall be recognized into profit or loss for the period.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

a) Classification and measurement of financial assets (Continued)

iii. Financial assets at fair value through profit or loss ("FVTPL") (Continued)

The Group's financial assets measured at FVTPL include monetary funds, tradable equity instrument investments, investments in unlisted funds and trust products and derivatives classified as financial assets, which are presented under the items "tradable financial assets", "other non-current financial assets" and "derivative financial assets" in the balance sheet. The Group has no financial assets designated as at FVTPL.

iv. Designated as financial assets at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Group may irrevocably designate a non-tradable equity instrument investments as financial asset measured at FVTOCI.

The financial assets designated as financial assets measured at FVTOCI are set out under the item "investments in other equity instrument". Changes in fair value of non-tradable equity investments should be recognized in other comprehensive income, and when the financial assets are derecognized, the accumulative gains or losses previously recognized in other comprehensive income shall be transferred out from other comprehensive income and recognized in retained earnings. During the period that the Group holds these non-tradable equity instruments, the Group has established the right of collecting dividends, whose economic benefit is probably flow into the Group, and the amount of the dividends can be reliably measured, then the Group recognize dividend income in profit or loss.

(2) Impairment of financial instruments

The Group shall recognize an impairment loss for expected credit losses on financial assets measured at amortized cost, financial assets at FVTOCI, contract assets and financial guarantee contracts.

The Group measures loss reserves for contract assets and accounts receivable formed by transactions regulated by income standards that do not include significant financing components or do not consider the financing components in contracts that do not exceed one year at an amount equivalent to the expected credit loss over the entire duration.

For other financial instruments, the Group assesses changes in credit risks of the relevant financial instruments since initial recognition at each balance sheet date. If the credit loss of the financial instruments has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instruments at an amount in the future 12-month expected credit losses. The increased or reversed amount of credit is recognized in profit or loss as impairment loss or gain. The Group has made a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2) Impairment of financial instruments (Continued)

(a) Significant increase of credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. For financial guarantee contracts, when applying the provision of impairment of financial instruments, the Group shall take the date when it becomes the party making an irrevocable undertaking as the initial confirmation date.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk;
- Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the debtor;
- Significant adverse change in the regulatory, economic, or technological environment of the debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- Significant changes in circumstances expected to reduce the debtor's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the financial instruments;
- Significant changes in the expected performance and behavior of the debtor;
- Past due period of contract payment exceeds (inclusive) 30 days.

At balance sheet date, if the Group considers that the financial instruments has only lower credit risk, the Group will assume that the credit risk of the financial instruments has not been significantly increased since initial recognition. If the risk of default on financial instruments is low, and the borrower's ability to meet its contractual cash flow obligations in the short term is strong, even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, and the financial instrument is considered to have a lower credit risk.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2) Impairment of financial instruments (Continued)

(b) Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial assets. Objective evidence that a financial asset is impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- Purchase or originate a financial asset with a large scale of discount, which reflects the facts of credit loss incurred.

(c) Determination of expected credit loss

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For a financial guarantee contract, the credit loss is the present value of the differences between estimated amount paid by the Group for the credit losses incurred by the contract holder and the amount the Group expects to receive from the contract holder, the debtor or any other party;
- For a financial asset with credit-impaired at the balance sheet date, the credit loss is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2) Impairment of financial instruments (Continued)

(d) Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

(3) Transfer of financial assets

The Group will derecognize a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; (ii) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (iii) the financial asset has been transferred, and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but the Group has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability.

If a transfer of a financial asset in its entirety satisfies the derecognition criteria, for financial asset categorized into those measured at amortized cost, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer is recognized in profit or loss; for the non-tradable equity instruments designated as financial assets at FVTOCI, the cumulative gain or loss that has been recognized in other comprehensive income should be transferred out from other comprehensive income but be recognized in retained earnings.

If a transfer of a financial asset partially satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss or retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a liability upon receipts.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) Classification and measurement of financial liabilities

Financial instruments issued by the Group are classified into financial liabilities or equity instruments based on the substance of the business and contractual arrangements other than its legal form, together with the definition of financial liability and equity instruments on initial recognition.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading (including derivatives classified as financial liabilities) and those designated as at FVTPL.

Financial liabilities meet one of the following conditions, indicating that the Group's purpose of undertaking the financial liabilities is for trading:

- The purpose of undertaking relevant financial liabilities is mainly for the recent repurchase;
- The relevant financial liabilities are part of the centrally managed identifiable financial instrument portfolio at initial recognition, and there is objective evidence that short-term profits will occur in the near future;
- Related financial liabilities are derivatives, except for derivatives that meet the definition of a financial guarantee contract and that are designated as effective hedging instruments.

Financial liabilities held for trading are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss.

The Group's financial liabilities measured at FVTPL are derivatives classified as financial liabilities which are presented as "derivative financial liabilities" in the balance sheet.

(b) Financial liability measured at amortized cost

Other financial liabilities, except for financial liabilities arising from transfer of financial assets which does not satisfy derecognition criteria or continuous involvement of transferred financial assets and financial guarantee contracts liability, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss. The Group's financial liabilities measured at amortized cost include bills payable, accounts payable, other payables, long-term payables, loans and bonds payable etc.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) Classification and measurement of financial liabilities (Continued)

(b) Financial liability measured at amortized cost (Continued)

If the Group and its counterparty modify or renegotiate the contract and do not lead to derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and amortized during the remaining term of the modified financial liability.

If the term of the financial liability measured at amortized cost is under one year (inclusive), the financial liability is presented as current liability; if the financial liability is with the term over one year but will fall due within one year (inclusive) since the balance sheet date, it is present as non-current liability due within one year; others are presented as non-current liability.

(c) Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer is required to compensate a specific amount to the contract holder suffering losses in the case where the specific debtor fails to settle the debt in accordance with the initial or revised terms of debt instrument when the debt falls due. After initial recognition, the Group measure financial guarantee contracts at the higher of: (i) amount of loss allowance; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with related terms of Standards for Revenue.

(5) Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing debtor) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(6) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The issuance (including refinancing), repurchase, selling or cancellation of these instruments are treated as change in equity. Change of fair value of equity instruments is not recognized by the Group. The related transaction costs are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect the total amount of shareholders' equity.

(7) Derivatives

Derivatives of the Group include forward foreign exchange settlement contracts and currency swap contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. Changes are recognized in current profit or loss.

(8) Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11. Inventories

(1) Categories of inventories and initial measurement

The Group's inventories are initially measured at cost. Inventories mainly include raw materials, material procurement, outsourced processing materials, work in progress, finished goods, materials in transit, costs to fulfill a contract, properties under development, completed properties held for sale etc.

The cost of contract performance classified as current assets is shown in inventory.

(2) Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the first-in-first-out or weighted average method. Cost of finished goods and work in progress comprise all costs of materials, direct labor costs and other manufacturing overheads allocated on a normal production capacity and systematic basis.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

(3) Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined based on clear evidence obtained, taking into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their carrying amount, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method for low cost and short-lived consumable items and packaging materials

Materials in transit include packaging materials and low cost and short-lived consumable items. Packaging materials and low cost and short-lived consumable items are using either one-off amortization method or multiple-stage amortization method.

(6) Properties under development and completed properties held for sale

Costs of properties under development and completed properties held for sale mainly consist of acquisition cost of land use rights, expenditures of land development, infrastructure costs, construction costs, capitalized borrowing costs and other relevant costs. The expenditure of development land is included in the development cost. The construction expenditures of public facilities (the facilities approved by the relevant government departments such as roads) form part of property development costs and are allocated to respective individual properties projects. Development costs are capitalised as developed products after completion of construction.

12. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, associates and joint ventures.

Subsidiaries are the companies that are controlled by the Company. Associates are the companies over which the Group has significant influence. Joint ventures are joint arrangements over which the Group has joint control along with other investors and has rights to the net assets of the joint arrangement.

The Company accounts for the investment in subsidiaries at historical cost in the Company's financial statements. Investments in joint ventures and associates are accounted for under equity method.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(1) *Determination of investment cost*

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the share of the carrying amount of the shareholders' equity of the acquiree attributable to the ultimate controlling party at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date.

Regarding the long-term equity investment acquired otherwise than through a business combination, if the long-term equity investment is acquired by cash, the historical cost is determined based on the amount of cash paid and payable; if the long-term equity investment is acquired through the issuance of equity instruments, the historical cost is determined based on the fair value of the equity instruments issued.

(2) *Subsequent measurement and recognition of profit or loss*

If the long-term equity investment is accounted for at cost, it should be measured at historical cost. Dividend declared by the investee should be accounted for as investment income.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets at the acquisition date after making appropriate adjustments to be in compliance with the Group's accounting policies and accounting period. The Group's share of net losses of the investee is recognised to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as an investment loss for the period. For the changes in equity in addition to the net profit or loss, other comprehensive income and profits distribution, the carrying value of long-term equity investment is adjusted when the investee declares dividend distribution and included in shareholders' equity. The Group recognizes its share of the dividends of the investee by reducing the carrying value of the investment. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated if the trading assets do not form a business. Unrealized losses are resulted from the Group's transactions with its associates and joint ventures, and the assets impairment losses are not eliminated.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(3) *Basis for determining control, joint control and significant influence over investee*

Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

(4) *Impairment loss of long-term equity investments*

If the recoverable amounts of the investments to subsidiaries, joint ventures and associates are less than their carrying amounts, an impairment loss should be recognized to reduce the carrying amounts to the recoverable amounts (Note V18).

(5) *The disposal of long-term equity investment*

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

If the Group loses its control over the investee because of the disposal of partial equity investment and the remaining equity investment still have joint control or significant influence on the investee, then equity method should be adopted to record long-term equity investment when preparing the financial statements as if the equity investment is accounted for under equity method from the date the Group acquired this investment. If the remaining equity investment does not have joint control or significant influence on the investee, the equity investment should be recorded according to the recognition and measurement of financial assets and the difference between the carrying amount and fair value of the equity investment on the date of losing control shall be included in profit or loss for the current year. The other comprehensive income recognized before the Group had control over the investee under equity method or the financial assets measurement, should be treated on a basis that the investee disposes these assets and liabilities directly at the date the Group loses control over the investee. The other changes in shareholders' equity of the investee's net assets, except the net profit or loss, other comprehensive income and profit distribution, will be included in profit or loss for the current year of losing its control over the investee. Where the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owner's equity are carried forward in proportion; If the remaining equity after disposal is subject to accounting treatment in accordance with the recognition and measurement standards for financial instruments, all other comprehensive income and other owner's equity are carried forward.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment real estate refers to real estate held for rent or capital appreciation, or both, including leased land use rights and buildings for rental purposes and buildings that are under construction or development and will be used for rent in the future, initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment real estate when the relevant economic benefits are likely to flow into the Group and the cost can be reliably measured; Otherwise, they are included in the current profit and loss when incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property according to estimated useful lives and net salvage value for buildings or land use rights. The estimated useful lives, estimated residual values and annual depreciation rates of investment properties by category are as follows:

	Estimated useful lives (years)	Estimated residual values (%)	Annual depreciation (amortization) rate (%)
Buildings and structures	15–40	3–5	2.38–6.47
Land use rights	40–70	–	1.43–2.50

When the purpose of the investment properties is changed to self-use, the investment properties are transferred to fixed assets or intangible assets from the date the purpose is changed. When the purpose of the self-use buildings or land use rights are changed to held for earning rentals or capital appreciation, the buildings are transferred from fixed assets or intangible assets to investment properties from the date the purpose is changed. When a conversion occurs, the carrying amounts before the conversion is used as the entry value after the conversion..

The estimated useful lives, estimated residual values and depreciation (amortization) rate of investment properties are reviewed and adjusted as appropriate at each year-end.

When an investment property is sold or retired from its use and the expected not to be able to recover economic benefits from disposal, the investment property should be de-recognized. When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

If the recoverable amounts of the investment properties are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (*Note V18*).

14. Fixed Assets

(1) Recognition criteria for fixed assets

Fixed assets include buildings and structures, machinery and equipment, transportation vehicles, office equipment and others.

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Purchased or constructed fixed assets are initially measured at cost when acquired. During the course of transformation of the Company into a limited liability company, the initial costs of fixed assets injected by the State-owned shareholder were measured based on the valuation amounts approved by the State-owned assets management authority.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed Assets (Continued)

(1) Recognition criteria for fixed assets (Continued)

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. When old-fixed asset items are replaced by other new fixed asset items, the old-fixed asset items should be de-recognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(2) Depreciation of each category of fixed assets

Fixed asset is depreciated based on the cost of fixed asset recognized less expected net residual value over its useful life using the straight-line method. For the impaired fixed asset, depreciation is calculated based on the carrying amount of the fixed asset after impairment over the estimated remaining useful life of the asset. The estimated useful lives, estimated residual values and annual depreciation rate of fixed assets are reviewed at each year end date to assess if any change is needed. The estimated useful life, estimated net residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Useful life (year)	Residual value (%)	Annual depreciation rate (%)
Buildings and structures	the straight-line method	15–40	3–5	2.38–6.47
Temporary buildings and structures	the straight-line method	3–5	3–5	19.00–32.33
Machinery and equipment	the straight-line method	3–14	3–5	6.79–32.33
Transportation vehicles	the straight-line method	5–12	3–5	7.92–19.40
Office equipment and others	the straight-line method	5–12	3–5	7.92–19.40

(3) Derecognition and impairment

If a fixed asset is disposed of or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

If the recoverable amounts of the fixed assets are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (*Note V18*).

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction, installation costs, borrowing costs capitalized and other expenditures incurred until such time as the relevant assets are completed and ready for its intended use. When the asset concerned is ready for its intended use, the cost of the asset is transferred to fixed assets and depreciated starting from the following month.

If the recoverable amounts of the construction in progress are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (*Note V18*).

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take a substantial period of time of acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (i) expenditures for the asset have been incurred;
- (ii) borrowing costs have been incurred; and
- (iii) activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows:

- (i) where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; or
- (ii) where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

17. Intangible assets

(1) Valuation methods, service life and impairment

The Group's intangible assets include land use rights, mining rights, the right to use of the franchise, software, patent and proprietary technology and others. Intangible assets are measured initially at cost. During the course of transformation of the Company into a limited liability company, the initial costs of intangible assets injected by the State-owned shareholder were measured based on the valuation amount approved by the State-owned assets management authority.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(1) Valuation methods, service life and impairment (Continued)

(a) Land use rights

Land use rights of the Group are amortized on the straight-line basis according to the useful lives of 40 to 70 years.

(b) Mining rights

Amortization is calculated based on the units of production method based only on proved mining reserves.

(c) The right to use of the franchise

The Group engages in certain service concession arrangements in which the Group carries out construction work for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority. The assets under the concession arrangements may be classified as intangible assets or receivables from the granting authority.

The Group recognizes revenue and a financial asset to the extent that it has an unconditional contractual right to receive specified or determinable amount of cash or another financial assets from the granting authority, or to receive the shortfall from the granting authority, if any, between amounts received from users of the public service and specified or determinable amounts.

According to the contract, the Group has the right to charge fees from the service recipients during a certain operating period after the related infrastructure construction is completed. If the charge amount is undetermined, this right does not constitute any right of collecting cash unconditionally. The Group recognizes revenue and intangible assets simultaneously.

The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the balance sheet if the intangible asset model is adopted. Once the underlying infrastructure of the concession arrangements has been completed, the concession assets will be amortized over the term of the concession on the straight-line or traffic flow basis under the intangible asset model.

If the financial asset model is applied, the Group recognizes financial assets resulted from the concession arrangement in its balance sheet. Financial assets are measured in accordance with Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(1) Valuation methods, service life and impairment (Continued)

(d) Software

Software is amortized on the straight-line basis over its estimated useful life of 3 to 5 years.

(e) Patent and proprietary technologies

Patent and proprietary technologies are amortized on the straight-line basis over 5 to 20 years.

(f) Review of the useful life and amortization method periodically

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

(g) If the recoverable amounts of the intangible assets are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (Note V18).

(2) Internal research and development expenditures

Internal research and development project expenditures were classified into research expenditures and development expenditures depending on its nature and the greater uncertainty whether the research activities becoming to intangible assets.

Expenditure during the research phase is recognized as an expense in the period in which it is incurred. Expenditure during the development phase that meets all of the following conditions at the same time is recognized as an intangible asset:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The Group has the intention to complete the intangible asset and use or sell it;
- The Group can demonstrate the ways in which the intangible asset will generate economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Expenditures that do not meet all of the above conditions at the same time are recognized in profit or loss when incurred. Expenditures that have previously been recognized in the profit or loss would not be recognized as an asset in subsequent years. Those expenditures capitalized during the development stage are recognized as development costs incurred and will be transferred to intangible assets when the underlying project is ready for an intended use.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of non-current assets other than financial assets

The Company assesses at each balance sheet date whether there is any indication that the fixed assets, construction in progress, right of use assets, intangible assets with finite useful lives, investment properties measured at historical cost, investments in subsidiaries, joint ventures and associates may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is firstly used to reduce the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then used to reduce the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro-rata basis of the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

19. Long-term prepayments

Long-term prepayments include improvement expenses on leased assets and other expenses incurred that should be amortized over the current and subsequent periods (amortization period of more than one year). Long-term prepayments are amortized on a straight-line basis over the expected periods in which benefits are derived, presented as the net amount of actual expenditure less accumulated amortization.

20. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits include salaries, bonus, subsidies, staff benefits, social security charges (including medical insurance, work-related injury insurance and maternity insurance, etc.), housing funds, labor union expenditures and personal education.

During the accounting period in which the employees provide services, the Group's actual short-term remuneration is recognized as liabilities and included in the profits or losses of the current year or recognized as respective assets costs. At the time of actual occurrence, The Group's employee benefits are recorded into the profits and losses of the current year or the cost of relevant assets according to the actual amount. The non-monetary employee benefits are measured at fair value.

Regarding the health insurance, industrial injury insurance, maternity insurance and other social insurances, housing fund and labor union expenditure and personnel education that the Group paid for employees, the Group should recognize corresponding employee benefit payables and include these expenses in the profits or losses of the current year or recognized as respective assets costs.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits (Continued)

(2) Post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

All the employees of the Group enjoy and participate in the endowment insurance plans set by local government, which are called defined contribution plans. The Group takes certain proportion (no more than the upper limit) out of employees' wages as endowment insurance, and pays to local labor and social security institutes. Corresponding expenses shall be included in the profits or losses of the period in which employees provide services or assets associated costs.

The Group provides supplementary pension benefits to certain retired employees, which is considered as defined benefit plans. The defined benefit plans obligation is calculated semiannually by independent actuaries using the projected unit credit method. The Group's defined benefit plans include the following components: (i) Service cost include current year service cost, past-service cost and settlement gain or loss. Current year service cost means the increase of the value of defined benefit plans resulting from the current year service offered by employees. Past-service cost means the increase or decrease of the value of defined benefit plans resulting from the revision of the defined benefit plans related to the prior year service offered by employees. (ii) Interest costs of defined benefit plans payable. (iii) Changes related to the revaluation of defined benefit plans liabilities.

Unless other accounting standards require or permit to charge the employee benefits into assets cost, the Group charges (i) and (ii) mentioned above into profits or losses of the current year, and recognize (iii) mentioned above as other comprehensive income without charging into profits or losses in later accounting periods.

Part of subsidiaries of the Group provide medical benefits to the retired employees. The costs of benefits are determined using the same accounting policies with defined benefit plans.

(3) Termination benefits

Liabilities arising from termination benefits and staff early retirement plan are recognized after the specific termination clauses are agreed or passed to the employee. The Group should recognize the employee benefits liabilities related to the compensation of the employment termination and charge to profit or loss at the earlier of the time when (i)The Group cannot withdraw from the compensation plan of the employment termination by itself and (ii)The Group recognizes the costs or expenses of the reorganization involving the compensation of termination. When the Group offers some compensation plans to encourage the employees to accept the termination of the labor relationship voluntarily, the termination benefits are recognized based on the expected number of employees who are willing to take the compensation plans. The specific terms of the termination and early retirement plans varies according to the occupation, seniority and location etc.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits (Continued)

(3) Termination benefits (Continued)

The Group provides early retirement benefits to employees who are willing to retire voluntarily. Early retirement benefits refer to wages and social security fees the Group pays to employees who retired earlier voluntarily with the approval of the management. Early retirement benefits are recognized in the period in which the Group has entered into an agreement with the employee specifying the terms of redundancy, or after the individual employee has been advised of the specific terms. The accounting treatments of early retirement benefits are referring to termination benefits. From the date on which the termination benefit requirements are fulfilled, the Group recognizes monthly paid salaries and social benefits for these early retirees during the period from the date of early retirement to the normal retirement date as employee benefits payable and charges in profit or loss of the current year.

21. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the settlement date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows. The increase in the provision due to passage of time is recognized as interest expense.

If all or part of the provision settlements is reimbursed by third parties, when the realization of income is virtually certain, then the related asset should be recognized. However, the amount of related asset recognized should not exceed the respective provision amount.

At the balance sheet date, the carrying amount of provision should be re-assessed to reflect the best estimation then.

22. Other equity instruments

Perpetual bonds or other financial instruments issued by the Group are equity instruments if, and only if both conditions below are met:

- The instrument includes no contractual obligation: (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer;
- If the instrument will be or may be settled in the issuer's own equity instruments, and it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments.

The interest expenses or dividends of perpetual bonds or other financial instruments classified as equity instruments are treated as profit distribution of the Group. The repurchase or cancellation of these instruments is treated as a change in equity. The related transaction costs are deducted from equity.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue

The Group's revenue is mainly from the following business types:

- Engineering contracting
- Real estate development
- Equipment manufacturing
- Resources development

The Group shall recognize revenue when the Group satisfies a performance obligation in the contract, that is when the customer obtains control over relevant goods or services. Control over the relevant goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods or services.

Where the contract entered into by the Group and the customer satisfies all of the following conditions at the same time, the Group will recognize revenue when the customer obtains control over the relevant goods or services:

- The parties to the contract have approved the contract and are committed to perform their respective obligations;
- The contract can identify each party's rights and obligations regarding goods or services to be transferred;
- The contract can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
- It is probable that the Group will recover the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

If a contract meets the above criteria at contract inception, the Group shall not reassess those criteria unless there is an indication of a significant change in facts and circumstances. If a contract does not meet the above criteria at contract inception, the Group shall continue to assess the contract and make accounting treatment when the above criteria are met. When a contract does not meet the above criteria, the Group shall recognize the consideration received as revenue only when the Group has no remaining obligations to transfer goods or services to the customers and the consideration received from the customer is non-refundable; otherwise, the Group shall recognize the consideration received from the customer as a liability.

Engineering construction contracts

The engineering construction contracts between the Group and the clients usually involve performing obligations for building construction and infrastructure construction. Since the clients have control over the assets in construction in the course of the Group's performance, the Group shall treat them as performance obligations to be satisfied during a period of time and recognize revenue according to progress of performance within such period, unless the progress of performance cannot be reasonably determined. The Group determines the progress of performance of the services provided based on the costs incurred under the input method. When the progress of performance cannot be reasonably determined, the costs incurred are expected to be compensated, the Group recognizes revenue based on the amount of costs incurred till the progress of performance can be reasonably determined.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

Contracts for sale of goods

Contracts for sale of goods between the Group and the clients usually contain only the obligation to transfer goods. The Group generally recognizes revenue at the time of control transfer on the basis of comprehensively considering the following factors: acquisition of the current right to receive payments for the goods, transfer of the main risks and rewards in the ownership of the goods, transfer of legal ownership of the goods, transfer of physical assets of the goods, and acceptance of the goods by the clients.

The Group recognizes the income from sale of real estate when a building is completed and accepted, the Group has signed a sales contract with the buyer, obtained the buyer's proof of payment and delivered the building for use. If the buyer receives a written notice of delivery and refuses to accept it without justifiable reasons, The Group recognizes the income from sale of real estate after the end of the delivery time limit determined in the written notice of delivery.

The specific policies of the Group's contracts with clients mainly include:

(1) Determining the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. The Group shall consider the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group may consider effects of factors such as the variable consideration, a significant financing component, consideration payable to a customer and non-cash considerations.

(a) Variable consideration

In case of the existence of variable consideration (performance bonuses and penalties etc.) in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulative recognized revenue which is the most probably to be significantly reversed when elimination of relevant uncertainty. At each balance sheet date, the Group re-estimate the amount of variable consideration which should be included in transaction price.

(b) A significant financing component

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortized using effective interest method during the contract life. At contract inception, if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group would not consider the significant component in the contract.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(1) Determining the transaction price (Continued)

(c) Consideration payable to a customer

In case of the existence of consideration payable to a customer in the contract, the Group shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. The Group shall recognize the reduction of revenue at the later of recognizing relevant revenue and paying (or promising to pay) the consideration.

(d) Non-cash consideration

In case of non-cash consideration paid by the customer, the Group shall determine transaction price at fair value of non-cash consideration. If the fair value of the non-cash consideration is not be estimated reasonably, the Group shall measure the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer.

(2) Identification of stand-alone performance obligations in the contract

At contract inception, the Group assesses the contract and identify stand-alone performance obligations. Performance obligations refer to commitment of the Group to transfer a distinct good or service to the customer.

In the following circumstances, the Group takes the commitments to transfer of a good or services to the customer as stand-alone performance obligations: (i) commitment to transfer of a distinct good or services (or a group of goods or services); (ii) commitment to transfer of a series of distinct goods or services with the same substances and the same transfer model.

If the goods or services committed by the Group to the customer meet the following two conditions at the same time, they can be taken as distinct goods or services: (i) the customer is able to benefit from the stand-alone goods or services or from the goods or services together with other available source, namely that the goods or services its own can be distinct; (ii) the commitment to transfer the goods or services is separated from other commitments in the contract, namely, the commitment to transfer of the goods or services is distinct in the contract.

When determining whether the commitment to transfer the goods or services can be distinct, the Group uses judgement and comprehensively considers all facts and circumstances. The following circumstances generally reflect that the commitment to transfer the goods or services is not separated from other commitments in the contract: (i) the Group provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output for which the customer has contracted; (ii) the goods or services significantly modify or customize other goods or services promised in the contract; and (iii) the goods or services are highly interrelated with other goods or services promised in the contract.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(3) *Transaction price allocated to each stand-alone performance obligation*

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligation. Stand-alone selling price refers to the price of single sales of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all reasonably acquired relative information and maximum use of observable inputs.

(4) *Revenue recognition at satisfying each stand-alone performance obligation*

At contract inception, the Group identifies each stand-alone performance obligation included in the contract, determines whether the performance obligation satisfied during a period of time or at a point in time, and recognizes revenue when satisfying each stand-alone performance obligation.

(a) *Performance obligation satisfied during a period of time*

It is a performance obligation satisfied during a period of time if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; and (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance parts which have been done up to now.

For performance obligations satisfied during a period of time, the Group will recognize revenue according to progress of performance within such period except for circumstances that the progress of performance cannot be reasonably determined. The Group determines progress of performance using input method, to determine the progress of performance based on the proportion of the accumulative actual cost accounting for the expected total cost. When the progress of performance cannot be reasonably determined, and the costs incurred are expected to be compensated, the Group recognizes revenue based on the amount of costs incurred till the progress of performance can be reasonably determined.

(b) *Performance obligation satisfied at a point in time*

For performance obligation satisfied not during a period of time but at a point in time, the Group will recognize revenue at the point in time when the customer obtains control over relative goods or services.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(4) Revenue recognition at satisfying each stand-alone performance obligation (Continued)

(b) Performance obligation satisfied at a point in time (Continued)

When judging whether the customer has obtained control over the goods or services, the Group will consider the following indications.

- The Group has a present right of receivables for the good or services, namely, a customer is presently obliged to pay for the good or services;
- The Group has transferred the legal title of the good to the customer, namely, the customer has physically possessed the good;
- The Group has transferred the significant risks and rewards of ownership of the good to the customer, namely, the customer has obtained the significant risks and rewards of ownership of the good;
- The customer has accepted the good or services;
- Other indications reflecting that the customer has obtained the control over the good or services.

(5) Accounting treatment of specific transaction

(a) Sales attached with quality warranty terms

For sales attached with quality warranty terms, if such quality warranty provides an individual service other than that the Group have made commitments that the sold goods or services meet the established criteria, such quality warranty constitutes a single performance obligation, otherwise, the Group will make accounting treatment for quality warranty liability in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies.

(b) A principal and an agent

To determine whether the Group is a principal or an agent, the Group identifies the specified goods or services to be provided to the customer, and assesses whether it controls those goods or services before they are transferred to the customer. If the Group can control those goods or services before they are transferred to the customer, the Group is a principal, recognizing revenue at the total consideration received or receivable; otherwise, the Group is an agent, recognizing revenue at the amount of commissions or service charges expected to be entitled to collection, and such amount shall be determined based on net amount of total consideration received or receivable less amounts payable to other related parties, or on established amounts or proportions of commissions.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(6) Contract costs

(a) Costs of obtaining a contract

The incremental costs of obtaining a contract (i.e. it would not have incurred if the contract had not been obtained) which are expected to be collected shall be recognized as an asset. If the amortization period of the asset is less than one year, it will be included in profit or loss when incurred. Other expenditures incurred to obtain the contract are included in profit or loss when incurred, except for expenditures clearly borne by the customer.

(b) Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of other accounting standards for business enterprises other than the new revenue standards and satisfy the following conditions at the same time, the costs will be recognized as an asset: (i) the costs relate directly to a contract or to an anticipated contract; (ii) the costs enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

(c) Amortization of the related assets of contract costs

An asset associated with contract costs shall be amortized on the same basis as the revenue recognition of goods or services associated with the asset.

(d) Impairment of the related assets of contract costs

The Group shall make impairment allowance and recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset associated with contract costs recognized the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less the costs expected to be incurred to transfer the relative goods or services.

(7) Contract asset and contract liability

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Please refer to Note V 10 (2) for accounting policies on impairment of a contract asset. The Group's right of unconditional (i.e. solely depending on the passage of time) collection of consideration from the customer shall be separately set out as receivables.

Contract liability refers to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer.

The Group shall recognize revenue when the Group satisfies a performance obligation in a contract, namely when the client obtains control over relevant goods or services. Control over relevant goods or services refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods or services.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Government grants

Government grants are transferred of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to it and the grant will be received.

If a government grant takes the form of a monetary asset, it is measured at the amount received or receivable. If a government grant takes the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period. Government grants received by the Group related to routine activities are recognized in other income or as reductions in the related costs and expenses according to the economic nature of business; whereas government grants received by the Group other than those related to routine activities are recognized in non-operating income.

Government grants used for creating long-term assets by purchase, construction or other ways are recognized by the Group as the government grants related to assets, mainly including the investment subsidies for the purchase or construction of new equipment and other production infrastructure. Government grants related to assets of the Group will be recognized as deferred income and amortized to profit or loss for the current period on a reasonable and systematic basis over the useful life of the related assets.

The government grants related to income are those other than the ones related to assets. Government grants of the Group related to income mainly include scientific research subsidies. As they are mainly the compensation for related expenses of the enterprises, such government grants are recognized as the government grants related to income. The Group classifies government grants which are difficult to distinguish as the grants related to income on an entire basis. If the government grants related to income are compensation for related expenses or losses to be incurred in subsequent periods, they are recognized as deferred income, and will be recognized in profit or loss or used to offset with related costs and expenses for the period when related expenses or losses are recognized. If the government grants related to income are compensation for related expenses or losses already incurred, they are recognized immediately in profit or loss for the current period or used to offset related with costs and expenses.

If the preferential low-interest loans received by the Group is subject to the fact that the government finance authority allocates interest subsidy fund to the bank which thereafter issues loans to the Group at preferential low-interest rates, the Group recognizes such borrowing at an amount actually received and calculates the borrowing costs based on the principal and the preferential low-interest rates. If the preferential low-interest loans received by the Group is the interest subsidy fund to the Group directly from the government finance authority, the Group deducts the interest subsidy from related borrowing costs.

Repayment of government grants should be applied first against any unamortized deferred income in respect of the grants. To the extent that repayment exceeds any such deferred income, or when no deferred income exists, the repayment should be recognized immediately in profit or loss for the current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

All taxable temporary differences are recognized as related deferred tax liabilities under normal circumstances. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized. However, for deductible temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously and in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) *The Group as the lessee*

(a) *Separation of the lease*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead accounts for the lease component and any associated non-lease components as a single lease component for contracts containing leases for buildings and structures, machinery and equipment, and transportation vehicles.

(b) *Right-of-use assets*

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset provided by the lessor is available for use). Right-of-use assets are measured at cost which includes:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If a re-measurement of the lease liability occurs after the commencement date of the lease, the book value of the right-of-use assets shall be adjusted accordingly.

The Group depreciates the right of use assets in accordance with the relevant depreciation requirements of the Accounting Standards for Business Enterprises No.4 – Fixed Assets. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(1) The Group as the lessee (Continued)

(b) Right-of-use assets (Continued)

The Group determines whether the right of use assets are impaired and accounts for the identified impairment loss based on the Accounting Standards for Business Enterprises No.8 – Impairment of Assets. If the recoverable amount of the right-of-use asset is estimated to be less than its carrying amount, the carrying amount of the asset will be reduced to its recoverable amount (Note V18).

(c) Refundable rental deposit

The refundable rental deposits paid by the Group are measured at fair value in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. The differences between the fair value and the nominal value at the time of initial recognition are considered as an additional lease payments and included in the cost of the right-of-use assets.

(d) Lease liabilities

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group recognizes and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to the payments made by the Group to the lessor for the lessee's right to use the leased asset over the lease term and include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate;
- amounts expected to be paid under residual value guarantees.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date. Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss or the cost of underlying assets in the period in which they occur.

Interest expenses on the lease liabilities in each period during the lease term are recognized by the Group by using the fixed periodic rate of interest.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(1) The Group as the lessee (Continued)

(d) Lease liabilities (Continued)

After the commencement date of the lease, The Group increases the carrying amount of the lease liability when it recognizes interest and reduces the carrying amount of the lease liability when it pays the lease payment. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value or a change in an index or a rate used to determine those payments, in which cases the related lease liabilities are remeasured by discounting the revised lease payments using the initial discount rate.

Lease liabilities are presented as “current liabilities” and “non-current liabilities” based on their liquidity at the balance sheet. The closing balance of non-current lease liabilities due within 1 year from the balance sheet date is reflected under the line item of “non-current liabilities due within 1 year”.

(e) Short-term leases and leases of low-value assets

For short-term leases and leases of low-value items to which the recognition exemption is applied by the Group, right-of-use assets and lease liabilities are not recognized. A short-term lease refers to a lease that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option. A lease of low value asset refers to a single lease asset, when new, is of low value. Lease payments on short-term leases and leases of low-value assets are recognized in profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

(2) The Group as the lessor

(a) Separation of the lease

Where a contract contains both lease and non-lease components, the Group allocates the consideration of the contract in accordance with the provisions of the revenue standards on allocation of transaction price. The basis of the allocation is the respective stand-alone selling price of lease component and non-lease component.

(b) Classification of the lease

The Group classifies the lease into financing lease and operating lease on the start date of the lease. Financial lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Its ownership may or may not be transferred eventually. Operational lease refers to the leases other than financial leases.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(2) The Group as the lessor (Continued)

(b) Classification of the lease (Continued)

The Group does not reassess the classification of leases after the start of the lease unless there is a modification in the lease. The Group shall not reassess the classification of leases if the estimated useful life and expected residual value of leased assets change or the lessee defaults.

(c) Rental deposit to be refunded

The lease deposits received by the Group that shall be refunded are measured at fair value at the time of initial recognition in accordance with Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments. The difference between the fair value and the nominal value at the time of initial recognition shall be considered as the additional lease payments from the lessee.

(d) Operating leases recorded by the Group as lessor

During the periods within the lease term, the Group recognizes the lease receipts from operating lease as rental income. The initial direct costs incurred by the Group to obtain the operating lease are capitalized when they are incurred, and are allocated over the lease term on the same basis of recognition of rental income, and are included in profit or loss by stages.

The variable lease receipts obtained by the Group from operating lease but not included in the lease receivables are included in profit or loss when they incur.

(3) Sale and leaseback transactions (The Group acting as a seller-lessee)

The Group assesses whether the transfer of the asset in the sale and leaseback transaction constitutes a sale in accordance with the Revenue Standards. If the transfer of the asset is not a sale, the Group continues to recognize the transferred assets and should recognize a financial liability equal to the transfer proceeds. Such financial liability is accounted for applying Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments. If the transfer of an asset constitutes a sale, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates

(1) *Distribution of dividends*

The cash dividend of the Company is recognized as a liability upon approval in the annual shareholders' meeting.

(2) *Safety production expenses*

Safety production expenses provided according to the regulations are included in costs of related products or profit or loss, and credited to the special reserve. When the expenditures are utilized, they should be offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognized as construction in progress. When the assets are ready for their intended use, a same amount should be offset against the special reserve and recorded as accumulated depreciation at the same time. The related fixed asset is not subject to any further depreciation in the subsequent periods.

(3) *Segment information*

The accounting policies of segment information are listed in Note XV1 (1).

(4) *Discontinued operation*

Discontinued operation refers to the separately identifiable components that have been disposed of or classified as held for sale and meet one of the following conditions:

- The component represents an independent main business or a major business area;
- This component is a part of a related plan that intends to dispose of an independent main business or a separate main operating area;
- This component is a subsidiary acquired exclusively for resale.

(5) *Significant accounting estimates and judgments*

As operating activities have inherent uncertainties, the Group need to make judgments, estimates and assumptions upon report items that cannot be accurately calculated in applying the above accounting policies. These judgments, estimates and assumptions are made based on historical experiences of the management of the Group, taking other related factors into consideration. The actual results may be different from the estimates of the Group.

The Group review the above judgments, estimates and assumptions periodically based on going concern. If the changes of accounting estimates only affect the current year, the influence amount is recognized in the current year. If the changes of accounting estimates affect both of the current year and the future period, the influence amount is recognized in the current year and the future period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(a) Important judgments in applying accounting policies

The Group made some important judgments in applying accounting policies, which have significant influences on the amount of financial statements.

(i) Equity instrument

The issued perpetual bond has no maturity date. Since the Group has the right to defer interest payment and the option for redemption of perpetual bond. The Group has no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer, the perpetual bond is classified as an equity instrument, which meets the qualifying to be recorded in Note V22 as equity instrument.

(ii) Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group consider how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

(iii) Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including the assessment of the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

(iv) Whether the Group has control over a structured entity

The Group has shares in a number of structured entities investing in infrastructure development. The Group mainly determines whether it actually controls a structured entity in accordance with Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements. Where the Group has effective control, the Group includes the structured entity in the consolidated financial statements. Where the Group does not actually control the structured entity but exercises joint control with other parties or is only able to exert significant influence on the structured entity, the Group accounts for the structured entity as a joint venture or associated enterprise. Where the Group has neither actual control nor joint control over the structured entity and has no significant influence, the Group accounts for the structured entity in other non-current financial assets.

Financial Statements

For the six months ended 30 June 2023

VI. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(a) Important judgments in applying accounting policies (Continued)

(v) Whether a contract is, or contains, a lease

The Group signed the lease agreement on equipment for some engineering construction projects. The Group believes that, based on the agreement, there is no identified asset, the supplier has the substantive right to substitute the underlying asset throughout the period of use. Therefore, the agreement does not contain a lease, and the Group treats it as acceptance of a service.

(b) The key assumptions and uncertainties used in accounting estimates

As at balance sheet date, the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next 12 months are as below:

(i) Progress of performance of engineering construction contracts

The Group determines to use input method to measure the progress of income of engineering services contracts provided by the Group which require to be fulfilled in a certain period. Specifically, the Group determines progress of performance based on the proportion of accumulatively actual cost in estimated total cost. Because of the nature of the activity undertaken in engineering contracting services, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. In the contract progress, the management of the Group regularly reviews the transaction price and contract modification, contract costs in the budget prepared for each contract, the progress of the contracts performance and the accumulatively actual cost. If there are circumstances that there are changes in the transaction price, the contract costs in the budget or the progress of the contract performance, estimates are revised. These revisions may result in increasing or decreasing in estimated revenues or costs and are reflected in consolidated income statement in the current period.

(ii) Impairment of financial instruments and contract assets

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(b) The key assumptions and uncertainties used in accounting estimates (Continued)

(iii) Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, the management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note V 18.

(iv) Useful lives of fixed assets, investment properties and intangible assets

The fixed assets, investment properties and intangible assets of the Group are depreciated or amortized over their expected useful lives. The Group periodically reviews the expected useful life of the underlying assets to determine the amount of depreciation and amortization expense to be included in each reporting period. The useful life of an asset is determined by the Group based on its past experience with comparable assets and in the light of anticipated technological changes. If there is a significant change to previous estimates, depreciation and amortization expenses are adjusted for future periods.

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(b) The key assumptions and uncertainties used in accounting estimates (Continued)

(v) Tax

The Company and its subsidiaries are subject to income taxes and other taxes in numerous jurisdictions in domestic provinces and certain overseas countries. The ultimate tax effect of many transactions has uncertainty during normal business activities. The Group shall make significant judgment on current year income tax and land appreciation tax provisions in different areas and districts. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current year income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain temporary differences and tax losses are recognized as management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilized. In cases where the estimated amount differs from original estimation, the difference would influence the recognition of deferred tax assets in the period when the estimation changes. Deferred tax assets relating to certain temporary differences and tax losses should not be recognized if management considers it is not probable to utilize the deductible temporary differences or tax losses to deduct taxable income in future.

(vi) Retirement benefits

The Group establishes liabilities in connection with supplementary benefits paid to certain retired employees. The amounts of employee benefit expenses and liabilities are determined using various assumptions and conditions on discount rates, salary growth rates during retirement, medical expense growth rates, and other factors. Actual results that differ from the assumptions are recognized immediately and therefore affect recognized other comprehensive income in the period in which such differences arise. While management believes that its assumptions are appropriate, differences in actual experience or changes in assumptions may affect the other comprehensive income and balance of liabilities related to the supplementary employee retirement benefit obligations.

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For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

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 occurrence 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 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 right-of-use Assets. In accordance with the convergence provisions, the Group adjusted the above transactions that occurred between the beginning of the earliest period of 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 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 balance of 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	1,461,220	218	1,461,438

Financial Statements

For the six months ended 30 June 2023

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Changes in significant accounting policies and accounting estimates (Continued)

(1) Changes in significant accounting policies (Continued)

For the six months period ended 30 June 2022

	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	1,483,674	(44)	1,483,630

The Company

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

(2) Changes in significant accounting estimates

During the reporting period, there were no significant changes in accounting estimates.

VI. TAXATION

1 Major categories of taxes and respective tax rates

The main taxes and tax rates applicable to the Company and the onshore subsidiaries are as follows:

Category of tax	Basis of tax computation	Tax rates
Value-added tax ("VAT")	VAT payable (VAT is imposed on the taxable sales amount multiplied by the tax rate (output-VAT) less deductible input-VAT of the current year)	3%, 5%, 6%, 9% and 13%
City maintenance and construction tax ("CCT")	Payment for VAT	1%, 5% and 7%
Education surcharges	Payment for VAT	3%
Enterprise income tax ("EIT")	Taxable income	25%
Land appreciation tax	Appreciation amount on the transfer of real estate	30% to 60%

The Company and the subsidiaries, except some established onshore that enjoy preferential tax policies, are subject to corporate income tax at 25% of their taxable income.

Offshore subsidiaries of the Company (including those established in Hong Kong SAR of China) are subject to the taxes at the tax rates stipulated by tax regulations of respective jurisdictions.

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For the six months ended 30 June 2023

VI. TAXATION (CONTINUED)

2 Tax incentive

The preferential policies on corporate income tax enjoyed by the main entities of the Group are summarized as follows:

	Preferential tax rate		Preferential policies on corporate income tax
	Amount for the current period	Amount for the prior period	
Shanghai Baoye Group Corp. Lt	15%	15%	Tax preferential policy for high-new technology enterprises
China First Metallurgical Group Co. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China Second Metallurgy Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China MCC3 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China MCC5 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China MCC17 Group Co. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China MCC19 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
China MCC20 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
China MCC22 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
Central Research Institute of Building and Construction Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC Capital Engineering & Research Incorporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises
WISDRI Engineering & Research Incorporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
Huatian Engineering & Technology Corporation, MCC	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
ZHONGYE Chang Tian International Engineering Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
Shen Kan Engineering & Technology Corporation, MCC	15%	15%	Tax preferential policy for high-new technology enterprises
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC MCC	15%	15%	Tax preferential policy for high-new technology enterprises
TianGong Group Corporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
MCC Baosteel Technology Services Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses

Financial Statements

For the six months ended 30 June 2023

VI. TAXATION (CONTINUED)

2 Tax incentive (Continued)

	Preferential tax rate		Preferential policies on corporate income tax
	Amount for the current period	Amount for the prior period	
MCC Communication Construction Group Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
MCC (Shanghai) Steel Structure Technology Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC Urban Investment Holding Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC-SFRE Heavy Industry Equipment Co., Ltd.	15%	15%	Preferential taxation policies for the western development, Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC (Guizhou) Construction Investment Development Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China Metallurgical Construction Engineering Group Co., Ltd	15%	15%	Preferential taxation policies for the western development, additional deduction for R&D expenses

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. 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	62,107,585	45,485,413
Including: Total amount of deposits abroad	3,103,497	3,436,973

As at 30 June 2023, restricted cash and bank balances of the Group were RMB14,434,059,000 (as at 31 December 2022: RMB12,017,196,000) (Note VII70), which mainly includes bank deposits for issuing acceptance bills, guarantee deposits, frozen funds for lawsuit, funds under supervision for property presale, mortgage guarantees, deposits on wages for rural migrant workers and special funds for projects, etc.

The Group's certain cash and bank balances deposited overseas are subject to the exchange control in relevant countries or regions and cannot be converted to foreign currencies freely or remitted out from these countries or regions. As at 30 June 2023, the proportion of the Group's cash and bank balances denominated in foreign currency deposited in these countries or regions to the balance of cash and bank balances in the Group's consolidated balance sheet was less than 2% (as at 31 December 2022: less than 2%).

The Group obtains interest income on its bank demand deposits at the interest rates for demand deposits. The fixed deposit term for short-term deposits ranges from 30 days to 3 months, depending on the Group's demands for cash and the interest income is earned at the corresponding interest rates for demand deposits.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Financial assets at FVTPL		
Equity instrument investment	2,056	178,026
Including: Investment in listed stocks	1,418	1,514
Investment in unlisted equities	638	176,512

3. 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	5,775,928	67,735	5,708,193	5,175,084	47,659	5,127,425

(2) The Group's pledged bills receivable

All amounts in RMB'000

Items	Pledged amount as at 30 June 2023	Pledged amount as at 31 December 2022
Bank acceptance bills	17,315	60,741
Commercial acceptance bills	202,266	75,902
Total	219,581	136,643

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable (Continued)

(3) *The Group's bills receivable endorsed to other parties or discounted but not yet due at the balance sheet date*

All amounts in RMB'000

Items	30 June 2023		31 December 2022	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	-	1,981,850	-	2,045,139
Commercial acceptance bills	-	1,257,948	-	1,016,831
Total	-	3,239,798	-	3,061,970

(4) *Changes in provision for credit losses of bills receivable*

All amounts in RMB'000

Item	31 December 2022	Reversal for the current period	Transfer out for the current period	30 June 2023
Provision for credit losses of bank acceptance bills	5,823	2,443	-	8,266
Provision for credit losses of commercial acceptance bills	41,836	18,536	903	59,469
Total	47,659	20,979	903	67,735

(5) *Restricted bills receivable as at 30 June 2023 are set out in Note VII 70.*

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. 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 2023	31 December 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

Settlement of trade receivables generated through engineering and construction services is made in accordance with terms specified in the contracts governing the relevant transactions, and the aging of relevant trade receivables is calculated based on the settlement time of the project.

(2) Disclosed by method of determining provision for credit losses

All amounts in RMB'000

Category	30 June 2023					31 December 2022				
	Carrying amount		Provision for credit losses		Book value	Carrying amount		Provision for credit losses		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable for which provision for credit losses is individually assessed (a)	26,525,486	20.37	9,326,012	35.16	17,199,474	25,438,047	22.92	9,280,662	36.48	16,157,385
Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis (b)	103,665,990	79.63	9,311,465	8.98	94,354,525	85,538,581	77.08	8,256,293	9.65	77,282,288
Total	130,191,476	100.00	18,637,477	/	111,553,999	110,976,628	100.00	17,536,955	/	93,439,673

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Disclosed by method of determining provision for credit losses (Continued)

- (a) Accounts receivable for which provision for credit losses is individually assessed at the end of the period

All amounts in RMB'000

Name of entity	Carrying amount	30 June 2023		Reasons
		Provision for credit losses	Proportion of provision (%)	
Party 1	1,748,510	–	–	The Group considered the reasonable and supported information related to other party (including forward-looking information), then evaluated the anticipated credit losses and made provision for credit losses.
Party 2	1,490,110	566,940	38.05	
Party 3	712,030	–	–	
Party 4	652,732	130,955	20.06	
Party 5	594,173	244,441	41.14	
Others	21,327,931	8,383,676	39.31	
Total	26,525,486	9,326,012	35.16	

Note: For the evaluation on Party 1's expected credit losses, please refer to Note VII 9(3).

- (b) Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis at the end of the period

All amounts in RMB'000

Aging	30 June 2023		
	Estimated gross carrying amount at default	Expected lifetime credit losses	Proportion of provision (%)
Within 1 year	75,853,745	1,822,531	2.40
1 to 2 years	14,715,414	1,183,290	8.04
2 to 3 years	5,824,499	1,148,324	19.72
3 to 4 years	2,302,054	837,969	36.40
4 to 5 years	1,608,529	1,006,042	62.54
Over 5 years	3,361,749	3,313,309	98.56
Total	103,665,990	9,311,465	8.98

The Group considers the aging factor and groups accounts receivable accordingly. The Group determines the expected credit loss and provision for credit losses based on the historical experience of credit losses.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Provision for credit losses of accounts receivable

All amounts in RMB'000

Item	31 December 2022	Changes for the year					30 June 2023
		Provision	Reversal	Transfer-in	Write-off	Other changes	
Provision for credit losses	17,536,955	1,560,863	(390,502)	2,461	(67,990)	(4,310)	18,637,477

The Group's significant amounts of reversal or recovery for this period are as follows:

All amounts in RMB'000

Accounts receivable (per entity)	Reason for reversal or recovery of provision for original bad debts	Basis for proportion of provision for reversal or recovery	Amount of reversal or recovery	Recovery mode
Party 1	Recovery by way of debt set-off	Possibility of recovery	90,429	Debt set-off
Party 2	Acquiring the right to be reimbursed for frozen funds	Possibility of recovery	53,737	Not applicable

(4) The five largest accounts receivable collected by arrears at the end of the period

All amounts in RMB'000

Name of entity	Relationship with the Group	Balance as at 30 June 2023	Provision for bad debts as at 30 June 2023	As a percentage of accounts receivable (%)
Party 1	Third party	3,662,065	292,829	2.81
Party 2	Third party	2,755,708	261,315	2.12
Party 3	Third party	1,748,510	–	1.34
Party 4	Third party	1,490,110	566,940	1.14
Party 5	Third party	914,503	51,991	0.70
Total	/	10,570,896	1,173,075	8.12

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) For the current year, the Group's total carrying amount of derecognized accounts receivable due to the transfer of accounts receivable amortized cost to financial institutions in the form of non-recourse protection factoring and asset securitization was RMB14,038,559,000. Losses due to derecognition of financial assets was RMB709,780,000, which was recorded into investment losses. As at 30 June 2023, no assets and liabilities the Group recognized for transfer of accounts receivable and continuing involvement.

(6) Accounts receivable with title restriction as at 30 June 2023 are set out in Note VII 70.

5. Receivables at FVTOCI

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Bank acceptance bills	9,732,397	9,091,179
Other credit instruments at fair value through other comprehensive income	1,001,572	1,255,209
Total	10,733,969	10,346,388

The Group recognizes impairment provision for receivables at FVTOCI on the basis of the expected credit loss. For the current period, there was no significant credit risk in financing with receivables upon evaluation. Therefore, the Group didn't make provision for credit impairment loss of the receivables at FVTOCI.

Endorsed or discounted financing with receivables which were not due as at the balance sheet date are as follows:

All amounts in RMB'000

Items	30 June 2023		31 December 2022	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	15,948,223	–	18,420,996	–
Other credit instruments at fair value through other comprehensive income	2,613,424	–	2,629,979	–
Total	18,561,647	–	21,050,975	–

Restricted receivable of FVTOCI as at 30 June 2023 are set out in Note VII 70.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. 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

As at 30 June 2023, prepayments aged over one year were RMB7,114,476,000 (As at 31 December 2022: RMB8,254,663,000), mainly including prepaid construction payments and payments for goods to sub-contractors.

(2) The carrying amounts of the five largest prepayments at the end of the year

All amounts in RMB'000

Name of entity	Relationship with the Group	30 June 2023	As a percentage of total prepayments (%)
Party 1	Third party	1,008,500	3.07
Party 2	Third party	733,404	2.23
Party 3	Third party	296,972	0.90
Party 4	Third party	252,252	0.77
Party 5	Third party	194,490	0.59
Total	/	2,485,618	7.56

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Interest receivables	–	11,614
Dividend receivables	63,981	142,428
Other receivables	44,871,777	47,917,675
Total	44,935,758	48,071,717

(2) Interest receivables

All amounts in RMB'000

Item	30 June 2023	31 December 2022
Interests on term deposits	–	11,614
Total	–	11,614

(3) Dividend receivables

All amounts in RMB'000

The name of investee	30 June 2023	31 December 2022
Beijing New Century Hotel Co., Ltd	20,210	–
Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	14,884	95,804
Hebei Xiongan Zhi Tong Technology Co., LTD.	8,982	18,782
MCC Rong Xing Building Materials (Chengdu) Co., Ltd.	1,146	1,146
Shanghai MCC Xiangqi Investment Co., Ltd.	989	–
Jidong Cement Luanxian Co., Ltd.	674	–
Chongqing Qianxin International Trading Co., Ltd.	–	8,994
China Overseas Infrastructure Development and Investment Corporation	–	606
Others	17,096	17,096
Total	63,981	142,428

As at 30 June 2023, dividends receivable aged over one year were RMB18,242,000 (31 December 2022: RMB18,242,000).

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(4) Other receivables

(a) Aging analysis

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

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(4) Other receivables (Continued)

(c) Provision for credit losses of other receivables

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit- impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provision for credit losses at 31 December 2022	1,367,869	1,606,155	5,325,160	8,299,184
Transfer of opening balance for the current period	(198,979)	184,212	14,767	–
Provision for the current period	387,143	226,054	379,921	993,118
Reversal for the current period	(322,536)	(121,427)	(141,179)	(585,142)
Write-off for the current period	–	–	(519)	(519)
Other changes	513	149	1,283	1,945
Provision for credit losses at 30 June 2023	1,234,010	1,895,143	5,579,433	8,708,586

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables (Continued)

(4) Other receivables (Continued)

(d) The five largest other receivables at the end of the current period

All amounts in RMB'000

Name of entity	Relationship with the Group	Nature of other receivables	Aging	30 June 2023	Provision for bad debts	As a percentage of total other receivables (%)
Party 1	Joint venture	Loans to related parties	Within 1 year and 1 to 2 years	2,331,688	-	4.35
Party 2	Third party	Receivables on disposal of equity and investments	Over 5 years	2,122,943	-	3.96
Party 3	Joint venture	Loans to related parties and Guarantee funds	Within 1 year · 1 to 5 years and over 5 years	1,917,414	719,163	3.58
Party 4	Third party	Guarantee funds	1 to 2 years, 2 to 3 years, 3 to 5 years and over 5 years	1,465,000	-	2.73
Party 5	Joint venture	Loans to related parties	Within 1 year and 1 to 2 years	1,228,101	-	2.29
Total	/	/	/	9,065,146	719,163	16.91

Other notes:

Restricted other receivables as at 30 June 2023 are set out in Note VII 70.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. 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 (a)	46,034,703	–	46,034,703	45,633,743	400,020	45,233,723
Completed properties held for sale (b)	31,764,979	661,238	31,103,741	26,310,587	187,736	26,122,851
Total	86,555,038	1,116,115	85,438,923	81,038,760	1,090,129	79,948,631

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(1) Categories of inventories (Continued)

(a) Details of the properties under development

All amounts in RMB'000

Project name	Project Commencement date	Estimated Completion date	Estimated total Investment amount	Carrying amount at 31 December 2022	Carrying amount at 30 June 2023
Nanjing Xiaguan Riverside Project	2011-01-01	2025-12-31	18,728,279	6,850,274	6,992,165
MCC Xinglong New City Hongshijun	2017-12-20	2027-12-31	8,812,613	3,939,352	4,069,090
Nanjing Yuhuatai District G35 Project	2021-11-01	2025-11-30	4,409,273	3,237,230	3,404,616
Shijiazhuang MCC Dexian Mansion	2021-08-29	2024-06-30	4,930,980	2,909,225	3,000,541
Dexian Mansion (Beijing Dongba) (Note 1)	2021-09-22	2023-09-20	3,066,545	-	2,968,722
Tiantai Road (Yangqiao Avenue)	2017-04-30	2025-12-30	7,408,770	2,998,694	2,912,302
Baotou MCC Dexian Mansion & Huaфу (Note 1)	2021-01-28	2026-12-31	4,699,259	-	2,742,364
Yanjiao Headquarters Base Project	2019-10-31	2024-06-30	3,278,780	1,817,286	1,872,020
MCC Tongluo Town	2014-11-01	2026-12-31	5,523,340	1,687,397	1,760,478
Qingdao MCC Dexian Mansion	2020-06-24	2023-12-31	4,016,260	1,441,496	1,650,464
Tangshan MCC Dexian Mansion	2022-03-15	2024-03-15	3,772,290	954,395	1,570,846
MCC Changyuanli Project	2022-07-01	2028-12-01	3,629,774	1,249,874	1,374,819
Zhongjie Mansion	2012-11-11	2024-06-30	1,605,830	1,263,598	1,272,606
Hebei Xiongan Mingzhuo Project	2022-07-29	2025-06-30	2,741,316	150,082	1,168,570
Qin Hai Yun Villa Project	2011-08-08	2025-12-31	4,400,000	1,065,967	1,046,599
Changchengshili Spring Breeze Town	2018-03-03	2024-12-31	2,500,000	917,783	994,188
MCC Mingcheng Project	2022-03-10	2024-09-30	1,690,120	685,386	881,389
Shijiazhuang Zhaotuo Park Project	2019-03-01	2024-12-31	5,441,540	726,219	738,711
Qinhuangdao Fanhua Dexian New City Project II	2018-12-31	2028-03-21	2,823,800	711,917	720,461
Qinhuangdao Yunding Dexian New City Project I	2018-12-31	2028-03-21	2,666,337	649,430	670,220
Minmetals Mingda Center, Minmetals Mingxin Center) (Note 1)	2021-04-30	2023-12-31	911,460	-	549,794
MCC Baizhishan International Holiday Resort (Project I)	2014-04-01	2024-04-01	4,000,000	432,468	475,644
Renhe Xili	2019-03-01	2023-12-31	1,924,180	451,846	422,012
Hebei Province Qinhuangdao Yudaiwan Project	2008-12-23	2025-12-31	3,675,070	236,942	371,278
Qinhuangdao Fanhua Dexian New City Project I	2023-07-14	2025-03-15	951,610	-	348,797
Qianhai Headquarter R&D Base Commercial properties of Southern R&D Center	2019-12-12	2023-09-30	3,382,174	298,868	324,618
Others (Note 1)	/	/	45,664,877	10,958,014	1,731,389
Total	/	/	156,654,477	45,633,743	46,034,703

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(1) Categories of inventories (Continued)

(b) Details of the completed properties held for sale

All amounts in RMB'000

Project name	Completion date	Carrying	Increase	Decrease	Carrying
		amount at 31 December 2022	in the current period	in the current period	amount at 30 June 2023
Guangzhou Wanbao Project	2023-06-30	-	5,638,186	255,364	5,382,822
Guangzhou Changlingju Project	2022-07-15	3,079,818	-	152,096	2,927,722
Hangzhou Jade Garden	2023-06-30	-	3,352,657	862,092	2,490,565
Zhongye Yijing Mansion	2022-04-13	2,178,074	3,269	309,221	1,872,122
Hengqin Port Base Project	2019-11-08	1,825,909	29,548	474	1,854,983
Tianjin Xinbadali District Qixianli Project	2019-06-26	1,774,614	-	47,146	1,727,468
Qin Hai Yun Villa Project	2022-06-23	1,305,648	68,033	19,580	1,354,101
Shijiazhuang MCC Dexian Mansion Project	2019-06-18	1,400,246	30	179,702	1,220,574
Shijiazhuang Zhaotuo Park Project	2022-12-31	1,539,386	-	388,331	1,151,055
Nanjing Xiaguan Riverside Project	2021-09-26	1,195,322	-	290,349	904,973
Qingdao MCC Dexian Mansion	2022-06-15	776,852	-	136,435	640,417
MCC Xinglong New City Hongshijun	2021-11-02	618,838	9,386	12,773	615,451
Hong Kong Quanwan Qinglongtou Yijing Longwan Project	2020-10-06	745,213	-	166,279	578,934
Tianjing Dexian Huaifu	2022-03-31	581,155	-	8,627	572,528
Luanping Anxinjiayuan	2021-06-30	484,023	-	627	483,396
Sanya Minmetals International Plaza	2022-12-26	529,143	-	51,274	477,869
MCC - Pazhishan International Resort Park (Phase I)	2022-05-18	478,777	-	3,894	474,883
Guanhu Phase I Project	2022-08-04	440,995	-	5,165	435,830
Baotou MCC Campus South Road Community Project	2022-06-02	515,047	127	81,919	433,255
Plot D-1, Gengyang New City	2021-12-31	377,150	19,059	39,227	356,982
Shanghai - Fengxianyuan Project Phase II	2022-06-30	534,861	439	192,917	342,383
MCC 39th Street Project	2019-09-30	420,950	12,054	104,579	328,425
MCC.Happy Chen	2022-06-27	333,407	2,057	13,940	321,524
Dalian International Business City	2014-12-31	308,002	-	20,422	287,580
Gengyang New City District V Phase II	2022-12-22	352,530	-	94,377	258,153
Beijing Daxing District Jiugong Green Belt Parcel A1 Project	2017-10-31	263,617	-	23,840	239,777
Hubei Huangshi-MCC Huangshi Park II	2021-12-31	222,727	24,494	16,737	230,484
Great Wall Ten Mile Spring Town Project	2022-10-31	248,729	-	25,396	223,333
Xi'an Zhongyue Chang'an Metropolis	2017-09-12	216,411	872	3,980	213,303
MCC - Wenqinyuan Project	2017-03-20	207,763	-	-	207,763
Others	/	3,355,380	1,148,598	1,347,654	3,156,324
Total	/	26,310,587	10,308,809	4,854,417	31,764,979

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories (Continued)

(1) Categories of inventories (Continued)

(b) Details of the completed properties held for sale (Continued)

Note 1: The inventories have been increased by RMB7,037,556,000 as MCC Real Estate Group Co., Ltd., one of the Company's subsidiaries, has acquired Beijing MCC Mingding Real Estate Development Co., Ltd, MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd, Zhuozhou MCC Mingda Real Estate Development Co., Ltd, and Zhuozhou MCC Mingshun Real Estate Development Co., Ltd.

Note 2: As at 30 June 2023, the total borrowing costs capitalized included in costs of properties development and development products were RMB10,872,695,000 (as at 31 December 2022: RMB10,503,391,000), where the capitalized amount of borrowing costs has been increased by an amount of RMB651,756,000 due to changes in scope of consolidation. For the six months ended 30 June 2023, the total borrowing costs capitalized were RMB267,074,000 (for the six months ending 30 June 2022: RMB729,729,000). The capitalization rates for determining the capitalized amount of borrowing costs were 2.75% – 5.98% (for the six months ended 30 June 2022: 2.75% – 7.80%).

(2) For the six months period ended 30 June 2023 changes in the impairment provision of inventories

All amounts in RMB'000

Items	31 December 2022	Increase		Decrease		Other changes	Balance at 30 June 2023
		Provision	Other changes	Reversals	Write-offs		
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	1,090,129	160,625	400,020	5	134,634	400,020	1,116,115

Inventories with title restriction as at 30 June 2023 are set out in Note VII 70.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. 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	1,818,894	171,460	1,647,434	2,167,042	186,582	1,980,460
Total	145,458,102	5,659,106	139,798,996	111,500,075	4,673,475	106,826,600

The engineering contracting services provided by the Group normally constitute the single performance obligation, which is required to be fulfilled in a certain period. The Group shall determine the implementation progress according to the proportion of actual cost in estimated total cost. Engineering contracting services require regular settlement with the client, and the related contract consideration vests the Group the right to charge the consideration, which will be reclassified to accounts receivables, to the client unconditionally after the completion of settlement. Under normal circumstances, there are some timing differences between the implementation progress and the settlement progress in engineering contracting. As at 30 June 2023, implementation progress of part of contracts exceeded the settlement progress, thus formed related contract assets, which shall be transferred into receivables after the completion of settlement.

For the engineering quality deposit arising from the settlement of engineering contracting services provided by the Group, the Group has the right to receive the consideration unconditionally from the customer upon the expiration of the guarantee period with no significant quality issues occurred therein. Such deposit constituted contract assets and was transferred into accounts receivable under the condition mentioned above.

(2) Provision for impairment of contract assets

All amounts in RMB'000

Items	Provision for impairment which is individually assessed	Provision for impairment by portfolios	Total
Provision impairment at 31 December 2022	1,726,065	2,947,410	4,673,475
Provision for the current period	354,025	1,005,579	1,359,604
Reversal for the current period	(122,042)	(252,603)	(374,645)
Other changes	–	672	672
Provision impairment at 30 June 2023	1,958,048	3,701,058	5,659,106
Carrying amount of contract assets at 30 June 2023	19,777,582	125,680,520	145,458,102

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Contract assets (Continued)

(3) West Australia SINO Iron Mining Project

In 2012, MCC Mining (Western Australia) Pty Ltd. ("Western Australia"), a wholly-owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons such as extreme weather condition in Australia and other unpredictable reasons. The owner of the project is CITIC Limited. The Group negotiated with China CITIC Group Ltd. ("CITIC Group", the parent company of CITIC Limited) for the project delay and the total contract price after cost overruns. CITIC Group and Western Australia signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be within USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD481 million (equivalent to approximately 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) 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 (Note VII 4(b) (i)) 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.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Non-current assets due within one year

All amounts in RMB'000

Item	30 June 2023	31 December 2022
Long-term receivables due within 1 year (Note VII 12)	5,418,243	4,896,108
Total	5,418,243	4,896,108

11. Other current assets

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Input VAT to be deducted	7,048,309	5,459,977
Prepayments of tax	3,121,214	2,073,170
Total	10,169,523	7,533,147

12. 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	51,397,422	43,224,382
Less: Provisions for credit losses of long-term receivables	2,717,660	2,486,631
Total book value	48,679,762	40,737,751
Including: Long-term receivables due within 1 year, net	5,418,243	4,896,108
Long-term receivables due over 1 year, net	43,261,519	35,841,643

At 30 June 2023, long-term receivables are presented on a net basis with the discount rates ranging from 3.65% to 5.05% (as at 31 December 2022: 3.65% to 4.90%).

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (Continued)

(2) Provision for credit losses of long-term receivables

As at 30 June 2023, changes in provision for credit losses based on the 12-month expected credit losses and expected lifetime credit losses on long-term receivables are as follows:

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit -impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provisions for credit losses at 31 December 2022	778,965	134,675	1,572,991	2,486,631
Transfer of opening balance for the current period	(70,355)	70,355	–	–
Provision for the period	266,324	36,886	–	303,210
Reversal for the period	(56,527)	(1,287)	(13,410)	(71,224)
Other changes	(957)	–	–	(957)
Provisions for credit losses at 30 June 2023	917,450	240,629	1,559,581	2,717,660

(3) Long-term receivables with title restriction as at 30 June 2023 are set out in Note VII 70.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments

For the six months period ended 30 June 2023

All amounts in RMB'000

Name of investee	Carrying amount at 31 December 2022	Movements for the current period							Carrying amount at 30 June 2023	Provision for impairment at 30 June 2023	
		Increase in investments	Decrease in investments	Share of profits/(losses)	Other comprehensive income	Other equity movements	Declaration of cash dividends or profits	Changes in scope of consolidation			Others
I. Joint ventures											
Guizhou Ziwang Highway Construction Co., Ltd.	1,538,907	-	-	31,404	-	-	-	-	-	1,570,311	-
Guizhou Sanli Highway Construction Co., Ltd.	1,486,595	-	-	7,830	-	-	-	-	-	1,494,425	-
Guizhou Sanshi Highway Construction Co., Ltd.	785,244	-	-	81,390	-	-	-	-	-	866,634	-
Zuhai Hengqin Headquarters Building Development Co., Ltd.	512,020	115,107	-	2,631	-	-	-	-	-	629,758	-
Chongqing-Hunan Double-track Highway Co., Ltd.	414,170	87,325	-	-	-	-	-	-	-	501,495	-
Shiyan Baoye Urban Construction Co., Ltd.	307,362	-	-	160	-	-	-	-	-	307,522	-
Zhongshan MCC Cuicheng Street Integrated Pipe Network Co., Ltd.	300,749	-	-	(12,553)	-	-	-	-	-	288,196	-
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd.	244,809	-	-	1,031	-	-	-	-	-	245,840	-
Ningguo Baoye City Construction Co., Ltd.	200,570	-	-	7,202	-	-	-	-	-	207,772	-
Others	2,823,100	252,600	-	(10,132)	-	12	(20,210)	(8,000)	243,135	3,280,505	219,720
Sub-total	8,613,526	455,032	-	108,963	-	12	(20,210)	(8,000)	243,135	9,392,458	219,720

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

For the six months period ended 30 June 2023 (Continued)

Name of investee	Carrying amount at 31 December 2022	Movements for the current period							Carrying amount at 30 June 2023	Provision for impairment at 30 June 2023	
		Increase in investments	Decrease in investments	Share of profits/ (losses)	Other comprehensive income	Other equity movements	Declaration of cash dividends or profits	Changes in scope of consolidation Others			
II. Associates											
Lanzhou Lianhuo Highway Qingzhong Section Construction and development Co., Ltd.	1,018,368	-	-	-	-	-	-	-	-	1,018,368	-
Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.	600,591	400,224	-	(800)	-	-	-	-	-	1,000,015	-
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	858,576	31,300	-	22	-	-	-	-	-	889,898	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	858,615	-	-	148	-	-	-	-	-	858,763	-
Chongqing Yunkai Expressway Co., Ltd.	745,005	41,811	-	-	-	-	-	-	-	786,816	-
Tangshan Stainless steel Co., Ltd.	665,198	-	-	(141)	-	(552)	-	-	-	664,505	-
Xiamen International Trade Exhibition Center Co., Ltd.	648,419	-	-	(939)	-	-	-	-	-	647,480	-
Hebei Steel Luan County Sijiyang Iron Ore Co., Ltd.	475,952	-	-	72,527	-	33	-	-	-	548,512	-
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	533,780	-	-	1,249	-	-	-	-	-	535,029	-
Sichuan Fazhan Guoye Construction Investment Co., Ltd.	316,583	40,000	-	6,096	-	-	-	-	-	362,679	-
Yunnan Lujiu Guangfu Expressway Investment Development Co., Ltd.	359,885	-	-	(4)	-	-	-	-	-	359,881	-
Gansu Gonghanglv Tongding Expressway Management Co., Ltd.	349,075	-	-	-	-	-	-	-	-	349,075	-
Chongqing Qianxin International Trade Co., Ltd.	341,052	-	-	2,489	(841)	-	-	-	-	342,700	-
Others	15,928,852	1,216,297	(230,575)	(82,902)	1,270	2,900	(13,034)	-	(243,135)	16,579,673	230,062
Sub-total	23,699,951	1,729,632	(230,575)	(2,255)	429	2,381	(13,034)	-	(243,135)	24,943,394	230,062
Total	32,313,477	2,184,664	(230,575)	106,708	429	2,393	(33,244)	(8,000)	-	34,335,852	449,782

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

For the six months period ended 30 June 2023 (Continued)

All amounts in RMB'000

Items	Provision for impairment at 31 December 2022	Increase	Decrease	Provision for impairment at 30 June 2023
I. Joint ventures				
Tianjin Zhongji Equipment Manufacture Co., Ltd	154,830	—	—	154,830
Ningcheng Hongda Mining Co., Ltd.	64,890	—	—	64,890
Sub-total	219,720	—	—	219,720
II. Associates				
Tianjin Seri Machinery Equipment Corporation Ltd.	98,855	—	—	98,855
Qiqihar North MCC Real Estate Co., Ltd.	51,308	—	—	51,308
Shanghai United Auto Avenue Development and Construction Co., Ltd.	38,736	—	—	38,736
Inner Mongolia MCC Debang Real Estate Co., Ltd.	23,168	—	—	23,168
Others	17,995	—	—	17,995
Sub-total	230,062	—	—	230,062
Total	449,782	—	—	449,782

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Investments in other equity instruments

(1) Investments in other equity instruments

All amounts in RMB'000

Items	Book value at 30 June 2023	Book value at 31 December 2022	Cash dividends recognized for the current period
Investments in non-trading equity instruments			
Including: Stock investments of listed companies	313,641	280,999	–
Equity investments of unlisted companies	753,789	658,926	1,698
Total	1,067,430	939,925	1,698

(2) Other notes

Since these investments are non-tradable equity instruments and the Group is not expected to sell them in the foreseeable future, the Group designates these investments as financial assets at fair value through OCI. The method for determining the fair values of investments in other equity instruments can be found in Note XI.

For the current period, the Group derecognized investments in other equity instruments, and transferred the accumulated gains from such investments previously included in other comprehensive income amounting to RMB428,000 to retained earnings. At the end of 30 June 2023, loss from changes in fair value of other equity instruments held by the Group that are other comprehensive income was RMB95,168,000 (Note VII 47).

15. Other non-current financial assets

All amounts in RMB'000

Items	Book value at 30 June 2023	Book value at 31 December 2022
Financial assets at FVTPL		
Including: Investment in unquoted fund products and trust products	3,899,039	4,397,366
Others	81,493	80,529
Total	3,980,532	4,477,895

Several subsidiaries of the Company were involved in structured entity arrangements. They invested in joint ventures and associates indirectly by purchasing funds and trusts. Relevant investments are measured at fair value through profit or loss. For further information, please refer to Note IX 4.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Investment properties

(1) Investment properties measured at cost

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Buildings and structures	Land use rights	Total
I. Total historical cost			
1. 31 December 2022	8,774,008	625,364	9,399,372
2. Increase	120,957	34,315	155,272
(1) Transferred from fixed assets	21,831	–	21,831
(2) Transferred from intangible assets	–	11,276	11,276
(3) Changes in scope of consolidation	24,461	–	24,461
(4) Changes of exchange rates	39,949	–	39,949
(5) Others	34,716	23,039	57,755
3. Decrease	39,939	–	39,939
(1) Transferred to fixed assets	16,424	–	16,424
(2) Others	23,515	–	23,515
4. 30 June 2023	8,855,026	659,679	9,514,705
II. Accumulated depreciation and amortization			
1. 31 December 2022	1,331,026	172,872	1,503,898
2. Increase	112,365	10,564	122,929
(1) Provision	98,568	6,617	105,185
(2) Transferred from fixed assets	11,687	–	11,687
(3) Transferred from intangible assets	–	3,947	3,947
(4) Changes of exchange rates	2,110	–	2,110
3. Decrease	622	–	622
(1) Transferred to fixed assets	194	–	194
(2) Others	428	–	428
4. 30 June 2023	1,442,769	183,436	1,626,205
III. Provision for impairment			
1. 31 December 2022	23,579	–	23,579
2. Increase	215	–	215
(1) Changes of exchange rates	215	–	215
3. 30 June 2023	23,794	–	23,794
IV. Total book value			
1. 30 June 2023	7,388,463	476,243	7,864,706
2. 31 December 2022	7,419,403	452,492	7,871,895

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Investment properties

(2) Investment properties of which certificates of title have not been obtained:

All amounts in RMB'000

Item	Book value	Reasons for title certificates outstanding
Buildings and structures	245,599	In process

Investment properties with title restriction as at 30 June 2023 are set out in Note VII 70.

17. Fixed assets

(1) Changes in fixed assets

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
I. Total historical cost:					
1. 31 December 2022	26,838,446	22,353,117	2,252,831	4,297,236	55,741,630
2. Increase	359,886	464,174	80,858	288,473	1,193,391
(1) Purchase	61,082	167,148	45,020	110,200	383,450
(2) Transferred from investment properties	16,424	-	-	-	16,424
(3) Transferred from construction in progress	19,534	11,676	10	1,305	32,525
(4) Transferred from inventories	60,405	-	-	-	60,405
(5) Changes of the scope of consolidation	-	-	99	18	117
(6) Changes of exchange rates	194,186	277,233	30,746	80,887	583,052
(7) Others	8,255	8,117	4,983	96,063	117,418
3. Decrease	114,720	271,211	86,854	77,819	550,604
(1) Disposal or write-off	88,296	196,647	86,018	36,409	407,370
(2) Transferred to investment properties	21,831	-	-	-	21,831
(3) Changes of exchange rates	1,031	3,009	603	249	4,892
(4) Others	3,562	71,555	233	41,161	116,511
4. 30 June 2023	27,083,612	22,546,080	2,246,835	4,507,890	56,384,417

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Fixed assets(Continued)

(1) Changes in fixed assets (Continued)

For the six months period ended 30 June 2023 (Continued)

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
II. Accumulated depreciation					
1. 31 December 2022	9,197,513	15,112,648	1,417,174	2,052,476	27,779,811
2. Increase	528,945	702,109	99,790	241,791	1,572,635
(1) Provision	459,139	497,925	86,419	139,548	1,183,031
(2) Transferred from investment properties	194	-	-	-	194
(3) Changes of exchange rates	68,065	202,031	12,466	22,770	305,332
(4) Others	1,547	2,153	905	79,473	84,078
3. Decrease	86,587	259,043	82,800	49,339	477,769
(1) Disposal or write-off	73,282	184,784	81,858	36,009	375,933
(2) Transferred to investment properties	11,687	-	-	-	11,687
(3) Changes of exchange rates	636	2,285	723	191	3,835
(4) Others	982	71,974	219	13,139	86,314
4. 30 June 2023	9,639,871	15,555,714	1,434,164	2,244,928	28,874,677
III. Provision for impairment					
1. 31 December 2022	1,212,479	1,193,229	27,659	117,339	2,550,706
2. Increase	38,041	13,459	507	4,259	56,266
(1) Provision	14,683	-	-	-	14,683
(2) Changes of exchange rates	9,117	13,459	507	4,259	27,342
(3) Others	14,241	-	-	-	14,241
3. Decrease	-	16,874	85	-	16,959
(1) Disposal or write-off	-	2,130	85	-	2,215
(2) Changes of exchange rates	-	459	-	-	459
(3) Others	-	14,285	-	-	14,285
4. At 30 June 2023	1,250,520	1,189,814	28,081	121,598	2,590,013
IV. Total book value					
1. 30 June 2023	16,193,221	5,800,552	784,590	2,141,364	24,919,727
2. 31 December 2022	16,428,454	6,047,240	807,998	2,127,421	25,411,113

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Fixed assets (Continued)

(2) Temporary idle fixed assets

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Historical cost	Accumulated depreciation	Provision for impairment	Book value	Notes
Buildings and structures	190,389	45,345	113,284	31,760	Idle or seasonal suspension
Machinery and equipment	27,755	5,692	20,859	1,204	Idle or seasonal suspension
Office equipment and others	8,251	4,566	1,680	2,005	Idle or seasonal suspension

(3) Fixed assets under operating leases

All amounts in RMB'000

Item	30 June 2023 Book value
Machinery equipment and others	28,493

(4) Fixed assets of which certificates of title have not been obtained

Fixed assets of which certificates of title have not been obtained as at 30 June 2023 are as follows:

All amounts in RMB'000

Item	book value	Reasons for title certificates outstanding
Buildings and structures	506,644	In process

(5) Fixed assets with title restriction as at 30 June 2023 are set out in Note VII 70.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Construction in progress

(1) Construction in progress analysed by category

All amounts in RMB'000

Category	30 June 2023	31 December 2022
Construction in progress	4,541,132	3,999,932
Materials for construction	69,659	77,415
Total	4,610,791	4,077,347

(2) Construction in progress

(a) Construction in progress

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
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	1,268,886	-	1,268,886	1,204,083	-	1,204,083
MCC Guangdong Shenzhen Qianhai Technology Building Project	667,878	-	667,878	526,727	-	526,727
Electronic information material transformation and upgrading project of Luoyang City, Henan Province	566,857	-	566,857	499,336	-	499,336
Courtyard Development and Reform Project of Central Research Institute of Building and Construction Co., Ltd.	484,747	-	484,747	487,881	-	487,881
Sichuan Chengdu MCC CISDI R&D and Design Centre	235,834	-	235,834	235,812	-	235,812
MCC 17 Technology Centre Building Project	199,523	-	199,523	199,523	-	199,523
Pakistan Mining Project	623,986	603,202	20,784	623,245	603,202	20,043
Others	1,171,578	74,955	1,096,623	837,753	11,226	826,527
Total	5,219,289	678,157	4,541,132	4,614,360	614,428	3,999,932

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Construction in progress (Continued)

(2) Construction in progress (Continued)

(b) Movements of the significant items of construction in progress in the current period

All amounts in RMB'000

Items	Budgeted amount	31 December 2022	Increase	Transfer to fixed assets/ Intangible assets	Other decreases	30 June 2023	Cost incurred as a percentage of budgeted amount (%)	Construction progress (%)	Accumulated capitalized borrowing costs	Including: Capitalized borrowing costs for the current period	Latest rate of borrowing costs capitalized for the current period (%)	Sources of fund
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	23,847,800	1,204,083	64,803	-	-	1,268,886	20.22	20.22	-	-	-	Self-raised funds
MCC Guangdong Shenzhen Qianhai Technology Building Project	3,382,174	526,727	141,151	-	-	667,878	63.72	63.72	218,287	24,736	4.19	Self-raised funds and loans from financial institutions
Electronic information material transformation and upgrading project of Luoyang City, Henan Province	1,083,383	499,336	67,821	-	300	566,857	71.33	71.33	10,154	-	-	Self-raised funds and loans from financial institutions
Courtyard Development and Reform Project of Central Research Institute of Building and Construction Co., Ltd.	1,000,000	487,881	12,781	-	15,915	484,747	95.00	95.00	15,476	-	-	Self-raised funds and loans from financial institutions
Sichuan Chengdu MCC CISDI R&D and Design Centre	766,550	235,812	22	-	-	235,834	32.45	32.45	-	-	-	Self-raised funds
MCC 17 Technology Centre Building Project	200,000	199,523	-	-	-	199,523	99.76	99.76	-	-	-	Self-raised funds
Pakistan Mining Project	654,962	623,246	740	-	-	623,986	96.30	96.30	1,197	-	-	Self-raised funds and loans from financial institutions
Others	5,893,430	837,752	376,949	32,895	10,228	1,171,578	/	/	-	-	/	/
Total	36,828,299	4,614,360	664,267	32,895	26,443	5,219,289	/	/	245,114	24,736	/	/

For the six months period ended 30 June 2023, impairment allowance of construction in progress accrued by the Group was RMB63,729,000 (For the six months period ended 30 June 2022, : nil). As at 30 June 2023, the provision for impairment of construction in progress of the Group amounted to RMB678,157,000 (As at 31 December 2022: RMB614,428,000).

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Construction in progress (Continued)

(3) Materials for construction

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Materials	24,008	33,400
Equipment	44,953	43,343
Tools and instruments prepared for production	673	648
Others	25	24
Total	69,659	77,415

19. Right-of-use assets

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Buildings and structures	Transportation vehicles	Machinery and equipment	Others	Total
I. Total historical cost:					
1. 31 December 2022	1,203,230	38,446	267,872	52,730	1,562,278
2. Increase	64,604	348	2	3,630	68,584
(1) New leases	57,969	348	–	2,571	60,888
(2) Changes of exchange rates	3,058	–	2	1,059	4,119
(3) Others	3,577	–	–	–	3,577
3. Decrease	54,369	100	1,044	–	55,513
(1) Disposal	54,369	100	1,044	–	55,513
4. 30 June 2023	1,213,465	38,694	266,830	56,360	1,575,349
II. Accumulated depreciation					
1. 31 December 2022	421,214	37,361	217,967	25,500	702,042
2. Increase	129,248	441	7,466	7,170	144,325
(1) Amortization	123,414	441	7,465	6,595	137,915
(2) Changes of exchange rates	1,253	–	1	575	1,829
(3) Others	4,581	–	–	–	4,581
3. Decrease	37,280	100	1,044	–	38,424
(1) Disposal	37,280	100	1,044	–	38,424
4. 30 June 2023	513,182	37,702	224,389	32,670	807,943
III. Book value					
1. 30 June 2023	700,283	992	42,441	23,690	767,406
2. 31 December 2022	782,016	1,085	49,905	27,230	860,236

For the current period, the Group's short-term leasing fee and assets with low value leasing fee, which are simplified and charged to current profits and losses, totaled RMB618,279,000.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Intangible assets

(1) Intangible assets

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Land use rights	Mining rights	Franchise	Software	Patent and proprietary technology	Trademark right	Total
I. Total historical cost							
1. 31 December 2022	7,967,090	4,006,438	16,857,950	998,432	235,389	270	30,065,569
2. Increase	29,350	105,166	841,909	55,676	790	-	1,032,891
(1) Purchase	27,484	6,688	841,909	55,000	314	-	931,395
(2) Transferred from construction in progress	-	-	-	370	-	-	370
(3) Changes of the scope of consolidation	-	-	-	11	-	-	11
(4) Change of exchange rate	1,866	98,478	-	295	476	-	101,115
3. Decrease	12,235	-	57,570	5,563	133	-	75,501
(1) Disposal or write-off	-	-	57,296	5,563	133	-	62,992
(2) Transferred to investment properties	11,276	-	-	-	-	-	11,276
(3) Change of exchange rate	959	-	-	-	-	-	959
(4) Others	-	-	274	-	-	-	274
4. 30 June 2023	7,984,205	4,111,604	17,642,289	1,048,545	236,046	270	31,022,959
II. Accumulated amortization							
1. 31 December 2022	1,921,328	58,882	2,775,075	664,381	116,319	270	5,536,255
2. Increase	83,728	553	313,605	49,540	13,697	-	461,123
(1) Amortization	83,728	385	313,605	49,187	13,367	-	460,272
(2) Change of exchange rate	-	168	-	294	330	-	792
(3) Others	-	-	-	59	-	-	59
3. Decrease	4,148	-	26,585	5,308	133	-	36,174
(1) Disposal or write-off	-	-	26,253	5,308	133	-	31,694
(2) Transferred to investment properties	3,947	-	-	-	-	-	3,947
(3) Change of exchange rate	201	-	-	-	-	-	201
(4) Others	-	-	332	-	-	-	332
4. 30 June 2023	2,000,908	59,435	3,062,095	708,613	129,883	270	5,961,204

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Intangible assets (Continued)

(1) Intangible assets (Continued)

For the six months period ended 30 June 2023 (Continued)

Items	Land use rights	Mining rights	Franchise	Software	Patent and proprietary technology	Trademark right	Total
III. Provision for impairment							
1. 31 December 2022	53,608	2,444,655	-	250	4,508	-	2,503,021
2. Increase	1,055	43,918	-	-	-	-	44,973
3. Decrease	760	-	-	-	-	-	760
4. 30 June 2023	53,903	2,488,573	-	250	4,508	-	2,547,234
IV. Book value							
1. 30 June 2023	5,929,394	1,563,596	14,580,194	339,682	101,655	-	22,514,521
2. 31 December 2022	5,992,154	1,502,901	14,082,875	333,801	114,562	-	22,026,293

As at 30 June 2023, the internally developed intangible assets as a percentage of total intangible assets of the Group were 0.37% (as at 31 December 2022: 0.40%).

As at 30 June 2023, the accumulated impairment provision for the Cape Lambert Iron Project intangible assets amounted to RMB2,468,075,000, including the provision for the decrease of exchange fluctuation of Australian dollars of RMB82,902,000. The related intangible assets belong to the resource development segment.

Intangible assets with title restriction as at 30 June 2023 are set out in Note VII 70.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Goodwill

(1) Change of original book value

For the six months period ended 30 June 2023

All amounts in RMB'000

Name of investee	31 December 2022	Changes	30 June 2023
MCC Finance Corporation Ltd.	105,032	–	105,032
Chengde Tiangong Architectural Design Co., Ltd.	33,460	–	33,460
MCC Minera Sierra Grande S.A.	16,772	(1,344)	15,428
China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd.	18,533	–	18,533
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	9,779	–	9,779
Beijing HaiKe Real Estate Development Co., Ltd.	6,477	–	6,477
Beijing Tianrun Construction Co., Ltd.	5,142	–	5,142
Shanghai WuGang Equipment Engineering Co., Ltd.	1,114	–	1,114
Chengdu Yexingrunda New Building Materials Co., Ltd.	1,162	–	1,162
Sub-total	197,471	(1,344)	196,127
Less: Provision for impairment	143,156	(1,344)	141,812
Total	54,315	/	54,315

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Goodwill (Continued)

(2) Provision for impairment of goodwill

For the six months period ended 30 June 2023

All amounts in RMB'000

Name of investee	31 December 2022	Decrease Disposal	30 June 2023
MCC Finance Corporation Ltd.	105,032	–	105,032
MCC Minera Sierra Grande S.A.	16,772	(1,344)	15,428
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	9,779	–	9,779
Beijing HaiKe Real Estate Development Co., Ltd.	6,477	–	6,477
China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd.	5,096	–	5,096
Total	143,156	(1,344)	141,812

When the Group performs impairment assessment on goodwill arising from business combination, the Group allocates the book value of goodwill to the asset group or portfolio that is expected to benefit from the synergistic effect of enterprise merger and evaluates the recoverable amount of the asset group or portfolio that contains the apportioned goodwill.

The recoverable value of the asset groups is calculated based on the present value of future cash flows which is approved by the management. The pre-tax discount rate of Chengde Tiangong Construction and Design Co., Ltd. is 15.00% (As at 31 December 2022: 15.00%). Cash flow projections during the forecast period for the asset groups are based on the expected growth rates and gross margins during the forecast period. Forecast growth rate is determined based on the expected growth rate of the industry. Forecast gross margin is determined based on past performance of the market and management's expectations. The recoverable value of the asset groups of the other subsidiaries is calculated based on the present value of future cash flows but is not significant to the Group.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Long-term prepayments

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Amortization	Other changes	30 June 2023
Improvements of leasehold	107,901	21,457	13,511	624	115,223
Repair expenditures	37,620	2,597	3,665	–	36,552
Insurance expenditures	7,445	–	1,400	(223)	6,268
Others	243,234	35,556	38,100	(819)	241,509
Total	396,200	59,610	56,676	(418)	399,552

23. Deferred tax assets/deferred tax liabilities

(1) *Deferred tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction*

All amounts in RMB'000

Items	30 June 2023		31 December 2022 (restated)	
	Deductible temporary differences/ tax losses	Deferred tax assets	Deductible temporary differences/ tax losses	Deferred tax assets
Impairment provision	33,085,027	5,460,159	30,220,123	5,137,206
Unrealized profit on inter-company transactions	1,844,713	424,364	1,842,682	425,316
Defined benefit plans	970,566	208,729	813,223	185,989
Lease liabilities	704,391	122,386	799,987	146,514
Accrued expenses	713,804	130,250	875,543	159,112
Deductible tax losses	550,518	94,158	532,428	91,548
Employee benefits payable	432,684	69,036	439,310	69,938
Changes in the fair values	384,092	60,045	364,391	58,452
Others	1,133,680	206,085	947,422	173,934
Total	39,819,475	6,775,212	36,835,109	6,448,009

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Deferred tax assets/Deferred tax liabilities (Continued)

(2) *Deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction*

All amounts in RMB'000

Items	30 June 2023		31 December 2022 (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	745,579	131,932	916,195	138,077
Fair value adjustments upon business combination not under common control	141,183	35,296	4,861	1,215
Changes in the fair value of investments of other equity instruments	181,103	28,356	173,741	24,470
Others	758,401	167,117	820,126	194,218
Total	1,826,266	362,701	1,914,923	357,980

(3) *Deferred tax assets and deferred tax liabilities presented on a net basis after offsetting*

All amounts in RMB'000

Items	30 June 2023		31 December 2022 (restated)	
	The offset amount of deferred tax assets and liabilities	Deferred tax assets and liabilities after offset	The offset amount of deferred tax assets and liabilities	Deferred tax assets and liabilities after offset
Deferred tax assets	243,798	6,531,414	179,457	6,268,552
Deferred tax liabilities	243,798	118,903	179,457	178,523

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Deferred tax assets/Deferred tax liabilities (Continued)

(4) Details of the Group's unrecognized deferred tax assets

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Deductible temporary differences	12,732,056	14,248,270
Deductible tax losses	8,759,470	6,849,549
Total	21,491,526	21,097,819

(5) Deductible tax losses that are not recognized as deferred tax assets will expire in the following years

All amounts in RMB'000

Year	30 June 2023	31 December 2022
2023	257,922	831,677
2024	1,234,126	1,253,410
2025	1,000,863	1,000,863
2026	1,350,973	1,431,377
2027	2,146,524	2,332,222
2028	2,769,062	–
Total	8,759,470	6,849,549

24. Other non-current assets

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Contract assets for PPP project	1,887,296	1,920,848
Warranty deposit	5,842,551	4,284,401
Pending treatment of foreclosed assets	810,573	798,988
Deposits for acquisition of assets	52,133	33,822
Others	86,704	59,999
Total	8,679,257	7,098,058

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Short-term borrowings

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Mortgaged loans (a)	678,584	635,518
Guaranteed loans (b)	52,529	–
Credit loans	41,619,607	19,557,360
Total	42,350,720	20,192,878

Illustration of the classification of short-term borrowings:

- (a) As at 30 June 2023, the mortgaged loans of RMB678,584,000 (as at 31 December 2022: RMB635,518,000) were secured by the mortgage of the Group's accounts receivable, inventories, investment properties, intangible assets and fixed assets in an aggregate carrying amount of RMB1,004,724,000 (as at 31 December 2022: RMB964,014,000).
- (b) As at 30 June 2023, the pledged loans of RMB52,529,000 (as at 31 December 2022: Nil) were secured by the pledge of the Group's accounts receivable in amount of RMB52,529,000 (as at 31 December 2022: Nil).

For the six months ended 30 June 2023, the weighted average annual interest rate for the above borrowings is 2.97% (For the six months ended 30 June 2022 : 3.29%). As at 30 June 2023, the Group did not have any significant overdue short-term borrowings.

26. Derivative financial liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Forward exchange contracts	49,666	34,216
Currency swap contracts	461,266	166,454
Total	510,932	200,670

27. 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	36,902,926	37,186,380

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. 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	230,345,733	187,160,134

(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	230,345,733	187,160,134

As at 30 June 2023, accounts payable of RMB50,739,905,000 (31 December 2022: RMB45,446,589,000) aged over one year were mainly due to project and materials payable, as both parties remained business transactions and the amount has not been settled.

29. Receipts in advance

All amounts in RMB'000

Item	30 June 2023	31 December 2022
Lease receipts in advance	115,048	92,382
Total	115,048	92,382

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Contract liabilities

(1) Contract liabilities analyzed by category

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	64,374,848	74,016,212

The contract liabilities of the Group mainly derives from engineering contracting service contracts, property sales contracts and sales contracts.

As presented in Note VII 9, the engineering contracting services provided by the Group require regular settlements with the customers. Under normal circumstances, there are some time differences among the implementation and settlement progress of the engineering contracting service contracts or the progress of receipt. As at 30 June 2023, the implementation progress of some engineering contracting service contracts lagged behind the settlement progress or receipt progress, which means the Group has acquired the contract consideration or the right to gain contract consideration unconditionally, thus forming the contract liabilities relating to engineering contracting services. For the six months period ended 30 June 2023, the Group recognized RMB47,087,058,000 in RMB64,682,231,000 of contract liabilities related to the engineering contracting service on 31 December 2022 as the engineering contracting income for the current period based on the performance of engineering contracting service contracts signed with clients, and the remaining amounts will be recognized when the Group performs its obligations for its clients in subsequent years.

Property sales contracts and the sales contracts of the Group are normally satisfied at a point in time. The Group will recognize revenue at the time of acquiring the control of the related goods. As at 30 June 2023, the implementation time of performance obligation of the Group in property sales contracts and the sales contracts were later than the payment time of the customers, thus forming the related contract liabilities of property sales contracts and the sales contracts.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Contract liabilities (Continued)

(1) Contract liabilities analyzed by category (Continued)

Other notes:

Contract liabilities formed by receipt of property sales amount in advance

All amounts in RMB'000

Items	30 June 2023	31 December 2022	Pre-sale percentage%	Estimated completion date
Dexian Mansion (Beijing East Dam)	1,113,058	–	60.00	2023-9-20
MCC Port Mansion	859,993	845,940	/	Completed
Shijiazhuang-MCC Dexian Mansion	711,439	277,868	21.27	2024-6-30
Baotou Dexian Mansion&Huafu	527,458	–	20.55	2026-12-31
Shanghai Jinshan District – MCC Fengjunyuan	451,907	659,584	/	Completed
Wuhan, Hubei – MCC Huangshi Park	187,789	162,546	/	Completed
MCC Xinglong New City Hongshijun	115,284	103,520	92.25	2027-12-31
MCC Mingcheng Project	104,113	4,030	6.87	2024-9-30
Qinhuangdao Dexian Mansion	103,482	–	53.00	2024-12-20
Tangshan MCC Dexian Mansion Project	100,794	9,331	22.70	2024-3-15
Others	1,990,405	2,929,872		
Total	6,265,722	4,992,691		

31. Employee benefits payable

(1) Employee benefits payable

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
I. Short-term employee benefits	1,913,529	11,371,666	11,015,885	2,269,310
II. Post-employment benefits – defined contribution plan	254,463	1,826,187	1,797,391	283,259
III. Termination benefits	22,636	20,388	24,343	18,681
IV. Other benefits	64,098	1,433,454	1,428,855	68,697
Total	2,254,726	14,651,695	14,266,474	2,639,947

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Employee benefits payable (Continued)

(2) Short-term employee benefits

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
I. Salaries, bonuses, allowances and subsidies	617,579	8,801,162	8,479,060	939,681
II. Staff welfare	18,077	529,898	529,533	18,442
III. Social insurance premiums	30,156	868,628	857,898	40,886
Including: Medical				
insurance	27,756	791,983	781,802	37,937
Work-related				
injury insurance	2,160	56,368	55,739	2,789
Maternity				
insurance	240	20,277	20,357	160
IV. Housing provident funds	96,503	940,639	925,024	112,118
V. Labor union expenditures and employees' education expenses	1,151,214	231,339	224,370	1,158,183
Total	1,913,529	11,371,666	11,015,885	2,269,310

(3) Defined contribution plan

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
1. Basic retirement insurance	90,190	1,252,908	1,235,700	107,398
2. Unemployment insurance	6,901	39,866	42,061	4,706
3. Supplementary pension	157,372	533,413	519,630	171,155
Total	254,463	1,826,187	1,797,391	283,259

The Group participated in the social insurance premiums plans set up by the government according to the regulations. According to the plan, the Group makes deposits into the plans according to the regulations. Other than the deposits mentioned above, the Group does not need to make any further payments. The corresponding expenses shall be charged to the profit or loss in the period as and when incurred.

For the current period, the Group made deposits amounting to RMB1,826,187,000 (for the period ended 30 June 2022: RMB1,625,604,000) to the defined contribution plan. As at 30 June 2023, there was a payable amount of RMB283,259,000 (as at 31 December 2022: RMB254,463,000).

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Taxes payable

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Value added tax	584,422	912,760
Enterprise income tax	1,509,327	1,734,309
Individual income tax	100,140	503,592
City maintenance and construction tax	56,508	70,150
Education surcharges	37,492	47,102
Land appreciation tax	1,871,751	1,805,090
Others	422,763	452,950
Total	4,582,403	5,525,953

33. 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	32,719,054	28,228,858

(2) Interest payable

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Interests payable on short-term borrowings	11,500	7,136
Others	418	4,003
Total	11,918	11,139

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other payables (Continued)

(3) 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	3,286,329	452,635

Dividends aged over one year but not settled yet amounted to RMB121,548,000. relevant subsidiaries are discussing with the relevant shareholders for the payments schedule.

(4) 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	29,420,807	27,765,084

On 30 June 2023, other payables aged over one year of RMB11,444,377,000 (31 December 2022: RMB11,784,214,000) were mainly guarantees and deposits payable collected by the Group. Since both parties remained business transactions, the amount has not been settled.

34. Non-current liabilities due within one year

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Long-term borrowings due within one year (Note VII 36)	6,509,585	10,981,364
Bonds payable due within one year (Note VII 37)	38,222	275,862
Lease liabilities due within one year (Note VII 38)	203,984	241,956
Long-term payables due within one year (Note VII 39)	27,259	119,285
Employee benefits payable due within one year (Note VII 40)	314,139	353,030
Provisions due within one year (Note VII 41)	116	10,247
Total	7,093,305	11,981,744

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Other current liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Amounts to be transferred to output VAT	22,534,215	19,004,712
Total	22,534,215	19,004,712

36. Long-term borrowings

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Pledged loans (a)	7,282,854	8,267,993
Mortgaged loans (b)	8,453,726	7,338,285
Guaranteed loans (c)	13,720	1,375,070
Credit loans	28,110,427	22,840,689
Total	43,860,727	39,822,037
Including: Long-term borrowings due within one year (Note VII 34)	6,509,585	10,981,364
Including: Pledged loans	761,650	1,873,081
Mortgaged loans	2,433,045	2,648,802
Guaranteed loans	13,720	1,368,218
Credit loans	3,301,170	5,091,263
Long-term borrowings due over one year	37,351,142	28,840,673

(a) As at 30 June 2023, long-term borrowings of RMB7,282,854,000 (as at 31 December 2022: RMB8,267,993,000) were secured by the pledge of the Group's accounts receivable, other receivables, long-term receivables, intangible assets and long-term equity investments in amount of RMB8,244,965,000 (as at 31 December 2022: RMB8,428,472,000).

(b) As at 30 June 2023, long-term borrowings of RMB8,453,726,000 (as at 31 December 2022: RMB7,338,285,000) were secured by the mortgage of the Group's intangible assets, fixed assets, investment properties, inventories and other assets in amount of RMB17,989,378,000 (as at 31 December 2022: RMB14,437,361,000).

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings (Continued)

(c) As at 30 June 2023, long-term borrowings of RMB13,720,000 were guaranteed by CMGC and the third party (as at 31 December 2022: RMB1,375,070,000).

All amounts in RMB'000

Maturity Date of long-term borrowings due over one year	30 June 2023	31 December 2022
1 to 2 years	12,193,373	8,463,854
2 to 5 years	16,178,670	11,590,926
Over 5 years	8,979,099	8,785,893
Total	37,351,142	28,840,673

For the six months ended 30 June 2023, the weighted average annual interest rate for the above borrowings is 4.04% (For the six months ended 30 June 2022 : 4.41%).

As at 30 June 2023, the Group did not have any significant overdue long-term borrowings.

37. Bonds payable

All amounts in RMB'000

Aging	30 June 2023	31 December 2022
Corporate debentures	2,022,453	227,083
Non-public targeted bond financing instruments	1,315,769	1,348,779
Total	3,338,222	1,575,862
Including: Bonds payable due within one year (Note VII 34)	38,222	275,862
Bonds payable due over one year	3,300,000	1,300,000

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Bonds payable (Continued)

For the six months ended 30 June 2023, the movements of bonds payable as follows:

All amounts in RMB'000

Name of bonds	Face value	Issue date	Term	Issue amount	31 December 2022	Issued in the current period	Interest accrued based on face value	Repaid in the current period	30 June 2023
Corporate debentures publicly issued by the Company in 2018 (first tranche) (a)	220,000	2018-05-07 to 2018-05-08	5 years	220,000	227,083	-	3,873	230,956	-
2022 first tranche of target debt financing instruments of MCC Real Estate Group Co., Ltd. (b)	1,300,000	2022-03-23 to 2022-03-24	3 years	1,300,000	1,348,779	-	29,260	62,270	1,315,769
First public Corporate Bond of MCC Real Estate Group Co., Ltd. to professional investors in 2023 (c)	2,000,000	2023-3-16 to 2023-3-17	5 years	2,000,000	-	2,000,000	22,453	-	2,022,453
Total	3,520,000			3,520,000	1,575,862	2,000,000	55,586	293,226	3,338,222

- (a) The Company issued corporate debentures on a public issuance basis from 7 May 2018 to 8 May 2018 at an equal price with the face value of RMB220,000,000 with a term of five years from issuance and interest bearing at a fixed rate of 4.98%. Interest will be paid every year and principal will be paid upon maturity date. As at 30 June 2023, the debentures were repaid.
- (b) MCC Real Estate Group Co., Ltd., one of the Company's subsidiaries, issued corporate debentures on a public issuance basis from 23 March 2022 to 24 March 2022 at an equal price with the face value of RMB1,300,000,000 with a term of three years from issuance and interest bearing at a fixed rate of 4.79%. Interest will be paid every year and principal will be paid upon maturity date.
- (c) MCC Real Estate Group Co., Ltd., one of the Company's subsidiaries, issued corporate bonds to professional investors on a public issuance basis from 16 March 2023 to 17 March 2023 at an equal price with the face value of RMB2,000,000,000 with a term of five years from issuance and interest bearing at a fixed rate of 4.21%. Interest will be paid every year and principal will be paid upon maturity date.

38. Lease liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Lease of buildings and structures	650,386	643,222
Other leases	72,798	167,734
Total	723,184	810,956
<i>Including: Lease liabilities due within one year (Note VII 34)</i>	203,984	241,956
Lease liabilities due over one year	519,200	569,000

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Lease liabilities (Continued)

All amounts in RMB'000

Maturity Date of lease liabilities	30 June 2023	31 December 2022
1st year after the balance sheet date	225,778	265,675
2nd year after the balance sheet date	175,181	198,779
3rd year after the balance sheet date	112,978	108,562
Subsequent years	304,405	331,758
Total minimum lease payments	818,342	904,774
Less: Unrecognized financing cost	95,158	93,818
Total lease liabilities	723,184	810,956

39. Long-term payables

(1) Presentation of long-term payables

All amounts in RMB'000

Categories	30 June 2023	31 December 2022
Long-term payables	725,142	579,566
Special payables	35,871	35,443
Total	761,013	615,009

(2) Long-term payables

(a) Long-term payables disclosed by nature

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Housing maintenance fee payables	41,272	42,417
Amounts due to funds	376,858	376,858
Others	334,271	279,576
Total	752,401	698,851
Including: Long-term payables due within one year (Note VII 34)	27,259	119,285
Long-term payables due over one year	725,142	579,566

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payables (Continued)

(2) Long-term payables (Continued)

(b) Analysis of the maturity profile of long-term payables due over one year

All amounts in RMB'000

Maturity Date	30 June 2023	31 December 2022
1 to 2 years	170,959	37,293
2 to 5 years	100,448	97,838
Over 5 years	453,735	444,435
Total	725,142	579,566

(3) Special payables

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
Special payables for water/ power/gas supply and property (Note)	30,637	–	–	30,637
Others	4,806	633	205	5,234
Total	35,443	633	205	35,871

Note: The Group has commenced the transfer of water/power/gas supply and property with the received special payables for water/power/gas supply and property aggregated to the special payables for settlement, in accordance with the Notice of Rewarding the Guidance on the Separation and Transfer of Water/Power/Gas Supply and Property in Residential Quarters for Employees of the State-owned Enterprises by State-owned Assets Supervision and Administration Commission of the State Council, the MOF from the General Office of the State Council (Guo Ban Fa [2016] No.45), and the Management of Central Government Grants on the Separation and Transfer of Water/Power/Gas Supply and Property to Employees and Their Relatives of Central Enterprises (Cai Zi [2016] No.38) and other related management documents.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term employee benefits payable

(1) Long-term employee benefits payable

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Post-employment benefits -Net liabilities arising from defined benefit plans	3,806,127	3,859,784
Including: Long-term employee benefits payable due within one year (Note VII 34)	314,139	353,030
Long-term employee benefits payable due over one year	3,491,988	3,506,754

(2) Movements in the defined benefit plans

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Opening balance	3,859,784	4,219,145
II. Defined benefit costs recognized in profit or loss	61,562	67,390
1. Past service cost	9,938	8,779
2. Net interest expense	51,624	58,611
III. Defined benefit costs recognized in other comprehensive income	67,481	82,891
1. Actuarial losses	67,481	82,891
IV. Other movements	(182,700)	(190,011)
1. Benefits paid	(182,700)	(190,011)
V. Closing balance	3,806,127	4,179,415

The RMB2,299,754,000 of the balance of defined benefit plan is a supplementary retirement benefit for employees who retired before 31 December 2007 and RMB1,506,373,000 is a supplementary retirement benefit for employees who retire before 31 December 2023. The retirement benefits received depend on the position, seniority, salary of the staff when the staff retires. The Group's supplementary retirement benefits obligation at the balance sheet date is calculated by an external independent actuary "Towers Watson Consulting (Shanghai) Co., Ltd." using projected unit credit actuarial cost method.

Defined benefits plan exposes the Group to various risks, mainly including the risk of change of interest rate of treasury bonds, inflation rate risk, and risk of the increase in life expectancy. The decrease of the interest rate of treasury bonds will increase the defined benefit plan obligations. The Group is of the view that the interest rate of treasury bonds will not have significant fluctuations in the future. The changes of inflation rate will have impact on the significant assumptions of the living costs of the underlying staff and dependents, and the growth rate of the staff medical expense reimbursements. The Group believes these risks are not significant. The increase of the life expectancy will increase the defined benefit plan obligations.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term employee benefits payable (Continued)

(2) Movements in the defined benefit plans (Continued)

The principal assumptions used for the purposes of the actuarial valuations as below:

Items	30 June 2023	31 December 2022
Discount rate	2.75%	3.00%
Mortality rate	CLA CL5/ CL6 up 3	CLA CL5/ CL6 up 3
Annual growth rate of living cost for retirement staff and survivors	4.50%	4.50%
Annual growth rate of various employee medical expense reimbursement	8.00%	8.00%

41. Provisions

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
Pending litigations (a)	352,205	106,770	235,322	223,653
Product quality warranties (b)	17,606	3,950	8,357	13,199
Restoration, rehabilitation and environmental provision (c)	209,971	8,200	376	217,795
Onerous contract to be performed (d)	313,836	5,168	88,037	230,967
The separation and hand-over cost of "Special payables for water/power/gas supply and property" (e)	123,423	—	1,946	121,477
Others	74,949	195	687	74,457
Total	1,091,990	124,283	334,725	881,548
Including: Provisions due within one year (Note VII 34)	10,247			116
Provisions due over one year	1,081,743			881,432

(a) Because of the verdict of losing a lawsuit, the Group needed to bear the present obligations of the pending litigations, and that an outflow of resources would be required to settle these obligations and the amount had been reliably estimated.

(b) According to the sales contract, the Group needed to bear the present obligations of the product quality warranties, and an outflow of resources would be required to settle this obligation and the amount had been reliably estimated.

(c) According to the resource development contract, the Group needed to bear the present obligations of the restoration of the environment, and that an outflow of resources would be required to settle this obligation and the amount had been reliably estimated.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Provisions (Continued)

- (d) According to the onerous contract to be performed, the Group needed to bear the present obligations arising from the Group's payment for expected contract loss, and an outflow of economic benefits would be required to settle this obligation and the amount could be reliably estimated.
- (e) In accordance with the requirement of Guo Ban Fa [2016] No.45, Cai Zi [2016] No.38, and other related management documents, the Group shall bear the current obligation formed during the separation and hand-over of "Special payables for water/power/gas supply and property". An outflow of resources would be required to settle this obligation and the amount had been reliably estimated.

42. Deferred Income

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
Government grants	970,079	86,954	60,374	996,659
Others	108,474	18,166	9,255	117,385
Total	1,078,553	105,120	69,629	1,114,044

The government grants related to assets mainly include the investment subsidies for the purchase of new equipment and other production infrastructure; the government grants related to profits mainly include research subsidies.

43. Other non-current liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Land demolition compensation	380,000	380,000
Others	80,385	80,361
Total	460,385	460,361

44. Share Capital

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Unrestricted shares		
RMB ordinary shares	17,852,619	17,852,619
Foreign shares listed overseas	2,871,000	2,871,000
Total shares	20,723,619	20,723,619

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other equity instruments

All amounts in RMB'000

Name of outstanding financial instruments	30 June 2023		31 December 2022	
	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount
Renewable Financing Instruments of Generali China Asset Management in 2019	/	3,000,000	/	3,000,000
Renewable Financing Instruments of Kunlun Trust in 2019	/	8,000,000	/	8,000,000
Public Offering of Renewable Corporate Bonds in 2020 (First Tranche)	–	–	2,000	2,000,000
Public Offering of Renewable Corporate Bonds in 2020 (Second Tranche)	–	–	1,000	1,000,000
Renewable Financing Instruments of Bairui Trust in 2020	/	1,500,000	/	1,500,000
Renewable Financing Instruments of Zhongyuan Wealth Growth No.1152 Tranche in 2021	/	500,000	/	500,000
No.778 Renewable Financing Instruments of Barry Hengyi in 2021	/	500,000	/	500,000
No.778 (02) Renewable Financing Instruments of Barry Hengyi in 2021	/	200,000	/	200,000
2021 MCC MTN001	2,000	2,000,000	2,000	2,000,000
2021 MCC MTN002	2,000	2,000,000	2,000	2,000,000
2021 MCC MTN003	2,000	2,000,000	2,000	2,000,000
2021 MCC MTN004	500	500,000	500	500,000
2022 MCC MTN001	2,000	2,000,000	2,000	2,000,000
2022 MCC MTN002	2,000	2,000,000	2,000	2,000,000
2022 MCC MTN003	1,300	1,300,000	1,300	1,300,000
2023 MCC MTN001	2,000	2,000,000	–	–
2023 MCC MTN002	2,000	2,000,000	–	–
2023 MCC MTN003	2,000	2,000,000	–	–
2023 MCC MTN004	2,000	2,000,000	–	–
2023 MCC MTN005	2,000	2,000,000	–	–
2023 MCC MTN006	2,000	2,000,000	–	–
2023 MCC MTN007	2,000	2,000,000	–	–
2023 MCC MTN008	2,000	2,000,000	–	–
2023 MCC MTN009	2,000	2,000,000	–	–
Total	/	43,500,000	/	28,500,000

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other equity instruments (Continued)

All amounts in RMB'000

Name of financial instruments	Issue date	Dividend rate or interest rate	Issue amount	Maturity date or renewal	Condition for share conversion	Conversion
Renewable Financing Instruments of Generali China Asset Management in 2019	2019-06-28, 2019-07-09	5.30%	3,000,000	Not yet due	None	No
Renewable Financing Instruments of Kunlun Trust in 2019	2019-09-05	5.20%	8,000,000	Not yet due	None	No
Renewable Financing Instruments of Bairui Trust in 2020	2020-12-17	4.99%	1,500,000	Not yet due	None	No
Renewable Financing Instruments of Zhongyuan Wealth Growth No.1152 Tranche in 2021	2021-12-29	4.95%	500,000	Not yet due	None	No
No.778 Renewable Financing Instruments of Barry Hengyi in 2021	2021-12-17	4.90%	500,000	Not yet due	None	No
No.778 (02) Renewable Financing Instruments of Barry Hengyi in 2021	2021-12-30	4.90%	200,000	Not yet due	None	No
2021 MCC MTN001	2021-07-26 to 2021-07-27	3.55%	2,000,000	Not yet due	None	No
2021 MCC MTN002	2021-08-17 to 2021-08-18	3.47%	2,000,000	Not yet due	None	No
2021 MCC MTN003	2021-08-24 to 2021-08-25	3.50%	2,000,000	Not yet due	None	No
2021 MCC MTN004	2021-12-28 to 2021-12-29	3.30%	500,000	Not yet due	None	No
2022 MCC MTN001	2022-12-7 to 2022-12-8	4.18%	2,000,000	Not yet due	None	No
2022 MCC MTN002	2022-12-14 to 2022-12-15	4.23%	2,000,000	Not yet due	None	No
2022 MCC MTN003	2022-12-21 to 2022-12-22	4.12%	1,300,000	Not yet due	None	No
2023 MCC MTN001	2023-2-8 to 2023-2-9	3.57%	2,000,000	Not yet due	None	No
2023 MCC MTN002	2023-2-10 to 2023-2-13	3.52%	2,000,000	Not yet due	None	No
2023 MCC MTN003	2023-2-15 to 2023-2-16	3.45%	2,000,000	Not yet due	None	No
2023 MCC MTN004	2023-2-17 to 2023-2-20	3.52%	2,000,000	Not yet due	None	No
2023 MCC MTN005	2023-3-8 to 2023-3-9	3.37%	2,000,000	Not yet due	None	No
2023 MCC MTN006	2023-3-10 to 2023-3-13	3.36%	2,000,000	Not yet due	None	No
2023 MCC MTN007	2023-3-15 to 2023-3-16	3.37%	2,000,000	Not yet due	None	No
2023 MCC MTN008	2023-3-17 to 2023-3-20	3.36%	2,000,000	Not yet due	None	No
2023 MCC MTN009	2023-3-22 to 2023-3-23	3.35%	2,000,000	Not yet due	None	No
Total	/	/	43,500,000	/	/	/

As it is at the discretion of the Company to decide whether to redeem the above-mentioned medium-term notes or defer payments on the above-mentioned corporate bonds and renewable financing instruments, the above-mentioned renewable financing instruments' perpetuity remains in effect. Unless otherwise dictated by a compulsory interest payment occurrence that is independently decided and consequently controlled by the Company, the Company can choose, at its own discretion, to defer the current interest payment and previous deferred interests and related yields to next interest payment date without any limitation on the number of deferred interest payments, and the repayment order of such renewable financing instruments at the settlement is inferior to that of ordinary bonds and other debts issued by the Company. The Company believes that such renewable financing instruments do not meet the definition of financial liabilities and are accounted for as other equity instruments subsequent to deduction of related transaction costs from the total issue amount.

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other equity instruments (Continued)

MCC Holding (Hong Kong) Corporation Limited, one of the Company's subsidiaries, issued overseas perpetual bonds in 2020 and 2021. The amounts received after deducting relative transaction costs are recognized in other equity instruments and presented under the item of minority interests in the consolidated financial statements. In 2023, MCC Holding (Hong Kong) Corporation Limited redeemed the perpetual bonds issued in 2020, resulting in a reduction in non-controlling interests in the Group's consolidated financial statements of RMB6,892,172,000 as at 30 June 2023. At 30 June 2023, the closing balance of this non-controlling interest are RMB3,246,700,000.

46. Capital reserve

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	30 June 2023
Share premium	22,467,142	—	—	22,467,142
Other capital reserve	134,450	7,466	13,115	128,801
Total	22,601,592	7,466	13,115	22,595,943

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. 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	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	(20,845)	(33,189)	(428)	(53,606)
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	1,105,316	207,384	–	1,312,700
Total	1,084,471	174,195	(428)	1,259,094

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Other comprehensive income (Continued)

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
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	293,961	–	204,833	89,128
Total	267,815	10,217	174,195	83,403

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Special reserve

For the six months period ended 30 June 2023

All amounts in RMB'000

Item	31 December 2022	Increase	Decrease	30 June 2023
Production safety fee	119,813	5,442,657	5,216,976	345,494
Total	119,813	5,442,657	5,216,976	345,494

49. Surplus reserve

For the six months period ended 30 June 2023

All amounts in RMB'000

Item	31 December 2022	Increase	Decrease	30 June 2023
Statutory surplus reserve	2,976,424	–	–	2,976,424
Total	2,976,424	–	–	2,976,424

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company appropriated 10% of the net profit to the statutory surplus reserve. When the accumulated amount of statutory surplus reserve reaches 50% of the Company's registered capital, further appropriation will not be mandatory. Upon the approval of the board, the statutory surplus reserve can be used to offset previous years' losses or increase the share capital.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Retained earnings

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period (Restated)
Retained earnings at the beginning of the period	45,102,415	37,954,521
Impact of changes in accounting policies	7,927	4,097
Retained earnings at the beginning of the period	45,110,342	37,958,618
Add: Net profit attributable to shareholders of the parent company	7,217,536	5,872,872
Other comprehensive income carried forward to retained earnings	(428)	325
Others	5,497	–
Less: Appropriation to surplus reserve	–	–
Distribution of dividends on ordinary shares (a)	1,720,060	1,616,442
Distribution of interest on perpetual bonds classified as equity instrument (b)	1,742,693	985,659
Retained earnings at the end of the period	48,870,194	41,229,714

As at 30 June 2023, retained earnings of the Group included statutory surplus reserve of subsidiaries of the parent company amounting to RMB17,341,284,000 (as at 31 December 2022: RMB17,341,284,000).

(a) In accordance with the resolution at the 2022 annual general meeting of shareholders on 26 June 2023, a final cash dividend of RMB0.83 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB1,720,060,000. This dividend has been paid as of 30 August 2023.

(b) For the current period, the Company distributed interest on perpetual bonds amounting to RMB1,742,693,000 (for the period ended 30 June 2022: RMB985,659,000). On 30 June 2023, retained earnings included no interest belonging to the perpetual bond holders (as at 31 December 2022: Nil).

51. Operating revenue and operating costs

(1) Operating revenue and operating costs

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	333,810,924	303,111,463	288,719,325	261,914,974
Other business	647,936	358,814	482,417	275,246
Total	334,458,860	303,470,277	289,201,742	262,190,220

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Operating revenue and operating costs (Continued)

(1) Operating revenue and operating costs (Continued)

All amounts in RMB'000

Items	Amount for the current period Operating revenue	Amount for the prior period Operating revenue
Revenue from contracts with customers	334,024,081	288,882,117
Leasing income	434,779	319,625
Total	334,458,860	289,201,742

(2) The segment information of operating revenue

For the six months period ended 30 June 2023

All amounts in RMB'000

Reporting segment	Engineering contracting	Property development	Equipment manufacture	Resource development	Other	Total
Major product type						
Engineering construction	299,652,955	1,986,490	3,627,293	-	6,956	305,273,694
Design and consulting services	3,963,045	-	-	-	1,002	3,964,047
Product sales	1,935,873	5,169,129	1,572,586	3,503,291	-	12,180,879
Others	10,052,918	459,797	1,280,454	655,374	156,918	12,605,461
Total	315,604,791	7,615,416	6,480,333	4,158,665	164,876	334,024,081
Time of revenue recognition						
Recognition of revenue at a certain point in time	9,557,359	5,368,272	2,814,870	4,158,665	156,918	22,056,084
Recognition of revenue within a certain period of time	306,047,432	2,247,144	3,665,463	-	7,958	311,967,997
Total	315,604,791	7,615,416	6,480,333	4,158,665	164,876	334,024,081

The engineering contracting services provided by the Group generally constitutes a single performance obligation as a whole and is performed over time. As at 30 June 2023, some of the Group's engineering contracting service contracts were still in the process of performance, the transaction price allocated to the outstanding (or partially unperformed) performance obligations are related to the performance progress of each service contract, and will be recognized as revenue in the future performance period of each contract based on the performance progress.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Operating revenue and operating costs (CONTINUED)

(1) Operating revenue from the five largest customers of the Group

The total amount of operating revenue from the five largest customers of the Group is RMB12,365,025,000 (for the period ended 30 June 2022: RMB11,300,452,000), accounting for 3.70% of the total operating revenue of the Group (for the six months period ended 30 June 2022: 3.90%). The details are set out below:

All amounts in RMB'000

Customers	Operating revenue	As a percentage of total operating revenue of the Group (%)
Party 1	2,897,140	0.87
Party 2	2,560,388	0.77
Party 3	2,415,430	0.72
Party 4	2,320,206	0.69
Party 5	2,171,861	0.65
Total	12,365,025	3.70

52. Taxes and levies

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
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
Total	995,124	910,603

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Selling expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
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
Total	1,392,314	1,227,620

54. Administrative expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
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	5,425,525	4,939,714

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Research and development expenditure

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Research and development material expenditure	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	9,089,092	7,638,329

56. Financial expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
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
Total	248,599	109,355

57. Other income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Tax returns	59,093	60,824
Research subsidies	13,276	17,285
Others	122,843	106,622
Total	195,212	184,731

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Investment losses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
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 (Note)	(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 (Note)	(709,780)	(536,947)
Others	(23,669)	(261)
Total	(701,874)	(813,722)

Note: For the current period, the Group's investment losses due to the transfer of receivables at FVTOCI to financial institutions in the form of discounted financing, and the transfer of accounts receivable measured by amortized cost to financial institutions in the form of non-recourse protection factoring and asset securitization were RMB178,040,000 and RMB709,780,000 (for the six months period ended 30 June 2022: RMB222,466,000 and RMB536,947,000).

59. Losses from changes in fair values

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Losses arising on changes in fair value of financial assets held-for-trading	(96)	(283)
Losses arising on changes in fair value of derivative financial assets	–	(57,196)
Losses arising on changes in fair value of derivative financial liabilities	(319,605)	(73,692)
(Losses)/Gains arising on changes in fair value of other non-current financial assets	(8,682)	476
Total	(328,383)	(130,695)

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Credit impairment losses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Loss/(reversal) from impairment of bills receivable (Note VII 3(4))	(20,979)	86,574
Loss from impairment of accounts receivable (Note VII 4(3))	(1,170,361)	(1,023,259)
Loss from impairment of other receivables (Note VII 7(4) (c))	(407,976)	(528,568)
Loss from impairment of long-term receivables (Note VII 12(2))	(231,986)	(137,949)
Total	(1,831,302)	(1,603,202)

61. Impairment losses of assets

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Loss from impairment of contract assets (Note VII 9(2))	(984,959)	(1,095,967)
Loss from impairment of long-term equity investments	–	(171,447)
Loss from impairment of fixed assets (Note VII 17(1))	(14,683)	(44,962)
Loss from impairment of inventories (Note VII 8(2))	(160,620)	(3,549)
Loss from impairment of construction in progress (Note VII 18(2))	(63,729)	–
Loss from impairment of other non-current assets	(26,792)	–
Total	(1,250,783)	(1,315,925)

62. Gains on disposal of assets

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Gains on disposal of fixed assets	25,300	14,626
Gains on disposal of intangible assets	7,560	32,666
Gains on disposal of other long-term assets	1,099	56,489
Total	33,959	103,781

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Non-operating income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Income from penalty	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	69,728	116,214	69,728

64. Non-operating expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Compensation and default payments	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	125,908	78,652	125,908

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Expenses categorized by nature

The supplementary information on the Group's operating costs, selling expenses, administrative expenses as well as research and development expenses by nature is summarized as follows:

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Subcontracting costs	159,084,191	125,612,709
Consumed raw materials	99,044,378	94,031,997
Labor costs	22,993,059	19,275,776
Employee benefits	14,661,633	14,126,409
Carry-forward of cost of property development products	4,694,907	6,218,893
Other construction costs	4,091,958	4,222,040
Construction measures expenses	2,657,000	2,197,918
Depreciation and amortization expenses	1,943,079	1,923,375
Others	10,207,003	8,386,766
Total	319,377,208	275,995,883

66. Income tax expenses

(1) Income tax expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period (Restated)
Current period tax expenses	1,553,515	1,634,872
Deferred tax expenses	(333,911)	(342,943)
Total	1,219,604	1,291,929

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Income tax expenses (Continued)

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period (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	1,219,604	1,291,929

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.

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Earnings per share

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period (Restated)
Net profit for the current period attributable to shareholders of the Company	7,217,536	5,872,872
Including: Net profit from continuing operations	7,217,536	5,872,872
Less: Net profit attributable to the perpetual bonds holders	1,742,693	985,659
Net profit for the current period attributable to ordinary shareholders	5,474,843	4,887,213

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

All amounts in thousand shares

Items	Amount for the current period	Amount for the prior period (Restated)
Number of ordinary shares outstanding at the beginning of the period	20,723,619	20,723,619
Add: Weighted average number of ordinary shares issued during the period	–	–
Less: Weighted average number of ordinary shares repurchased during the period	–	–
Number of ordinary shares outstanding at the end of the period	20,723,619	20,723,619

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Earnings per share (Continued)

(3) Earnings per share

Items	<i>RMB/share</i>	
	Amount for the current period	Amount for the prior period (Restated)
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	0.26	0.24
Diluted earnings per share	0.26	0.24
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	0.26	0.24
Diluted earnings per share	0.26	0.24
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

68. Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Items	<i>All amounts in RMB'000</i>	
	Amount for the current period	Amount for the prior period
Receipts of deposits and guarantee funds	1,178,070	1,420,298
Interest income	686,046	354,738
Government grants	183,531	196,208
Others	99,644	462,126
Total	2,147,291	2,433,370

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Notes to items in the cash flow statements (Continued)

(2) Other cash payments relating to operating activities

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Research and development expenses	6,746,384	5,455,259
change in restricted deposits	2,416,863	255,934
Travelling expenses	325,076	217,355
Office expenses	191,348	265,929
Professional service fees	189,079	185,406
Advertising and sales expenses	174,624	185,956
Lease rentals	154,029	125,968
Advances and others	1,671,567	1,394,739
Total	11,868,970	8,086,546

(3) Other cash receipts relating to investing activities

All amounts in RMB'000

Item	Amount for the current period	Amount for the prior period
Repayment of loans from related parties	324,835	2,023,262
Interest income from loans	192,033	757,823
Total	516,868	2,781,085

(4) Other cash payments relating to investing activities

All amounts in RMB'000

Item	Amount for the current period	Amount for the prior period
Providing loans to related parties and others	22,935	780,032
Total	22,935	780,032

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Notes to items in the cash flow statements (Continued)

(5) Other cash receipts relating to financing activities

All amounts in RMB'000

Item	Amount for the current period	Amount for the prior period
Loans and others	35,858	178,000
Total	35,858	178,000

(6) Other cash payments relating to financing activities

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Redemption of perpetual medium-term notes and perpetual bonds	9,929,100	–
Repayment of investment funds to non-controlling shareholders	–	2,080,000
Repayment of loans to related parties	313,483	120,000
payment of lease liabilities	151,355	113,324
Total	10,393,938	2,313,324

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. Supplementary information to the cash flow statements

(1) Supplementary information to the cash flow statements

All amounts in RMB'000

Supplementary information	Amount for the current period	Amount for the prior period (Restated)
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	8,678,974	7,356,502
Add: Provision for impairment losses of assets and credit losses	3,082,085	2,919,127
Depreciation of fixed assets and right-of-use assets, and amortization of investment properties	1,426,131	1,452,473
Amortization of intangible assets	460,272	427,907
Amortization of long-term prepayments	56,676	42,995
Gains on disposal of fixed assets, intangible assets and other long-term assets	(33,959)	(103,781)
Net losses on write-off of fixed assets	3,875	3,775
Losses from changes in fair value	328,383	130,695
Financial expenses	1,027,446	934,698
Investment (incomes)/losses	(185,946)	53,914
Increase in deferred tax assets	(338,300)	(346,797)
Increase in deferred tax liabilities	4,389	3,854
Decrease in inventories	1,320,933	3,776,639
Increase in contract assets	(33,954,171)	(27,505,750)
Decrease in contract liabilities	(11,527,799)	(15,422,077)
Increase in receivables from operating activities	(24,102,975)	(12,715,711)
Increase in payables from operating activities	39,237,567	39,159,245
Net cash flows (used in)/from operating activities	(14,516,419)	167,708
2. Net changes in cash and cash equivalents		
Closing balance of cash	47,673,526	52,290,370
Less: Opening balance of cash	33,468,217	31,216,824
Net increase in cash and cash equivalents	14,205,309	21,073,546

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. Supplementary information to the cash flow statements (Continued)

(2) The composition of cash and cash equivalents

All amounts in RMB'000

Items	30 June 2023	31 December 2022
I. Cash	47,673,526	33,468,217
Including: Cash on hand	9,716	11,004
Bank deposits without restriction	47,663,810	33,457,213
II. Closing balance of cash and cash equivalents	47,673,526	33,468,217

70. Assets with title or right-of-use restrictions

All amounts in RMB'000

Items	30 June 2023	Reasons
Cash and bank balances	14,434,059	Freeze/Regulated
Bills receivable	219,581	Pledge
Bills receivable	3,239,798	Endorsed or discounted
Accounts receivable	1,323,521	Pledge
Other receivables	745,777	Pledge
Long-term receivables	1,745,351	Pledge
Receivables at FVTOCI	2,251,392	Pledge
Inventories	17,079,247	Mortgage
Investment properties	1,029,767	Mortgage
Fixed assets	279,104	Mortgage/Freeze
Intangible assets	4,170,053	Mortgage/Freeze
Other non-current assets	129,955	Pledge
Total	46,647,605	/

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. Foreign currencies denominated items

(1) Foreign currencies denominated items

All amounts in RMB'000

Items	Foreign currency at 30 June 2023	Exchange rate	RMB at 30 June 2023
Cash and bank balances			4,976,457
Including: USD	488,612	7.2258	3,530,613
IDR	943,805,197	0.000482	454,914
HKD	120,682	0.9220	111,269
EUR	6,913	7.8771	54,454
AUD	48,129	4.7992	230,981
GBP	383	9.1432	3,502
Others	/	/	590,724
Accounts receivable			4,031,074
Including: USD	359,202	7.2258	2,595,522
HKD	73,757	0.9220	68,004
EUR	3,211	7.8771	25,293
GBP	821	9.1432	7,507
Others	/	/	1,334,748
Other receivables			2,662,136
Including: USD	14,035	7.2258	101,414
HKD	321,072	0.9220	296,028
SGD	269,768	5.3442	1,441,694
Others	/	/	823,000
Short-term borrowings			2,193,158
Including: SGD	369,805	5.3442	1,976,312
Others	/	/	216,846
Accounts payable			3,193,289
Including: USD	326,019	7.2258	2,355,748
HKD	59,385	0.9220	54,753
EUR	1,861	7.8771	14,659
AUD	555	4.7992	2,664
GBP	1,265	9.1432	11,566
Others	/	/	753,899
Other payables			1,901,715
Including: USD	168,413	7.2258	1,216,919
HKD	27,811	0.9220	25,642
AUD	11,362	4.7992	54,529
Others	/	/	604,625

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For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. Foreign currencies denominated items (Continued)

(2) Notes for the foreign business entities

Full name of the major foreign operations	Place of business	Reporting currency	The basis of selecting functional currency
MCC Minera Sierra Grande S.A	Argentina	Argentine Peso	The functional currency of the overseas subsidiary is based on the primary economic environment where it operates.
MCC Mining (Western Australia) Pty Ltd.	Australia	USD	
MCC Australia Holding Pty Ltd.	Australia	AUD	
MCC Tongsin Resources Ltd.	Pakistan	USD	
MCC Holding (Hong Kong) Corporation Limited	Hong Kong, China	USD	
MCC Ramu NiCo Ltd.	Papua New Guinea	USD	

The functional currencies of the Group's major foreign operations have not changed during the reporting period

Financial Statements

For the six months ended 30 June 2023

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

72. Government grants

(1) Basic information of government grants

All amounts in RMB'000

Government grants	Category	Amount received for the current period	Presentation of items	Amount recognized in profit or loss
Business fees for converted institutions of the the department of resource allocation and management of the Ministry of Science and Technology	Income-related	21,468	Deferred income	21,300
Special subsidies for high-precision hot isostatic pressure silicon nitride ceramic bearing powder-powder preparation system	Asset-related	16,132	Deferred income	-
Tax rebate for comprehensive resource utilization project	Income-related	13,275	Other income	13,275
Government subsidies of Yuepu, Baoshan District	Income-related	11,600	Other income	11,600
Special funds for pollution control and energy saving and carbon reduction allocated by the Bureau of Development and Reform of Xiangcheng District	Asset-related	10,000	Deferred income	321
Funds for awarding subsidies for underground corridors of Baotou	Asset-related	10,000	Deferred income	-
Reimbursement of VAT for software products	Income-related	8,429	Other income	8,429
Cultivation of high-quality construction industry enterprises of Baoshan district	Income-related	7,788	Other income	7,788
Business fees for converted institutions allocated by the Ministry of Science and Technology	Income-related	6,930	Other income	6,930
Major special subsidies of Dalian	Income-related	6,724	Operating cost	6,724
Others	Asset-related/ Income-related	130,278	Deferred income/ Operating cost/ Administrative expenses/ Other income/ Non-operating income/ Research and development expenses	139,338
	/	242,624	/	215,705

(2) During the reporting period, the Group has no returned government grants.

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For the six months ended 30 June 2023

VIII. CHANGES OF THE SCOPE OF CONSOLIDATION

1. Business combinations not involving enterprises under common control

During the reporting period, the information on the Group's business combinations not involving enterprises under common control is as follows:

All amounts in RMB'000

Combining entity	Name of acquiree	Acquisition date	Ownership at the end of period (%)
Shanghai Baoye Group Co., Ltd.	Baoye (Xiamen) Construction Engineering Co., Ltd	2023-01-16	100.00
MCC Jiaonai Engineering Technology Co., Ltd	Dalian Qianhu Engineering Technology Co., Ltd	2023-03-01	100.00
MCC Saidi Group Co., Ltd	MCC Saidi Engineering Consulting (Shenzhen) Co., Ltd	2023-03-31	100.00
China MCC20 Group Co., Ltd.	MCC20 Group (Anhui) Construction Co., Ltd.	2023-04-10	100.00
China MCC1 Group Co., Ltd.	MCC1 Group Construction Engineering (Guangdong) Co., Ltd	2023-04-10	100.00
China MCC5 Group Co., Ltd.	MCC5 Group Chuanbei (Nanchong) Construction Co., Ltd	2023-06-26	70.00

For the current period, the Group acquired the substantial control over entities listed above through cash, or through amending the partnership agreement. These entities were included in consolidation scope since the acquisition date.

Financial Statements

For the six months ended 30 June 2023

VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving enterprises under common control (Continued)

The fair value and book value of the identifiable assets and liabilities of companies listed above as at the dates of acquisition were as follows:

All amounts in RMB'000

Items	Fair value on the acquisition date	book value on the acquisition date
Cash and bank balances	86,272	86,272
Accounts receivable	15,665	15,665
Prepayments	144	144
Other receivables	19,160	19,160
Inventories	3,149	3,149
Contract assets	3,855	3,855
Non-current assets due within one year	22,517	22,517
Other current assets	4,231	4,231
Investment properties	24,461	24,649
Fixed assets	117	71
Intangible assets	11	9
Deferred tax assets	555	520
Accounts payable	(14,893)	(14,893)
Employee benefits payable	(460)	(460)
Taxes payable	(163)	(163)
Other payables	(22,441)	(22,441)
Other current liabilities	(3,944)	(3,944)
Long-term borrowings	(17,832)	(17,832)
Fair value of net identifiable assets on the acquisition date	120,404	120,509
Less: Non-controlling interests	34,184	–
Add: Goodwill from purchases	–	–
Consideration of acquisition	86,220	Note 1

Note 1: Such amount includes the cash of RMB84,588,000 paid by the Company for business combinations, And the unpaid cash consideration of RMB1,632,000.

Financial Statements

For the six months ended 30 June 2023

VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving enterprises under common control (Continued)

The operating results and cash flows of the above companies from the acquisition date till the end of period are listed as follows:

All amounts in RMB'000

Items	From the acquisition date till 30 June 2023
Operating revenue	812,403
Net profit	12,113
Net cash flows	2,683

Net cash received for acquisition of subsidiaries:

All amounts in RMB'000

Items	For the six months period ended 30 June 2023
Consideration for acquisition of subsidiaries	86,220
Cash and cash equivalents paid for acquisition of subsidiaries	84,588
Less: Cash and cash equivalents held by the acquiree	86,272
Net cash received for acquisition of subsidiaries	1,684

2. Change of consolidation scope for other reasons

Jianxin Trust Co., Ltd. holds 55% equity of the joint venture companies Zhuozhou MCC Mingda Real Estate Development Co., Ltd. and Zhuozhou MCC Mingshun Real Estate Development Co., Ltd., while MCC Jianxin Investment Fund Management (Beijing) Co., Ltd. holds 45% equity of the joint venture company Baotou Mingyang Real Estate Development Co., Ltd. of MCC Real Estate Group, Ningbo Yuhang Enterprise Management Partnership (Limited Partnership) holds 60% of the equity of the joint venture company Beijing MCC Mingding Real Estate Development Co., Ltd. During the reporting period, MCC Real Estate Group Co., Ltd., a subsidiary of the company, purchased the above-mentioned equity for RMB13,080,000. After the transaction was completed, the group acquired control of four companies. The management conducted concentration testing as an asset acquisition.

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For the six months ended 30 June 2023

VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Change of consolidation scope for other reasons (Continued)

The financial information of the relevant assets at the dates of acquisition is listed as follows:

All amounts in RMB'000

Items	Fair value on the acquisition date
Inventories	7,037,556
Other assets	829,275
Total liabilities	(7,845,751)
Fair value of net identifiable assets on the acquisition date	21,080
Consideration of acquisition	21,080
Including: cash consideration	13,080
Book value of originally held equity	8,000

The information of asset acquisition is listed as follows:

All amounts in RMB'000

Items	For the six months period ended 30 June 2023
Consideration for asset acquisition	21,080
Cash and cash equivalents paid for asset acquisition	13,080
Less: Cash and cash equivalents held by the acquiree	258,514
Net cash received for asset acquisition	245,434

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For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) The constitution of the Group

Details of subsidiaries of the Group

All amounts in RMB'000

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest (%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
Central Research Institute of Building and Construction Co., Ltd.	China	Beijing	EPC	2,905,110	100.00	-	Invested by shareholders
Beijing Metallurgical Equipment Research Design Institute Co., Ltd	China	Beijing	EPC	761,816	100.00	-	Invested by shareholders
China ENFI Engineering Co., Ltd.	China	Beijing	EPC	2,346,730	100.00	-	Invested by shareholders
MCC Capital Engineering & Research Incorporation Limited	China	Beijing	EPC	3,283,104	88.89	-	Invested by shareholders
CISDI Group Co., Ltd.	China	Chongqing	EPC	2,300,000	100.00	-	Invested by shareholders
WISDRI Engineering & Research Incorporation Limited	China	Wuhan	EPC	3,350,000	83.08	-	Invested by shareholders
Huatian Engineering & Technology Corporation, MCC	China	Ma'anshan	EPC	823,259	85.10	-	Invested by shareholders
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	China	Anshan	EPC	1,296,600	87.81	-	Invested by shareholders
Zhong Ye Chang Tian International Engineering Co., Ltd.	China	Changsha	EPC	677,301	92.61	-	Invested by shareholders
Northern Engineering & Technology Corporation, MCC	China	Anshan	EPC	528,511	91.26	-	Invested by shareholders
Shen Kan Engineering & Technology Corporation, MCC	China	Shenyang	Investigation, design	346,264	100.00	-	Invested by shareholders
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	China	Wuhan	Investigation, design	500,000	100.00	-	Invested by shareholders
China First Metallurgical Group Co., Ltd.	China	Wuhan	Engineering contracting	2,019,027	98.26	-	Invested by shareholders
China Second Metallurgical Group Co., Ltd.	China	Baotou	Engineering contracting	1,500,000	100.00	-	Invested by shareholders
China MCC 3 Group Co., Ltd.	China	Anshan	Engineering contracting	1,500,000	100.00	-	Invested by shareholders
China MCC 5 Group Co., Ltd.	China	Chengdu	Engineering contracting	5,004,178	98.58	-	Invested by shareholders
MCC TianGong Group Corporation Limited	China	Tianjin	Engineering contracting	2,050,000	98.53	-	Invested by shareholders
China MCC 17 Group Co., Ltd.	China	Ma'anshan	Engineering contracting	2,050,000	72.39	-	Invested by shareholders
China Metallurgical Construction Engineering Group Co., Ltd.	China	Chongqing	Engineering contracting	2,100,000	100.00	-	Invested by shareholders

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For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Details of subsidiaries of the Group (Continued)

All amounts in RMB'000

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest (%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
China MCC 19 Group Co., Ltd.	China	Panzhuhua	Engineering contracting	3,010,000	100.00	-	Invested by shareholders
China MCC 20 Group Co., Ltd.	China	Shanghai	Engineering contracting	2,050,000	73.14	-	Invested by shareholders
China 22MCC Group Co., Ltd.	China	Tangshan	Engineering contracting	2,780,000	100.00	-	Invested by shareholders
Shanghai Baoye Group Co., Ltd.	China	Shanghai	Engineering contracting	5,285,230	97.93	0.80	Invested by shareholders
China Huaye Group Co., Ltd.	China	Beijing	Engineering contracting	1,434,900	100.00	-	Invested by shareholders
MCC Baosteel Technology Services Co., Ltd.	China	Shanghai	Repair work	1,200,000	59.65	20.69	Invested by shareholders
MCC Communication Construction Group Co., Ltd.	China	Guizhou	Infrastructure contractor	9,312,258	100.00	-	Invested by shareholders
MCC (Guizhou) Construction Investment Development Co., Ltd.	China	China	Engineering contracting	3,000,000	100.00	-	Established through investments
MCC Road&Bridge Construction Co., Ltd.	China	Neimenggu	Engineering contracting	2,000,000	100.00	-	Established through investments
MCC Zhongyuan Construction Investment Co., Ltd.	China	Zhengzhou	Engineering contracting	500,000	100.00	-	Established through investments
MCC Integrated Pipe Network Technology & Development Co., Ltd	China	Baoding	Project contracting, Integrated pipe network technology development	200,000	100.00	-	Established through investments
MCC South China Construction Investment Co., Ltd. Chin	China	Shenzhen	Engineering contracting	500,000	51.00	-	Established through investments
MCC (Hainan) Investment Development Co., Ltd.	China	Hainan	Engineering consulting, Investment management, etc.	100,000	60.00	39.30	Established through investments
MCC Urban Investment Holding Co., Ltd.	China	Guangdong	Engineering consulting, Investment management, etc.	1,000,000	60.00	-	Established through investments
MCC Fujian Investment and Construction Co., Ltd.	China	Fujian	Engineering contracting	1,000,000	60.00	-	Established through investments
MCC (Shanghai) Steel Structure Technology China Co., Ltd.	China	Shanghai	Engineering contracting	1,000,000	42.56	54.79	Invested by shareholders

Financial Statements

For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Details of subsidiaries of the Group (Continued)

All amounts in RMB'000

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest (%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
MCC Ecological Environmental Protection Group Co., Ltd.	China	Beijing	Water resource management	3,000,000	12.20	80.06	Established through investments
MCC Great Wall Investment Co., Ltd.	China	Beijing	Investment management	15,000,000	100.00	–	Established through investments
MCC Real Estate Group Co., Ltd. (Note 1)	China	Beijing	Property development	5,000,000	100.00	–	Invested by shareholders
MCC Tongsin Resources Ltd.	Pakistan	British Virgin Islands	Resource development	2,830,103	100.00	–	Invested by shareholders
MCC Australia Holding Pty Ltd.	Australia	Australia	Resource development	49,016	100.00	–	Invested by shareholders
MCC-JJJ Mining Development Company Limited	China	Beijing	Resource development	3,095,700	67.02	–	Invested by shareholders
Ramu NiCo Management (MCC) Ltd.	Papua New Guinea	Papua New Guinea	Nickel cobalt ore mining and smelting	3	100.00	–	Invested by shareholders
MCC Finance Corporation Ltd. (Note 2)	China	Beijing	Finance	1,800,000	86.13	12.48	Invested by shareholders
MCC Financial Leasing Co., Ltd.	China	Zhuhai	Finance lease	1,000,000	51.00	49.00	Established through investments
MCC International Incorporation Ltd.	China	Beijing	Engineering contracting	100,000	100.00	–	Invested by shareholders
MCC Overseas Ltd.	China	Beijing	Engineering contracting	429,126	100.00	–	Invested by shareholders
MCC Vietnam Engineering Technology Co., Ltd.	Vietnam	Vietnam	Engineering contracting	–	100.00	–	Established through investments
China MCC International Economic and Trade Co., Ltd.	China	Shanghai	Trading	120,000	54.58	40.89	Invested by shareholders
MCC Holding (Hong Kong) Corporation Limited	China	Hong Kong, China	Others	6,485	100.00	–	Established through investments
MCC-SFRE Heavy Industry Equipment Co., Ltd.	China	Xi'an	Metallurgy equipment manufacture	1,286,000	71.47	–	Invested by shareholders
MCC Mining (Western Australia) Pty Ltd.	Australia	Australia	Resource development	124,382	100.00	–	Invested by shareholders

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For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Details of subsidiaries of the Group (Continued)

All amounts in RMB'000

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest (%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
China 13th Metallurgical Construction Corporation	China	Taiyuan	Engineering contracting	111,663	100.00	-	Invested by shareholders
Tianjin United Huixin Investment Partnership (Limited Partnership)	China	Tianjin	Investment with own funds	5,000,200	20.00	-	Established through investments
Tianjin Hongxin Investment Partnership (Limited Partnership)	China	Tianjin	Investment with own funds	7,500,200	20.00	-	Established through investments
Tianjin United Huitong Investment Partnership (Limited Partnership)	China	Tianjin	Investment with own funds	7,500,200	20.00	-	Established through investments

Note 1: At 30 June 2023, except for MCC Real Estate Group Co., Ltd., other subsidiaries have not issued any bond. None of the subsidiaries of the Company have issued share capital.

Note 2: On 24 December 2021, the resolution of the dissolution and liquidation of MCC Finance Corporation Ltd was passed in the No.33 meeting of the third Board of Directors. After the dissolution in the second half of 2023 the number of subsidiaries included in the consolidated financial statements will reduce by one.

Financial Statements

For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The Constitution of the Group (continued)

Details of subsidiaries of the Group (Continued):

(a) The grounds for controlling the investees of which the Group is holding half or less than half of the equity interest, and the grounds for not controlling the investees of which the Group is holding more than half of the equity interest

(i) The grounds for controlling the investees of which the Group is holding half or less than half of the equity interest

The Group has several investees in which it holds half or less than half of equities, and these investees are incorporated in the scope of consolidation of the Group. Mainly based on shareholder agreements, the rules of procedures for the articles of association of investees or agreements of shareholding entrustment and other arrangements, the Group has the control over these investees.

(ii) The grounds for not controlling the investees in which the Group holds more than half of the equity interest

The Group has several investees in which it holds more than half of equities. As there is a consistent action arrangement between the Group and another shareholder, and the other shareholder has one vote with the right to veto or can determine independently the investees' related activities, the Group has no control over the investees, but it has the joint control or can exercise significant influence over the investees, which are therefore accounted for and managed as joint ventures or associates.

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For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-controlling interests

All amounts in RMB'000

Company name	Proportion of equity interest held by non-controlling interests (%)	Comprehensive income attributable to non-controlling interests in the current period	Declaration of cash dividends to non-controlling interests in the current period	Non-controlling interests at the end of the period
WISDRI Engineering & Research Incorporation Limited	16.92	156,442	–	2,532,949
China MCC 17 Group Co., Ltd.	27.61	235,700	–	2,252,875
China MCC 20 Group Co., Ltd.	26.86	62,500	70,093	1,403,313

As at 30 June 2023, the aggregate minority interests of Tianjin United Huixin Investment Partnership (Limited Partnership), Tianjin Hongxin Investment Partnership (Limited Partnership) and Tianjin United Huitong Investment Partnership (Limited Partnership), structured entities included in the scope of consolidation of the Group, amounted to RMB16,180,500,000.

As at 30 June, 2023, the balance of perpetual bonds issued by the Company's subsidiaries totaled RMB3,246,700,000. The perpetual bonds are classified as equity instruments and presented as minority interests in the Group's consolidated financial statements. For details of the perpetual bonds, please refer to Note VII.45.

Financial Statements

For the six months ended 30 June 2023

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-controlling interests (Continued)

The following tables provide significant financial information of significant non-wholly owned subsidiaries. All amounts are before elimination:

All amounts in RMB'000

Name of subsidiary	30 June 2023						31 December 2022 (Restated)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
WISDRI Engineering & Research Incorporation Limited	21,830,040	4,789,107	26,619,147	16,323,616	214,655	16,538,271	23,045,904	4,799,719	27,845,623	18,168,538	228,908	18,397,446
China MCC 17 Group Co., Ltd.	25,483,341	7,828,838	33,312,179	22,922,752	2,241,798	25,164,550	22,248,409	5,717,001	27,965,410	18,668,602	2,002,846	20,671,448
China MCC 20 Group Co., Ltd.	30,588,952	4,592,054	35,181,006	29,476,262	527,396	30,003,658	28,118,751	4,290,463	32,409,214	26,623,150	572,167	27,195,317

All amounts in RMB'000

Name of subsidiary	Amount for the current period				Amount for the prior period (Restated)			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
WISDRI Engineering & Research Incorporation Limited	14,607,440	626,100	632,699	(426,692)	14,605,523	808,924	784,470	1,722,120
China MCC 17 Group Co., Ltd.	29,268,461	853,609	853,667	(524,743)	25,169,498	689,901	688,909	1,317,239
China MCC 20 Group Co., Ltd.	21,480,580	159,708	230,825	(2,931,284)	23,330,547	138,464	121,393	(1,240,401)

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IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates

(1) Details of the Group's material joint ventures and associates

All amounts in RMB'000

Name of joint ventures and associates	Principal place		Principal activities	Registered capital	Proportion of ownership interest held by the Group (%)		Accounting method
	of operation	Place of establishment			Direct	Indirect	
Guizhou Ziwang Highway Construction Co., Ltd.	China	Anshun	Highway investment and development	3,190,000	59.92	–	Equity method
Guizhou Sanli Highway Construction Co., Ltd.	China	Qiannan Buyei and Miao Autonomous Prefecture	Highway investment and development	2,832,800	59.95	–	Equity method
Guizhou Sanshi Highway Construction Co., Ltd.	China	Qiandongnan Miao and Dong Autonomous Prefecture	Highway investment and development	1,584,375	59.90	–	Equity method
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	China	Zhuhai	Property investment and development	1,000,000	51.00	–	Equity method
Chongqing Yuxiang Double Track Expressway Co., Ltd.	China	Chongqing	Highway investment and development	500,000	4.99	–	Equity method
Shiyuan Baoye Urban Construction Co., Ltd.	China	Shiyuan	Municipal road engineering construction	574,942	47.97	–	Equity method
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd.	China	Yinchuan	Construction and operation of comprehensive pipe network	348,229	70.00	–	Equity method
Zhongshan MCC Cuicheng Street Integrated Pipe Network Co., Ltd.	China	Zhongshan	Construction and operation of comprehensive pipe network	300,000	60.00	–	Equity method
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	China	Beijing	Investment management	14,410,000	13.88	–	Equity method
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	China	Yingkou	Special steel production and equipment manufacturing	3,166,297	48.96	–	Equity method
Xiamen International Trade Exhibition Center Co., Ltd.	China	Xiamen	Conference and exhibition services	3,120,000	26.00	–	Equity method
Tangshan Stainless steel Co., Ltd.	China	Tangshan	Smelting and pressing of ferrous metals	2,080,000	23.89	–	Equity method
Hebei Steel Luan County Sijiyang Iron Ore Co., Ltd.	China	Tangshan	Processing of ferrous metal ores	553,710	14.45	–	Equity method
Lanzhou Lianhuo Highway Qingzhong Section Construction and development Co., Ltd.	China	Lanzhou	Highway investment and development	500,000	17.00	–	Equity method
Yunnan Mangliang Expressway Investment Development Co., Ltd.	China	Mangshi	Highway investment and development	100,000	39.97	–	Equity method
Chongqing Yunkai Expressway Co., Ltd.	China	Chongqing	Highway investment and development	100,000	30.00	–	Equity method
Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.	China	Wenshan Zhuang and Miao Autonomous Prefecture	Highway investment and development	100,000	38.00	–	Equity method

The Group has no significant interest in any single joint venture or associate above.

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IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(1) Details of the Group's material joint ventures and associates (Continued)

(a) *The grounds for holding less than 20% of the voting rights in the investees while the Group has common control or significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence*

- (i) The grounds for holding less than 20% of the voting rights in the investees while the Group has common control or significant influence over these investees

The Group has several investees in which it holds less than 20% of equities but has the joint control or significant influence over the investees. As the Group has assigned directors into the board of directors of the investees, the Group has the joint control or can exercise significant influence over the investees, which are therefore accounted for and managed as joint ventures or associates.

- (ii) The grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence

The Group has several investees in which it holds more than 20% of equities but has no joint control or significant influence over the investees. As the Group has neither assigned directors into the board of directors of the investees, nor involved in or influenced the financial and operating decisions or normal operating activities of the investees in any other forms, so they are not accounted for and managed as joint ventures or associates.

(2) Summarized financial information of material joint ventures and associates

All amounts in RMB'000

Items	30 June 2023/ Amount recognized in the current period	31 December 2022/ Amount recognized in the prior period
Joint ventures		
Total book value	9,172,738	8,393,806
The Group's share of the following items		
– Net profits/(losses)	108,963	(7,421)
– Total comprehensive income/(losses)	108,963	(7,421)
Associates		
Total book value	24,713,332	23,469,889
The Group's share of the following items		
– Net losses	(2,255)	(84,547)
– Other comprehensive income/(losses)	429	(34,719)
– Total comprehensive losses	(1,826)	(119,266)

(3) *In the reporting period, there were no significant restrictions on the realization of long-term equity investments, or on the remittance of cash arising from the investment income in joint ventures and associates.*

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Equity in structured entities included in the consolidated financial statements

As at 30 June 2023, the total amount of main structured entities included in the consolidated financial statements of the Group was approximately RMB36,275,680,000, of which the amount subscribed by the Group was approximately RMB12,171,120,000. As at 30 June 2023, the amount paid by the Group was approximately RMB8,380,234,000, and the amount paid by other investors was approximately RMB20,176,858,000, of which approximately RMB16,000,000,000 was accounted for in minority interests, approximately RMB3,800,000,000 was accounted for in other payables and approximately RMB376,858,000 was accounted for in the long-term payables. The Group has no obligation or intention to provide financial support to these structured entities.

4. Equity in structured entities not included in the consolidated financial statements

As at 30 June 2023, the Group has cumulatively issued asset-backed securities and asset-backed notes of RMB30,155,100,000, and the subordinated tranches of the related asset-backed securities and asset-backed notes were RMB1,507,755,000. For the purpose of liquidity, the Company is obligated to make up the difference between the principal and fixed income of senior asset-backed securities and asset-backed notes in the amount of RMB28,647,345,000 and the distributable funds of the special asset-backed securities plan and asset-backed note trust in each phase. These special plans and trusts are not consolidated as the Group does not hold inferior shares and the probability of future liquidity supplement is assessed to be low.

As at 30 June 2023, the total amount of main structured entities not included in the consolidated financial statements participated by certain subsidiaries of the Group was approximately RMB46,792,936,000, of which approximately RMB5,526,492,000 was subscribed by the Group and approximately RMB41,266,444,000 was subscribed by other investors. Such structured entities were not consolidated as the Group does not have control over them. As at 30 June 2023, the Group's paid-in amount was approximately RMB3,957,997,000, of which approximately RMB269,540,000 was accounted for in long-term equity investments and approximately RMB3,688,457,000 was accounted for in other non-current financial assets. The Group's maximum exposure to these structured entities is the Group's paid-in capital contribution as of the balance sheet date. The Group has no obligation or intention to provide financial support to these structured entities.

5. Interests in joint operations

Pursuant to the terms of the joint venture arrangements or legal forms, the Group has rights and obligations in respect of the relevant assets and liabilities in the relevant joint venture arrangements as jointly operated. The Group's joint venture arrangements as jointly-operated are mainly the joint operation of MCC-JJJ Mining Development Company Limited, a subsidiary of the Company, and Ramu Nico Management (MCC) Limited with the relevant joint venturers.

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X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

1. Financial instruments by category

Book value of each category of financial instruments at the balance sheet date are as follows:

30 June 2023

(1) Financial assets

All amounts in RMB'000

Items	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income		Total
	Required by the standard		Required by the standard	Designated	
Cash and bank balances	-	62,107,585	-	-	62,107,585
Financial assets held for trading	2,056	-	-	-	2,056
Bills receivable	-	5,708,193	-	-	5,708,193
Accounts receivable	-	111,553,999	-	-	111,553,999
Receivables at FVTOCI	-	-	10,733,969	-	10,733,969
Other receivables	-	44,935,758	-	-	44,935,758
Non-current assets due within one year	-	5,418,243	-	-	5,418,243
Long-term receivables	-	43,261,519	-	-	43,261,519
Investments in other equity instruments	-	-	-	1,067,430	1,067,430
Other non-current financial assets	3,980,532	-	-	-	3,980,532
Total	3,982,588	272,985,297	10,733,969	1,067,430	288,769,284

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X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Financial instruments by category (Continued)

(2) Financial liabilities

All amounts in RMB'000

Items	Financial liabilities at fair value through profit or loss Required by the standard	Financial liabilities at amortized cost	Total
Short-term borrowings	–	42,350,720	42,350,720
Derivative financial liabilities	510,932	–	510,932
Bills payable	–	36,902,926	36,902,926
Accounts payable	–	230,345,733	230,345,733
Other payables	–	32,719,054	32,719,054
Non-current liabilities due within one year	–	6,575,066	6,575,066
Long-term borrowings	–	37,351,142	37,351,142
Bonds payable	–	3,300,000	3,300,000
Long-term payables	–	761,013	761,013
Total	510,932	390,305,654	390,816,586

2. Transfer of financial assets

Details are set out in Note VII 3(3), Note VII 4(5) and Note VII 5.

3. Financial instruments and risk management

The Group's operating activities expose to a variety of financial risks: market risk (mainly including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner to address the uncertainty of financial market and to reduce the potential negative impact on the operating results of the Group.

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For the six months ended 30 June 2023

X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. Financial instruments and risk management (Continued)

(1) Market risk

(a) Foreign exchange risks

The functional currency of a majority of the entities within the Group is RMB and most of the transactions are settled in RMB. However, there are also foreign currencies denominated transactions. The Group's exposure to foreign exchange risk relates principally to United States Dollars ("USD"). To monitor the impact of exchange rate fluctuations, the Group continually assesses and monitors its exposure to foreign exchange risk. Management continuously monitors foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arises. The Group uses foreign exchange forward contracts and currency swap contracts to offset part of the foreign exchange risk. The management is of the view that the reasonable fluctuation of the exchange rate in the near future will not have a significant impact on the operating results of the Group.

Details of the Group's foreign currencies denominated financial assets and financial liabilities (amount translated into RMB) as at 30 June 2023 are set out in Note VII 71.

As at 30 June 2023, for the variety of foreign currencies of financial assets and financial liabilities, mainly influenced by the exchange rate of RMB against USD, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the profit after tax of the Group would have been approximately RMB116,388,000 lower/higher (as at 31 December 2022: RMB361,774,000 lower/higher).

(b) Interest rate risk

The interest bearing debts at fixed rates expose the Group to fair value interest-rate risk, relating to bank borrowings at fixed rates and bonds payable at fixed rates, etc. The differences between the fair values and the book value of the above fixed rate financial instruments are set out in Note XI 2.

The interest bearing debts at floating rates expose the Group to cash flow interest-rate risk. The Group chooses the relative proportion of borrowing contracts with floating rates and those with fixed rates according to current market conditions. As at 30 June 2023, short-term borrowings of the Group were RMB42,350,720,000 (as at 31 December 2022: RMB20,192,878,000); long-term interest bearing debts at floating rates due within one year were RMB4,073,942,000 (as at 31 December 2022: RMB4,436,303,000); long-term interest bearing debts at floating rates due over one year were RMB21,846,789,000 (as at 31 December 2022: RMB16,016,610,000); long-term interest bearing debts at fixed rates due within one year were RMB2,501,124,000 (as at 31 December 2022: RMB7,062,879,000); and long-term interest bearing debts at fixed rates due over one year were RMB18,921,285,000 (as at 31 December 2022: RMB14,693,063,000) (Notes VII 25, 34, 36, 37, 39).

The treasury department of the headquarters of the Group continually monitors the level of interest rates. Any rise in interest rate would increase the cost of new borrowings and interest installments of existing loans with floating interest arrangements and generate significant negative financial effects on the Group's overall financial performance. The management would make timely strategic adjustments according to latest market conditions; the adjustments of reducing interest rate risk may include the interest rate swap arrangement included in the Group's currency swap contracts during the reporting period.

X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. Financial instruments and risk management (Continued)

(1) Market risk (Continued)

(b) Interest rate risk (Continued)

During the current period, if the respective interest rates on RMB-denominated floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant and no interest capitalization involved, profit after income tax of the Group would have been RMB184,213,000 lower/higher (for the period ended 30 June 2022: approximately RMB240,956,000).

During the current period, if the interest rates on USD and other foreign currency-denominated floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant, profit after income tax of the Group would have been RMB11,816,000 lower/higher (for the period ended 30 June 2022: approximately RMB54,844,000).

(2) Credit risk

As at 30 June 2023, the Group's maximum exposure to credit risk which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from: the carrying amount of bank deposits, bills receivable and accounts receivable, other receivables and long-term receivables recognized in the balance sheet of the Group.

To reduce credit risk, the Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers according to their financial conditions, the likelihood of obtaining guarantee from the third party, credit history and others such as the current market conditions. The Group regularly monitors its customers' credit history, and for customers with bad credit history, the Group shall issue reminder notices, shorten or cancel the credit period to make sure that the Group's overall credit risk is under control.

The credit risk on the bank deposits of the Group is limited because they are deposited with national banks and other large and medium listing banks.

In addition, external guarantees incurred by the Group may also result in financial losses. As at 30 June 2023, the Group's external guarantee refers to Note XIII 2(1) (b).

In addition to separately determining the credit loss of individual amounts with significant credit impairment incurred, the Group evaluates the expected credit loss of receivables by using an impairment matrix on a portfolio basis. The Group's accounts receivable involve a large number of customers, and the aging information can reflect the solvency of these customers. The group divided accounts receivable into several portfolios based on the credit risk characteristics of different types of customers, calculated the historical actual loss rate of every portfolio in different ages according to the historical data, and then adjusted the expected credit loss rate after considering the current and future economic forecast, such as national GDP growth, consumer price index and other forward-looking information. For contract assets and long-term receivables, the Group reasonably evaluates the expected credit loss after considering the settlement period, the payment period of the contract, the financial position and the economic situation of the debtor and considering the above forward-looking information. For other financial assets, the Group calculates the expected credit loss rate through its default exposure and the rate of expected credit loss over the next 12 months or for the entire duration.

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X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. Financial instruments and risk management (Continued)

(2) Credit risk (Continued)

Please refer to Note V 10(2) in respect of the specific methods to assess whether the credit risk has been increased remarkably since initial recognition, the basis to determine whether a credit impairment has happened to the financial assets, the combination methods to divide the financial instruments in a combination as base assessment of anticipated credit risk, and the policies to write down the financial instruments directly.

The Group's risk exposure is distributed among multiple contract parties and multiple customers, so the Group has no significant credit concentration risk. As of 30 June 2023, the five largest accounts receivable and other receivables of the Group's balances owed by the arrears are shown in Note VII 4(4) and Note VII 7(4)(d).

(3) Liquidity risk

Subsidiaries of the Group take responsibility of their own cash flow forecast. On the basis of summarizing cash flow forecasts from subsidiaries, the treasury department at the headquarters continuously monitors both short-term and long-term financing needs on the Group level in order to obtain adequate cash reserve and quoted securities. Meanwhile, the treasury department will constantly monitor any non-compliance of borrowings and obtain sufficient loan facilities from major financial institutions to meet both short-term and long-term financing needs.

Analysis of the maturity profile of financial liabilities and lease liabilities of the Group based on the undiscounted remaining contractual obligations as at 30 June 2023 were as follows:

All amounts in RMB'000

Items	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities					
Short-term borrowings	42,995,883	-	-	-	42,995,883
Derivative financial liabilities	510,932	-	-	-	510,932
Bills payable	36,902,926	-	-	-	36,902,926
Accounts payable	230,345,733	-	-	-	230,345,733
Other payables	32,719,054	-	-	-	32,719,054
Non-current liabilities due within one year	8,644,864	-	-	-	8,644,864
Long-term borrowings	-	13,472,333	17,827,111	11,978,417	43,277,861
Bonds payable	-	1,429,751	2,250,831	-	3,680,582
Lease liabilities	-	175,181	263,015	154,368	592,564
Long-term payables	-	170,959	136,319	453,735	761,013
Total	352,119,392	15,248,224	20,477,276	12,586,520	400,431,412

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For the six months ended 30 June 2023

X. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

4. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings (including short-term borrowings, long-term borrowings, bonds payable and lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet, plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios of the Group as at 30 June 2023 and 31 December 2022 are as follows:

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (Restated)
Total borrowings:		
Short-term borrowings (Note VII 25)	42,350,720	20,192,878
Long-term borrowings (inclusive of those due within one year) (Note VII 36)	43,860,727	39,822,037
Bonds payable (inclusive of those due within one year) (Note VII 37)	3,338,222	1,575,862
Lease liabilities (inclusive of those due within one year) (Note VII 38)	723,184	810,956
Less: Cash and cash equivalents (Note VII 69(2))	47,673,526	33,468,217
Net debt	42,599,327	28,933,516
Shareholders' equity	175,054,995	161,917,562
Total capital	217,654,322	190,851,078
The gearing ratio	19.57%	15.16%

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XI. FAIR VALUE DISCLOSURES

1. Fair value of the Group's financial assets and financial liabilities that are measured at fair value at the end of the period

All amounts in RMB'000

Items	Fair value as at 30 June 2023			Total
	Level 1 of the fair value hierarchy(a)	Level 2 of the fair value hierarchy(b)	Level 3 of the fair value hierarchy(c) (d)	
Assets that are measured at fair value on a recurring basis				
Financial assets held for trading				
– Investments in equity instruments	1,418	–	638	2,056
Receivables at FVTOCI	–	10,733,969	–	10,733,969
Investments in other equity instruments				
– Listed equity investments	313,641	–	–	313,641
– Unlisted equity investments	–	–	753,789	753,789
Other non-current financial assets				
– Investments in unquoted funds and trust products	–	3,899,039	–	3,899,039
– Others	–	–	81,493	81,493
TOTAL	315,059	14,633,008	835,920	15,783,987
Liabilities that are measured at fair value on a recurring basis				
Derivative financial liabilities	–	510,932	–	510,932
TOTAL	–	510,932	–	510,932

(a) The basis of market prices determined on level 1 of the fair value hierarchy

Fair values of held-for-trading financial assets and non-tradable equity instruments of listed companies regarded as investments in other equity instruments are based on their closing prices of publicly traded market on the last trading day of the reporting period.

(b) Qualitative and quantitative information of valuation techniques and key inputs of the fair value hierarchy

	Valuation techniques	Key inputs
Other non-current financial assets – Investments in unquoted funds and trust products	Discounted cash flow method	Average yield rate of similar products of the same term
Derivative financial instruments	Discounted cash flow method	The forward rate
Receivables at FVTOCI	Discounted cash flow method	Discounting rate of bank acceptance for the same period

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XI. FAIR VALUE DISCLOSURES (CONTINUED)

1. Fair value of the group's financial assets and financial liabilities that are measured at fair value at the end of the period (Continued)

(c) Qualitative and quantitative information of valuation techniques and key inputs of the fair value hierarchy

	Valuation techniques	Key inputs
Financial assets held for trading – Unlisted equity investments, other equity instrument investments – Investments in non-trading equity instruments in unlisted companies, other non-current financial assets – Investments in unquoted fund and trust products and others	Cash flow method/Market method/Income method	Future cash flow, discount rate and P/E ratio or P/B ratio of comparable listed companies of the same industry

(d) Reconciliation information of the opening balance and the closing balance of the fair value hierarchy

All amounts in RMB'000

Items	31 December 2022	Additions for the period	Fair value changes for the current period	Disposal for the period	30 June 2023
Financial assets held for trading – Non listed equity investments	176,512	–	–	(175,874)	638
Other equity instrument investments – Investments in non-trading equity instruments in unlisted companies	658,926	137,087	576	(42,800)	753,789
Other non-current financial assets – Non listed equity investments	80,529	–	964	–	81,493

There was no transfer between any levels of the fair value hierarchy in the reporting period. There was no change in the valuation techniques in the reporting period.

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XI. FAIR VALUE DISCLOSURES (CONTINUED)

2. Fair value of financial assets and financial liabilities that are measured at fair value on a non-recurring basis

Bills receivables, accounts receivables, other receivables, long-term receivables, non-current assets due within one year, short-term borrowings, bills payables, accounts payables, other payables, long-term borrowings, bonds payable, long-term payables and non-current liabilities due within one year included in the financial assets/liabilities are measured at fair value on a non-recurring basis.

Except for the items listed in the table below, the Group considers that the fair value of the financial assets and liabilities measured at amortized cost method are approximate to their carrying amounts.

All amounts in RMB'000

Items	Carrying amount as at 30 June 2023	Fair value as at 30 June 2023			Total
		Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy(a)	Level 3 of the fair value hierarchy	
Financial liabilities measured at amortized cost:					
Long-term borrowings at fixed interest rate	21,278,218	–	21,216,599	–	21,216,599
Bonds payable at fixed interest rate	17,939,996	–	17,864,493	–	17,864,493
	3,338,222	–	3,352,106	–	3,352,106

All amounts in RMB'000

Items	Carrying amount as at 31 December 2022	Fair value as at 31 December 2022			Total
		Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy(a)	Level 3 of the fair value hierarchy	
Financial liabilities measured at amortized cost:					
Long-term borrowings at fixed interest rate	20,944,986	–	20,915,870	–	20,915,870
Bonds payable at fixed interest rate	19,369,124	–	19,332,677	–	19,332,677
	1,575,862	–	1,583,193	–	1,583,193

(a) Quantitative information determined in accordance with the level 2:

Items	Valuation techniques	Key inputs
Long-term borrowings at fixed interest rate	Discounted cash flow method	Benchmark lending rate with responding maturity released by the People's Bank of China
Bonds payable at fixed interest rate	Discounted cash flow method	Benchmark lending rate with responding maturity released by the People's Bank of China

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XII. RELATED PARTIES AND TRANSACTIONS

1. Details of the parent company of the Company

All amounts in RMB'000

Name of company	Place of registration	Principal activities	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
China Metallurgical Group Corporation	Beijing	Engineering contracting, property development, equipment manufacture, resource development and others	10,338,556	49.18	49.18

As stated in Note III, CMC together with its other subsidiaries other than the Company are the Group's related party.

Related party transactions between the Company and CMC together with its other subsidiaries other than the Company also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

SASAC is the ultimate controlling party of the Group.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note IX 1.

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates of the Group

Details of the principal joint ventures and associates of the Group are set out in Note IX 2.

Joint ventures and associates entered into transactions with the Group during the period, or during the prior period with remaining closing balances were as follows:

Name of joint ventures and associates	Relationship with the Group
Cccc-sjc Chengdu Prefabricated Building Technology Development Co., Ltd.	Joint venture
Chengdu Chuanye Construction Development Co., Ltd.	Joint venture
Baoding Juncheng Development and Construction Co., Ltd.	Joint venture
Zibo Chengxin Construction Investment Engineering Management Co., Ltd.	Joint venture
Chongqing Yuxiang Double Track Expressway Co., Ltd.	Joint venture
Beijing Tiancheng Guyun Property Management Co., Ltd.	Joint venture
Zhuhai Hengqin Headquarters Development Co., Ltd.	Joint venture
Beijing MCC Mingying Real Estate Development Co., Ltd.	Joint venture
Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	Joint venture
MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd.	Joint venture
Beijing MCC Mingding Real Estate Development Co., Ltd.	Joint venture
Tianjin MCC Mingjin Real Estate Co., Ltd.	Joint venture
Zhuozhou MCC Mingda Real Estate Development Co., Ltd.	Joint venture
First Metallurgical Construction Engineering Xuzhou Co., Ltd.	Joint venture
Jingmen Jingye Construction Co., Ltd.	Joint venture
Chengdu Tianye Construction Engineering Co., Ltd.	Joint venture
Xuzhou MCC Chengdong Expressway Construction Co., Ltd.	Joint venture
Panzhuhua Zhongjian Municipal Infrastructure Management Co., Ltd.	Joint venture
Chengdu Congshu Metallurgical Construction Engineering Co., Ltd.	Joint venture
Tangshan Fengrun Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	Joint venture
Lanzhou New Area Pipe Gallery Operation Management Co., Ltd.	Joint venture
Yinchuan Binhe New District Utility Tunnel Management Co., Ltd.	Joint venture
Xichang Anmin Urban Construction Project Investment Co., Ltd.	Joint venture
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Associate
MCC(Xiangtan)HEAVY Industrial Equipment Co., Ltd.	Associate
MCC Baoding Development and Construction Co., Ltd.	Associate
Yichang High Speed Railway New Town Construction Co., Ltd.	Associate
Liuzhou Guoye Road and Bridge Investment Development Co., Ltd.	Associate
Sixian Siye Construction Investment Co., Ltd.	Associate
Hunan Chachang Expressway Construction and Development Co., Ltd.	Associate
Ezhou Xinsheng Construction Engineering Co., Ltd.	Associate
Yibin Dingye Highway Engineering Co., Ltd.	Associate
Chongqing Yunkai Expressway Co., Ltd.	Associate
Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	Associate
Honghe Luqiu Expressway Investment and Development Co., Ltd.	Associate
Chengdu Jinyi Urban Construction Development Co., Ltd.	Associate
Yunnan Mangliang Expressway Investment Development Co., Ltd.	Associate
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Associate

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates of the Group (Continued)

Name of joint ventures and associates	Relationship with the Group
Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	Associate
Danamira Real Estate Co., Ltd.	Associate
Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.	Associate
Tangshan MCC Fangzhou Real Estate Development Co., Ltd.	Associate
Canberra Real Estate Co., Ltd.	Associate
Jiangsu Rongyu Construction Development Co., Ltd.	Associate
Suining KaiHong Construction Development Co., Ltd.	Associate
Nanyang Jinye Real Estate Development Co., Ltd.	Associate
Yancheng Chengtou Huaying Real Estate Co., Ltd.	Associate
Zhengzhou Huituo Urban Rural Construction Co., Ltd.	Associate
Chengdu Qingye Tianshun Construction Co., Ltd.	Associate
Nanchong Smcc Jiangdong BiaoMei Construction Investment Management Co., Ltd.	Associate
Guigang Guoye Pipe Gallery Construction Co., Ltd.	Associate
Baotou Huatian Property Co., Ltd.	Associate
Chongzuo Guoye Investment Development Co., Ltd.	Associate
Ma'anshan Chengnan Real Estate Development Co., Ltd.	Associate
Handan Guorui Construction Engineering Management Co., Ltd.	Associate
Smcc Times Real Estate (Tangshan) Co., Ltd.	Associate
Qiqihar North MCC Real Estate Co., Ltd.	Associate
Wuhan Zhongyi Investment Construction Co., Ltd.	Associate
Zhejiang MCC Investment Management Co., Ltd.	Associate
Hunan Xinxin Zhanguan Expressway Construction and Development Co., Ltd.	Associate
Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	Associate
Hunan Bainan Expressway Construction and Development Co., Ltd.	Associate
Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.	Associate
Hangzhou Fuyang Chengfa Construction Management Co., Ltd.	Associate
Guizhou MCC Infrastructure Investment Co., Ltd.	Associate
Nanjing Baoye Changqiao Construction Co., Ltd.	Associate
Shanghai Ruiyuan Urban Construction Development Co., Ltd.	Associate
Yibin Chuanye Construction Engineering Co., Ltd.	Associate
Yibin Xueye Construction Engineering Co., Ltd.	Associate
Puyang MCC Longhu Construction Development Co., Ltd.	Associate
Tianjin MCC Heyuan Real Estate Co., Ltd.	Associate
Shanghai United Auto Avenue Development and Construction Co., Ltd.	Associate
Shanghai MCC Xiangqi Investment Co., Ltd.	Associate
Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.	Associate
Chengde MCC Construction Development Co., Ltd.	Associate
Gongyi Baoye Chengda Construction Co., Ltd.	Associate
Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.	Associate
Guangzhou Guanlang Construction Investment Co., Ltd.	Associate
Taizhou Baoyue Construction Co., Ltd.	Associate
Chongqing Jiangjin Tuanjie Lake Construction and Operation Co., Ltd.	Associate

Note: MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd., Zhuozhou MCC Mingda Real Estate Development Co., Ltd. and Beijing MCC Mingding Real Estate Development Co., Ltd. has been transformed into subsidiaries of the Company during this period. For more details, please refer to Note VIII.2.

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

4. Other related parties of the Group

Other related parties entered into transactions with the Group during the period, or during the prior year with closing balance were as follows, such transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange:

Name of other related parties	Relationship with the Group
MCC Ruimu Amperex Technology Limited	Controlled by MCC group
Jiuquan Iron and Steel (Group) Co., Ltd. and all its subsidiaries	Shareholders Holding more than 10% of the shares of an important subsidiary of MCC

Subsidiaries of China Minmetals Corporation:

Minmetals Steel Chengdu Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Shanghai Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Tianjin Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Chongqing Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Iron & Steel Guangzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Lanzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Beijing Company	Under common control of China Minmetals Corporation
Minmetals Steel (Wuhan) Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Logistics Group Co., Ltd.	Under common control of China Minmetals Corporation
The 23rd Metallurgical Construction Group Fourth Engineering Co., Ltd of Minmetals	Under common control of China Minmetals Corporation
Luobei Yunshan Graphite New Material Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Shengshi Guangye (Beijing) Co., Ltd.	Under common control of China Minmetals Corporation
Guangzhou Pincheng Real Estate Development Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Land Holding Co., Ltd.	Under common control of China Minmetals Corporation
Nordic Metals and Minerals Co. Ltd.	Under common control of China Minmetals Corporation
Chengdu Hongqiang Property Management Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd.	Under common control of China Minmetals Corporation
Anshan Minmetals Chentaigou Mining Co., Ltd.	Under common control of China Minmetals Corporation
Changsha Research Institute of Mining and Metallurgy Co., Ltd.	Under common control of China Minmetals Corporation
The 23rd Metallurgical Construction Group Co., Ltd of Minmetals	Under common control of China Minmetals Corporation
China Minmetals Nonferrous Metals Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Trading Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Iron and Steel Xi'an Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Engineering Co., Ltd.	Under common control of China Minmetals Corporation
Zhuzhou Zhuye Nonferrous Industry Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Huangshaping Lead-Zinc Mine	Under common control of China Minmetals Corporation
Minmetals Finance Company	Under common control of China Minmetals Corporation
China National Foreign Trade Financial & Leasing Co., Ltd.	Under common control of China Minmetals Corporation
China Minmetals Corporation Limited	Under common control of China Minmetals Corporation

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

4. Other related parties of the Group (Continued)

Name of other related parties	Relationship with the Group
Jianhe Innovation Technology (Hainan) Co., Ltd.	Under common control of China Minmetals Corporation
Chengdu Kuangyi Real Estate Co., Ltd.	Under common control of China Minmetals Corporation
Tangshan Runda Property Service Co., Ltd.	Companies in which Minmetals Group owns more than 30% of the shares with significant influence but not consolidated
Beijing Dongxing Metallurgical NEW-TECH & Development Corp.	Companies in which Minmetals Group owns more than 30% of the shares with significant influence but not consolidated
Shanghai Baoye Pension Security Service Center	Companies in which Minmetals Group owns more than 30% of the shares with significant influence but not consolidated National

5. Related party transactions

(1) Purchase or sales of goods, provision or receipt of services

a. Purchase of goods and receipt of services

All amounts in RMB'000

Related party	Related parties transactions	Amount for the current period	Amount for the prior period
Transactions of a company under common control of CMC (Note):		—	13,373
China Metallurgical Group Corporation	Receipt of services	—	13,373
Transactions of companies under control by Minmetals Corporation (Note):		6,666,746	5,210,930
Minmetals Steel Chengdu Co., Ltd.	Purchase of goods	2,549,495	2,136,059
Minmetals Steel Shanghai Co., Ltd.	Purchase of goods	1,227,291	666,297
Minmetals Steel Tianjin Co., Ltd.	Purchase of goods	560,648	769,192
Minmetals Steel Chongqing Co., Ltd.	Purchase of goods	381,819	74,443
Minmetals Steel Guangzhou Co., Ltd.	Purchase of goods	345,648	146,895
Minmetals Steel Lanzhou Co., Ltd.	Purchase of goods	309,442	368,065
Minmetals Steel Co., Ltd.	Purchase of goods	281,727	2,774
Minmetals Steel Beijing Co., Ltd.	Purchase of goods	210,255	188,419
Minmetals Steel (Wuhan) Limited Company	Purchase of goods	201,561	354,353
Minmetals Logistics Group Co., Ltd.	Purchase of goods and receipt of services	161,230	3,443
The 23rd Metallurgical Construction Group Fourth Engineering Co., Ltd of Minmetals	Purchase of goods	80,761	39,953
Others	Purchase of goods and receipt of services	356,869	461,037

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Purchase or sales of goods, provision or receipt of services (Continued)

a. Purchase of goods and receipt of services (Continued)

Related party	Related parties transactions	Amount for the current period	Amount for the prior period
Transactions with joint ventures and associates:		1,108,487	335,367
Shanghai Ruiyuan Urban Construction Development Co., Ltd.	Purchase of goods	515,559	–
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Receipt of services	156,913	41,118
Cccc-sjc Chengdu Prefabricated Building Technology Development Co., Ltd.	Purchase of goods	92,350	7,408
MCC Capital (Xiangtan) Heavy Industry Equipment Co., Ltd.	Purchase of goods	88,904	27,561
Chengdu Qingye Tianshun Construction Co., Ltd.	Receipt of services	74,817	–
Chengdu Congshu Metallurgical Construction Engineering Co., Ltd.	Receipt of services	58,378	–
Chengdu Chuanye Construction and Development Co., Ltd.	Purchase of goods	51,544	110,071
Others	Purchase of goods and receipt of services	70,022	149,209

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Purchase or sales of goods, provision or receipt of services (Continued)

b. Sales of goods and provision of services

All amounts in RMB'000

Related party	Related parties transactions	Amount for the current period	Amount for the prior period
Transactions with a company under common control of MCC (Note):		23,439	10,577
MCC Ruimu Ampere Technology Limited	Sales of goods and provision of services	23,439	10,577
Transactions with shareholders holding more than 10% of the shares of important subsidiaries of MCC (Note):		207,820	–
Jiuquan Iron and Steel (GROUP) Co., Ltd.	Provision of services	207,820	–
Transactions of companies under control by Minmetals Corporation (Note):		3,611,153	2,174,171
China Minmetals Nonferrous Metals Co., Ltd.	Sales of good	2,171,861	953,015
Luobei Yunshan Graphite New Material Co., Ltd.	Provision of services	202,320	190,508
Minmetals Shengshi Guangye (Beijing) Co., Ltd.	Provision of services	170,977	–
Guangzhou Pincheng Real Estate Development Co., Ltd.	Provision of services	165,743	110,412
Minmetals Land Holding Co., Ltd.	Provision of services	113,649	–
Nordic Metals and Minerals Co. Ltd.	Sales of good	111,697	313,197
Chengdu Kuangyi Real Estate Co., Ltd.	Provision of services	105,544	65,706
Others	Sales of goods and provision of services	569,362	541,333
Transactions with joint ventures and associates:		29,065,224	29,402,940
MCC Baoding Development and Construction Co., Ltd.	Provision of services	2,897,140	3,211,577
Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.	Provision of services	1,505,094	4,307

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Purchase or sales of goods, provision or receipt of services (Continued)

b. Sales of goods and provision of services (Continued)

Related party	Related parties transactions	Amount for the current period	Amount for the prior period
Yichang High Speed Railway New Town Construction Co., Ltd.	Provision of services	1,359,907	7,298
Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	Provision of services	1,019,399	54,962
Liuzhou Guoye Road and Bridge Investment Development Co., Ltd.	Provision of services	864,390	880,752
Sixian Siye Construction Investment Co., Ltd.	Provision of services	858,013	62,789
Hunan Chachang Expressway Construction and Development Co., Ltd.	Provision of services	724,025	–
Ezhou Xinsheng Construction Engineering Co., Ltd.	Provision of services	687,989	470,874
Baoding Juncheng Development and Construction Co., Ltd.	Provision of services	606,042	–
Yibin Dingye Highway Engineering Co., Ltd.	Provision of services	546,339	550,363
Zibo Chengxin Construction Investment Engineering Management Co., Ltd.	Provision of services	542,591	–
Chongqing Yunkai Expressway Co., Ltd.	Provision of services	533,342	1,058,533
Honghe Luqiu Expressway Investment and Development Co., Ltd.	Provision of services	491,731	76,906
Chengdu Jinyi Urban Construction Development Co., Ltd.	Provision of services	466,231	–
Yunnan Mangliang Expressway Investment Development Co., Ltd.	Provision of services	432,361	915,630
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Provision of services	426,128	538,882
Chongqing Yuxiang Double Track Expressway Co., Ltd.	Provision of services	422,439	246,938
Others	Sales of goods and provision of services	14,682,063	21,323,129

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Leases

(a) As lessor

All amounts in RMB'000

Name of lessee	Type of leased assets	Leasing income recognized for the current period	Leasing income recognized for the prior period
Beijing Tiancheng Guyun Property Management Co., Ltd.	Buildings, structures	5,655	–
China Metallurgical Group Corporation (Note)	Buildings, structures	2,266	–
Tangshan Runda Property Service Co., Ltd. (Note)	Buildings, structures	794	977
Others	Buildings, structures	175	497
Total	/	8,890	1,474

(b) As lessee

All amounts in RMB'000

Name of lessor	Type of leased assets	Lease liabilities at 30 June 2023	Increase of historical cost of right-of-use assets for the current period	Leasing expense recognized for the current period
China Metallurgical Group Corporation (Note)	Buildings, structures	80,873	–	42,742
Tangshan Runda Property Service Co., Ltd. (Note)	Buildings, structures	–	–	5,582
Beijing Dongxing Metallurgical NEW-TECH & Development Corp. (Note)	Buildings, structures	32,255	–	1,814
Beijing Tiancheng Guyun Property Management Co., Ltd.	Buildings, structures	–	–	1,133
Chengdu Hongqiang Property Management Co., Ltd. (Note)	Buildings, structures	–	–	885
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd. (Note)	Buildings, structures	–	–	685
Anshan Minmetals Chentaigou Mining Co., Ltd. (Note)	Buildings, structures	–	–	446
Total	/	114,098	–	53,287

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

Financial Statements

For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Guarantee

(a) Grant guarantee

All amounts in RMB'000

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether the execution of guarantee has been completed at 30 June 2023
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	330,624	2019-09-04	2024-09-04	No
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	512,467	2019-09-04	2024-09-04	No

(b) Guarantees be granted

All amounts in RMB'000

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether the execution of guarantee has been completed at 30 June 2023
China Metallurgical Group Corporation	1,347,606	2020-05-05	2023-05-05	Yes

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(c) Credit be granted

All amounts in RMB'000

Creditor	Types of credit	Line of credit	Credit start date	Credit maturity date	The credit line has been used
Minmetals Finance Company	Loans	10,000,000	2022-11-11	2024-11-11	-
Minmetals Finance Company	Acceptance	500,000	2022-11-11	2024-11-11	116,651
Minmetals Finance Company	Guarantees	500,000	2022-11-11	2024-11-11	-
Minmetals Finance Company	Bill Discounting, Trade Finance and Other Loans	500,000	2022-11-11	2024-11-11	-
Total		11,500,000	/	/	116,651

(4) Compensation of key management personnel

All amounts in RMB'000

Compensation of key management personnel	Amount for the current period	Amount for the prior period
Total	5,953	5,794

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Other related party transactions

All amounts in RMB'000

Related party transactions	Related parties	Amount for the current period	Amount for the prior period
Interest income	Beijing MCC Mingying Real Estate Development Co., Ltd.	83,860	123,798
Interest income	Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	44,540	60,304
Interest income	MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd.	40,679	75,576
Interest income	Suining KaiHong Construction Development Co., Ltd.	29,520	–
Interest income	Beijing MCC Mingding Real Estate Development Co., Ltd.	13,226	50,047
Interest income	Tianjin MCC Mingjin Real Estate Co., Ltd.	10,576	11,866
Interest income	Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	9,984	13,954
Interest income	Danamira Real Estate Co., Ltd.	9,008	5,065
Interest income	Zhuozhou MCC Mingda Real Estate Development Co., Ltd.	8,169	43,351
Interest income	Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.	7,100	6,698
Interest income	Tangshan MCC Fangzhou Real Estate Development Co., Ltd.	6,514	7,366
Interest income	Canberra Real Estate Co., Ltd.	6,154	11,036
Interest income	Others	12,057	364,138
Total		281,387	773,199
Interest expense	Chengdu Tianye Construction Engineering Co., Ltd.	92,263	–
Interest expense	Chengdu Qingye Tianshun Construction Co., Ltd.	35,195	–
Interest expense	Jiangsu Rongyu Construction Development Co., Ltd.	20,820	–
Interest expense	Others	7,063	5,738
Total		155,341	5,738

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties

(1) Receivables

All amounts in RMB'000

Items	Related parties	30 June 2023		31 December 2022	
		carrying amount	Provisions for credit losses	carrying amount	Provisions for credit losses
Accounts receivable	MCC Baoding Development and Construction Co., Ltd.	489,395	5,009	358,802	4,751
Accounts receivable	Suining Kai Hong Construction Development Co., Ltd.	359,531	1,798	319,869	1,599
Accounts receivable	Nanyang Jinye Real Estate Development Co., Ltd.	252,766	6,799	–	–
Accounts receivable	Yancheng Chengtou Huaying Real Estate Co., Ltd.	241,866	9,675	213,214	8,529
Accounts receivable	Zhengzhou Huituo Urban Rural Construction Co., Ltd.	239,593	3,915	205,684	2,499
Accounts receivable	Nanchong Smcc Jiangdong Biao Mei Construction Investment Management Co., Ltd.	214,452	21,958	141,452	22,273
Accounts receivable	Zhuhai Hengqin Headquarters Development Co., Ltd.	203,347	3,472	203,049	3,472
Accounts receivable	First Metallurgical Construction Engineering Xuzhou Co., Ltd.	179,742	4,858	111,118	3,671
Accounts receivable	Guigang Guoye Pipe Gallery Construction Co., Ltd.	176,270	1,763	29,109	291
Accounts receivable	Jingmen Jingye Construction Co., Ltd.	174,953	6,998	35,927	719
Accounts receivable	Baotou Huatian Property Co., Ltd.	145,953	145,953	145,953	145,953
Accounts receivable	Chengdu Kuangyi Real Estate Co., Ltd.	145,832	1,458	44,263	443
Accounts receivable	Yunnan Mangliang Expressway Investment Development Co., Ltd.	145,480	727	50,557	253
Accounts receivable	Guangzhou Pincheng Real Estate Development Co., Ltd.	143,403	2,309	47,838	770
Accounts receivable	Chongzuo Guoye Investment Development Co., Ltd.	141,400	1,414	–	–
Accounts receivable	Ma'anshan Chengnan Real Estate Development Co., Ltd.	140,921	1,782	122,698	1,491
Accounts receivable	Handan Guorui Construction Engineering Management Co., Ltd.	140,347	88,816	142,347	89,183
Accounts receivable	Smcc Times Real Estate (Tangshan) Co., Ltd.	135,995	2,951	64,890	1,263
Accounts receivable	Others	5,650,498	864,956	6,207,606	897,666
Total		9,321,744	1,176,611	8,444,376	1,184,826

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(1) Receivables (Continued)

Items	Related parties	30 June 2023		31 December 2022	
		carrying amount	Provisions for credit losses	carrying amount	Provisions for credit losses
Other receivables	Beijing MCC Mingying Real Estate Development Co., Ltd.	2,331,688	–	2,242,797	–
Other receivables	Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	1,917,414	719,163	1,917,214	719,159
Other receivables	Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	1,228,101	–	1,257,999	–
Other receivables	Qiqihar North MCC Real Estate Co., Ltd.	1,145,161	64,451	1,148,914	64,451
Other receivables	Wuhan Zhongyi Investment Construction Co., Ltd.	726,780	3,634	726,780	3,634
Other receivables	Zhejiang MCC Investment Management Co., Ltd.	600,721	194,881	624,398	194,881
Other receivables	Others	7,031,256	1,045,711	10,668,311	853,081
Total		14,981,121	2,027,840	18,586,413	1,835,206
Prepayments	Industrial Technology Service Co., Ltd.	30,011	–	35,357	–
Prepayments	Minmetals Steel Tianjin Co., Ltd.	29,575	–	20,228	–
Prepayments	Changsha Research Institute of Mining and Metallurgy Co., Ltd.	24,112	–	–	–
Prepayments	MCC (Xiangtan) HEAVY Industrial Equipment Co., Ltd.	21,673	–	24,234	–
Prepayments	Minmetals Steel Chengdu Co., Ltd.	20,991	–	30,819	–
Prepayments	The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	19,873	–	7,373	–
Prepayments	China Minmetals Nonferrous Metals Co., Ltd.	16,998	–	5,673	–
Prepayments	Minmetals Steel Shanghai Co., Ltd.	15,820	–	51,871	–
Prepayments	Minmetals Logistics Group Co., Ltd.	13,217	–	16,021	–
Prepayments	Others	59,502	–	55,587	–
Total		251,772	–	247,163	–

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(1) Receivables (Continued)

Items	Related parties	30 June 2023		31 December 2022	
		carrying amount	Provisions for credit losses	carrying amount	Provisions for credit losses
Contract assets	Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.	549,783	3,035	25,474	229
Contract assets	Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	484,972	2,425	173,268	866
Contract assets	Yunnan Mangliang Expressway Investment Development Co., Ltd.	338,734	1,694	101,641	510
Contract assets	Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	328,361	3,973	65	1
Contract assets	Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	311,296	5,572	981,736	9,817
Contract assets	Liuzhou Guoye Road and Bridge Investment Development Co., Ltd.	278,565	2,786	166,610	1,666
Contract assets	Xuzhou MCC Chengdong Expressway Construction Co., Ltd.	241,761	1,036	27,523	138
Contract assets	Zhuhai Hengqin Headquarters Development Co., Ltd.	239,199	4,210	227,972	4,012
Contract assets	Hunan Bainan Expressway Construction and Development Co., Ltd.	228,773	4,332	73,457	1,058
Contract assets	Chongqing Yuxiang Double Track Expressway Co., Ltd.	221,284	3,961	69,155	692
Contract assets	Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.	213,072	5,540	239,263	6,221
Contract assets	Hangzhou Fuyang Chengfa Construction Management Co., Ltd.	209,366	3,967	20,884	448
Contract assets	Hunan Chachang Expressway Construction and Development Co., Ltd.	196,249	3,925	58,724	1,174
Contract assets	Others	6,728,480	335,070	6,616,918	314,896
Total		10,569,895	381,526	8,782,690	341,728

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(1) Receivables (Continued)

Items	Related parties	30 June 2023		31 December 2022	
		carrying amount	Provisions for credit losses	carrying amount	Provisions for credit losses
Long-term receivables	Guizhou MCC Infrastructure Investment Co., 442,238	442,238	5,765	432,615	4,326
Long-term receivables	Suining Kai Hong Construction Development Co., Ltd.	368,201	1,841	367,109	947
Long-term receivables	Chengdu Kuangyi Real Estate Co., Ltd.	121,259	–	118,726	–
Long-term receivables	Xuzhou MCC Chengdong Expressway Construction Co., Ltd.	74,010	370	174,010	–
Long-term receivables	Nanjing Baoye Changqiao Construction Co., Ltd.	66,273	784	–	–
Long-term receivables	Yinchuan Binhe New District Utility Tunnel Management Co., Ltd.	45,718	457	–	–
Long-term receivables	Others	77,396	660	62,288	313
Total		1,195,095	9,877	1,154,748	5,586

(2) Payables

All amounts in RMB'000

Items	Related parties	30 June 2023	31 December 2022
		Notes payable	Minmetals Steel Shanghai Co., Ltd.
Notes payable	Minmetals Steel Co., Ltd.	86,609	–
Notes payable	Minmetals Iron & Steel Guangzhou Co., Ltd.	72,510	93,516
Notes payable	Minmetals Trading Co., Ltd.	9,525	21,978
Notes payable	Minmetals Steel Beijing Company	6,273	14,786
Notes payable	Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	4,845	–
Notes payable	Others	7,454	48,360
Total		628,366	393,820

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	30 June 2023	31 December 2022
Accounts payable	Minmetals Steel Chengdu Co., Ltd.	667,383	314,909
Accounts payable	Minmetals Steel Shanghai Co., Ltd.	601,370	297,394
Accounts payable	Minmetals Steel Tianjin Co., Ltd.	380,700	94,952
Accounts payable	Minmetals Steel Lanzhou Co., Ltd.	301,379	154,608
Accounts payable	Minmetals Steel Co., Ltd.	238,777	2,450
Accounts payable	Minmetals Steel Beijing Co., Ltd.	203,373	100,558
Accounts payable	Minmetals Steel (Wuhan) Co., Ltd.	181,027	115,718
Accounts payable	Minmetals Steel Guangzhou Co., Ltd.	168,733	64,622
Accounts payable	Cccc-sjc Chengdu Prefabricated Building Technology	146,758	94,427
Accounts payable	Chengdu Chuanye Construction Development Co., Ltd.	132,658	–
Accounts payable	Shanghai Ruiyuan Urban Construction Development Co., Ltd.	122,286	–
Accounts payable	Minmetals Iron and Steel Xi'an Co., Ltd.	103,897	112,371
Accounts payable	Minmetals Trading Co., Ltd.	68,904	55,918
Accounts payable	MCC(Xiangtan)HEAVY Industrial Equipment Co., Ltd.	62,440	42,208
Accounts payable	Yibin Chuanye Construction Engineering Co., Ltd.	62,132	59,200
Accounts payable	Minmetals Chongqing Co., Ltd.	48,130	30,885
Accounts payable	Yibin Xueye Construction Engineering Co., Ltd.	45,800	45,800
Accounts payable	Minmetals Engineering Co., Ltd.	42,579	42,579
Accounts payable	The 23rd Metallurgical Construction Group Co., Ltd of Minmetals	42,270	30,976
Accounts payable	Others	305,815	149,876
Total		3,926,411	1,809,451

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XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	30 June 2023	31 December 2022
Other payables	Zhuzhou Zhuye Nonferrous Industry Co., Ltd.	167,828	161,761
Other payables	Puyang MCC Longhu Construction Development Co., Ltd.	152,017	–
Other payables	Zhuhai Hengqin Headquarters Development Co., Ltd.	112,584	177,292
Other payables	Shanghai Baoye pension security Service center	91,342	–
Other payables	Panzhuhua Zhongjian Municipal Infrastructure Management Co., Ltd.	87,160	–
Other payables	Minmetals Engineering Co., Ltd.	81,657	81,657
Other payables	Hunan Huangshaping Lead-Zinc Mine	74,051	71,374
Other payables	Yunnan Mangliang Expressway Investment Development Co., Ltd.	71,840	71,840
Other payables	Tianjin MCC Heyuan Real Estate Co., Ltd.	68,469	68,469
Other payables	Chengdu Congshu Metallurgical Construction Engineering Co., Ltd.	59,500	–
Other payables	China Metallurgical Group Corporation	42,241	245,646
Other payables	China Minmetals Corporation	40,213	37,426
Other payables	MCC Baoding Development and Construction Co., Ltd.	34,143	–
Other payables	Zhejiang MCC Investment Management Co., Ltd.	30,730	954
Other payables	Shanghai United Auto Avenue Development and Construction Co., Ltd.	24,000	24,000
Other payables	Shanghai MCC Xiangqi Investment Co., Ltd.	21,670	21,670
Other payables	Jiangsu Rongyu Construction Development Co., Ltd.	21,360	–
Other payables	Others	197,718	221,711
Total		1,378,523	1,183,800

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For the six months ended 30 June 2023

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	30 June 2023	31 December 2022
Contract liabilities	Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.	426,720	–
Contract liabilities	Tangshan Fengrun Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	270,075	282,390
Contract liabilities	Xichang Anmin Urban Construction Project Investment Co., Ltd.	229,050	279,094
Contract liabilities	Chengde MCC Construction Development Co., Ltd.	192,208	225,134
Contract liabilities	Lanzhou New Area Pipe Gallery Operation Management Co., Ltd.	153,454	–
Contract liabilities	Gongyi Baoye Chengda Construction Co., Ltd.	109,662	51,464
Contract liabilities	Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.	106,228	–
Contract liabilities	Guangzhou Guanlang Construction Investment Co., Ltd.	99,218	112,882
Contract liabilities	Taizhou Baoyue Construction Co., Ltd.	84,338	–
Contract liabilities	Chongqing Jiangjin Tuanjie Lake Construction and Operation Co., Ltd.	83,148	14,682
Contract liabilities	Others	1,509,898	3,238,692
Total		3,263,999	4,204,338

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XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	30 June 2023	31 December 2022
Non-current liabilities due within one year	China National Foreign Trade Financial & Leasing	7,314	107,724
Non-current liabilities due within one year	China Metallurgical Group Corporation	171	189
Total		7,485	107,913
Long-term borrowings	China Metallurgical Group Corporation	457,050	457,050
Total		457,050	457,050
Long-term payables	China National Foreign Trade Financial & Leasing	87,408	87,408
Long-term payables	Jianhe Innovation Technology (Hainan) Co., Ltd.	27,489	15,227
Long-term payables	China Minmetals Corporation Limited	22,850	20,850
Total		137,747	123,485

7. Deposits in related parties

All amounts in RMB'000

Related party	30 June 2023	31 December 2022
Minmetals Group Finance limited liability company	3,504,729	220
Total	3,504,729	220

Note: As at 30 June 2023, the annual interest rate of the above deposits is 0.35% to 1.15% (31 December 2022:0.35% to 1.26%)

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XIII. COMMITMENTS AND CONTINGENCIES

a) Significant commitments

i. Capital commitments

As at the balance sheet date, the Group had capital commitments contracted but not recognized in the balance sheet were as follows:

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Buildings, structures and equipment	23,616,909	23,767,322
Intangible assets	4,488,562	4,287,019
Total	28,105,471	28,054,341

b) Contingencies

i. Significant contingencies at the balance sheet date

1. Pending litigation or arbitration

As at 30 June 2023, objects of pending litigation or arbitration in which the Group acted as defendant were amounting to RMB2,467,929,000 (as at 31 December 2022: RMB2,844,049,000).

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision will be made for the above pending lawsuits if management determines the outflow of resources is not probable. As at 30 June 2023, management has made provision for pending lawsuits of RMB223,653,000, details of which are set out in Note VII 41.

2. Financial guarantees given to banks

a) Mortgage guarantees

All amounts in RMB'000

Guarantor	30 June 2023
Mortgage guarantees	9,391,543

The Group's subsidiaries in property development sector would provide mortgage guarantees to the property purchasers as it is a common practice in property development industry. Under such arrangements, the period of the guarantees is from the date of the contracts being signed to the date of the legal title of the properties finally being transferred to the purchasers and the certificates could be used as collaterals. The Group considers that the risk related to such guarantees is minor.

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For the six months ended 30 June 2023

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

b) Contingencies (Continued)

i. Significant contingencies at the balance sheet date (Continued)

2. Financial guarantees given to banks (Continued)

b) Loan guarantees

All amounts in RMB'000

Guarantor	Guarantee	30 June 2023
China MCC 20 Group Co., Ltd.	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	330,624
MCC Real Estate Group Co., Ltd.	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	512,467

In 2019, Zhuhai Hengqin Headquarters Building Development Co., Ltd. was a subsidiary of the Group within the scope of consolidation. In 2020, other shareholders of Zhuhai Hengqin Headquarters Building Development Co., Ltd. revoked their concerted action agreement with the Group, and the Group lost control of them. Zhuhai Hengqin Headquarters Building Development Co., Ltd. became a joint venture of the Group. China Twenty Metallurgical Group Co., Ltd. provided guarantee for the loan of Zhuhai Hengqin Headquarters Building Development Co., Ltd. The actual guarantee amount was RMB330,624,000 and the maximum guaranteed amount was RMB600,000,000, and the guarantee period was from 4 September 2019 to 4 September 2024. MCC Real Estate Group Co., Ltd. provided a guarantee for the loan of Zhuhai Hengqin Headquarters Building Development Co., Ltd. The guarantee amount was RMB512,467,000, and the maximum guaranteed amount was RMB930,000,000. The guarantee period was 4 September 2019 to 4 September 2024. Zhuhai Hengqin Headquarters Building Development Co., Ltd. is in good financial condition, and the management expects that there is no major debt default risk.

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (Continued)

(1) Significant contingencies at the balance sheet date (Continued)

3. Others

In 2012, due to extreme adverse weather condition, including typhoon, the progress of the Sino Iron Project was behind the original planned schedule giving rise to the substantial project cost overrun. The management is of the view that the Group has implemented appropriate procedures to control project costs, shorten project delay and minimize the loss resulted from the project schedule delay. In respect of the compensation clause set out in the construction contract entered into between the Group and the customer regarding the loss to customer resulted from the project delay due to the contractor own reason, the Group has sufficient communications with CITIC Group who is the customer of the Sino Iron Project. Both the Group and CITIC Group believe that the project delay is due to various reasons. A consensus has been reached between the Group and CITIC Group that the second main process production line of the Sino Iron Project should be completed and available for trial run by 15 April 2013. Due to the technical issue of cyclo electric motors, the trial run of the second main process production line of the Sino Iron Project was further delayed. The cyclo electric motors were purchased by a subsidiary of CITIC Group from an overseas supplier. The Group is of the view that the Group has appropriately performed its duty and fulfilled its responsibility in constructing the second main process production line according to the consensus reached with CITIC Group. The reason for the delay in trial run of the second main process production line of the Sino Iron Project was principally due to quality issue of cyclo electronic motors which were not purchased by the Group.

As of the date of approving these financial statements, the customer has not lodged any compensation claims against the Group in respect of the project delay. The Group has already taken measures in shortening the project delay and has sufficient communications with the customer of this project. The Group is of the view that the risk of being claimed by the customer of this project is remote. Therefore, no provision for loss is recognized in these financial statements.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

On June 21, 2023, the 49th meeting of the 3rd session of the Board of Directors of the Company considered and approved the resolution relating to the issuance of preferred shares by the Company to specific parties for the year 2023. As at the date of approval of this financial report, the Company has received the “Reply to the Approval of the State-owned Assets Supervision and Administration Commission of the State Council on Matters Relating to the Non-public Issue of Preferred Shares by Metallurgical Corporation of China Limited”, which stated that the State-owned Assets Supervision and Administration Commission of the State Council had given its approval in principle of the general proposal of the Company’s issuance of not more than 150 million preferred shares to certain targets to raise funds of not more than RMB15 billion. The first extraordinary general meeting of 2023 will be convened on September 11, 2023 to consider the relevant proposals in relation to the issue of preferred shares to specific targets.

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XV. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Accounting policies of the segment

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

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

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

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

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

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

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For the six months ended 30 June 2023

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Summarized financial information of reporting segment

(a) Segment information for the six months period ended 30 June 2023 and as at 30 June 2023

All amounts in RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	317,750,594	7,785,121	6,894,841	4,281,869	426,149	-	(2,679,714)	334,458,860
Including: Revenue from external customers	315,845,018	7,777,308	6,512,387	4,158,665	165,482	-	-	334,458,860
Revenue between segments	1,905,576	7,813	382,454	123,204	260,667	-	(2,679,714)	-
Operating costs	289,789,285	7,136,137	5,973,528	2,804,029	308,046	-	(2,540,748)	303,470,277
Including: External costs	287,914,775	7,134,987	5,629,402	2,712,845	78,268	-	-	303,470,277
Costs between segments	1,874,510	1,150	344,126	91,184	229,778	-	(2,540,748)	-
Operating profit/(loss)	9,695,417	(701,930)	143,989	1,008,714	35,131	(98,550)	(128,013)	9,954,758
Including: Gains/(losses) on investments in associates and joint ventures	119,341	(3,915)	(8,718)	-	-	-	-	106,708
Non-operating income	60,345	8,153	1,016	161	53	-	-	69,728
Non-operating expenses	109,250	13,677	1,196	1,785	-	-	-	125,908
Total profit/(loss)	9,646,512	(707,454)	143,809	1,007,090	35,184	(98,550)	(128,013)	9,898,578
Income tax expense	1,099,808	99,030	11,604	1,075	8,087	-	-	1,219,604
Net profit/(net loss)	8,546,704	(806,484)	132,205	1,006,015	27,097	(98,550)	(128,013)	8,678,974
Assets	566,026,404	134,961,245	23,723,058	16,735,469	14,496,894	3,507,732	(92,228,569)	667,222,233
Including: Long-term equity investments in associates and joint ventures	32,845,277	1,005,065	35,685	43	-	-	-	33,886,070
Non-current assets	74,535,499	10,161,511	4,252,759	10,227,569	4,596,259	-	(77,252)	103,696,345
Liabilities	416,874,419	108,772,083	20,014,142	12,197,285	7,604,167	183,527	(73,478,385)	492,167,238
Depreciation and amortization expenses	1,352,489	75,641	100,425	261,863	152,661	-	-	1,943,079
Impairment losses of assets and impairment of credit losses	(2,854,419)	(148,173)	(74,466)	(5,330)	303	-	-	(3,082,085)
Increase in other non-current assets other than long-term equity investments	1,990,731	24,052	67,981	726,568	-	-	-	2,809,332

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XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Summarized financial information of reporting segment (Continued)

(b) Segment information for the six months period ended 30 June 2022 and as at 31 December 2022 (Restated)

All amounts in RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	270,794,824	9,030,921	6,799,675	3,592,811	2,761,577	-	(3,778,066)	289,201,742
Including: Revenue from external customers	268,455,691	9,028,602	6,672,317	3,581,685	1,463,447	-	-	289,201,742
Revenue between segments	2,339,133	2,319	127,358	11,126	1,298,130	-	(3,778,066)	-
Operating costs	247,642,999	8,040,299	5,980,936	1,929,190	2,182,385	-	(3,585,589)	262,190,220
Including: External costs	245,508,774	8,040,299	5,973,446	1,776,917	890,784	-	-	262,190,220
Costs between segments	2,134,225	-	7,490	152,273	1,291,601	-	(3,585,589)	-
Operating profit/(loss)	7,381,531	16,324	119,975	1,186,431	173,685	(84,436)	(182,641)	8,610,869
Including: Gains/(losses) on investments in associates and joint ventures	137,252	(220,391)	66	-	(8,895)	-	-	(91,968)
Non-operating income	93,140	3,953	14,929	2,934	1,258	-	-	116,214
Non-operating expenses	67,944	5,036	1,311	3,678	683	-	-	78,652
Total profit/(loss)	7,406,727	15,241	133,593	1,185,687	174,260	(84,436)	(182,641)	8,648,431
Income tax expense	1,069,930	128,397	26,309	116	67,177	-	-	1,291,929
Net profit/(net loss)	6,336,797	(113,156)	107,284	1,185,571	107,083	(84,436)	(182,641)	7,356,502
Assets	478,848,039	131,518,026	19,877,054	15,047,115	31,634,900	3,236,572	(94,768,879)	585,392,827
Including: Long-term equity investments in associates and joint ventures	30,923,622	776,321	42,712	-	121,040	-	-	31,863,695
Non-current assets	64,870,051	11,826,239	3,821,617	9,236,788	30,053,155	-	(20,148,698)	99,659,152
Liabilities	355,856,266	104,726,624	17,286,790	13,134,179	11,751,439	108,447	(79,388,480)	423,475,265
Depreciation and amortization expenses	1,142,288	133,445	122,573	398,380	126,689	-	-	1,923,375
Impairment losses of assets and impairment of credit losses	(2,330,764)	(404,861)	(80,142)	(5,516)	(97,844)	-	-	(2,919,127)
Increase in other non-current assets other than long-term equity investments	4,735,239	13,592	165,256	847,792	40,995	-	-	5,802,874

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For the six months ended 30 June 2023

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(3) Other notes

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
China	321,897,372	279,572,449
Other countries/regions	12,561,488	9,629,293
Total	334,458,860	289,201,742

All amounts in RMB'000

Items	30 June 2023	31 December 2022
China	93,039,575	89,311,588
Other countries/regions	10,656,770	10,347,564
Total	103,696,345	99,659,152

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

(b) The dependency on major customers

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

2. Net current assets and total assets less current liabilities

(1) Net current assets

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (Restated)
Current assets	508,684,993	438,205,660
Less: Current liabilities	444,169,131	385,844,649
Net current assets	64,515,862	52,361,011

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XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Net current assets and total assets less current liabilities (Continued)

(2) Total assets less current liabilities

All amounts in RMB'000

Items	30 June 2023	31 December 2022 (Restated)
Total assets	667,222,233	585,392,827
Less: Current liabilities	444,169,131	385,844,649
Total assets less current liabilities	223,053,102	199,548,178

3. Comparative data

As mentioned in Note V.28(1), in accordance with the "Interpretation of Accounting Standards for Business Enterprises No. 16" issued by the Ministry of Finance, the Group has changed from not recognizing deferred income tax to recognizing separately corresponding deferred income tax liabilities and deferred income tax assets from 1 January, 2023 onwards for the 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 as right-of-use assets at the commencement date of the lease term. In accordance with the convergence provisions, the Group has made adjustments for the above transactions that occurred between the beginning of the period and the date of change in accounting policy in the earliest period for which the interpretation was first applied to the presentation of financial statements, and the accounting treatment and presentation of certain items in the financial statements as well as the amounts in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior years' data have been adjusted and certain comparative data have been restated to conform to the current period's presentation and to fulfill accounting treatment requirements.

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Aging analysis of accounts receivable

All amounts in RMB'000

Aging	30 June 2023	31 December 2022
Within 1 year	390,138	275,273
1 to 2 years	103,231	98,794
2 to 3 years	—	308
Over 5 years	71,545	71,545
Total carrying amount	564,914	445,920
Less: Provisions for credit losses	58,773	54,970
Book value	506,141	390,950

Settlement of trade receivables generated through engineering and construction services is made in accordance with terms specified in the contracts governing the relevant transactions. The aging of accounts receivable is calculated based on the date of issue of bill of construction service or date of revenue recognition.

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XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Provision for credit losses of accounts receivable

All amounts in RMB'000

Item	31 December 2022	Provision	30 June 2023
Provision for credit losses	54,970	3,803	58,773

(3) The five largest accounts receivable collected by arrears at the end of the period

All amounts in RMB'000

Name of entity	Relationship with the Company	30 June 2023 Carrying amount	30 June 2023 Provision of bad debt	As a percentage of total accounts receivable (%)
Party 1	Third party	259,404	4,566	45.92
Party 2	Third party	133,273	–	23.59
Party 3	Third party	46,454	46,454	8.22
Party 4	Third party	44,475	956	7.87
Party 5	Third party	56,217	–	9.95
Total	/	539,823	51,976	95.55

(4) In the current period, the Company had no non-recourse factoring of accounts receivable and did not derecognize accounts receivable through asset securitization (For the six months period ended 30 June 2022: Nil).

2. Other receivables

(1) Presentation of other receivables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Interest receivables	7,322,946	8,180,222
Dividends receivable	3,537,361	3,621,605
Other receivables	64,288,331	57,762,715
Total	75,148,638	69,564,542

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Interest receivables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Subsidiaries of the Company	7,913,378	8,770,654
Less: Provisions for credit losses	590,432	590,432
Total	7,322,946	8,180,222

(3) Dividends receivable

All amounts in RMB'000

Item	30 June 2023	31 December 2022
Subsidiaries of the Company Total	3,537,361	3,621,605
Total	3,537,361	3,621,605

As at 30 June 2023, the closing balance of dividends receivable aged more than one year was RMB3,537,361,000 (as at 31 December 2022: RMB3,436,787,000).

(4) Other receivables

(a) Aging analysis

All amounts in RMB'000

Aging	30 June 2023	31 December 2022
Within 1 year	15,459,835	14,498,125
1 to 2 years	1,919,998	11,849,573
2 to 3 years	10,883,342	2,824,467
3 to 4 years	6,658,065	5,386,816
4 to 5 years	9,310,101	8,765,032
Over 5 years	26,513,460	20,895,172
Total carrying amount	70,744,801	64,219,185
Less: Provisions for credit losses	6,456,470	6,456,470
Book value	64,288,331	57,762,715

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(4) Other receivables (Continued)

(b) Other receivables classified by nature

All amounts in RMB'000

Nature of other receivables	30 June 2023	31 December 2022
Subsidiaries of the Company	70,269,214	63,595,820
Guarantees and deposits	367,690	365,990
Others	107,897	257,375
Total	70,744,801	64,219,185

(c) Provision of credit losses of other receivables

For the six months period ended 30 June 2023

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit- impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provision for credit losses at 31 December 2022	-	-	6,456,470	6,456,470
Provision for the current period	-	-	-	-
Provision for credit losses at 30 June 2023	-	-	6,456,470	6,456,470

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(4) Other receivables (Continue)

(d) The five largest other receivables at the end of the period

All amounts in RMB'000

Name of entity	Relationship with the Company	Nature of other receivables	Aging	30 June 2023	Provision of bad debt	As a percentage of total other receivables (%)
Party 1	Subsidiary	Advances/ internal loans	Within 1 year, 2-5 years, over 5 years	39,438,028	-	55.75
Party 2	Subsidiary	Advances/ internal loans	Within 1 year, 1-2 years, 3-5 years, over 5 years	6,823,243	3,719,055	9.64
Party 3	Subsidiary	Advances/ internal loans	Within 1 year, 4-5 years,	2,669,901	-	3.77
Party 4	Subsidiary	Advances/ internal loans	Within 1 year, 1-2 years, 4-5 years	2,434,172	-	3.44
Party 5	Subsidiary	Advances/ internal loans	Within 1 year, 1-2 years, 3-5 years, over 5 years	2,415,762	2,414,020	3.41
Total	/	/	/	53,781,106	6,133,075	76.01

3. Long-term receivables

(1) Long-term receivables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Subsidiaries of the Company	380,191	380,191
Others	2,037	2,037
Total carrying amount	382,228	382,228
Less: Provisions for credit losses of long-term receivables	138,660	138,660
Book value	243,568	243,568
Less: Long term receivables due within one year, net	2,037	2,037
Long term receivables due after one year, net	241,531	241,531

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term receivables (Continued)

(2) Provision for credit losses of long-term receivables

As of 30 June 2023, the changes in the credit loss provision for long-term receivables based on 12-month expected credit losses and lifetime expected credit losses are as follows:

All amounts in RMB'000

Items	Phase 1	Phase 2	Phase 3	Total
	Future 12-month expected credit losses	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	
Provisions for credit losses at 30 June 2023 and 31 December 2022	-	-	138,660	138,660

4. Long-term equity investments

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
Subsidiaries	98,896,109	175,034	98,721,075	97,768,383	175,034	97,593,349
Joint ventures and associates	485,982	113,146	372,836	489,588	113,146	376,442
Total	99,382,091	288,180	99,093,911	98,257,971	288,180	97,969,791

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (Continued)

(1) Subsidiaries

All amounts in RMB'000

Name of investee	Carrying			Carrying	Impairment	Book value	Cash
	amount at 31 December 2022	Increase	Decrease	amount at 30 June 2023	provision at 30 June 2023	at 30 June 2023	dividend declared
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	1,898,546	-	-	1,898,546	-	1,898,546	-
Northern Engineering & Technology Corporation, MCC	826,271	-	-	826,271	-	826,271	-
China MCC 3 Group Co., Ltd.	1,219,670	380,426	-	1,600,096	-	1,600,096	-
Shen Kan Engineering & Technology Corporation, MCC	344,972	-	-	344,972	-	344,972	-
MCC Overseas Ltd.	475,644	-	-	475,644	-	475,644	-
MCC Communication Construction Group Co., Ltd.	9,148,023	-	-	9,148,023	-	9,148,023	-
MCC International Incorporation Ltd.	110,804	-	-	110,804	-	110,804	-
Ramu NiCo Management (MCC) Ltd.	3	-	-	3	-	3	-
MCC Finance Corporation Ltd.	1,583,970	-	-	1,583,970	-	1,583,970	-
MCC Tongsin Resources Ltd.	3,596,056	-	-	3,596,056	-	3,596,056	-
MCC-JJJ Mining Development Company Limited	2,849,805	-	-	2,849,805	-	2,849,805	-
MCC Capital Engineering & Research Incorporation Limited	7,175,684	-	-	7,175,684	-	7,175,684	-
MCC Real Estate Group Co., Ltd.	5,814,517	-	-	5,814,517	-	5,814,517	-
China 13th Metallurgical Construction Corporation	372,399	-	-	372,399	-	372,399	-
MCC TianGong Group Corporation Limited.	2,261,984	-	-	2,261,984	-	2,261,984	-
China 22MCC Group Co., Ltd.	3,487,199	-	-	3,487,199	-	3,487,199	-
China Non-ferrous Engineering Co., Ltd.	4,357,614	-	-	4,357,614	-	4,357,614	-
China Second Metallurgical Group Corporation Limited	1,262,835	216,710	-	1,479,545	-	1,479,545	-
Central Research Institute of Building and Construction Co., Ltd.	3,059,049	-	-	3,059,049	-	3,059,049	-
China Huaye Group Co., Ltd.	2,412,037	-	-	2,412,037	-	2,412,037	-
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	789,593	-	-	789,593	-	789,593	-
CISDI Group Co., Ltd.	4,368,886	-	-	4,368,886	-	4,368,886	-
China MCC 5 Group Co., Ltd.	5,022,567	-	-	5,022,567	-	5,022,567	-
China Metallurgical Construction Engineering Group Co., Ltd.	2,085,910	-	-	2,085,910	-	2,085,910	-
China MCC 19 Group Co., Ltd.	3,414,357	-	-	3,414,357	-	3,414,357	-

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (Continued)

(1) Subsidiaries (Continued)

Name of investee	Carrying amount at 31 December 2022	Increase	Decrease	Carrying amount	Impairment provision	Book value	Cash dividend declared
				at 30 June 2023	at 30 June 2023	at 30 June 2023	
MCC Baosteel Technology Services Co., Ltd.	1,091,924	-	-	1,091,924	-	1,091,924	-
China MCC 20 Group Co., Ltd.	1,680,279	-	-	1,680,279	-	1,680,279	197,280
Shanghai Baoye Group Co., Ltd.	6,710,953	-	-	6,710,953	-	6,710,953	-
Huatian Engineering & Technology Corporation, MCC	2,156,648	-	-	2,156,648	-	2,156,648	-
China MCC 17 Group Co., Ltd.	1,755,361	-	-	1,755,361	-	1,755,361	-
China MCC International Economic and Trade Co., Ltd.	69,392	-	-	69,392	-	69,392	-
WISDRI Engineering & Research Incorporation Limited	5,453,492	-	-	5,453,492	-	5,453,492	-
China First Metallurgical Group Co., Ltd.	2,045,090	-	-	2,045,090	-	2,045,090	-
MCC Changtian International Engineering Co., Ltd.	991,130	-	-	991,130	-	991,130	-
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	523,777	-	-	523,777	-	523,777	-
MCC-SFRE Heavy Industry Equipment Co., Ltd.	1,110,635	-	-	1,110,635	-	1,110,635	-
MCC Mining (Western Australia) Pty Ltd.	126,807	-	-	126,807	126,807	-	-
MCC Australia Holding Pty Ltd.	48,227	-	-	48,227	48,227	-	-
MCC Holding (Hong Kong) Corporation Limited	6,485	-	-	6,485	-	6,485	-
MCC Financial Leasing Co., Ltd.	127,500	-	-	127,500	-	127,500	-
MCC South China Construction Investment Co., Ltd.	51,000	-	-	51,000	-	51,000	-
MCC Zhongyuan Construction Investment Co., Ltd.	20,000	-	-	20,000	-	20,000	-
MCC Integrated Pipe Network Technology & Development Co., Ltd.	50,000	-	-	50,000	-	50,000	-
MCC Urban Investment Holding Co., Ltd.	150,000	-	-	150,000	-	150,000	-
China Metallurgical (Hainan) Investment Development Co., Ltd.	24,000	-	-	24,000	-	24,000	-
MCC (Shanghai) Steel Structure Technology Corp., Ltd.	180,401	240,590	-	420,991	-	420,991	-
MCC Road&Bridge Construction Co., Ltd.	386,887	300,000	-	686,887	-	686,887	-

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (Continued)

(1) Subsidiaries (Continued)

Name of investee	Carrying			Carrying	Impairment	Book value	Cash
	amount at 31 December 2022	Increase	Decrease	amount at 30 June 2023	provision at 30 June 2023	at 30 June 2023	dividend declared
MCC Ecological Environmental Protection Group Co., Ltd.	250,000	-	-	250,000	-	250,000	-
MCC (Yunnan) Engineering Investment and Construction Co., Ltd.	60,000	-	60,000	-	-	-	-
MCC Fujian Investment and Construction Co., Ltd.	60,000	-	-	60,000	-	60,000	-
Tianjin United Huixin Investment Partnership (Limited Partnership)	1,000,000	-	-	1,000,000	-	1,000,000	21,194
Tianjin United-Huitong Investment Partnership (Limited Partnership)	1,500,000	-	-	1,500,000	-	1,500,000	31,519
Tianjin United-Hongxin Investment Partnership (Limited Partnership)	1,500,000	-	-	1,500,000	-	1,500,000	37,163
MCC(Guizhou) Construction Investment Development Co, Ltd	100,000	-	-	100,000	-	100,000	-
MCC intemational Investment Development Co, Ltd	600,000	-	-	600,000	-	600,000	-
MCC Great Wall Investment Co., Ltd	-	50,000	-	50,000	-	50,000	-
Total	97,768,383	1,187,726	60,000	98,896,109	175,034	98,721,075	287,156

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (Continued)

(2) Joint ventures and associates

All amounts in RMB'000

Name of joint ventures and associates	Carrying amount at 31 December 2022	Movements during the current period				Carrying amount at 30 June 2023	Provision for impairment at 30 June 2023
		Share of (losses)/ profits	Other comprehensive income	Declaration of cash dividends			
Beijing Jingxi Travel Industry Investment Fund (limited partnership)	97,532	(893)	-	-	96,639	-	
MCC-Huafa Integrated Pipe Network Co., Ltd.	104,458	249	-	-	104,707	-	
MCC Jianxin Investment Fund Management Co., Ltd.	80,919	126	-	-	81,045	-	
Shenzhen MCC Utility Tunnel Construction and Investment Co., Ltd.	12,280	(3,124)	-	-	9,156	-	
Yingtian MCC Xinyin industry development partnership (limited partnership)	81,253	2,993	-	(2,957)	81,289	-	
MCC Xiangxi Mining Industry Co., Ltd.	113,146	-	-	-	113,146	113,146	
Total	489,588	(649)	-	(2,957)	485,982	113,146	

In the reporting period, there were no significant restrictions on withdrawing the above long-term equity investments.

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Short-term borrowings

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Credit loans:		
RMB	13,770,605	8,540,913
USD	13,719,075	6,259,898
Others	—	2,215,314
	51,530	65,701
Total	13,770,605	8,540,913

As at 30 June 2023, there were no significant short-term borrowings overdue but not yet paid (as at 31 December 2022: Nil).

As at 30 June 2023, the interest rate of short-term borrowings was 2.00% to 6.25% per annum (as at 31 December 2022: 1.70% to 5.25% per annum).

6. Other payables

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Amounts due to subsidiaries	35,839,057	45,911,091
External dividends payable	3,106,025	117,676
Others	302,498	240,808
Total	39,247,580	46,269,575

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Non-current liabilities due within one year

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Long-term borrowings due within one year (Note XVI 8)	165	181
Long-term employee benefits payable due within one year	4,995	4,995
Long-term payables due within one year	20,239,095	20,244,672
Bonds payable due within one year	—	227,083
Lease liabilities due within one year	21,190	21,257
Total	20,265,445	20,498,188

8. Long-term borrowings

All amounts in RMB'000

Items	30 June 2023	31 December 2022
Credit loans	439,245	439,261
Total	439,245	439,261
Less: Long-term borrowings due within one year (Note XVI 7)	165	181
Long-term borrowings due over one year	439,080	439,080

As at 30 June 2023, there were no significant long-term borrowings overdue but not yet paid (as at 31 December 2022: Nil).

As at 30 June 2023, the interest rate of long-term borrowings was 1.35% per annum (as at 31 December 2022: 1.35% to 4.28% per annum).

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Presentation of operating revenue and operating costs

(1) Operating revenue and operating costs

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	347,691	347,094	815,798	810,263
Other business	78,227	251	44,499	249
Total	425,918	347,345	860,297	810,512

(2) Breakdown of operating revenue

(a) Classified by industry

All amounts in RMB'000

Item	Amount for the current period	Amount for the prior period
Engineering contracting Total	347,691	815,798
Total	347,691	815,798

(b) Classified by geographic location

All amounts in RMB'000

Item	Amount for the current period	Amount for the prior period
Other countries/regions Total	347,691	815,798
Total	347,691	815,798

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Presentation of operating revenue and operating costs (Continued)

(3) Information of major customers from which the revenue generated accounted for more than 10% of the total revenue

All amounts in RMB'000

Items	Relationship with the Company	Operating revenue	As a percentage of total operating revenue of the Company (%)
Party 1	Third party	180,946	42.48
Party 2	Third party	109,763	25.77
Total	/	290,709	68.25

(4) Explanation of performance obligation

The project contracting services provided by the Company usually constitute a single performance obligation as a whole and are performance obligations performed within a certain period of time. As of 30 June 2023, some of the Company's project contracting service contracts were still in the process of implementation. The trading price allocated to non-implemented (or partly non-implemented) performance obligations is related to the performance progress of each project contracting service contract. It will be recognized as revenue within the future performance period of each project contracting service contract according to the performance progress.

Among the above operating income, revenue from contracts with customers was RMB425,918,000 (for the six months period ended 30 June 2022: RMB860,297,000).

10. Investment income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Investment income under cost method	287,156	1,543,003
Investment (loss)/income under equity method	(649)	11,874
Investment income on disposal of long-term equity investments	2,098	–
other	(22,935)	–
Total	265,670	1,554,877

There is no major restriction of investment income repatriation to the Company.

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

11. Credit impairment (losses)/reversal

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Credit losses	(3,803)	(84,202)
Including: Credit loss of other receivables	—	(82,115)
Credit reversal of long-term receivables	—	225
Credit loss of accounts receivable	(3,803)	(2,312)
Total	(3,803)	(84,202)

12. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statements

All amounts in RMB'000

Supplementary information	Amount for the current period	Amount for the prior period
Reconciliation of net profit to cash flows from operating activities:		
Net profit	428,481	1,064,929
Add: Credit loss provision	3,803	84,202
Reversal of impairment losses on assets	(935)	(3,137)
Depreciation of fixed assets and right-of-use assets	11,830	11,604
Amortization of intangible assets	476	702
Losses on write-off of fixed assets	4	16
Losses on changes of fair value	294,812	129,151
Financial (income)/expenses	(411,791)	293,224
Investment income	(265,670)	(1,554,877)
Decrease in inventories	92	130
(Increase)/decrease in contract assets	(7,842)	352,181
Increase/(decrease) in contract liabilities	231,563	(210,449)
(Increase)/decrease in receivables from operating activities	(461,282)	257,566
Increase in payables from operating activities	156,446	54,783
Net cash flows used in/(from) operating activities	(20,013)	480,025
Net changes in cash and cash equivalents:		
Cash and cash equivalents at end of period	7,932,769	8,688,785
Less: Cash and cash equivalents at beginning of period	4,551,152	5,006,514
Net increase in cash and cash equivalents	3,381,617	3,682,271

Financial Statements

For the six months ended 30 June 2023

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

12. Supplementary information to the cash flow statement (Continued)

(2) Cash and cash equivalents

All amounts in RMB'000

Items	30 June 2023	31 December 2022
I. Cash	7,932,769	4,551,152
Including: Cash on hand	473	4,354
Bank deposits without restriction	7,932,296	4,546,798
II. Cash and cash equivalents at end of period	7,932,769	4,551,152

XVII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

All amounts in RMB'000

Items	Amount
Government grants recognized in current profit or loss (except for the government grants that are closely related to the normal operating business of the Company and received in a certain amount or fixed quantity in accordance with the state's regulations)	215,705
Other non-operating income and expenses other than the above items	(62,022)
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss	76,832
Profit or loss on disposal of non-current assets	33,959
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from the disposal of financial assets held for trading, derivative financial instruments and other non-current financial assets except for those gain/loss relating to the hedging transactions under the Company's normal operating business	(326,164)
Write back of the provision for impairment of accounts receivable and contract assets that is individually assessed for impairment	367,724
Profit/loss from debt restructuring	2,885
Profit or loss on disposal of long-term equity investments	83,800
Less: Impact on income tax	(96,806)
Impact on non-controlling interests (after tax)	(59,503)
Total	236,410

Financial Statements

For the six months ended 30 June 2023

XVII.SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share (“EPS”)

Profit during the reporting period	Weighted average rate of return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	5.73	0.26	0.26
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	5.48	0.25	0.25

Chairman: Chen Jianguang
Date of Approval from the Board: 30 August 2023



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