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## **METALLURGICAL CORPORATION OF CHINA LTD. \***

### **中國冶金科工股份有限公司**

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

(Stock Code: 1618)

## **2021 INTERIM RESULTS ANNOUNCEMENT**

### **OVERVIEW**

The highlights of the Company's financial position as at 30 June 2021 and the operating results for the six months ended 30 June 2021 are as follows:

- Operating revenue amounted to RMB251,003 million, representing an increase of RMB70,438 million or 39.01% from RMB180,565 million in the first half of 2020.
- Net profit amounted to RMB6,591 million, representing an increase of RMB2,314 million or 54.12% from RMB4,277 million in the first half of 2020.
- Net profit attributable to Shareholders of the listed company amounted to RMB4,937 million, representing an increase of RMB1,345 million or 37.46% from RMB3,592 million in the first half of 2020.
- Basic earnings per share amounted to RMB0.21, and the basic earnings per share in the first half of 2020 amounted to RMB0.14.
- As at 30 June 2021, total assets amounted to RMB557,589 million, representing an increase of RMB51,196 million or 10.11% from RMB506,393 million as at 31 December 2020.
- As at 30 June 2021, total Shareholders' equity amounted to RMB144,350 million, representing an increase of RMB3,995 million or 2.85% from RMB140,355 million as at 31 December 2020.
- Newly signed contracts amounted to RMB615,058 million, representing an increase of RMB149,839 million or 32.21% from RMB465,219 million in the first half of 2020.

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

## I. CHAIRMAN’S STATEMENT

Dear Shareholders,

In the first half of 2021, MCC spared no efforts to obtain remarkable results in its “mid-term examination”, which was also a plain but meaningful gift to celebrate the 100th anniversary of the Communist Party of China.

During the Reporting Period, the Company maintained a rapid growth of its operating performance. Its indicators including operating revenue, total profit, net profit and newly signed contract value all hit new highs, and the indicator for asset quality continued to improve. In addition, the Company realized “two benefits and four rates” ahead of target schedule, and significantly improved its quality and efficiency of the operation. Among them, the operating revenue amounted to RMB251.003 billion, representing a year-on-year growth of 39.01%. Total profit was RMB8.031 billion, representing a year-on-year increase of 45.93%, of which the net profit attributable to Shareholders of the listed company recorded RMB4.937 billion, representing a year-on-year increase of 37.46%; the value of newly signed contracts amounted to RMB615.058 billion, representing a year-on-year increase of 32.21%; “high quality, large scale, emerging and comprehensive” projects have continued to improve in quantity and quality, and the newly signed individual contracts with value of more than RMB5 billion reached RMB71.347 billion, representing a year-on-year increase of 1,012.82%. In addition, the Company made new achievements in scientific and technological innovation, with 4,746 patents newly applied and 3,214 patents newly granted in the first half of the year, totaling 35,694 active patents, and had further improved the quality of its patents. The Company was approved as Beijing Enterprise Technology Center, and to establish the international standardization innovation base for metallurgical engineering. It owned a total of 26 technological innovation platforms at national level, and won 9 Chinese Patent Excellence Awards. 3 international standard projects and 12 national standard projects were approved, 1 international standard and 5 national standards were approved to be issued. MCC has shown a steady and sound growth trend for sustainable development.

Currently, the situation of COVID-19 pandemic is changing around the world. The overseas environment becomes more complex and severe and domestic economy recovery is still unstable and unbalanced. The Company will pay great attention to the systematic project of high-quality development, and do a good job in key parts such as main responsibilities and principal business, top-level design, basic management, market expansion, risk control and team building, unswervingly run its own affairs well and play a bigger role in the new journey towards building China into a great modern socialist country in every dimension.

**In terms of focusing on the main responsibilities and principal business**, the Company will uphold the strategic position of national team for metallurgical construction in the new development phase, and unswervingly promote the national

team for metallurgical construction to be advanced, optimized and re-created so as to be an “advanced manufacturer” in the development of China. The Company will take persistent efforts to strengthen the construction of national team system to guarantee its leading and strong position as a national team. Focusing on the objectives of Peak Carbon Dioxide Emission and Carbon Neutrality, the Company will vigorously promote the green and low-carbon development of metallurgy. Great efforts will be made in high added value of scrap industry to accelerate the development of scrap business. The Company will focus on scientific and technological innovation to achieve leading development, spare no effort to organize and implement the “181 Plan” and greatly advance the productization and industrialization of core technology. Therefore, the Company will be able to faithfully undertake the responsibility of an “advanced manufacturer” to achieve intelligent, green, low-carbon, high efficiency development in China’s metallurgy industry. Relying on the metallurgical advantages and resource endowments, we will make every effort to advance into the fields of high-tech and high-quality construction and emerging industries, continue to build new economic growth points and find a more promising, broader and brighter road.

**In terms of market expansion**, we will continue to control the overall situation with goals, and take actions according to plans, progresses and requirements and promote the development in an innovative way. We adhered to the market development principle of “herding sheep on the grassland and casting a net at fishpond”. We will transform from “piecemeal approaches” to “high-quality, innovative, comprehensive and large scale methods”, further expand the overall size, consolidate the fundamentals, expand high-quality fields, and develop potential aspects to reshape the market development pattern. We will continuously adhere to the regional deep development, lead the subsidiaries to develop their own “main operating field” and further improve the concentration of regional markets. We will adhere to the systematic development, improve the normalized market coordination mechanism, and help regional companies maintain vitality and their growth trend so as to further improve the order quality and the contract conversion rate.

**In terms of enhancing the management foundation**, we will pay attention to the traditional management and basic management, focus on the project management and work to improve the systematic management and control level. We will formulate a fixed management mode and form a standardized, normalized and refined management mode and example; improve the control of major project with intensive efforts to ensure the high-level implementation of the project as scheduled with high quality; enhance the control of the industrial chains and supply chains to improve the management and operation capability of vertical integration; work hard to achieve digital transformation to vigorously promote the project management informatization; concentrate on and start with the actual situation to maximize data value and facilitate the high-quality development of MCC with digitization.

**For the purpose of stringently controlling risks**, we will take stability as the top priority and place risk control as an important prerequisite for all business activities, further enhance the financial fund management, strictly guard against investment risks, continue to strengthen PPP project operation monitoring and risk control and the off-balance-sheet assets management; further do a good job in safety, environmental protection and flood prevention and strictly observe the red line of safety production. We will further enhance the overseas risk prevention and control, uphold the belief that people are of paramount importance and strive to do well in overseas pandemic prevention and control; give first place to safety and strictly prevent and control risks of overseas projects.

**In terms of team building**, we will continue to improve the whole chain selection and training system of outstanding talents, continue to enhance the matching and suitability between personnel and posts; make overall arrangements of talents at all ages, make efforts to enhance the training of young cadres and maintain potentials for future development of the Company. We will greatly stimulate the “backbone” spirit to act bravely, guide all the staff to keep their original mind to perform well and aim high, thus developing a good atmosphere to be positively motivated and embrace happiness.

Striving is the best way to compose history, also the highest tribute to history. Facing the future, we will greatly promote the enterprise spirit of “making progress every day, and never slackening the pace” and strive to write a new chapter of high quality development of “a better MCC” so as to create new and greater value for the country, the Shareholders, the society and our employees!

## **II. BUSINESS OVERVIEW**

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

Following the strategic positioning of “being the national team for metallurgical construction, the main force for fundamental construction, the forerunner of the emerging industries, and long-term adherence to pursuing the path for development with advanced technologies and high quality” and relying on the excellent abilities in research, investigation, design, and construction, MCC has developed a complementary comprehensive business structure with significant synergy effect of “four beams and eight pillars ( 四 梁 八 柱 )”, among which, beams refer to four business sectors of engineering contracting, property development, equipment manufacturing and resources development, while pillars are comprised of metallurgical engineering, high-end housing construction, mid and high-end real estate, transportation and municipal infrastructure, mine construction and development, core technology equipment and MCC’s steel structure, environmental engineering and new energy and featured theme projects.

## **1. *Engineering Contracting Business***

### **(1) *Industry Overview***

In 2021, as COVID-19 pandemic has been effectively controlled in China, it becomes one of the first to recover its economy. In turn, this has facilitated China's government to focus efforts on reform and innovation and quality development in various fields.

In the first half of the year, China's GDP grew substantially year-on-year, laying a solid foundation for its annual GDP growth target of 6% year-on-year. Following the major strategic task to expedite the fostering of a new dual-cycle development architecture, which means its growth will rely on both domestic and international economic cycles, with the domestic cycle as the mainstay, China's economy is expected to continue to lead developing economies. In particular, the Government Work Report delivered in Two Sessions 2021, namely NPC & CPPCC National Committee annual sessions, has sent new signals for developing the construction industry. In such report, it proposes to pursue the Digital China Initiative during the 14th Five-Year Plan, mentions "developing digital construction industry" for multiple times, emphasizes that enterprises in the construction industry should improve and upgrade digital management to develop market-orientated digital technologies and digital service platform, and build new strength of digital economy. During 14th Five-Year Plan period, China will "continue to pursue the strategy of new, people-centered urbanization, move faster to grant permanent urban residency to people who move to cities from rural areas, and raise the percentage of permanent urban residents to 65% of the population". In addition, it "promotes the development and application of new types of energy-efficient and eco-friendly technologies, equipment and products and introduces special policies on providing financial support for green and low-carbon growth". Undoubtedly, this is good news for enterprises in the construction industry to pursue green growth. On its path to go green and accomplish industrialization, the industry will be further supported with more favorable policies.

During the 14th Five-Year Plan period, China remains in an important period of strategic opportunities for its economic development, facing new developments for both opportunities and challenges.

In the metallurgy engineering sector, with the goal to strengthen achievements in cutting overcapacity in China's steel industry and based on increasingly stringent environmental protection requirements as well as under the background of steel industry transformation and upgrading, the primary direction of the supply-side structural reform of the steel industry is shifting from a scale adjustment to quality and efficiency adjustment. Due to weak independent innovation, low green development level and low added value of general products, it is urgent to take green manufacturing and smart manufacturing as a starting point to comprehensively promote green development, intensively boost integrated and high-quality development of the steel industry.

In the infrastructural construction sector, the rapid advancement of urbanization is still the most important driving factor for the rapid development of the construction industry. According to the National Bureau of Statistics, by the end of 2020, the urbanization rate of permanent residents exceeded 60% and it will be raised to 65% during the 14th Five-Year Plan period. In promoting steady urbanization progress, it can be expected that a high market demand will be released. In addition, "the strategy of new, people-centered urbanization" will become a priority for development. As regional development and urbanization development will place more emphasis on green and livability, "green" will become the keynote for high-quality development.

With the further advancement of the national strategic planning, including the Belt and Road Initiative, Coordinated Development in the Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt Development Plan, Integration of the Yangtze River Delta, China Western Development, Construction of China (Hainan) Pilot Free Trade Zone, Construction of Xiong'an New Area, and Construction of the Guangdong-Hong Kong-Macao Greater Bay Area, New Infrastructure Construction, New Urbanization, major infrastructure projects and other projects falling within the "new infrastructure and new urbanization initiatives and major projects" will be further expedited. At the same time, the "peak carbon emission and carbon neutrality" program, ecological protection and high-quality development in the Yellow River Basin, and the comprehensive implementation of rural revitalization, have been kicked off. Against this backdrop, the emerging industries, especially the environmental protection industry, maintain strong growth momentum. In the future, the Company's businesses such as featured theme projects, watershed management, soil remediation, prefabricated buildings, and new energy construction, will see great development potential.

(2) *Operating Results of the Business*

Since the beginning of 2020, COVID-19 pandemic has disrupted the pace of economic and social development, bringing severe challenges to business operation. In 2021, while implementing the regular pandemic prevention and containment, the Company continued to focus on our core business, core areas, core projects and core customers, endeavoring to explore new market, both at home and abroad, managing to maintain rapid growth momentum of newly signed contract amount. Following the successful breakthrough of the value of newly signed contract of RMB1 trillion in 2020, the Company's order volume reached a record high during the Reporting Period. The newly signed engineering contracts amounted to RMB591.695 billion, representing a year-on-year increase of 31.62%, a year-on-year growth of over 20% for 3 consecutive years. Among them, the newly signed metallurgical engineering contracts amounted to RMB98.113 billion, accounted for 16.58% of the newly signed engineering contracts, representing a year-on-year increase of 57.68%. The newly signed non-steel engineering contracts amounted to RMB493.582 billion, and accounted for 83.42% of the newly signed engineering contracts, representing a year-on-year increase of 27.43%. The Company's newly signed contracts for overseas projects amounted to RMB22.873 billion, representing a year-on-year increase of 1.03 times.

**The overall operating results of the engineering contracting business in the first half of 2021**

*Unit: RMB'000*

	First half of 2021	% of the total	First half of 2020	Year-on-year increase/ decrease
Segment operating revenue	231,256,834	90.60%	163,537,270	41.41%
Gross margin (%)	8.37	-	9.59	Decreased by 1.22 percentage points

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

① Metallurgical Engineering Construction Business

Closely keeping up with the pace of adjustment to the planning and upgrading of iron and steel industry during the Reporting Period, the Company seized market opportunities brought by smart manufacturing, green manufacturing, low-carbon manufacturing, efficient 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 at home and abroad remain unchanged, and to continuously march towards the high-end of metallurgical value chain. In particular, targeted planning should be made in advance with project development strategies for key projects to ensure that MCC obtains medium and large projects from major iron and steel enterprises.

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

*Unit: RMB'000*

Items of revenue	First half of 2021		First half of 2020		First half of 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	<u>47,198,024</u>	<u>20.41</u>	<u>31,763,810</u>	<u>19.42</u>	<u>29,393,644</u>	<u>20.26</u>

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

During the Reporting Period, the Company firmly seized opportunities, maintaining a high growth in terms of values of metallurgical engineering contracts. We have won the bid for many major construction projects, which further strengthens our position as a national team for metallurgical construction. We have successfully signed coking, steelmaking, hot rolling and other engineering projects under the integration project of removing the old district of HBIS Hansteel from urban area, which is a key project in Hebei Province to cut excess capacity in the iron and steel industry and achieve environmental protection goals. We have signed the contract for the general contracting of the stamp-charging coke making project, with annual capacity of 1.2 million tons, with Zhangye Jinchangyuan Coal Industry Co., Ltd. (張掖市晉昌

源煤業有限公司), which is the largest metallurgical project in Gansu Province in terms of investment in recent years, one of top ten major projects invested by Gansu Province's ecological industry development funds and also a key provincial project. We also successively signed a series of influential and representative engineering projects, including the capacity replacement and upgrade project of Yunnan Yuxi Yukun Iron and Steel Group (雲南玉溪玉昆鋼鐵集團), the contract for general contracting of iron-making under phase 2 of industrial upgrade technical transformation of Guangxi Shenglong Metallurgical Co., Ltd. (廣西盛隆冶金有限公司), the contract for the general contracting of rolling project of Zenith Green Quality Steel, 7m top-loading coking project of Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司), with annual capacity of 1.378 million tons, the contract for general contracting of steel-making continuous casting and iron-making of Hebei Tangyin Iron and Steel Co., Ltd. (河北唐銀鋼鐵有限公司), the urban steel plant relocation and transformation blast furnace project of Hebei Tianzhu Iron and Steel Group Co., Ltd. (河北天柱鋼鐵集團有限公司), and the contract for general contracting of steel-making under the upgrade and transformation project of Tianjin Iron Plant Co., Ltd. (天津鐵廠有限公司). In December 2020, the Company won a tender for the overall design project of hydrogen energy development and utilization project of HBIS Xuansteel, which was the first demonstration project of hydrogen metallurgy in the world. The Company successfully commenced the construction of this project in the first half of 2021. At present, relevant blueprint and civil construction of core equipment such as shaft furnace and heating furnace have been completed, and it is expected that the trial production for this project will be commenced in May 2022.

During the Reporting Period, the Company steadily boosted its overseas metallurgical construction business, having made important progress in many countries. In South America, with our focusing efforts, notable results have been achieved in its mining market. We signed engineering design contract for the Pampa de Pongo Mine Project in Peru. In Turkey, we outperformed top competitors from Europe and successfully signed the project for coke oven battery No.4 and chemical production of ERDEMIR. In Indonesia, we signed cooperation agreement for the expansion of Dexin Steel Indonesia, cooperation agreement for the coking project of Delong Steel, Xintiangan Steel, which will fill the blank in large, integrated and full-process steel and iron project and lead the development of steel industry in Indonesia.

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Domestic Projects</b>		
1	EPC General Contracting Contract for No.1 Steelmaking Plant of Old District Relocation and Integration Project of HBIS Hansteel* (河鋼邯鋼老區退城整合項目煉鋼工程一煉鋼車間工程EPC總承包合同)	24.6
2	General Contracting Contract for Steelmaking Engineering of the Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換升級改造項目煉鋼工程總承包合同)	21.7
3	General Contracting Contract of Annual Output of 1.2 Mtpa of Stamp-charged Coking by Jinchangyuan Coal Industry Co., Ltd. in Zhangye City (張掖市晉昌源煤業有限公司年產120萬噸搗固煉焦項目總承包合同)	18.7
4	EPC General Contracting Project for Coking Construction (Coal Coke and Chemical Production Section) of the Relocation and Integration Project of the HBIS Hansteel Old District (河鋼邯鋼老區退城整合項目焦化工程EPC總承包(煤焦及化產標段)項目)	16.8
5	General Contracting Contract for the 7m Top Coking Project with an Annual Production Capacity of 1.378 Million Tons of Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司137.8萬噸／年7m頂裝焦化項目總承包項目)	14.5
6	General Contracting Contract for Steelmaking Project of Relocation from the Urban Area of Hebei Tangyin Iron and Steel Co., Ltd. (河北唐銀鋼鐵有限公司退城搬遷項目煉鋼工程總承包合同)	13.5

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
7	Blast Furnace Rebuilding Project for the City Steel Plant Relocation of Hebei Tianzhu Steel Group Co., Ltd. (河北天柱鋼鐵集團有限公司城市鋼廠搬遷改造高爐工程項目)	12.8
8	General Contracting Contract for Ironmaking Project of Relocation from the Urban Area of Hebei Tangyin Iron and Steel Co., Ltd. (河北唐銀鋼鐵有限公司退城搬遷項目煉鐵工程總承包合同)	12.1
9	General Contracting Contract for the Raw Materials Store Yard of the Transformation, Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換轉型升級改造項目綜合料場工程總承包合同)	11.9
10	Project for Upgrade and Transformation of Gas Recovery and Power Generation to Improve the Utilization Rate of Secondary Energy in Angang (安鋼煤氣回收發電提高二次能源綜合利用率升級改造項目)	10.8
<b>Overseas projects</b>		
1	EPC Contract for 2 Million t/a Alumina Plant Project of PT. LAMAN MINING, Indonesia* (印度尼西亞LAMAN200萬t/a氧化鋁廠項目EPC合同)	59.9
2	Project for coke oven battery No.4 and Chemical Production of ERDEMIR in Turkey (土耳其ERDEMIR4號焦爐及化產工程項目)	7.1

\* Including multiple sub-contracts under the same project, the same below.

## ② Non-Steel Engineering Construction Business

### 1) Housing Construction and Infrastructure Construction

According to the Government Work Report delivered in Two Sessions 2021, China will continue to support major projects that promote coordinated regional development, promote the construction of “new infrastructure and new urbanization initiatives and major projects”, and implement a number of major projects in transportation, energy, and water conservancy. During the Reporting Period, the Company adhered to the market development principle of “herding sheep on the grassland and casting a net at fishpond (到有魚的地方撒網、到有草的地方放羊)”. Making continuous effort to keep “focusing on core industries, core areas, core projects and core customers (聚焦核心主業、聚焦核心區域、聚焦核心項目、聚焦核心客戶)” as its main principle in marketing, the Company concentrated its work in the core areas comprising of urban agglomeration of Beijing-Tianjin-Hebei around Bohai, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta, urban agglomeration in central China, and urban agglomeration in Chengdu and Chongqing with due consideration to key areas in key cities in the northwest China and southwest China, and achieved sustainable development in such popular areas such as national central cities and Xiong’an New Area, Beijing’s sub-center and regions along the “Belt and Road” and other focal regions to improve its regional influence and control, managing to develop various stable regional markets. Meanwhile, brand and resource advantages in localities where its subsidiaries operate were maximized to further promote localized operations, the subsidiaries significantly improving their marketing quality and size in the areas covered by “base camp” and “base”.

**In the urban agglomeration of Beijing-Tianjin-Hebei around Bohai**, the Company signed a series of major projects including the Project (Phase II) of the Chongli District of Peking University Third Hospital (北京大學第三醫院崇禮院區二期工程), Municipal Infrastructure Project of Resettlement Housing (Ancillary Infrastructure included) and Associated Spur Lines of Rongxi Area in Xiong’an New District

(雄安新區容西片區安置房(包含配套設施)及配套支線市政基礎設施項目), Storage and Cold Chain Logistics, Food Processing and Industrial Sightseeing Project of Baoding City (保定市倉儲冷鏈物流食品加工及工業觀光項目), Renovation Project of Urban Village in Chen Zhuang Village of Lianchi District of Baoding City (保定市蓮池區陳莊村城中村改造工程), Shanty Town Reconstruction Project in Yuxi Street Area, Luanping County of Chengde City (承德市灤平縣育希大街片區棚戶區改造項目), the Project for the Engineering of Lehe Cheng in Baoding City (保定市樂和城工程項目), and the Resettlement Housing Construction Project for Farmers of Phase II Model Small Town in Jinzhong of Tianjin City (天津市金鐘示範小城鎮二期農民安置房建設項目).

**In Guangdong-Hong Kong-Macao Greater Bay Area,** the Company signed a series of major projects including the Guangzhou City Jinshazhou No. 1 Commercial Building Project (廣州市金沙洲一號商業樓項目), the Metro Line 13 Phase II Zhanchang Station Complex Project in Baiyun District, Guangzhou City (廣州市白雲區地鐵13號線二期站場站綜合體項目), the Yangdong to Yangjiang Port Highway (the Western Coastal Highway Yangjiang South Linking-Up Road) Project in Yangjiang City (陽江市陽東至陽江港高速公路(西部沿海高速公路陽江南聯絡線)項目), the Shenzhen Metro Line 13 Phase II (South Extension) Project (深圳市城市軌道交通13號線二期(南延)工程), the Longdong City Renewal Project in Longgang District, Shenzhen City (深圳市龍崗區龍東城市更新項目), and the Gonghe Chengbang Land Parcel No. 5 Project in Pingshan District, Shenzhen City (深圳坪山共和城邦5號地項目).

**In the urban agglomeration of Yangtze River Delta,** the Company signed a series of major projects including the Urban Renewal Project along Xiangkan River in Binhai County, Yancheng City (鹽城市濱海縣響坎河沿線城市更新工程), the City-Industry Integration Development Project in Wanjiang Jiangnan New Industrial Concentration Area, Chizhou City (池州市皖江江南新興產業集中區產城融合綜合開發項目), the Zhejiang Provincial Hospital of Chinese Medicine New Area Project (Phase I) (浙江省中醫院新院區項目(一

期)), the Land Parcel Project in south of Puwu Road and west of Pearl Street, Pukou District, Nanjing City (南京市浦口區浦烏路以南珍珠街以西地塊項目), and the General Contracting Project for the Xinqiao Intelligent Electric Automobile Industrial Park (Phase I) in Hefei City (合肥市新橋智能電動汽車產業園(一期)總承包項目).

**In the urban agglomeration of central China,** the Company signed a series of major projects including the Huanggang International Airport City-Industry Integration Demonstration Zone Project (黃岡國際空港產城融合示範區項目), the high-rise residential, commercial boutique hotel and related supporting ancillary EPC projects of Hunan Zhaoshan Qinglan (湖南昭山晴嵐高層住宅、商業精品酒店及相關配套EPC項目), the Campus Expansion Project of Xinyang Aviation Vocational College (信陽航空職業學院校區擴建項目), the Phase I Wharf Project of Jinshui Operation Area, Jiangxia Port Area, Wuhan Port (武漢港江夏港區金水作業區一期碼頭工程), the Relocation and Construction Project of Hubei University of Arts and Science (湖北文理學院遷建項目), and the Reconstruction Project of a section of National Highway G208 between Yibin District and the urban area of Yichuan County in Luoyang City (G208二淅線洛陽繞城伊濱區至伊川城區段改建工程項目).

**In the urban agglomeration of Chengdu and Chongqing,** the Company signed a series of major projects including the Construction Project of “Three Schools and One Center” in Huaizhou New City Vocational Education Town of Chengdu City (成都市淮州新城職教城「三校一中心」建設項目), the Chengdu Wenxuan International Finance Center Project (成都文軒國際金融中心項目), the Chengdu Financial Innovation Center Project (成都金融創新中心項目), the Construction Project of Tianfu Campus of Civil Aviation Flight University of Chengdu City (成都市民航飛行學院天府校區建設工程), the Construction Project of Yibin Training Bases for Integration of Industry and Teaching of Xihua University of Yibin City (宜賓市西華大學宜賓產教融合實訓基地建設項目), the Standard Workshop and Ancillary Engineering Project of Zone

B in Yangtze River Industrial Area of Yibin City (宜賓市長江工業園區B區標準廠房及配套建設項目), Yibin Campus of Southwest University and the Phase I and II Ancillary Infrastructure Project of “Double Town” (西南大學宜賓園區及「雙城」一、二期配套基礎設施項目), the Phase I Project of Lingang District, Second People’s Hospital of Yibin City (宜賓市第二人民醫院臨港院區(一期)項目), and the Construction Project of Konggang Tiansheng Community of Yubei District, Chongqing City (重慶市渝北空港天聖住宅小區建設項目).

**In the urban agglomeration of northwest China and southwest China**, the Company signed a series of major projects including the PPP Project for the Capacity Expansion and Renovation and Ancillary Works of Qingshuiyi-Zhonghe Section of G30 Lianhuo Highway (G30連霍高速公路清水驛至忠和段擴容改造及配套工程PPP項目), the PPP Project for section from Luxi to Qiubei to Guangnan to Funing Highway of the Yunnan Province Highway Network (雲南省高速公路網瀘西至丘北至廣南至富寧高速公路工程PPP項目), the PPP Project of Simao to Jiangcheng (Zhengdong) Highway (思茅至江城(整董)高速公路工程PPP項目), the General Contracting Project for Phase I Construction of Metro Line 15 of Xi’an City (西安市地鐵15號線一期工程總承包項目), and the International Lugang Hospital Project of the First Affiliated Hospital of Xi’an Jiaotong University (西安交大第一附屬醫院陸港國際醫院項目).

In addition, the Company continues to innovate its business model through deepening the cooperation with its strategic customers such as local governments and large enterprises, flexibly adopts PPP, EPC+F and other new business models to promote the development of contracting model towards high-end, systematization and integration, and actively expands its business such as urban renewal and reconstruction, and area-based overall development. Therefore it successfully opens up the whole project life cycle of the industrial chain which contains the investment, financing, design, construction and operation of an integration of or various business models.

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

*Unit: RMB'000*

Items of revenue	First half of 2021		First half of 2020		First half of 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction engineering	114,878,950	49.68	83,477,320	51.04	67,438,866	46.49
Transportation infrastructure	47,569,418	20.57	32,043,668	19.59	31,022,810	21.38
Other engineering	21,610,442	9.34	16,252,472	9.95	17,219,213	11.87

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Housing construction projects</b>		
1	Urban Renewal Engineering Project of Cities along Xiangkan River, Binhai County, Yancheng City, Jiangsu Province (江蘇鹽城濱海縣響坎河沿線城市更新工程項目)	62.0
2	Resettlement Housing Project of Luokou Area (Phase II) in Jinan City, Shandong Province (山東濟南濼口片區二期安置房項目)	59.9
3	Construction Project of “Three Schools and One Center” New City Vocational Education Town in Huaizhou, Chengdu City, Sichuan Province (四川成都淮州新城職教城「三校一中心」建設項目)	54.5

No.	Name of Project (Contract)	Contractual Amount <i>(RMB100 million)</i>
4	Section A1 of Municipal Infrastructure Project of Resettlement Housing (including Supporting Facilities) and Associated Spur Lines of Rongxi Area in Xiong'an New District, Hebei Province* (河北雄安新區容西片區安置房(包含配套設施)及配套支線市政基礎設施項目施工總承包A1標段)	42.8
5	Project of Chengdu Wenxuan International Finance Center (成都文軒國際金融中心項目)	40.0
6	Section II of (Construction) Project of Xiamen New Convention Center - Exhibition Center (廈門新會展中心-展覽中心II標段(施工)項目)	34.1
7	Baoding Storage Cold Chain Logistics Food Processing and Industrial Sightseeing Project (保定倉儲冷鏈物流食品加工及工業觀光項目)	27.5
8	General Contracting Contract for Design and Construction of Shanty Town Reconstruction Project in Yuxi Street Area, Luanping County, Hebei Province (河北灤平縣育希大街片區棚戶區改造項目設計施工總承包合同)	27.4
9	General Contracting Project of Construction of Lehe Cheng in Baoding City (保定市樂和城工程施工總承包項目)	27.0
10	EPC Construction Contract for Changchun Longxiang International Business Center Project (長春龍翔國際商務中心項目EPC建設合同)	24.5

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Transportation and Municipal Infrastructure Construction Project</b>		
1	Project of Luxi-Qiubei-Guangnan-Funing Expressway (Construction Section of Wenshanzhou)* (瀘西至丘北至廣南至富寧高速公路工程(文山州承建段))	133.4
2	Urban Renewal and Infrastructure Construction Project of Lingang New Town (East District), in Gaomi City, Shandong Province* (山東高密臨港新城(東區)城市更新及基礎設施建設項目)	96.4
3	PPP Project of Expansion, Renovation and Supporting Project of Qingshuiyi-Zhonghe Section of G30 Lianyungang-Horgos Expressway (G30連霍高速公路清水驛至忠和段擴容改造及配套工程PPP項目)	96.0
4	General Contracting Contract of PPP Project Construction of Simao-Jiangcheng (Zhengdong) Expressway Project (思茅至江城(整董)高速公路工程PPP項目施工總承包合同)	85.3
5	Project of Luxi-Qiubei-Guangnan-Funing Expressway (Honghe Section) (瀘西至丘北至廣南至富寧高速公路(紅河段))	36.1
6	Construction Project (Phase I) of Urban Expressway Network in Zibo City, Shandong Province (Section 3 Construction Project of Changguo Road Expressway) (山東淄博城市快速路網建設項目(一期)(標段3昌國路快速路建設項目))	32.2
7	City-Industry Integration Demonstration Area (EPC) Project of International Airport in Huanggang City, Hubei Province (湖北黃岡國際空港產城融合示範區(EPC)項目)	30.1
8	General Contracting Project of Phase I Construction of Xi'an Metro Line 15 (西安市地鐵15號線一期工程施工總承包項目)	18.0

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
9	Section II of the Construction Project of Bama-Pingxiang Expressway (Daxin via Longzhou to Pingxiang Section) (巴馬-憑祥公路大新經龍州至憑祥段建設項目 No.2 標段)	17.7
<b>Other Projects</b>		
1	EPC General Contracting Construction Contract for 3.2 Million High-End Forged Magnesium Alloy Automobile Hubs and 25,000 Tons Magnesium Alloy Plate Deep Processing Project in Yangquan, Shanxi Province (山西陽泉年產320萬隻高端鍛造鎂合金汽車輪轂及2.5萬噸鎂合金板深加工項目EPC總承包施工合同)	16.0
2	EPC Project of Shanghai Beidou Haizhi Industry Park (上海北斗海智產業園EPC項目)	15.2
3	Standard Workshop Phase I (EPC) Project of Advancing Project of Gaojieyuan Area in Yibin City, Sichuan Province (四川宜賓高捷園成片區推進項目標準廠房一期(EPC))	14.0
4	General Contract for Infrastructure and Supporting Project of Photoelectric Industrial Park of Mianyang High Tech Zone, Sichuan Province (四川綿陽高新區光電產業園基礎設施及配套項目工程總承包)	12.5
<b>Overseas Projects</b>		
1	General Contracting Engineering Project of Section CR101 of Singapore Cross Island Line – Changi East Depot (新加坡地鐵跨島線標段CR101-樟宜東車輛段車廠總承包工程項目)	50.6
2	Pile Foundation and Underground Structure Engineering Project of NAGA3 Project in Cambodia (柬埔寨NAGA3項目樁基礎與地下結構工程項目)	5.7

\* Including multiple sub-contracts under the same project, the same below.

## 2) Emerging Industries

During the Reporting Period, in accordance with the objectives of the “forerunner in the emerging industries to re-accelerate, re-expand and re-innovate”, the Company exerted efforts on emerging industries, and made major breakthroughs in areas such as ecological and environmental protection (including municipal sewage treatment, comprehensive treatment of waste water, waste incineration, solid waste treatment, soil remediation and mine restoration), new energy project, healthcare and senior care, theme parks and new infrastructure through resource integration, technological advancement, and marketing model adjustment to constantly increase its competitiveness in emerging industries. By leveraging the advantages of its specialized technology in certain research institutes of specialized technologies, the Company provided customers with all-round and comprehensive services along the entire industry chain. Among them:

**In terms of eco-environmental protection industry,** firmly following the ecological concept that “lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)”, the Company focused on the development of ecological and environmental protection market, and spared no efforts to build MCC’s brand image of “low cost, high standard, high technology and high quality” to constantly expand its market share in accordance with the national strategies on the protection of the Yangtze River, the ecological protection and high-quality development of the Yellow River Basin, and other strategies. The Company has established a subsidiary, MCC Ecological Environmental Protection Group Co., Ltd. (中冶生態環保集團有限公司), for professional ecological and environmental protection, to seize the favorable opportunity for green and low-carbon development. Relying on the leading technological advantages, we gained scale advantages in water, solid waste treatment, and ecological and environmental management, to gradually open up markets. Currently, the Company’s market share in the field of large-scale incineration power generation consulting and design in China has reached 60%.

In the first half of 2021, the Company successfully signed contracts for a series of iconic projects, including Phase II Project of the Comprehensive Treatment of Water Environment System in Jiujiang City Central Urban Area (九江市中心城區水環境系統綜合治理二期項目), Tai'an Xinnongchuang Chaiwen River 24 Ji YuZhuang Countryside Complex (River Treatment) Project (泰安市新農創柴汶河24集漁莊田園綜合體(河道治理)項目), Phase II Project of Co-construction of Ecological Water Network in Sewage Treatment Plant in the Main Urban Area of Yichang City (宜昌市主城區污水廠網生態水網共建項目二期), Project of Integrated Construction of Water & Environmental Protection in Junlian County, Yibin City (宜賓市筠連縣水務環保一體化建設項目), Project of Comprehensive Treatment of Water Environment in Urban Centres of Ma'an Shan City (馬鞍山市中心城區水環境綜合治理項目), Sewage Treatment Plant Project in Industrial Cluster District in Jinghe New City of Xi'an City (西安市涇河新城工業聚集區污水處理廠項目), Project of Comprehensive River Management of Mai River, Sishui River and Mugou River in Wolong District of Nanyang City (南陽市臥龍區麥河、泗水河、沐垢河河道綜合治理項目), Project of Land Consolidation, Reclamation, and Development in Xin'an County of Luoyang City (洛陽市新安縣土地整理復墾開發項目), EPC Project of Comprehensive Land Governance of Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目), Soil Remediation Project of Hangzhou Steel Site Park (杭鋼舊址公園土壤修復工程), and Project of Treatment and Disposal of Solid Waste Left Over from the Relocation Site of Gedian, Hubei Province (湖北葛店搬遷場地遺留固體廢棄物處理處置工程).

**In terms of the new energy industry**, the Company has actively introduced a diversified strategy in recent years. Leveraging the advantages of engineering technologies, we focused on advancing into the high-tech and emerging industries such as photovoltaic power generation, new energy vehicles and semiconductors, and recorded a significant increase in market shares. In particular, in the field of Solar PV project, the Company signed 32 contracts in aggregate for rooftop distributed photovoltaic power generation projects in recent years and successfully tendered a total of 28 wind power

projects. In the first half of 2021, the Company signed a number of new projects such as Huangshi-Xingang-Dacheng 100MW photovoltaic power station project combining fishery and photovoltaic generation (黃石新港大成100MW漁光互補光伏電站), the roof photovoltaic power generation project of Zhanjiang Steel plants (湛江鋼鐵廠房屋面光伏發電工程). In the fields of new energy and semiconductors, in the first half of 2021, the Company signed a new batch of large-scale projects such as Car Body Workshop Project in Production Area of Pure Electric Passenger Car Project of Volkswagen (AnHui) Automotive Company Limited (大眾汽車(安徽)有限公司純電動乘用車項目生產區車身車間工程), Project for the Xinqiao Intelligent Electric Automobile Industrial Park (Phase I) in Hefei City (合肥市新橋智能電動汽車產業園(一期)) and Integration Project of Silicon Material Processing-Monocrystalline Silicon Rod in Lijiang City (麗江市硅材料加工一體化項目-單晶硅棒).

**In terms of the healthcare and senior care industry,** the Company conformed to the development trend of the industry and the pressing needs in demand of the market. The Company offered owners with all-round and comprehensive services of “healthcare, rehabilitation, senior care, health-consciousness, fitness, travel and culture” with professional and full-range perspectives. During the Reporting Period, the Company signed contracts for certain major healthcare and senior care industry projects including Phase I Project of China Qingtian Yunshangju Health and Recreation Town (中國青田雲上居康養小鎮一期項目), Phase I Project of Yinghua Mountain Tourism and Health and Recreation Industrial Park in Shifang City (什邡市蓋華山旅遊康養產業園(一期)項目) and EPC Project Contract for “Xingyue Lake” Health and Recreation Center Project in Heze City (荷澤「星月湖」康養中心項目EPC工程合同). The Company also signed contracts for some medical engineering construction projects such as Construction Project of Smart Hospital Subordinate To Harbin Institute of Technology (哈工大智慧醫院建設項目) and Project of Lugang International Hospital Subordinate To the First Affiliated Hospital of Xi'an Jiaotong University (西安交大第一附屬醫院陸港國際醫院項目).

**In terms of special theme projects,** the Company, as the world's largest contractor for theme park construction with the only professional design institute for theme parks in China, is the country's only enterprise qualified for both theme park design and the execution of entire construction projects. During the Reporting Period, the Company successfully won the bids for a series of theme park projects, including General Contracting Project of Construction of Central Green Valley and Eastern Valley in Xiong'an New District Phase II (Green Valley Part) (雄安新區中央綠谷及東部溪谷二期工程(綠谷部分)施工總承包項目), Project of Construction of Culture and Tourism Supporting Facilities of Wenbofang Area of Tianfu Art Park (天府藝術公園·文博坊片區文旅配套建設項目), Comprehensive Development and Construction Project of Quanjiao Qilin Lake (Smart Town) Urban Park (全椒麒麟湖(智慧小鎮)城市公園綜合開發建設項目), and Chasing Light Farm Paradise Project of Shenzhen Guangming Town Happy Garden First Developed Zone Project (深圳市光明小鎮歡樂田園首開區項目追光農場樂園項目), to further demonstrate its brand influence and industry competitiveness in the field of theme parks.

During the Reporting Period, the key projects related to emerging industries entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Ecological and Environmental Protection Project</b>		
1	EPC Project of Comprehensive Land Improvement in Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目)	58.7
2	Ecological (Landscape) Improvement and Urban Development Project of Shizi River Area, Shanting District (山亭十字河生態(景觀)治理及十字河片區城市開發項目)	8.9

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
3	Water Area Operation and Maintenance Contract for PPP Project of Comprehensive Water Environment Improvement in Urban Centres of Ma'anshan (馬鞍山中心城區水環境綜合治理PPP項目水域運維合同)	8.3
<b>New Energy Industry Project</b>		
1	First Bid of General Contracting Project of Xinqiao Intelligent Electric Vehicle Industrial Park (Phase I) in Hefei City, Anhui Province (安徽合肥新橋智能電動汽車產業園(一期)一標總承包項目)	18.9
2	EPC General Contracting Project of Standard Workshop Phase III and Ancillary Facilities for Integration Project of Silicon Material Processing -Monocrystalline Silicon Rod in Lijiang City (麗江市矽材料加工一體化項目－單晶矽棒三期標準化廠房及附屬設施EPC總承包合同)	7.0
<b>Healthcare and Senior Care Industry</b>		
1	Phase I Project of China Qingtian Yunshangju Health and Recreation Town (中國青田雲上居康養小鎮一期項目)	14.5
2	Phase I Project of Yinghua Mountain Tourism and Healthcare and Recreation Industrial Park in Shifang City (什邡市蓋華山旅遊康養產業園(一期)項目)	12.4
3	EPC Project Contract for “Xingyue Lake” Health and Recreation Center Project in Heze City (菏澤「星月湖」康養中心項目EPC工程合同)	10.0
4	EPC General Contracting Project of Wencheng Modern Cultural Tourism and Health and Recreation Project (Phase I) (文成現代文旅康養項目(一期)EPC總承包項目)	7.5

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Beautiful Country and Special Town Project</b>		
1	Pastoral Complex Project of Agricultural Innovation of 24 Section Fishing Village at Chaiwen River in Xintai City, Shandong Province (山東新泰新農創柴汶河24集漁莊田園綜合體項目)	23.0
2	Project of Changshou Lake Special Hot Spring Town in Chongqing City (重慶長壽湖特色溫泉小鎮項目)	15.0
3	Construction Project of Big Data Smart Ecological Park in Puyang City (濮陽大數據智慧生態園建設工程項目)	10.1
4	Project of Urban Village Renovation and Construction of Housing for Villagers' Living Security in Yaojia Village, Lixia District, Jinan City (濟南市歷下區姚家村城中村改造村民生活保障用房建設項目)	9.3
<b>Theme Park Project</b>		
1	Supporting Construction Project of Culture and Tourism in Tianfu Art Park • Wenbofang Area Site (天府藝術公園• 文博坊片區文旅配套建設項目)	8.5
2	Comprehensive Development and Construction Project of Quanjiao Qilin Lake City Park (全椒麒麟湖城市公園綜合開發建設項目)	5.3

## **2. Property Development Business**

### *(1) Industry Overview*

At present, the property industry has ended its high-speed growth period and entered into a mature period of relatively steady growth. The central government continued to adhere to the principle of “houses are for living in but not for speculative investment (房住不炒)”, introduce policies according to cities' circumstances, provide guidance based on different categories, further consolidate the subject responsibility of municipal governments, and improve the housing market system and housing

security system, thereby stabilizing land prices, housing prices and market expectations. At the same time, 22 key cities implemented the “two centralizations (兩集中)” for simultaneous open transfer of residential land, and formed a long-term mechanism in relating to developers’ financing limits of “Three Red Lines (三道紅線)” and banks’ real estate loan concentration limits for “Two Red Lines (兩道紅線)”. State-owned enterprises, leading real estate enterprises and other development enterprises with stronger financing capabilities and financial strength will be more competitive in the market. As regulatory policies and financing environment of the property industry will generally remain strict, the property industry is expected to be generally stable and the trend of structural differentiation will not change. Improving operational efficiency and development quality is an important task for real estate enterprises.

(2) *The Operating Results of the Business*

Weighted by the policies relating to “reducing the unsold houses (去庫存)” and “restrictions on property purchase and credit grant (限購限貸)” during the Reporting Period, the Company adopted different policies that were tailored to characteristics of each category and of each city, and its subsidiary MCC Real Estate continuously carried on accomplishing the strategic layout that Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. In the first half of 2021, through market tender, the Company acquired 7 land parcels with site area and permissible gross floor area of 422,800 sq.m. and 888,000 sq.m. respectively. During the Reporting Period, the amount invested by the Company in property development was RMB8.912 billion, representing a decrease of 41% as compared with that in the corresponding period of last year. The new construction area was 476,600 sq.m., representing a decrease of 69% as compared with that in the corresponding period of last year, while completed area was 1,502,900 sq.m., representing an increase of 42% as compared with that in the corresponding period of last year.

**The overall operating results of the property development business in the first half of 2021**

*Unit: RMB'000*

	<b>First half of 2021</b>	<b>% of the total</b>	First half of 2020	Year-on-year increase/ decrease
Segment operating revenue	<b>11,326,380</b>	<b>4.44%</b>	13,110,589	-13.61%
Gross margin (%)	<b>20.74</b>	-	20.37	Increased by 0.37 percentage point
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

*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 are as follows:

- ① Zhuhai MCC Yijing Mansion Project. The project is located in the international residential area planned by Hengqin Free Trade Area. The land parcel is the first land parcel solely for residential purpose in the international residential area, and the first land parcel transferred by Hengqin Free Trade Area solely for residential purpose since 2013. The project covers a site area and permissible gross floor area of 170,000 sq.m. and 230,000 sq.m. respectively, with an integrated plot ratio of 1.35. The project lies against mountain and is faced with sea, which is a scarce low-density landscape residential project in Hengqin New Area and even in Zhuhai. Phase I of the project has been sold out and completed for acceptance; Phase II of the project commenced on 24 May 2020 and is currently under internal and external fitting-out works and is scheduled for completion by the end of 2021.
- ② Qinhuangdao Zhongye Dexian Huafu Project. The project is located in Qinhuangdao development zone, which is recognized as popular property development areas in Qinhuangdao. The project covers a site area and permissible gross floor area of 37,600 sq.m. and 74,600 sq.m. respectively, with an integrated plot ratio of 1.98. Its construction was conducted in August 2018, while sales started in October 2019. As a large intelligent community

integrating low-density foreign-style houses, small high-rise buildings, and business street covering an area of approximately 30,000 sq.m., office building with high standards and other comprehensive businesses built by MCC Real Estate in Qinhuangdao after Dexian Mansion was constructed, the project attracted high-end customers who desired to improve their living environment with the concept of green, health and intelligence as well as the brand advantage of the first health experience hall in Qinhuangdao.

- ③ Shijiazhuang Zhongye Dexian Huafu and Dexian Shengshi Plaza Project. Located in Xinhua District, Shijiazhuang City, the project enjoys convenient transportation and favorable geographical location as it sits near Zhonghua Street and North Second Ring Highway. The project covers a site area and permissible gross floor area of 103,200 sq.m. and 332,400 sq.m. respectively, with an integrated plot ratio of 2.8 for residential property and 4.5 for commercial property. Its construction started in April 2019, and sales began in October 2019. The phase I residential houses are scheduled to be completed by the end of 2021.
- ④ Qingdao Zhongye Dexian Mansion Project. Located in the West Jimo District, Qingdao, the project enjoys planning advantages in the development of main urban areas in Jimo moving towards west, and has supporting resources such as quality school access resources and industrial markets, making it a popular property project in Jimo District over the past few years. The project covers a site area and permissible gross floor area of 190,100 sq.m. and 359,500 sq.m. respectively, with an integrated plot ratio of 2.0 for residential and commercial land and 1.5 for amusement park. Its construction started in June 2020, and the sales began in August 2020. The project was awarded “2020 China TOP 100 Value Property Project” in Seminar for Trends in Property Market in the First Half of 2020 held by China Real Estate Index System and China Index Academy.
- ⑤ Sanhe City MCC Headquarters Base Project. The project is located in the Northern Yanjiao Economic and Technology Development Zone, Sanhe City, Hebei Province with a site area of 219.7 mu. Phase I is planned to have four product formats, including Science and Technology Office, SOHO Office, Business Support and Convention Center. It is committed to achieving the “four to build”: firstly, to build a headquarters base under the leadership of MCC

State-level research and development platform and with the support from regional headquarters of central enterprises; secondly, to build an innovative ecosystem composed of upstream and downstream supporting industries of MCC and high-end industries in the capital; thirdly, to build an industrial complex integrating research and development office, innovation incubation, industry display; and fourthly, to build a hub for innovative enterprises in Beijing, Tianjin and Hebei, and the upgrade and development of industry. The construction of the southern and northern districts of the project commenced in the third quarter of 2020 and the construction of the structure below base level was completed in May 2021.

- ⑥ MCC Xinglong Xincheng • Hongshijun Project. The project is located in Xinglong County, Chengde City, Hebei Province, which represents transformation of MCC Real Estate from a traditional developer to an urban development operator. The project was launched for initial sale on 23 June 2018, with the first batch delivered on 26 December 2019. The remaining parcels are currently in the progress of main structure construction and internal and external decoration. A number of the parcels are scheduled to be delivered by the end of 2021.

In the future, the Company will continue to adhere to the layout strategy in “3+6” regions and the deep cultivation strategy in “3+1” regions, focusing on layout in Beijing, Tianjin, Nanjing, Hangzhou, Guangzhou, Shenzhen, Zhuhai and other key cities distributed mainly in the three major economic circles, namely Beijing-Tianjin-Hebei, Yangtze River Delta, and Pearl River Delta. Besides, we will also make proper efforts on the layout in the second-tier key cities such as Qingdao, Xi’an, and Yantai, and intensively cultivate in the cities and regions that we have entered. At the same time, we will actively explore financing models, and increase strategic land reserves through urban renewal, regional development, and headquarters economy, etc., to form a unique urban operation model, which will help us to become a leader in comprehensive real estate development and operation.

### **3. *Equipment Manufacturing Business***

#### *(1) Industry Overview*

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

With its structural advantages such as sound mechanical properties and high levels of industrialization and recyclability, steel is extensively applied to areas including super high-rise, large-span spatial structure and infrastructure, and is increasingly valued by governments and recognized in markets. According to the “Guidelines for the Dimensions of Main Components of Steel Structure Residential Buildings” (鋼結構住宅主要構件尺寸指南), the national standard “Steel Structure Design Standards (Draft for Solicitation of Comments on Partial Modification of Provisions)” (Draft for Public Solicitation of Comments) (鋼結構設計標準(局部修訂條文徵求意見稿)(公開徵求意見)) and other notices successively issued by the Ministry of Housing and Urban-Rural Development in 2020, it proposes to comprehensively promote the standardization of steel components, improve design and

construction efficiency, and reduce the cost of residential buildings with steel structure in accordance with the spirit of “Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings”(國務院辦公廳關於大力發展裝配式建築的指導意見). With the rapid development of construction industrialisation and steel structure housing industrialisation in China, the industrialisation, standardisation and greening of the construction industry represented by fabricated steel structures will become the main development direction of the steel structure industry of China in the future.

(2) *The Operating Results of the Business*

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

The Company’s equipment manufacturing segment is mainly focused on metallurgical equipment. It has multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, iron-making and steel-making, casting and rolling. These products are widely used in international and domestic large steel engineering projects. In the future, the equipment manufacturing business will closely keep pace with layout adjustment and industrial upgrading of China’s steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company will give full play to three functions of core equipment base in respect of R&D pilot test, core manufacturing and final assembly integration, so as to accelerate and facilitate productization and industrialization of core technologies. In addition, the Company will continue to integrate competitive upstream and downstream business resources, include core equipment manufacturing system into MCC equipment industry park for 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 equipment manufacturing business into the “Hard Support” of the national team for metallurgical construction, the “Incubator” of new products for metallurgical equipment and the “Carrier” for the “MCC Equipment” brand.

**The overall operating results of the equipment manufacturing business in the first half of 2021**

*Unit: RMB’000*

	First half of 2021	% of the total	First half of 2020	Year-on-year increase/ decrease
Segment operating revenue	6,065,257	2.38%	4,794,479	26.51%
Gross margin (%)	13.83	-	14.78	Decreased by 0.95 percentage point

*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 steel structure engineering in China and is one of the pioneers of China’s steel structure industry. The Company currently owns several important R&D platforms and the most influential professional associations in the industry such as the National Steel Structures Engineering Technology Research Centre (國家鋼結構工程技術研究中心), and China Steel Structure Association. It edited and participated in drafting almost all of the national and industrial standards for steel structures in China and takes the leading position in China in terms of comprehensive technology of steel structures. Possessing the whole industrial chain integration advantages of R&D, design, manufacturing, installation and testing, it has participated in a vast array of famous projects with high brand influence and reputation, such as the Bird’s Nest for the Olympic Games, Yanqi Lake APEC Convention & Exhibition Center, Shanghai World Expo Theme Pavilion and Shanghai Disney Resort.

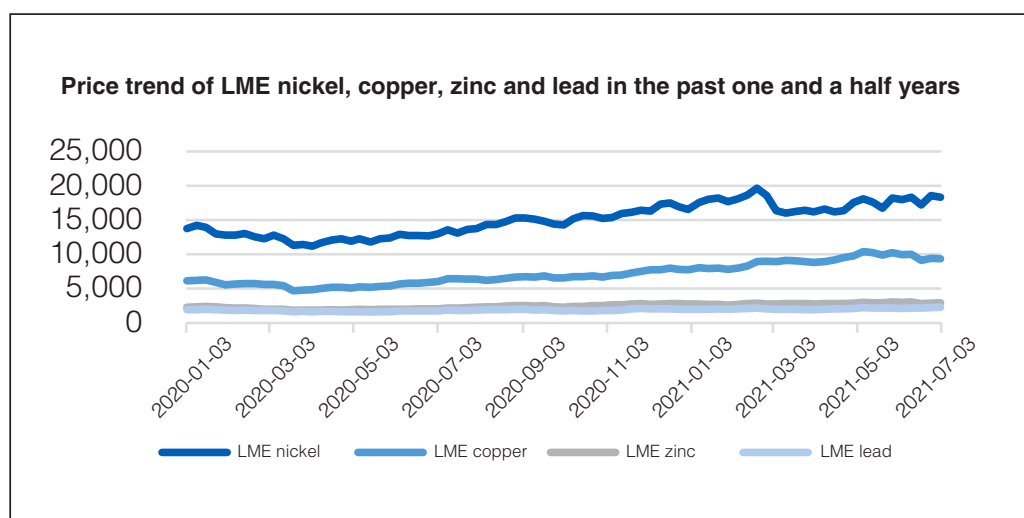
As one of the largest steel structure manufacturers in China, the Company has 32 domestic steel structure manufacturing bases nationwide, covering almost all of the flourishing economic areas in China. The self-designed capacity of these bases hits 1.65

million tons and the Company's steel structure manufacturing (including base and on-site production) capacity, industrial scale and manufacturing volume rank forefront 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 Corp., Ltd. (中冶(上海)鋼構科技有限公司), as the representative enterprise of steel structure business sector of the Company, keeps to the path of "specialization and branding" 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. In 2020 and the first half of 2021, it won the bid of major landmark projects such as Shantou Waterfront Promenade Bridge, Yangtze River International Convention Centre, Yantai Bajiaowan Convention and Exhibition Center and Beijing Anzhen Hospital.

#### **4. Resources Development Business**

##### *(1) Industry Overview*

During the Reporting Period, major global economies continued to implement monetary and fiscal easing policies, and developed economies such as Europe and the United States implemented quantitative easing policies. Against this backdrop and with the promotion of vaccines and the improvement of the government's experience in responding to the pandemic, the marginal impact of the pandemic on the economy has weakened, recovery of economies in Europe and the United States have accelerated, which will boost greater economic demand. In the first half of 2021, the prices of bulk commodities including copper, nickel, lead, zinc and other non-ferrous metals soared to a record high. The average prices of nickel, copper, zinc, and lead in the first half of the year reached USD17,485/ton, USD9,113/ton, USD2,849/ton, and USD2,082/ton, representing an increase of 39.8%, 65.4%, 38.8%, and 18% over the first half of 2020 respectively, and an increase of 15.1%, 32.4%, 13.7%, and 9.2% over the second half of 2020 respectively. This has created favorable market opportunities for the development of Papua New Guinea Ramu Nico Project, Pakistan Duddar Lead-Zinc Mine Project, and Pakistan Saindak Copper-Gold Mine Project of the Company. Under the large-scale fiscal stimulus policy in the world, due to the long-term implementation of supply constraints and the longer recovery period on the demand side, as well as the huge uncertainty on the pandemic, it is expected that the prices of bulk commodities will remain high and volatile.



Source: WIND, LME

## (2) *The Operating Results of the Business*

During the Reporting Period, the Company strove to overcome COVID-19 pandemic that affected its resource development business, and constantly updated the prevention and control plan and emergency plan for the COVID-19 pandemic according to local situations and time. It strictly implemented various prevention and control measures, and reserved adequate pandemic prevention materials, daily supplies and production materials, to ensure that there were no diagnosed cases within the area of the project site. At the same time, as it is relatively difficult to guarantee personnel rotation at home and abroad, we need to redeploy personnel and resources reasonably to concentrate on key production, key inspection and maintenance and key projects. We adhered to the implementation of the Company's operation guidelines of "fast mining and fast selling", and insisted on meeting the stable yield, high yield, and targeted yield requirements of all projects under development, continued to optimize various technical indicators of production, and focused on reducing costs and increasing efficiency. In this way, we remarkably completed the production and operation tasks in the first half of the year, with key operating indicators such as output, sales, revenue and profit recording a significant year-on-year increase. The three mining projects under development, namely Ramu Nico Project, Duddar Lead-Zinc Mine Project and Saindak Copper-Gold Mine Project, achieved a total profit of RMB1.09 billion in the first half of 2021, which was a turnaround from the total loss of RMB10 million in the first half of 2020, representing an increase of RMB1.1 billion and approximately 1.5 times over 2020. This contributed to the marvelous beginning of the Company during the "14th Five-Year Plan" period.

In the second half of the year, the Company will continue to implement the guiding principles of production and operation, i.e. “fast mining and fast selling”, firmly grasp the favorable market opportunity brought by the high and volatile metal prices, and comprehensively carry out pandemic prevention and control measures as well as safe production. The Company will spare no effort to boost production, speed up sales and reduce inventory to better achieve the production and operation targets for the year.

**The overall operating results of the resource development business in the first half of 2021**

*Unit: RMB’000*

	First half of 2021	% of the total	First half of 2020	Year-on-year increase/ decrease
Segment operating revenue	3,477,786	1.36%	1,479,442	135.07%
Gross margin (%)	42.41	-	20.80	Increased by 21.61 percentage points

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

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

① Papua New Guinea Ramu Nico Project

As of the end of the Reporting Period, the project was estimated to retain 156 million tons of resources, with an average nickel grade of 0.85% and an average cobalt grade of 0.09%, which means the production of nickel metal amounted to 1.32 million tons and the production of cobalt metal amounted to 140,000 tons. This can basically satisfy the project’s stable operation for 40 years and its operation for 20 years with a doubled capacity.

As a benchmark project for the world’s lateritic nickel mine, the project has continued to meet targeted production and sales, reach the full production and sales, and achieve efficient and stable operation after completing the annual overhaul of the two high-pressure acid leaching production

series. The average production rate in the first half of the year was 102%. The project produced nickel hydroxide, which contained 16,578 tons of nickel and 1,535 tons of cobalt, representing a year-on-year increase of 2% and 12% over the first half of 2020 respectively. The project sold nickel hydroxide, which contained 19,719 tons of nickel and 1,789 tons of cobalt, representing a year-on-year increase of 44% and 53% over the first half of 2020 respectively. In the first half of the year, we recorded a doubling operating income, achieved a turnaround and a year-on-year increase of RMB820 million of profit.

② Pakistan Duddar Lead-Zinc Mine Project

As of the end of the Reporting Period, the project was estimated to contain 870,000 tons of zinc metal resources and 390,000 tons of lead metal resources, with an average zinc grade of 7.84% and an average lead grade of 3.55%. This can basically satisfy the project's stable operation for 20 years. At the same time, the North Duddar mining area has a great potential for mineralization. During the 14th Five-Year Plan period, we plan to further explore the mine, and have a greater potential to double the resource amount of lead and zinc.

In the first half of the year, the project produced zinc concentrate ore containing 20,682 tons of zinc and lead concentrate ore containing 4,115 tons of lead, representing an increase of 35.5% and 33.8% over the first half of 2020 respectively. Meanwhile, the project sold zinc concentrate ore containing 18,120 tons of zinc and lead concentrate ore containing 3,222 tons of lead, representing an increase of 17% and a decrease of 17.8% over the first half of 2020, respectively. The project recorded an operating income of RMB300 million, representing a year-on-year increase of 1.6 times; achieved a profit of RMB120 million, representing a year-on-year increase of 15 times. This created favorable economic and social benefits, and laid the foundation for this year's dividend distribution for both Chinese shareholders and Pakistani owners.

③ Pakistan Saindak Copper-Gold Mine Project

As of the end of the Reporting Period, the eastern mine ore body of the project was estimated to contain 358 million tons of resources, with an average copper grade of 0.36%,

which means the production of copper metal amounted to 1.29 million tons. The project retained 83.24 million tons of resources, with an average copper grade of 0.375%, which means the production of copper metal amounted to 310,000 tons. Its reserves can basically satisfy the stable operation of the project for 20 years.

In the first half of the year, the project overfulfilled the target of the progress schedules in mining, processing, smelting and production. It produced an aggregate of 5,803 tons of crude copper in the first half of the year, and sold 9,356 tons of crude copper, representing a year-on-year increase of 1.4 times; it recorded an operating income of RMB710 million, representing a year-on-year increase of 2.2 times, and achieved a dividend profit of RMB160 million, representing a year-on-year increase of 7.3 times. The project completed the overhauling plan of the smelter before the end of June 2021, laying a solid foundation for the continuous production of crude copper in the second half of the year.

#### ④ Afghanistan Aynak Copper Mine Project

The project retained resources of 662 million tons and copper metal amounted to 11.08 million tons, with an average copper grade of 1.67%. It is a large-scale copper deposit in the world. During the Reporting Period, despite the impact of the pandemic, political changes in the country where we carried out our project and other factors, the Company strictly ensured personal and property safety while implementing the pandemic prevention and control measures and there was no loss of personnel and property. In future, the Company will strive for the support of national policy and actively promote the development of the project.

## (II) Analysis on Core Competitiveness during the Reporting Period

**In the metallurgical engineering construction field**, the Company is the world's largest and most powerful metallurgical construction contractor and metallurgical enterprise operation service provider. With top-notch core technologies, incessant reformatational and innovation capabilities as well as irreplaceable whole-industry chain integration advantage in metallurgical construction, the Company shoulders the state responsibility of leading China to a higher level of development of metallurgy and is the best and the largest "national team" of metallurgical construction and operational services in the world. In the domestic market, the technical level, engineering performance, construction effect and owner satisfaction of environmental

protection raw material site, coking, sintering and pelletizing, iron-making, steel-making and continuous casting, hot rolled flat wood, hot rolled long wood and cold rolling business are in an absolute leading position. In the foreign market, the Company always stands at the international high-level and setting its eyes on the growth of metallurgical industry, adheres to the innovation-driven strategy, constantly develops new core technologies and creates new competitive advantages overseas. The Company is highly competitive in terms of high-end consulting and overall design capabilities in ferrous metallurgy field, as well as technical competitiveness in eight major business parts of iron and steel engineering, which fully represents China's strength and level in technological development and engineering construction in ferrous metallurgy field.

**In housing construction and infrastructure construction field**, the Company, as one of the world's largest engineering contracting companies, has strong construction and technical advantages in housing construction, municipal infrastructure, and comprehensive industrial engineering. In recent years, the Company has made continuous efforts in emerging industries such as ecological and environmental protection, featuring themes engineering, beautiful countryside and smart city, healthcare and senior care, and has achieved a leading position in the industry. The Company has a large number of patented technologies and proprietary technologies with independent intellectual property rights in areas of energy and environmental protection such as sewage treatment, water environment treatment, air pollution treatment, soil remediation, solid waste treatment, waste incineration, comprehensive utilization of resources of waste heat and pressure. The Company accounts for 60% of the market share in the field of large-scale incineration power generation consulting and design in China. The Company has the only professional design institute for theme parks in China. The Company has successfully undertaken the construction projects of famous theme park projects, including Universal Studio Beijing, Universal Studio Singapore at Sentosa, Shanghai Disney Resort's Adventure Isle and Tomorrowland, and Chimelong Ocean Kingdom in Zhuhai.

**In equipment manufacturing field**, the Company has thousands of equipment design research and development personnel, as well as several technology research and development centres at state-level with various independent intellectual property rights, including the National Technology Research Centre for Iron Metallurgy, Equipment and System Integration, the automated laboratory and thermal product laboratory in the National Research Center of Energy Efficiency Optimization of Steel Production, and the National Engineering and Technological Research Center for Sintered Pelletizing Equipment System. The metallurgical equipment products basically cover the whole process of different levels of production in steel and metallurgy construction, and have a strong metallurgical equipment integration capacity. As one of the pioneers in the steel structure industry in China, the Company has established a leading edge in steel structure

technology and integrated advantages in industry chain. At present, the capacity, industry scale and manufacturing volume of steel structure manufacturing (including base and on-site production) of the Company rank forefront in the same industry in China.

**In mineral resource development field**, the Company has developed various domestic and international leading mining, selection, metallurgical processes and core technologies and has an absolute competitive edge and leading position in the field of mining engineering. The Company has established a design institute with the strongest comprehensive strength in nonferrous metallurgy in China, possessing well-developed mining, smelting processes and equipment technologies of copper, lead, zinc, nickel, cobalt and plenty of other metal, and having developed digital measurement and geographic information system and geotechnical engineering investigation technology for complicated geological conditions. In terms of metallurgical mining, the Company plays a leading role in large scale underground iron ore mining technology and large-scale open mining technology in China.

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

### **III. FINANCIAL HIGHLIGHTS**

#### **(I) Overview**

The highlights of the Company's financial position as at 30 June 2021 and the operating results for the six months ended 30 June 2021 are as follows:

- Operating revenue amounted to RMB251,003 million, representing an increase of RMB70,438 million or 39.01% from RMB180,565 million in the first half of 2020.
- Net profit amounted to RMB6,591 million, representing a year-on-year increase of RMB2,314 million or 54.12% from RMB4,277 million in the first half of 2020.
- Net profit attributable to Shareholders of the listed company amounted to RMB4,937 million, representing an increase of RMB1,345 million or 37.46% from RMB3,592 million in the first half of 2020.
- Basic earnings per share amounted to RMB0.21, and the basic earnings per share in the first half of 2020 amounted to RMB0.14.
- As at 30 June 2021, total assets amounted to RMB557,589 million, representing an increase of RMB51,196 million or 10.11% from RMB506,393 million as at 31 December 2020.

- As at 30 June 2021, total Shareholders' equity amounted to RMB144,350 million, representing an increase of RMB3,995 million or 2.85% from RMB140,355 million as at 31 December 2020.
- Newly signed contracts amounted to RMB615,058 million, representing an increase of RMB149,839 million or 32.21% from RMB465,219 million in the first half of 2020.

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

## **(II) Revenue from principal business segments**

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

### **1. *Engineering Contracting Business***

Operating revenue amounted to RMB231,257 million, representing an increase of RMB67,720 million or 41.41% from RMB163,537 million in the first half of 2020.

### **2. *Property Development Business***

Operating revenue amounted to RMB11,326 million, representing a decrease of RMB1,785 million or 13.61% from RMB13,111 million in the first half of 2020.

### **3. *Equipment Manufacturing Business***

Operating revenue amounted to RMB6,065 million, representing an increase of RMB1,271 million or 26.51% from RMB4,794 million in the first half of 2020.

### **4. *Resource Development Business***

Operating revenue amounted to RMB3,478 million, representing an increase of RMB1,999 million or 135.07% from RMB1,479 million in the first half of 2020.

### **5. *Other Businesses***

Operating revenue amounted to RMB3,128 million, representing an increase of RMB1,493 million or 91.35% from RMB1,635 million in the first half of 2020.

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

#### **IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY**

##### **(I) Risks associated with macro-economy**

The Company's main businesses are greatly affected by the national macroeconomic operation, fixed asset investment in the steel industry, development in the construction industry, urbanization and other external factors. In the first half of 2021, the national economy continued to recover, and the macroeconomic operation was reinforced and improved in a stable manner. However, the basis for sustainable recovery of the domestic economy needs to be reinforced. In particular, affected by external environment and other factors, some small and medium-sized enterprises are facing increasing operating risks and it is necessary to pay higher level of attention to the operating risks of cooperative enterprises on the industrial chain, especially for small and medium-sized enterprises. The operating costs of enterprises continue to increase, and enterprises are facing new challenges in their transformation and development. In addition, the significantly greater management risks of overseas projects, coupled with the difficulties in market development and project implementation, also pose a threat to the lives and health of personnel abroad. In general, the profound changes in business environment in which enterprises operate, will be a challenge for both their risk appetite and their daily operation ability and ability to respond to challenges.

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

##### **(II) Risks associated with traditional metallurgical engineering business segment**

In recent years, the global iron and steel industry has entered the third period of in-depth adjustment. The goal to speed up the construction of a manufacturing power and strengthen environmental pollution prevention and treatment puts forward higher requirements on the iron and steel industry. The recovery of the iron and steel industry will promote the iron and steel industry to accelerate the pace of environmental protection transformation, structural adjustment as well as transformation and upgrading. At present, the main contradictions faced by the iron and steel industry have been transformed into inadaptation between industrial structure and competitive market demand, and inadaptation between the level of green

development and ecological environment demand. Companies are facing new opportunities and challenges brought by the unbalanced and uncertain industry development trend.

In order to cope with the above changes, the Company persistently adheres to the guideline of “building up a national team for metallurgical construction” to propel the implementation of the top-level design plan by a national team and push forward the integration of internal resources and professional echelon division, in order to continuously increase the competitiveness and influence of the Company in the global iron and steel engineering technology sector. While focusing on new production capacity, the Company has paid attention to the technological transformation of its existing production capacity, and continuously enhanced its efforts on transformation from traditional metallurgical engineering field to fundamental construction area and emerging markets to expand its market share. The amount of newly signed contracted value of metallurgical engineering fell below 20% of the total amount of newly signed contracted value by the Company, which shows that the Company successfully completed business transformation and effectively defused the risk associated with metallurgical engineering market.

### **(III) Risks associated with the non-steel engineering segment**

Unlike the traditional metallurgical engineering market, the overall growth of investment in fixed assets slowed down and the competition in the non-steel engineering market is increasingly competitive. The state has successively introduced relevant policies to continuously increase its investment in municipal infrastructure construction. The total market volume of highways and railways will remain at a high level for a period of time. New municipal engineering projects such as urban rail transit, sewage and garbage treatment, subterranean pipeline corridor and sponge city are expected to maintain rapid growth. Optimization of industry investment structure, control of scale of real estate investment, reasonable layout of infrastructure investment, and standardized regulation of PPP projects are the main factors affecting the investment.

As “the main force for fundamental construction and the forerunner of the emerging industries”, the Company will actively respond to the risk of competition in the non-steel engineering markets with open mind and advanced with time, and further adapt to the environmental changes. It has expanded the research and innovation of business models and constantly improved the design and operation of “macro environment, heavyweight clients and mega projects”. Leveraging on its traditional comparative advantages and core competitiveness in technology, management and capital, the Company devotes its efforts to developing the non-steel engineering markets such as premium property construction, highways, transport and

municipal infrastructure, ecological protection, healthcare and senior care, theme parks, integrated pipeline corridor, sponge city, beautiful countryside and new infrastructure. The Company endeavors to build up an entire industrial chain capability for one-stop services, enhance its brand influence, vigorously expand and develop markets and continuously strengthen risk resistance capability, which has achieved remarkable success.

#### **(IV) Risks associated with the property development business segment**

In the post-pandemic era, the real estate industry has ended its period of fast growth and entered a mature period of relatively stable growth. In the short run, the slowdown of industry growth, coupled with the policies of “two concentrations (兩集中)” and “three financial ratios (三道紅線)”, brought greater pressure for the enterprise to control liabilities and reduce its leverage. Besides, with the corresponding reduction in investment and expansion momentum, the business growth and targeted expansion rate slowed down gradually. In the long run, housing development enterprises will shift from a short-term extensive growth in pursuit of huge profits to a long-term sustainable development which requires rational land acquisition, efficiency improvement, and quality improvement. Challenges and investment risks are gradually increasing along with the higher threshold of each echelon of real estate enterprises.

In terms of its property businesses, the Company will actively adapt to the requirements of the situation and market changes, further accelerate the strategic upgrade of shifting from a “real estate developer” to an “urban operator”, create a unique urban operation model, and strive to become the leader in comprehensive development and operation of real estate. The Company will actively implement differentiated development, keep a close eye on the core city layout, and follow the path of quality development. Firstly, it will be more prudent in incremental development; it will select the best of the quality projects, resolutely eradicate blind expansion and land acquisition at irrational prices, and increase strategic land reserves through urban renewal, regional development, headquarters economy, theme parks, environmental governance, etc.; and secondly, it will be more active in stock disposal; it will make great efforts to revitalise the projects at hand to effectively reduce inventory and speed up turnover. At the same time, it will closely monitor the policy trends, abandon forced and aggressive advance, select investment area carefully, vigorously revitalise inefficient assets and withdraw from high-risk projects, so as to effectively respond to risks associated with the real estate development business segment.

## **(V) Risks associated with the financial segment**

The international financial situation is still complex, as the overseas pandemic spread has not seen an inflection point, the impact of Sino-US trade frictions still persists, trading system and free trade principle lasting for years are now under threat of unilateralism, protectionism and economic hegemonism, and the foreign exchange rates and interest rates fluctuate with uncertainty.

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

## **(VI) Risks associated with bulk commodity prices**

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

The Company will enhance its research and forecast on the changing trend and policies in response to fluctuation in 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.

## **(VII) Risks associated with international operations**

The operating businesses of the Company in various countries and regions are subject to political, economic, public security and public health events in local areas, cultural differences, contractual laws, foreign exchange and exchange rates, international public opinion and other environmental factors, which may pose certain risks to the Company, such as failure to complete overseas construction on time, cost increases, disputes arising from claims, and even suspension of construction, which in turn may affect the revenue and profit of the Company's overseas business.

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

### **(VIII) Environmental and safety production risks**

To strengthen the overall protection of the ecology and environment, to resolutely fight the battle of pollution prevention and control, and to insist that green development have become an important national strategy. Therefore, enterprises must pay more attention to ecological civilization and environmental protection. The Company, as a construction and production enterprise, is engaged in a number of industries, including engineering contracting, property development, equipment manufacturing and resource development. For its numerous subsidiaries and respective projects, safety production risks may exist in all aspects of the Company's production and operation activities, such as unsafe behavior by human beings, unsafe state of things, unsafe environmental factors and other factors, which may lead to safety accidents, damage to the health and the safety of employees, and cause certain economic losses to the enterprise, and even affect the reputation of the enterprise. Therefore, these may impose higher requirements on environmental protection 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)", do a good job in environmental protection supervision and rectification, continuously improve environmental 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 activities in "Energy Saving Week" to raise awareness of green development. In terms of safety production, we will continue to strengthen supervision and inspection, strengthen the control and management of hazardous chemicals and explosive products, take effective measures in flood prevention and ensure the safety, increase the efforts on special inspection of safety production during the flood season, and set up standardized benchmarks to promote the standardization of safety production.

**(IX) Risks associated with data fraud or theft**

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

In order to guard state secrets and protect commercial secrets, the Company has formulated sets of relatively comprehensive confidentiality policies. The Company adopts various promotional and educational measures regularly in order to raise awareness of information confidentiality of the employees. The Company randomly assesses the information confidentiality of its subsidiaries on site every year, and adopt 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.

**(X) Cyber risks and security**

Following the in-depth application of “Internet +” in informatization domain, network topology of enterprises becomes increasingly complicated. The number of information system is surging, resulting in higher possibility of internet disruptions and system breakdown. Besides, the Company endeavors to expand overseas markets for gradual enhancement in international influence. The risk from cyber attacks to the information system has been increased subsequently. 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 network monitoring, carries out upgrade protection and major security general inspection regularly, and develops a more comprehensive safety protection system. Thus, the Company will make the utmost effort to prevent cyber risks and avoid the occurrence of security incidents.

## V. Management Discussion and Analysis

### (I) Analysis on major operating business

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

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

*Unit: RMB'000*

Items	Amount for the current year	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	<b>251,003,187</b>	180,565,193	39.01
Operating costs	<b>226,557,020</b>	161,154,787	40.58
Selling expenses	<b>1,156,084</b>	971,393	19.01
Administrative expenses	<b>5,041,482</b>	4,072,741	23.79
Financial expenses	<b>1,060,279</b>	1,234,863	(14.14)
Research and development expenses	<b>6,008,195</b>	4,127,934	45.55
Net cash flows from operating activities	<b>(8,565,449)</b>	1,414,017	N/A
Net cash flows from investing activities	<b>(7,039,963)</b>	(3,591,222)	N/A
Net cash flows from financing activities	<b>14,125,446</b>	10,230,765	38.07

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

Explanation of change in operating costs: Increasing correspondingly along with the increase in operating revenue and at the same time, impacted by the increase in costs including raw materials in the market and labor costs.

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

Explanation of change in administrative expenses: Mainly due to the increase in travelling expenses, office expenses and other expenses.

Explanation of change in financial expenses: Due to the decrease in interest expenses caused by the reduction of market rate for the current period.

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

Explanation of change in net cash flows from operating activities: Mainly due to the increase in cash from purchase of commodities and reception of labour service.

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

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

## **2. *Analysis on revenue and costs***

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

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

#### ① Trend of macro-economy internationally and domestically

The international and domestic macro-economic environments and trends might have an impact on various business segments of the Company, including procurement, production and sales, thereby causing fluctuations in the Company's business performance. The Company's business revenue mainly came from the domestic market and the Company's business performance would vary during different domestic economic cycles.

#### ② Changes in the policies of industry in which the Company was operating in and demands of its domestic and overseas markets

The Company's engineering contracting, property development, resources development and equipment manufacturing businesses were all influenced by the policies of the industry. In recent years, the Company's adjustments to the business fields and regional market strategies were, to a certain extent, led by the structural adjustment and upgrade of the steel and iron industry, the implementation of "Made in China 2025" strategy for invigorating China focusing on manufacturing industries, and the implementation of "destocking" policies for the property industry, periodic fluctuations of the industries and changes in the operating situation of upstream and downstream enterprises of the industries, which thereby affected the Company's internal business structure and as a result affected its financial position.

Both items ① and ② above were the major risk factors that impacted the Company's performance for 2021.

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

1) Impact from changes in the tax policy

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

2) Impact of the fluctuation in exchange rate and monetary policy

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

④ Overseas tax policies and their changes

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

⑤ Changes in major raw materials prices

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

⑥ Construction subcontracting expenses

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

⑦ Operation of subsidiaries and key projects

The final result of the third party's auditor of the Western Australia SINO Iron Ore EPC General Contract Project, the progress of the Project of MCC Real Estate in Xiaguan District of Nanjing, the recovery of payment for contract work from the government and its financing platforms, the investment and operation of PPP project and the recovery of payment from projects of some steel and iron enterprises will significantly affect the future financial performance of the Company.

⑧ Enhancement in the quality of operational management

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

⑨ Uneven distribution of revenue

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

(2) Major business by segment and region

① Major business by segment

Unit: RMB'000

Segment	Operating revenue	Operating costs	Gross profit margin (%)	Increase or decrease in the operating revenue as compared to that of previous period (%)	Increase or decrease in the operating costs as compared to that of previous period (%)	Increase or decrease in the gross profit margin as compared to that of previous period
Engineering contracting	231,256,834	211,909,292	8.37	41.41	43.33	Decreased by 1.22 percentage points
Property development	11,326,380	8,977,852	20.74	(13.61)	(14.00)	Increased by 0.37 percentage point
Equipment manufacture	6,065,257	5,226,656	13.83	26.51	27.92	Decreased by 0.95 percentage point
Resource development	<u>3,477,786</u>	<u>2,002,779</u>	<u>42.41</u>	<u>135.07</u>	<u>70.93</u>	Increased by 21.61 percentage points

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

1) Engineering contracting business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing and construction contracting contract, and is currently the major source of income and profits of the Company. The gross profit margins of the engineering contracting business for the first half of 2021 and 2020 were 8.37% and 9.59%, respectively, with a year-on-year decrease of 1.22 percentage points. The decrease was mainly due to the rising prices of steel and other materials recently.

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

*Unit: RMB'000*

Items of revenue	In the first half of 2021		In the first half of 2020		In the first half of 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	47,198,024	20.41	31,763,810	19.42	29,393,644	20.26
Housing construction engineering	114,878,950	49.68	83,477,320	51.04	67,438,866	46.49
Transportation infrastructure	47,569,418	20.57	32,043,668	19.59	31,022,810	21.38

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

## 2) Property development business

As at the first half of 2021 and 2020, the total gross profit margins of the Company's property development business were 20.74% and 20.37% respectively, with a year-on-year increase of 0.37 percentage point.

## 3) Equipment manufacturing business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. As at the first half of 2021 and 2020, the gross profit margins of the Company's equipment manufacturing business were 13.83% and 14.78%, respectively, representing a year-on-year decrease of 0.95 percentage point .

## 4) Resource development business

The Company's resource development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶集團銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), among

others, were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. As at the first half of 2021 and 2020, the gross profit margins of the Company's resource development business were 42.41% and 20.80%, respectively, representing a year-on-year increase of 21.61 percentage points, mainly due to changes in international commodity prices.

② Major business by region

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

(3) Table of analysis on costs

**Situation by segment**

*Unit: RMB'000*

Segment	Costs component items	Amount for the current period	Proportion of the amount for the current period to the total costs (%)	Amount for the same period in the previous year	Proportion of the amount for the same period in the previous year to the total costs (%)	Percentage change in the amount for the current period as compared to that for same period in the previous year (%)
Engineering contracting	Operating costs	211,909,292	91.87	147,847,781	89.65	43.33
Property development	Operating costs	8,977,852	3.89	10,439,747	6.33	(14.00)
Equipment manufacturing	Operating costs	5,226,656	2.27	4,085,989	2.48	27.92
Resource development	Operating costs	2,002,779	0.87	1,171,729	0.71	70.93

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

Description of other results in the analysis on costs:

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

*Unit: RMB'000*

Items of costs	In the first half of 2021		In the first half of 2020		In the first half of 2019	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
		(%)		(%)		(%)
Subcontracting expenses	102,841,725	48.53	72,169,168	48.81	63,866,006	48.59
Materials expenses	78,846,057	37.21	54,184,012	36.65	45,008,851	34.24
Labour costs	11,813,345	5.57	8,182,285	5.53	9,228,230	7.02
Machinery usage fees	3,940,599	1.86	2,789,954	1.89	2,561,410	1.95
Others	14,467,566	6.83	10,522,362	7.12	10,785,962	8.20
Total engineering cost	<u>211,909,292</u>	<u>100.00</u>	<u>147,847,781</u>	<u>100.00</u>	<u>131,450,459</u>	<u>100.00</u>

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

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

The sales of top five customers amounted to RMB11,043,193 thousand, accounting for 4.40% of the total sales of the Reporting Period; among them, no sales of top five customers is derived from sales to related parties.

*Unit: RMB'000*

Customer's name	Operating revenue	Proportion of the total operating revenue (%)
Unit 1	3,739,725	1.49
Unit 2	2,909,383	1.16
Unit 3	1,596,177	0.64
Unit 4	1,434,364	0.57
Unit 5	1,363,544	0.54
Total	<u>11,043,193</u>	<u>4.40</u>

The procurement of top five suppliers amounted to RMB3,664,383 thousand, accounting for 1.62% of the operating costs of the Reporting Period; among them, the procurement from related parties under the procurement of top five suppliers amounted to RMB1,876,148 thousand, accounting for 0.83% of total procurement of the Reporting Period.

*Unit: RMB'000*

Supplier's name	Procurement for the current period	Proportion of the total operating costs (%)
Supplier 1	1,400,531	0.62
Supplier 2	665,054	0.29
Supplier 3	628,476	0.28
Supplier 4	494,705	0.22
Supplier 5	475,617	0.21
Total	<u><u>3,664,383</u></u>	<u><u>1.62</u></u>

### **3. Analysis on expenses**

#### *(1) Selling expenses*

The Company's selling expenses mainly include employee compensation costs, travelling expenses, transportation expenses, advertising and sale services expenses. In the first half of 2021 and 2020, the Company's selling expenses were RMB1,156,084 thousand and RMB971,393 thousand respectively, representing a year-on-year increase of 19.01%.

#### *(2) Administrative expenses*

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and office expenses. In the first half of 2021 and 2020, the Company's administrative expenses were RMB5,041,482 thousand and RMB4,072,741 thousand respectively, representing a year-on-year increase of 23.79%.

### (3) *Financial expenses*

The Company's financial expenses include costs of borrowing, exchange gains or losses, and bank charges, incurred in business operation. In the first half of 2021 and 2020, the Company's financial expenses were RMB1,060,279 thousand and RMB1,234,863 thousand respectively, representing a year-on-year decrease of 14.14%.

### 4. *Research and development expenditure*

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

*Unit: RMB'000*

Research and development expenditure for the current period	6,008,195
Total research and development expenditure	6,008,195
Proportion of total research and development expenditure to operating income (%)	<u>2.39</u>

### 5. *Cash flows*

The cash flows of the Company are as follows:

*Unit: RMB'000*

<b>Items</b>	<b>January to June 2021</b>	<b>January to June 2020</b>
Net cash flows from operating activities	(8,565,449)	1,414,017
Net cash flows from investing activities	(7,039,963)	(3,591,222)
Net cash flows from financing activities	<u>14,125,446</u>	<u>10,230,765</u>

#### (1) *Operating activities*

In the first half of 2021 and 2020, the Company's net cash flows generated from operating activities amounted to RMB-8,565,449 thousand and RMB1,414,017 thousand respectively. In the first half of 2021 and 2020, the cash inflow generated from operating activities mainly came from the cash received from the sale of goods and the rendering of service. The Company's cash

outflow generated from operating activities mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees and payments of various types of taxes.

(2) *Investing activities*

In the first half of 2021 and 2020, the Company's net cash flows generated from investing activities amounted to RMB-7,039,963 thousand and RMB-3,591,222 thousand. The investing activities of the Company mainly came from engineering contracting and property development business.

The Company's cash inflow generated from investing activities mainly consisted of cash received from recovery of investments, investment income and disposal of assets. Cash outflow mainly included cash payments to acquire or construct fixed assets, intangible assets and other long-term assets and cash payments to acquire investments.

(3) *Financing activities*

In the first half of 2021 and 2020, the Company's net cash flows generated from financing activities amounted to RMB14,125,446 thousand and RMB10,230,765 thousand respectively.

The Company's cash inflow from financing activities mainly consisted of cash received from capital contributions and net cash inflow from interest-bearing liabilities in accordance with the needs of operation and management. Cash outflow mainly consisted of cash on repayment of debts and interest.

## (II) Analysis on assets and liabilities

### 1. Status of assets and liabilities

Unit: RMB'000

Items	30 June 2021	Proportion of the amount at the end of the current period to the total assets/total liabilities (%)	31 December 2020	Proportion of the amount at the end of the previous period 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 period (%)
<b>Current assets</b>	<b>430,832,698</b>	<b>77.27</b>	389,253,555	76.87	10.68
Cash and bank balances	51,338,332	9.21	53,095,827	10.49	(3.31)
Accounts receivable	77,602,351	13.92	69,436,480	13.71	11.76
Prepayments	36,077,568	6.47	34,369,714	6.79	4.97
Other receivables	71,957,303	12.91	64,225,288	12.68	12.04
Inventories	62,620,906	11.23	60,581,435	11.96	3.37
Contract assets	104,596,879	18.76	83,199,483	16.43	25.72
<b>Non-current assets</b>	<b>126,756,640</b>	<b>22.73</b>	117,139,408	23.13	8.21
Long-term receivables	33,220,618	5.96	25,576,642	5.05	29.89
Fixed assets	23,692,486	4.25	24,684,160	4.87	(4.02)
Intangible assets	17,857,535	3.20	17,491,859	3.45	2.09
<b>Total assets</b>	<b>557,589,338</b>	<b>100.00</b>	506,392,963	100.00	10.11
<b>Current liabilities</b>	<b>377,844,403</b>	<b>91.43</b>	331,791,251	90.64	13.88
Short-term borrowings	44,434,000	10.75	29,252,171	7.99	51.90
Notes payable	38,013,617	9.20	30,472,634	8.32	24.75
Accounts payable	158,867,841	38.44	133,722,043	36.53	18.80
Contract liabilities	77,122,159	18.66	85,653,732	23.40	(9.96)
<b>Non-current liability</b>	<b>35,394,497</b>	<b>8.57</b>	34,246,405	9.36	3.35
Long-term borrowings	26,695,692	6.46	25,631,067	7.00	4.15
<b>Total liabilities</b>	<b>413,238,900</b>	<b>100.00</b>	366,037,656	100.00	12.90

*(1) Analysis on the structure of assets*

Cash and bank balances

As at 30 June 2021 and 31 December 2020, the balances of monetary funds of the Company amounted to RMB51,338,332 thousand and RMB53,095,827 thousand, respectively, representing a decrease of 3.31% from the beginning of the year.

As at 30 June 2021 and 31 December 2020, the restricted monetary funds of the Company amounted to RMB10,490,388 thousand and RMB10,930,525 thousand respectively. The use of restricted monetary funds mainly included margin deposit of acceptance bill, statutory deposit reserve required by the Central Bank, etc.

Accounts receivable

As at 30 June 2021 and 31 December 2020, the net accounts receivable of the Company amounted to RMB77,602,351 thousand and RMB69,436,480 thousand, respectively, representing an increase of 11.76% from the beginning of the year, which was mainly due to the increase in operating revenue, the increasing efforts of the Company to collect accounts receivable, and increase in accounts receivable is significantly less than increase in operating revenue.

Prepayments

As at 30 June 2021 and 31 December 2020, the net advances of the Company amounted to RMB36,077,568 thousand and RMB34,369,714 thousand, respectively, representing an increase of 4.97% from the beginning of the year, which was mainly due to the increase in advances on purchases.

Other receivables

As at 30 June 2021 and 31 December 2020, other net receivables of the Company amounted to RMB71,957,303 thousand and RMB64,225,288 thousand, respectively, representing an increase of 12.04% from the beginning of the year, which was mainly due to the increase in borrowings by the Company to related parties and the increase in deposits.

## Inventories

The inventories mainly consist of real estate development costs, real estate development products, raw materials, products in process, products in inventory, etc. The inventory structure of the Company reflected the characteristics of the project contracting, real estate development, equipment manufacturing and resources development businesses in which the Company was engaged. As at 30 June 2021, the net inventories of the Company amounted to RMB62,620,906 thousand, and as at 31 December 2020, the net inventories amounted to RMB60,581,435 thousand, representing an increase of 3.37% from the beginning of the year.

## Contract assets

Contract assets primarily relate to project contracting services. As at 30 June 2021 and 31 December 2020, the net contract assets of the Company amounted to RMB104,596,879 thousand and RMB83,199,483 thousand, respectively, representing an increase of 25.72% from the beginning of the year, which was mainly due to the increase in contract assets related to project contracting services.

## Long-term receivables

As at 30 June 2021 and 31 December 2020, the net long-term receivables of the Company amounted to RMB33,220,618 thousand and RMB25,576,642 thousand, respectively, representing an increase of 29.89% from the beginning of the year, which was mainly due to the increase in long-term project receivables of the Company.

## (2) *Analysis on the structure of liabilities*

### Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consist of credit borrowings and secured borrowings from commercial banks and other financial institutions. As at 30 June 2021 and 31 December 2020, the carrying value of short-term borrowings of the Company amounted to RMB44,434,000 thousand and RMB29,252,171 thousand, respectively, representing an increase of 51.90% from the beginning of the year. As at 30 June 2021 and 31 December 2020, the carrying value of long-

term borrowings of the Company amounted to RMB26,695,692 thousand and RMB25,631,067 thousand, respectively, representing an increase of 4.15% from the beginning of the year.

#### Accounts payable

Accounts payable mainly include material costs payable to suppliers and project costs payable to subcontractors by the Company. As at 30 June 2021 and 31 December 2020, the carrying value of accounts payable by the Company amounted to RMB158,867,841 thousand and RMB133,722,043 thousand, representing an increase of 18.80% from the beginning of the year.

#### Contract liabilities

Contract liabilities mainly include contract liabilities related to project contracting service contracts and sales contracts. As at 30 June 2021 and 31 December 2020, the carrying value of contract liabilities of the Company amounted to RMB77,122,159 thousand and RMB85,653,732 thousand, representing a decrease of 9.96% from the beginning of the year.

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

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

*Unit: RMB'000*

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects ( <i>Unit</i> )	1,336	373	1,513	298	3,520
Total amount	<u>5,695,518</u>	<u>801,277</u>	<u>4,558,601</u>	<u>703,943</u>	<u>11,759,339</u>

*Unit: RMB'000*

Project location	Domestic	Overseas	Total
Number of projects ( <i>Unit</i> )	3,429	91	3,520
Total amount	<u>11,451,558</u>	<u>307,781</u>	<u>11,759,339</u>

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

## 2. *Projects under construction during the Reporting Period*

*Unit: RMB'000*

Sub-segment	Housing Construction	Infrastructure Construction	Metallurgical engineering	Others	Total
Number of projects ( <i>Unit</i> )	4,567	2,593	3,432	1,445	12,037
Total amount	<u>114,294,989</u>	<u>49,498,446</u>	<u>49,534,178</u>	<u>14,051,411</u>	<u>227,379,024</u>

*Unit: RMB'000*

Project location	Domestic	Overseas	Total
Number of projects ( <i>Unit</i> )	11,456	581	12,037
Total amount	<u>221,571,186</u>	<u>5,807,838</u>	<u>227,379,024</u>

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

## 3. *Overseas projects during the Reporting Period*

*Unit: RMB'000*

Project location	Number of projects ( <i>Unit</i> )	Total
Asia	476	5,504,406
Africa	49	181,575
South America	87	78,094
Europe	32	256,861
Oceania	14	82,415
North America	14	12,268
Total	<u>672</u>	<u>6,115,619</u>

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

As at the end of the Reporting Period, the balance of debt financing and financing by other equity instruments of the Company amounted to RMB117.734 billion, representing an increase of 19.39% as compared to the beginning of the period, which better satisfied the capital needs for enterprise development and industrial structure adjustment. In particular, the balances of debt financing and financing by other

equity instruments amounted to RMB86.744 billion and RMB30.990 billion, respectively, which contributed to the further optimization of financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB58.954 billion and RMB58.780 billion, respectively.

## **5. *Investment in partnership***

As reviewed and approved by the Board of the Company, MCC, China Credit Trust Co., Ltd. (中誠信託有限責任公司), MCC-CCB Investment Fund Management (Beijing) Company Limited (中冶建信投資基金管理(北京)有限公司) and CIF (Beijing) Investment Fund Management Co., Ltd. (信銀振華(北京)股權投資基金管理有限公司) jointly established Yingtan MCC-CIF Industrial Development Partnership (LP) (鷹潭市中冶信銀產業發展合夥企業(有限合夥)) on 22 December 2017. The total subscribed contribution is RMB18,000.16 million in cash, among which the subscribed contribution of MCC, being a limited partner, is RMB8,800 million or 48.8885%; the subscribed contribution of China Credit Trust Co., Ltd., being a limited partner, is RMB9,200 million or 51.1107%; MCC-CCB Investment Fund Management (Beijing) Company Limited and CIF (Beijing) Investment Fund Management Co., Ltd. are general and executive partners and their subscribed contributions are RMB80 thousand or 0.0004%, respectively. During the Reporting Period, no additional paid-in capital contribution of the Company was made.

## **(IV) Investment analysis**

As of 30 June 2021 and 31 December 2020, the net financial assets held for trading of the Company were RMB801,258 thousand and RMB2,250,940 thousand, respectively, representing a decrease of 64.40% from the beginning of the year. As of 30 June 2021 and 31 December 2020, the net long-term equity investments of the Company were RMB27,405,738 thousand and RMB25,676,955 thousand, respectively, representing an increase of 6.73% from the beginning of the year. As of 30 June 2021 and 31 December 2020, net investment in other equity instruments of the Company were RMB2,054,638 thousand and RMB1,964,664 thousand, respectively, representing an increase of 4.58% from the beginning of the year. As of 30 June 2021 and 31 December 2020, the net investment in other non-current financial assets of the Company was RMB4,458,714 thousand and RMB4,418,546 thousand, respectively, representing an increase of 0.91% from the beginning of the year.

## VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

### CONSOLIDATED BALANCE SHEET

30 JUNE 2021

*All amounts in RMB'000*

Items	30 June 2021	31 December 2020
<b>Current Assets:</b>		
Cash and bank balances	51,338,332	53,095,827
Financial assets held for trading	801,258	2,250,940
Derivative financial assets	83,850	46,412
Bills receivable	6,602,880	6,646,606
Accounts receivable	77,602,351	69,436,480
Receivables at FVTOCI	15,121,128	11,759,582
Prepayments	36,077,568	34,369,714
Other receivables	71,957,303	64,225,288
Inventories	62,620,906	60,581,435
Contract assets	104,596,879	83,199,483
Non-current assets due within one year	1,755,750	1,499,007
Other current assets	2,274,493	2,142,781
<b>Total Current Assets</b>	<b>430,832,698</b>	<b>389,253,555</b>
<b>Non-current Assets:</b>		
Long-term receivables	33,220,618	25,576,642
Long-term equity investments	27,405,738	25,676,955
Investments in other equity instruments	2,054,638	1,964,664
Other non-current financial assets	4,458,714	4,418,546
Investment properties	6,289,943	5,641,674
Fixed assets	23,692,486	24,684,160
Construction in progress	4,659,609	4,915,570
Right-of-use assets	496,449	473,971
Intangible assets	17,857,535	17,491,859
Goodwill	160,928	160,928
Long-term prepayments	360,881	295,584
Deferred tax assets	5,886,998	5,637,114
Other non-current assets	212,103	201,741
<b>Total Non-current Assets</b>	<b>126,756,640</b>	<b>117,139,408</b>
<b>TOTAL ASSETS</b>	<b>557,589,338</b>	<b>506,392,963</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

30 JUNE 2021

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Current Liabilities:</b>		
Short-term borrowings	44,434,000	29,252,171
Derivative financial liabilities	1,036	–
Bills payable	38,013,617	30,472,634
Accounts payable	158,867,841	133,722,043
Receipts in advance	360,001	238,753
Contract liabilities	77,122,159	85,653,732
Employee benefits payable	2,182,949	2,020,325
Taxes payable	3,268,889	3,984,563
Other payables	31,390,943	26,710,566
Non-current liabilities due within one year	14,295,635	12,238,104
Other current liabilities	7,907,333	7,498,360
<b>Total Current Liabilities</b>	<b>377,844,403</b>	<b>331,791,251</b>
<b>Non-current Liabilities:</b>		
Long-term borrowings	26,695,692	25,631,067
Bonds payable	790,000	790,000
Lease liabilities	298,947	237,042
Long-term payables	962,467	1,047,205
Long-term employee benefits payable	4,243,099	4,103,656
Provisions	773,108	777,275
Deferred income	1,547,997	1,584,325
Deferred tax liabilities	68,587	61,235
Other non-current liabilities	14,600	14,600
<b>Total Non-current Liabilities</b>	<b>35,394,497</b>	<b>34,246,405</b>
<b>TOTAL LIABILITIES</b>	<b>413,238,900</b>	<b>366,037,656</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

30 JUNE 2021

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	31 December 2020
<b>Shareholders' Equity:</b>		
Share capital	20,723,619	20,723,619
Other equity instruments	20,500,000	20,500,000
Including: Perpetual bond	20,500,000	20,500,000
Capital reserve	22,497,132	22,461,602
Other comprehensive income	(202,159)	(284,396)
Special reserve	12,550	12,550
Surplus reserve	2,016,768	2,016,768
Retained earnings	35,654,636	32,461,495
Total shareholders' equity attributable to shareholders of the Company	101,202,546	97,891,638
Non-controlling interests	43,147,892	42,463,669
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>144,350,438</b>	<b>140,355,307</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>557,589,338</b>	<b>506,392,963</b>

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

**THE COMPANY'S BALANCE SHEET**  
30 JUNE 2021

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	31 December 2020
<b>Current Assets:</b>		
Cash and bank balances	2,305,106	9,618,084
Derivative financial assets	83,850	38,524
Accounts receivable	92,059	228,188
Prepayments	1,063,193	1,797,943
Other receivables	56,443,014	43,536,273
Inventories	987	1,016
Contract assets	1,256,065	944,863
Non-current assets due within one year	2,037	2,037
Other current assets	4,592	1,481
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>61,250,903</b>	<b>56,168,409</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Non-current Assets:</b>		
Long-term receivables	1,984,630	2,082,190
Long-term equity investments	96,924,061	94,532,711
Other equity instrument investments	533	454
Fixed assets	11,816	12,478
Right-of-use assets	11,108	21,360
Intangible assets	4,561	5,445
	<hr/>	<hr/>
<b>Total Non-current Assets</b>	<b>98,936,709</b>	<b>96,654,638</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL ASSETS</b>	<b>160,187,612</b>	<b>152,823,047</b>

**THE COMPANY'S BALANCE SHEET (CONTINUED)**

30 JUNE 2021

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Current Liabilities:</b>		
Short-term borrowings	<b>30,222,606</b>	20,932,888
Accounts payable	<b>1,670,658</b>	1,407,149
Contract liabilities	<b>1,322,259</b>	2,114,560
Employee benefits payable	<b>15,354</b>	15,407
Taxes payable	<b>38,040</b>	46,768
Other payables	<b>18,111,638</b>	18,485,432
Non-current liabilities due within one year	<b>3,707,798</b>	3,152,522
<b>Total Current Liabilities</b>	<b>55,088,353</b>	<b>46,154,726</b>
<b>Non-current Liabilities:</b>		
Long-term borrowings	–	2,000,000
Bonds payable	<b>790,000</b>	790,000
Lease liabilities	<b>695</b>	695
Long-term payables	<b>20,444,520</b>	20,444,550
Long-term employee benefits payable	<b>64,140</b>	61,513
Provisions	<b>80,145</b>	99,806
Deferred income	<b>3,598</b>	3,598
<b>Total Non-current Liabilities</b>	<b>21,383,098</b>	<b>23,400,162</b>
<b>TOTAL LIABILITIES</b>	<b>76,471,451</b>	<b>69,554,888</b>

**THE COMPANY'S BALANCE SHEET (CONTINUED)**

30 JUNE 2021

*All amounts in RMB'000*

Items	30 June 2021	31 December 2020
<b>Shareholders' Equity:</b>		
Share capital	20,723,619	20,723,619
Other equity instruments	20,500,000	20,500,000
Including: Perpetual bond	20,500,000	20,500,000
Capital reserve	37,925,332	37,925,332
Other comprehensive income	(4,124)	(355)
Special reserve	12,550	12,550
Surplus reserve	2,016,768	2,016,768
Retained earnings	2,542,016	2,090,245
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>83,716,161</b>	<b>83,268,159</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>160,187,612</b>	<b>152,823,047</b>

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

## VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

### CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>I. Total operating revenue</b>	<b>251,003,187</b>	180,565,193
Including: Operating revenue	<u>251,003,187</u>	<u>180,565,193</u>
<b>II. Total operating costs</b>	<b>240,950,534</b>	172,522,957
Including: Operating costs	<b>226,557,020</b>	161,154,787
Taxes and levies	<b>1,127,474</b>	961,239
Selling expenses	<b>1,156,084</b>	971,393
Administrative expenses	<b>5,041,482</b>	4,072,741
Research and development expenses	<b>6,008,195</b>	4,127,934
Financial expenses	<b>1,060,279</b>	1,234,863
Including: Interest expenses	<b>1,457,533</b>	1,932,197
Interest income	<b>954,082</b>	967,130
Add: Other income	<b>157,918</b>	128,573
Investment income	<b>(690,195)</b>	(522,424)
Including: (Losses) Income from investments in associates and joint ventures	<b>123,138</b>	(47,081)
(Losses) Gains from derecognition of financial assets at amortized cost	<b>(529,008)</b>	(354,740)
Gains from changes in fair values	<b>51,479</b>	11,423
Impairment losses of credit	<b>(1,028,111)</b>	(1,517,072)
Impairment losses of assets	<b>(1,082,271)</b>	(833,865)
Gains on disposal of assets	<u>427,710</u>	<u>13,807</u>
<b>III. Operating profit</b>	<b>7,889,183</b>	5,322,678
Add: Non-operating income	<b>170,451</b>	237,059
Less: Non-operating expenses	<u>28,802</u>	<u>56,352</u>

**CONSOLIDATED INCOME STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>IV. Total profit</b>	<b>8,030,832</b>	5,503,385
Less: Income tax expenses	<u>1,439,925</u>	<u>1,226,819</u>
<b>V. Net profit</b>	<b>6,590,907</b>	4,276,566
(I) Net profit classified by operating continuity		
Net profit from continuing operations	<b>6,590,907</b>	4,276,566
Net profit from discontinued operations	–	–
(II) Net profit classified by ownership ascription		
Net profit attributable to shareholders of the Company	<b>4,937,420</b>	3,591,925
Profit or loss attributable to non-controlling interests	<u>1,653,487</u>	<u>684,641</u>
<b>VI. Other comprehensive income, net of income tax</b>	<b>8,578</b>	88,900
Other comprehensive income attributable to shareholders of the Company, net of income tax	<b>81,130</b>	45,656
(I) Items that will not be reclassified to profit or loss	<b>(49,801)</b>	(75,347)
1. Re-measurement of defined benefit obligations	<b>(138,930)</b>	(46,886)
2. Changes in fair values of investments in other equity instruments	<b>89,129</b>	(28,461)
(II) Items that may be reclassified to profit or loss	<b>130,931</b>	121,003
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	<b>(18,166)</b>	–
2. Changes of fair value of receivables at FVTOCI	<b>(42,637)</b>	4,890
3. Exchange differences on translating financial statements in foreign currencies	<b>191,734</b>	116,113
Other comprehensive income attributable to non-controlling interests, net of income tax	<u>(72,552)</u>	<u>43,244</u>

**CONSOLIDATED INCOME STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>VII. Total comprehensive income</b>	<b>6,599,485</b>	4,365,466
Total comprehensive income attributable to shareholders of the Company	<b>5,018,550</b>	3,637,581
Total comprehensive income attributable to non-controlling interests	<b>1,580,935</b>	727,885
	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>VIII. Earnings per share</b>		
(I) Basic earnings per share <i>(RMB/share)</i>	<b>0.21</b>	0.14
(II) Diluted earnings per share <i>(RMB/share)</i>	<b>N/A</b>	N/A
	<u><u>                    </u></u>	<u><u>                    </u></u>

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

**THE COMPANY'S INCOME STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>I. Total operating revenue</b>	<b>2,267,304</b>	1,147,636
Less: Operating costs	<b>2,234,761</b>	1,130,178
Taxes and levies	<b>534</b>	2,541
Administrative expenses	<b>78,828</b>	70,803
Financial expenses	<b>4,223</b>	(27,428)
Including: Interest expenses	<b>940,824</b>	827,961
Interest income	<b>918,061</b>	906,784
Add: Other income	<b>580</b>	486
Investment income	<b>2,170,884</b>	17,814
Including: (Losses) Gains from investments in associates and joint ventures	<b>6,775</b>	17,814
Gains from changes in fair values	<b>45,327</b>	–
Impairment losses of credit	<b>29,252</b>	(2,636)
<b>II. Operating profit</b>	<b>2,195,001</b>	(12,794)
Add: Non-operating income	<b>2</b>	366
Less: Non-operating expenses	<b>60</b>	20
<b>III. Total profit</b>	<b>2,194,943</b>	(12,448)
Less: Income tax expenses	<b>–</b>	1,126
<b>IV. Net profit</b>	<b>2,194,943</b>	(13,574)
Net profit from continuing operations	<b>2,194,943</b>	(13,574)
Net profit from discontinued operations	<b>–</b>	–

**THE COMPANY'S INCOME STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>V. Other comprehensive income, net of income tax</b>	<b>(3,769)</b>	(136)
(I) Items that will not be reclassified to profit or loss	<b>(3,657)</b>	(136)
1. Changes in re-measurement of defined benefit obligations	<b>(3,737)</b>	(282)
2. Changes in fair values of investments in other equity instruments	<b>80</b>	146
(II) Items that will be reclassified to profit or loss	<b>(112)</b>	–
1. Items that may be reclassified to profit or loss in equity method	<b>(112)</b>	–
<b>VI. Total comprehensive income</b>	<b><u>2,191,174</u></b>	<b><u>(13,710)</u></b>

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

## VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

### CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>		
Cash receipts from the sale of goods and the rendering of services	<b>234,193,038</b>	173,919,003
Receipts of tax refunds	<b>257,960</b>	188,569
Other cash receipts relating to operating activities	<b>3,070,948</b>	3,906,395
Sub-total of cash inflows from operating activities	<b><u>237,521,946</u></b>	<u>178,013,967</u>
Cash payments for goods purchased and services received	<b>212,999,599</b>	152,736,321
Cash payments to and on behalf of employees	<b>13,272,739</b>	10,548,670
Payments of various types of taxes	<b>6,897,838</b>	4,562,336
Other cash payments relating to operating activities	<b>12,917,219</b>	8,752,623
Sub-total of cash outflows from operating activities	<b><u>246,087,395</u></b>	<u>176,599,950</u>
<b>Net Cash Flows from Operating Activities</b>	<b><u>(8,565,449)</u></b>	<u>1,414,017</u>
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	<b>1,634,206</b>	1,006,894
Cash receipts from investment income	<b>169,705</b>	103,104
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	<b>361,501</b>	17,749
Other cash receipts relating to investing activities	–	1,519,700
Sub-total of cash inflows from investing activities	<b><u>2,165,412</u></b>	<u>2,647,447</u>

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,552,182	2,115,706
Cash payments to acquire investments	2,036,506	2,514,829
Other cash payments relating to investing activities	5,616,687	1,608,134
Sub-total of cash outflows from investing activities	<u>9,205,375</u>	<u>6,238,669</u>
<b>Net Cash Flows from Investing Activities</b>	<b><u>(7,039,963)</u></b>	<b><u>(3,591,222)</u></b>
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from capital contributions	3,339,300	10,136,404
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	119,586	7,136,404
Cash receipts from issue of perpetual bond	3,219,714	3,000,000
Cash receipts from borrowings	63,020,211	60,586,005
Other cash receipts relating to financing activities	440,137	1,085,059
Sub-total of cash inflows from financing activities	<u>66,799,648</u>	<u>71,807,468</u>
Cash repayments of borrowings	45,506,351	48,684,941
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,746,510	3,111,506
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	844,161	333,402
Other cash payments relating to financing activities	3,421,341	9,780,256
Sub-total of cash outflows from financing activities	<u>52,674,202</u>	<u>61,576,703</u>
<b>Net Cash Flows from Financing Activities</b>	<b><u>14,125,446</u></b>	<b><u>10,230,765</u></b>

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
<b>IV. Effect of Foreign Exchange Rate</b>		
<b>Changes on Cash and Cash Equivalents</b>	<b>162,608</b>	63,441
<b>V. Net Decrease in Cash and Cash</b>		
<b>Equivalents</b>	<b>(1,317,358)</b>	8,117,001
Add: Opening balance of Cash and Cash equivalents	<b>42,165,302</b>	31,814,900
<b>VI. Closing Balance of Cash and Cash</b>		
<b>Equivalents</b>	<b>40,847,944</b>	39,931,901

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

**THE COMPANY'S CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
<b>I. Cash Flows from Operating Activities:</b>		
Cash receipts from the sale of goods and the rendering of services	<b>821,859</b>	907,026
Receipts of tax refunds	–	–
Other cash receipts relating to operating activities	<b>274,997</b>	426,919
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	<b>1,096,856</b>	1,333,945
	<hr/>	<hr/>
Cash payments for goods purchased and services received	<b>797,365</b>	1,015,758
Cash payments to and on behalf of employees	<b>62,676</b>	58,259
Payments of various types of taxes	<b>5,131</b>	18,763
Other cash payments relating to operating activities	<b>603,159</b>	454,920
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	<b>1,468,331</b>	1,547,700
	<hr/>	<hr/>
<b>Net Cash Flows from Operating Activities</b>	<b>(371,475)</b>	(213,755)
	<hr/>	<hr/>

**THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from investment income	<b>2,115,508</b>	313,864
Net cash receipts from disposal of fixed assets, intangible assets and other long- term assets	–	–
Other cash receipts relating to investing activities	<b>259,795</b>	2,176,554
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	<b>2,375,303</b>	2,490,418
	<hr/>	<hr/>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	<b>497</b>	269
Cash payments to acquire investments	<b>2,188,324</b>	315,110
Other cash payments relating to investing activities	<b>11,925,400</b>	9,824,105
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	<b>14,114,221</b>	10,139,484
	<hr/>	<hr/>
<b>Net Cash Flows from Investing Activities</b>	<b>(11,738,918)</b>	(7,649,066)

**THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from investments	–	3,000,000
Including: Cash receipts from issue of perpetual bond	–	3,000,000
Cash receipts from borrowings	<b>40,667,464</b>	44,032,022
Other cash receipts relating to financing activities	<b>3,485,191</b>	5,838,471
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	<b>44,152,655</b>	52,870,493
	<hr/>	<hr/>
Cash repayments of borrowings	<b>32,568,732</b>	31,203,519
Cash payments for distribution of dividends or profits or settlement of interest expenses	<b>1,092,996</b>	1,600,003
Other cash payments relating to financing activities	<b>5,713,000</b>	12,200,000
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>39,374,728</b>	45,003,522
	<hr/>	<hr/>
<b>Net Cash Flows from Financing Activities</b>	<b>4,777,927</b>	7,866,971
	<hr/>	<hr/>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>20,269</b>	11,358
<b>V. Net Decrease in Cash and Cash Equivalents</b>	<b>(7,312,197)</b>	15,508
Add: Opening balance of Cash and Cash equivalents	<b>9,606,574</b>	2,456,387
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>2,294,377</b>	2,471,895
	<hr/> <hr/>	<hr/> <hr/>

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

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

## IX. CONSOLIDATED AND THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

*All amounts in RMB'000*

Items	Amount for the current period								
	Attributable to shareholders of the Company								
	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interest	Total shareholders equity
I. Closing balance of the preceding period	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior period' errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	<u>20,723,619</u>	<u>20,500,000</u>	<u>22,461,602</u>	<u>(284,396)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>32,461,495</u>	<u>42,463,669</u>	<u>140,355,307</u>
III. Changes for the period	-	-	35,530	82,237	-	-	3,193,141	684,223	3,995,131
(I) Total comprehensive income	-	-	-	81,130	-	-	4,937,420	1,580,935	6,599,485
(II) Shareholders' contributions and reduction in capital	-	-	35,530	-	-	-	-	(88,854)	(53,324)
1. Capital contribution from owners	-	-	-	-	-	-	-	(73,786)	(73,786)
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	(9,722)	(9,722)
3. Others	-	-	35,530	-	-	-	-	(5,346)	30,184
(III) Profit distribution	-	-	-	-	-	-	(1,743,172)	(807,858)	(2,551,030)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,743,172)	(807,858)	(2,551,030)
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	1,107	-	-	(1,107)	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	1,107	-	-	(1,107)	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	3,457,237	-	-	299,534	3,756,771
2. Amount utilized in the current period	-	-	-	-	(3,457,237)	-	-	(299,534)	(3,756,771)
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	<u>20,723,619</u>	<u>20,500,000</u>	<u>22,497,132</u>	<u>(202,159)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>35,654,636</u>	<u>43,147,892</u>	<u>144,350,438</u>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

*All amounts in RMB '000*

Items	Amount for the prior period								
	Attributable to shareholders of the Company								
	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interest	Total shareholders' equity
<b>I. Closing balance of the preceding period</b>	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior period' errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>II. Opening balance of the current period</b>	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508
<b>III. Changes for the period</b>	-	(6,624,615)	(77,794)	67,469	-	-	1,736,802	6,733,507	1,835,369
(I) Total comprehensive income	-	-	-	45,656	-	-	3,591,925	727,885	4,365,466
(II) Shareholders' contributions and reduction in capital	-	(6,624,615)	(78,440)	-	-	-	-	6,372,094	(330,961)
1. Capital contribution from owners	-	-	-	-	-	-	-	83,559	83,559
2. Capital contribution from holders of other equity instruments	-	(6,624,615)	(75,385)	-	-	-	-	6,892,172	192,172
3. Others	-	-	(3,055)	-	-	-	-	(603,637)	(606,692)
(III) Profit distribution	-	-	646	-	-	-	(1,833,310)	(366,472)	(2,199,136)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,833,310)	(366,482)	(2,199,792)
3. Others	-	-	646	-	-	-	-	10	656
(IV) Transfers within shareholders' equity	-	-	-	21,813	-	-	(21,813)	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	21,813	-	-	(21,813)	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	2,556,109	-	-	195,465	2,751,574
2. Amount utilized in the current period	-	-	-	-	(2,556,109)	-	-	(195,465)	(2,751,574)
(IV) Others	-	-	-	-	-	-	-	-	-
<b>IV. Closing balance of the current period</b>	20,723,619	19,299,675	22,398,654	7,851	12,550	1,748,938	28,860,300	25,689,290	118,740,877

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

**Legal Representative:**  
**Guo Wenqing**

**General Accountant:**  
**Zou Hongying**

**Financial Controller:**  
**Fan Wanzhu**

# THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

*All amounts in RMB '000*

Items	Amount for the current period							Total shareholders' equity
	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
<b>I. Closing balance of the preceding period</b>	20,723,619	20,500,000	37,925,332	(355)	12,550	2,016,768	2,090,245	83,268,159
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period' errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>II. Opening balance of the current period</b>	<u>20,723,619</u>	<u>20,500,000</u>	<u>37,925,332</u>	<u>(355)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>2,090,245</u>	<u>83,268,159</u>
<b>III. Changes for the period</b>	-	-	-	(3,769)	-	-	451,771	448,002
(I) Total comprehensive income	-	-	-	(3,769)	-	-	2,194,943	2,191,174
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(1,743,172)	(1,743,172)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,743,172)	(1,743,172)
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
<b>IV. Closing balance of the current period</b>	<u>20,723,619</u>	<u>20,500,000</u>	<u>37,925,332</u>	<u>(4,124)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>2,542,016</u>	<u>83,716,161</u>

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

*All amounts in RMB'000*

Items	Amount for the prior period							Total shareholders' equity
	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
<b>I. Closing balance of the preceding period</b>	20,723,619	25,924,290	38,001,042	984	12,550	1,748,938	1,920,906	88,332,329
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period' errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>II. Opening balance of the current period</b>	<u>20,723,619</u>	<u>25,924,290</u>	<u>38,001,042</u>	<u>984</u>	<u>12,550</u>	<u>1,748,938</u>	<u>1,920,906</u>	<u>88,332,329</u>
<b>III. Changes for the period</b>	-	(6,624,615)	(75,385)	(136)	-	-	(1,846,884)	(8,547,020)
(I) Total comprehensive income	-	-	-	(136)	-	-	(13,374)	(13,710)
(II) Shareholders' contributions and reduction in capital	-	(6,624,615)	(75,385)	-	-	-	-	(6,700,000)
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	(6,624,615)	(75,385)	-	-	-	-	(6,700,000)
3. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(1,833,310)	(1,833,310)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,833,310)	(1,833,310)
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
<b>IV. Closing balance of the current period</b>	<u>20,723,619</u>	<u>19,299,675</u>	<u>37,925,657</u>	<u>848</u>	<u>12,550</u>	<u>1,748,938</u>	<u>74,022</u>	<u>79,785,309</u>

The accompanying notes form an integral part of these financial statements

*Legal Representative:*  
**Guo Wenqing**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

## X. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### (I) Basic information of the Company

Metallurgical Corporation of China Ltd. (the “**Company**”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“**CMGC**”) and China Baowu Steel Group Corporation (“**CBSGC**”, formerly named as Baosteel Group Corporation) as promoters on 1 December 2008 and was registered in Beijing in the People’s Republic of China (the “**PRC**”). Upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June, 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was 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 have transferred a total amount of 350 million shares of the Company to National Council for State Security Fund (“**NSSF**”) of the PRC and converted 261 million domestic shares into H shares and transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB19.11 billion.

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

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.

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

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

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

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

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

The Company and consolidated financial statements had been approved by the Board on 30 August 2021.

## **(II) Significant Accounting Policies and Accounting Estimates**

### **1. Basis of preparation**

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “**MoF**”) and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as “**CASBE**”).

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, also referring to the relevant provisions issued by the MoF and the CSRC, and approved by the general meeting of stockholders of the Company, from fiscal year 2014, the Company no longer provides the financial statements prepared in accordance with the CASBE and the International Financial Reporting Standards (the “**IFRS**”) separately to stockholders of A shares and H shares. Instead, the Company provides the financial statements prepared in accordance with the CASBE to all stockholders, taking the relevant disclosure standards of Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

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

### **2. Statement of compliance**

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company’s financial position is from January to June of 2021 and consolidated and the Company’s operating results and cash flows for the year then ended.

### **3. Accounting period**

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The preparation period of this financial statement is from January to June of 2021.

#### 4. Reporting currency

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

### (III) Notes to Consolidated Financial Statements

#### 1. Cash and bank balances

*All amounts in RMB'000*

Items	30 June 2021	31 December 2020
Cash	14,612	11,441
Bank deposits	39,578,427	41,409,099
Other cash and bank balances	11,745,293	11,675,287
Total	<u>51,338,332</u>	<u>53,095,827</u>
Including: Total amount of deposits abroad	<u>1,933,694</u>	<u>1,333,900</u>

#### 2. Bills receivable

*All amounts in RMB'000*

Items	30 June 2021			31 December 2020		
	Book value	Provisions for credit losses	Carrying amount	Book value	Provisions for credit losses	Carrying amount
Bank acceptance bills	1,614,745	-	1,614,745	1,970,938	-	1,970,938
Commercial acceptance bills	5,005,125	16,990	4,988,135	4,691,068	15,400	4,675,668
Total	<u>6,619,870</u>	<u>16,990</u>	<u>6,602,880</u>	<u>6,662,006</u>	<u>15,400</u>	<u>6,646,606</u>

### 3. Accounts receivable

*All amounts in RMB'000*

Aging	30 June 2021	31 December 2020
Within 1 year	59,132,832	51,208,541
1 to 2 years	11,785,323	11,838,375
2 to 3 years	5,724,710	4,659,742
3 to 4 years	3,187,934	3,688,508
4 to 5 years	2,211,621	1,952,971
Over 5 years	8,940,429	9,065,390
Total book value	<u>90,982,849</u>	<u>82,413,527</u>
Less: provisions for credit losses	13,380,498	12,977,047
Carrying amount	<u><u>77,602,351</u></u>	<u><u>69,436,480</u></u>

### 4. Prepayments

*All amounts in RMB'000*

Aging	30 June 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	30,594,496	84.80	27,856,345	81.05
1 to 2 years	2,850,903	7.90	4,051,565	11.79
2 to 3 years	1,040,508	2.88	1,154,752	3.36
Over 3 years	1,591,661	4.42	1,307,052	3.80
Total	<u><u>36,077,568</u></u>	<u><u>100.00</u></u>	<u><u>34,369,714</u></u>	<u><u>100.00</u></u>

## 5. Other receivables

### (1) Other receivables analyzed by category

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	31 December 2020
Interest receivables	<b>19,304</b>	5,580
Dividends receivable	<b>602,253</b>	487,993
Other receivables	<b>71,335,746</b>	63,731,715
Total	<b><u>71,957,303</u></b>	<u>64,225,288</u>

### (2) Other receivables

#### (a) Aging analysis of other receivables

*All amounts in RMB'000*

<b>Aging</b>	<b>30 June 2021</b>	31 December 2020
Within 1 year	<b>49,852,695</b>	42,650,722
1 to 2 years	<b>8,380,789</b>	6,427,608
2 to 3 years	<b>6,318,812</b>	6,499,351
3 to 4 years	<b>3,256,715</b>	5,517,987
4 to 5 years	<b>3,790,257</b>	2,471,062
Over 5 years	<b>7,629,275</b>	7,506,735
Total book value	<b><u>79,228,543</u></b>	<u>71,073,465</u>
Less: provisions for credit losses	<b>7,892,797</b>	7,341,750
Carrying amount	<b><u>71,335,746</u></b>	<u>63,731,715</u>

(b) *Other receivables categorized by nature*

*All amounts in RMB'000*

<b>Nature of other receivables</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Guarantee deposits	<b>35,090,584</b>	30,561,019
Loan receivables from related parties	<b>33,940,510</b>	31,781,493
Pretty Cash	<b>429,570</b>	316,054
Receivables on disposal of investments	<b>2,702,393</b>	2,702,393
Others	<b>7,065,486</b>	5,712,506
Total	<b>79,228,543</b>	<b>71,073,465</b>

**6. Inventories**

*(1) Categories of inventories*

*All amounts in RMB'000*

Items	30 June 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	3,342,107	16,602	3,325,505	5,003,298	18,604	4,984,694
Materials procurement	129,153	-	129,153	86,422	-	86,422
Outsourced processing materials	10,157	330	9,827	10,065	330	9,735
Work in progress	2,832,016	504,097	2,327,919	3,002,146	334,043	2,668,103
Finished goods	2,372,804	198,964	2,173,840	2,540,229	136,238	2,403,991
Other materials	574,182	1,048	573,134	640,615	1,060	639,555
Performance costs of contract	72,874	-	72,874	73,814	-	73,814
Properties under development	38,328,300	13,310	38,314,990	31,327,122	10,169	31,316,953
Completed properties held for sale	16,194,366	500,702	15,693,664	18,901,009	502,841	18,398,168
Total	<b>63,855,959</b>	<b>1,235,053</b>	<b>62,620,906</b>	<b>61,584,720</b>	<b>1,003,285</b>	<b>60,581,435</b>

## (2) Provision for impairment

All amounts in RMB'000

Items	Balance at	Increase		Decrease			Balance at
	31 December	Provision	Others	Reversals	Write-offs	Others	30 June
	2020						2021
Raw materials	18,604	(2,002)	-	-	-	-	16,602
Outsourced processing materials	330	-	-	-	-	-	330
Work in progress	334,043	181,328	-	-	11,274	-	504,097
Finished goods	136,238	83,862	-	6,984	14,152	-	198,964
Other materials	1,060	(12)	-	-	-	-	1,048
Properties under development	10,619	5,358	-	-	2,217	-	13,310
Completed properties held for sale	502,841	(1,975)	-	-	164	-	500,702
Total	1,003,285	266,559	-	6,984	27,807	-	1,235,053

## 7. Contract assets

### (1) Presentation of contract assets

All amounts in RMB'000

Items	30 June 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Contract assets interrelated with Engineering contracting services	104,294,680	4,205,918	100,088,762	82,659,393	3,366,039	79,293,354
Contract assets interrelated with quality guarantee deposit	4,784,122	276,005	4,508,117	4,201,728	295,599	3,906,129
Total	109,078,802	4,481,923	104,596,879	86,861,121	3,661,638	83,199,483

**(2) West Australia SINO Iron Mining Project**

In 2012, MCC Mining (Western Australia) Pty Ltd. (“**Western Australia**”), a wholly owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons like 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 third party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized 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 were completed. For the third to sixth production lines of the project, Western Australia and Northern Engineering & Technology Corporation, a subsidiary of the Company, have entered into 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 of 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 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 at 30 June 2021.

On 30 June 2021, the contract assets of the project mentioned above amounted to RMB3,456,220,000. After the completion of the audit mentioned above, the Group will actively follow up with CITIC Group for negotiation and discussion in reaching the final agreed project construction costs and make relevant accounting treatments accordingly.

## 8. Long-term receivables

	<i>All amounts in RMB'000</i>	
Items	<b>30 June 2021</b>	31 December 2020
Long-term receivables on project	<b>36,024,110</b>	27,489,727
Loans to related parties	<b>361,385</b>	773,176
Receivables on disposal of equity investments	<b>333,485</b>	333,485
Others	<b>1,063,834</b>	1,224,025
Total carrying amount	<b><u>37,782,814</u></b>	<u>29,820,413</u>
Less: provisions for credit losses of long-term receivables	<b>2,806,446</b>	2,744,764
Total book value	<b><u>34,976,368</u></b>	<u>27,075,649</u>
Including: Long-term receivables due within 1 year, net	<b>1,755,750</b>	1,499,007
Long-term receivables due over 1 year, net	<b><u>33,220,618</u></b>	<u>25,576,642</u>

## 9. Bills payable

*All amounts in RMB'000*

<b>Categories</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Bank acceptance bills	<b>33,295,522</b>	27,496,190
Commercial acceptance bills	<b>4,718,095</b>	2,976,444
Total	<b><u>38,013,617</u></b>	<b><u>30,472,634</u></b>

## 10. Accounts payable

### *(1) Presentation of accounts payable*

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Project fees	<b>99,530,080</b>	84,040,670
Purchases	<b>43,231,575</b>	36,962,900
Design fees	<b>561,225</b>	797,224
Labor fees	<b>12,569,607</b>	9,264,773
Retention money	<b>1,285,938</b>	916,344
Others	<b>1,689,416</b>	1,740,132
Total	<b><u>158,857,841</u></b>	<b><u>133,722,043</u></b>

### *(2) Aging analysis of accounts payable*

*All amounts in RMB'000*

<b>Aging</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Within 1 year	<b>122,741,746</b>	100,720,202
1 to 2 years	<b>18,899,722</b>	16,921,797
2 to 3 years	<b>6,693,679</b>	6,104,507
Over 3 years	<b>10,532,694</b>	9,975,537
Total	<b><u>158,867,841</u></b>	<b><u>133,722,043</u></b>

## 11. Contract liabilities

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Contract liabilities relating to engineering contracting service contracts	<b>61,004,882</b>	69,859,483
Contract liabilities relating to sales contracts	<b>13,689,884</b>	13,250,241
Contract liabilities relating to other customers' contracts	<b>2,427,393</b>	2,544,008
<b>Total</b>	<b><u>77,122,159</u></b>	<b><u>85,653,732</u></b>

## 12. Other payables

### *(1) Other payables disclosed by nature*

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Interest payable	<b>14,975</b>	12,868
Dividends payable	<b>2,096,270</b>	916,864
Other payables	<b>29,279,698</b>	25,780,834
<b>Total</b>	<b><u>31,390,943</u></b>	<b><u>26,710,566</u></b>

### *(2) Dividends payable*

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Dividend declared on perpetual bonds classified as equity instrument	<b>15,535</b>	401,733
Other dividends	<b>2,080,735</b>	515,131
<b>Total</b>	<b><u>2,096,270</u></b>	<b><u>916,864</u></b>

### (3) Other payables

*All amounts in RMB'000*

Items	30 June 2021	31 December 2020
Guarantees and deposits	21,413,212	19,448,018
Rents	126,502	108,418
Utilities	114,607	101,949
Repair and maintenance expenses	322,593	320,477
Others	7,302,784	5,801,972
Total	<u>29,279,698</u>	<u>25,780,834</u>

### 13. Operating revenue and operating costs

*All amounts in RMB'000*

Items	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	250,347,973	226,149,668	180,118,655	160,884,464
Other business	655,214	407,352	446,538	270,323
Total	<u>251,003,187</u>	<u>226,557,020</u>	<u>180,565,193</u>	<u>161,154,787</u>

### 14. Taxes and levies

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
City construction and maintenance tax	155,862	129,701
Education surcharges	73,460	61,353
Land appreciation tax	471,767	410,247
Property tax	114,941	93,179
Land use tax	55,402	53,167
Stamp duty	139,277	98,019
Other	116,765	115,573
Total	<u>1,127,474</u>	<u>961,239</u>

## 15. Selling expenses

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Packing charges	<b>4,072</b>	2,017
Employee benefits	<b>522,233</b>	417,319
Depreciation of fixed assets	<b>8,344</b>	7,722
Traveling expenses	<b>101,497</b>	64,715
Office expenses	<b>95,268</b>	67,485
Transportation expenses	<b>47,640</b>	86,625
Advertising and sales service expenses	<b>236,525</b>	213,065
Other expenses	<b>140,505</b>	112,445
Total	<b><u>1,156,084</u></b>	<b><u>971,393</u></b>

## 16. Administrative expenses

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Employee benefits	<b>3,380,034</b>	2,662,452
Depreciation of fixed assets	<b>260,291</b>	265,636
Traveling expenses	<b>161,172</b>	113,275
Office expenses	<b>202,664</b>	161,986
Lease rentals	<b>53,836</b>	64,279
Repairs and maintenance expenses	<b>66,595</b>	46,688
Amortization of intangible assets	<b>89,635</b>	86,166
Professional service fees	<b>182,115</b>	144,384
Others	<b>645,140</b>	527,875
Total	<b><u>5,041,482</u></b>	<b><u>4,072,741</u></b>

## 17. Research and development expenditure

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Research and development material expenditure	<b>3,891,720</b>	2,603,107
Employee benefits	<b>1,792,291</b>	1,216,918
Depreciation of fixed assets	<b>42,576</b>	47,770
Amortization of intangible assets	<b>9,570</b>	6,956
Others	<b>272,038</b>	253,183
Total	<b><u>6,008,195</u></b>	<u>4,127,934</u>

## 18. Financial expenses

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Interest expenses	<b>2,360,156</b>	2,369,277
Less: Capitalized interests	<b>902,623</b>	437,080
Less: Interest income	<b>954,082</b>	967,130
Exchange losses	<b>70,781</b>	(100,719)
Bank charges	<b>372,248</b>	259,865
Interest expenses of lease liabilities	<b>10,995</b>	9,996
Others	<b>102,804</b>	100,654
Total	<b><u>1,060,279</u></b>	<u>1,234,863</u>

## 19. Impairment losses of credit

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Credit losses on bills receivable	(1,590)	6,425
Credit losses on accounts receivable	(408,160)	(191,459)
Credit losses on other receivables	(557,277)	(561,756)
Credit losses on long-term receivables	(61,084)	(770,240)
Others	—	(42)
Total	<u>(1,028,111)</u>	<u>(1,517,072)</u>

## 20. Impairment losses of assets

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
I. Impairment losses of contract assets	(822,696)	(324,780)
II. Impairment of inventories	(259,575)	(501,101)
III. Impairment of long-term equity investments	—	—
IV. Impairment of investment properties	—	(5,371)
V. Impairment of fixed assets	—	—
VI. Impairment of construction in progress	—	—
VII. Impairment of intangible assets	—	(2,602)
VIII. Impairment of goodwill	—	(11)
Total	<u>(1,082,271)</u>	<u>(833,865)</u>

## 21. Investment income

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
(Losses) Gains from long-term equity investments under equity method	<b>123,138</b>	(47,081)
Investment income on disposal of long-term equity investments	<b>5,261</b>	9,482
Investment income on disposal of financial assets held-for-trading	<b>6,807</b>	7,156
Investment income from disposal of other non-current financial assets	<b>4,455</b>	–
Investment loss from disposal of receivables at FVTOCI	<b>(267,141)</b>	(160,541)
Investment income from holding investment in other equity instrument	<b>6,890</b>	6,318
Investment income from holding other non-current financial assets	<b>31,729</b>	47,209
Losses from derecognition of financial assets at amortized cost	<b>(529,008)</b>	(354,740)
Others	<b>(72,326)</b>	(30,227)
Total	<b><u>(690,195)</u></b>	<b><u>(522,424)</u></b>

## 22. Non-operating income

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Income from penalty	7,185	20,121	7,185
Government grants irrelevant to routine activities	83,384	89,243	83,384
Unpayable balances	35,190	28,387	35,190
Others	44,692	99,308	44,692
Total	<u>170,451</u>	<u>237,059</u>	<u>170,451</u>

## 23. Non-operating expenses

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Fines and surcharges for overdue payments	11,144	18,402	11,144
Compensation and default Payments	17,125	21,869	17,125
Others	533	16,081	533
Total	<u>28,802</u>	<u>56,352</u>	<u>28,802</u>

## 24. Income tax expenses

### (1) Income tax expenses

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
Current year tax expenses	1,676,382	1,655,136
Deferred tax expenses	<u>(236,457)</u>	<u>(428,317)</u>
Total	<u><u>1,439,925</u></u>	<u><u>1,226,819</u></u>

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

*All amounts in RMB'000*

Items	Amount for the current period	Amount for the prior period
Total profit	8,030,832	5,503,385
Income tax expenses calculated at the statutory/ applicable tax rate (25%)	2,007,708	1,375,846
Effect of difference between applicable tax rate and statutory tax rate	(781,514)	(206,556)
Income not subject to tax	(254,654)	120,494
Expenses not deductible for tax purposes	88,616	(72,822)
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(301,493)	(88,546)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	976,265	142,525
Others	<u>(295,003)</u>	<u>(44,122)</u>
Income tax expense	<u><u>1,439,925</u></u>	<u><u>1,226,819</u></u>

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

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

## 25. Other comprehensive income

<i>All amounts in RMB'000</i>		
Items	Amount for the current period	Amount for the prior period
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligations	(153,529)	(52,305)
Less: Income tax effects on changes in re-measurement of defined benefit obligations	<u>(2,484)</u>	<u>(3,339)</u>
Sub-total	<u>(151,045)</u>	<u>(48,966)</u>
2. Fair value changes of investments in other equity instruments	102,188	(36,313)
Less: Income tax effects arising from fair value changes of investments in other equity instruments	<u>7,625</u>	<u>(7,542)</u>
Sub-total	<u>94,563</u>	<u>(28,771)</u>

Items	Amount for the current period	Amount for the prior period
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		
1. Other comprehensive income that may be included to profit or loss under equity method	(969)	3
Less: Effect of income tax incurred by other comprehensive income under equity method	—	—
Sub-total	<u>(969)</u>	<u>3</u>
2. Changes in fair value of receivables at FVTOCI	(60,991)	2,085
Less: Effect of changes in fair value of receivables at FVTOCI on income tax	(8,026)	(2,965)
Sub-total	<u>(52,965)</u>	<u>5,050</u>
3. Exchange differences on translating foreign operations	118,994	161,584
Total	<u><u>8,578</u></u>	<u><u>88,900</u></u>

#### (IV) Events after the Balance Sheet Date

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

#### (V) Other Significant Items

##### 1. Segment information

###### (1) Accounting policies of the segment

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

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

- (a) The component is able to generate income, 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; and
- (c) The Group can obtain the balance sheet, operating results, cash flow and other relevant accounting information of the segment. If two or more operating segments have similar economic characteristics and meet certain conditions, they could be combined into a single operating segment.

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

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

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

(2) Summarized financial information of reporting segment

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

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	231,256,834	11,326,380	6,065,257	3,477,786	3,128,092	-	(4,251,162)	251,003,187
Including: Revenue from external customers								
customers	229,349,512	10,839,626	5,943,832	3,469,446	1,400,771	-	-	251,003,187
Revenue between segments	1,907,322	486,754	121,425	8,340	1,727,321	-	(4,251,162)	-
Operating costs	211,909,292	8,977,852	5,226,656	2,002,779	2,554,634	-	(4,114,193)	226,557,020
Including: External costs	209,479,577	8,874,738	5,223,577	1,945,390	1,033,738	-	-	226,557,020
Costs between segments	2,429,715	103,114	3,079	57,389	1,520,896	-	(4,114,193)	-
Operating profit/(loss)	5,327,444	1,290,255	174,787	1,063,555	244,978	(78,828)	(133,008)	7,889,183
Including: Interest income	639,384	593,627	2,708	5,835	29,110	-	(316,582)	954,082
Interest expenses	641,180	791,569	56,319	122,725	162,322	-	(316,582)	1,457,533
Gains/(losses) on investments in associates and joint ventures	6,994	120,624	380	-	(4,860)	-	-	123,138
Non-operating income	141,790	5,172	22,042	958	489	-	-	170,451
Non-operating expenses	20,765	4,826	2,801	159	251	-	-	28,802
Total profit/(loss)	5,448,469	1,290,601	194,028	1,064,354	245,216	(78,828)	(133,008)	8,030,832
Income tax expense	974,931	317,076	45,590	4,650	97,678	-	-	1,439,925
Net profit/(net loss)	4,473,538	973,525	148,438	1,059,704	147,538	(78,828)	(133,008)	6,590,907
Assets	421,426,877	132,866,992	23,659,151	18,954,269	79,253,925	5,886,998	(124,458,874)	557,589,338
Including: Long-term equity investments in associates and joint ventures	22,373,798	4,998,110	-	65	33,765	-	-	27,405,738
Non-current assets	63,406,357	6,610,263	1,534,788	8,434,018	21,396,906	-	(20,246,660)	81,135,672
Liabilities	368,760,166	104,678,131	17,272,936	14,836,918	38,393,308	68,587	(130,771,146)	413,238,900
Depreciation and amortization expenses	1,309,692	38,984	77,937	306,237	52,043	-	-	1,784,893
Impairment losses of assets and impairment of credit losses	(2,052,931)	(3,457)	(33,094)	(20,433)	(467)	-	-	(2,110,382)
Increase in other non-current assets other than long-term equity investments	2,400,423	13,277	59,912	53,858	79,071	-	-	2,606,541

(b) Segment information for the six months period ended 30 June 2020 and as at 31 December 2020

*All amounts in RMB'000*

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	163,537,270	13,110,589	4,794,479	1,479,442	1,634,707	-	(3,991,294)	180,565,193
Including: Revenue from external customers	160,653,210	12,814,886	4,657,080	1,476,981	963,036	-	-	180,565,193
Revenue between segments	2,884,060	295,703	137,399	2,461	671,671	-	(3,991,294)	-
Operating costs	147,847,781	10,439,747	4,085,989	1,171,729	1,372,622	-	(3,763,081)	161,154,787
Including: External costs	145,127,197	10,202,338	3,948,653	1,159,410	717,189	-	-	161,154,787
Costs between segments	2,720,584	237,409	137,336	12,319	655,433	-	(3,763,081)	-
Operating profit/(loss)	3,617,603	1,848,100	217,016	(219,976)	158,950	(70,803)	(228,212)	5,322,678
Including: Interest income	861,127	512,462	15,694	9,394	226,457	-	(658,004)	967,130
Interest expenses	1,651,815	406,285	90,554	193,908	247,639	-	(658,004)	1,932,197
Gains/(losses) on investments in associates and joint ventures	(126,802)	79,915	-	-	(194)	-	-	(47,081)
Non-operating income	195,207	25,145	7,000	2,197	7,510	-	-	237,059
Non-operating expenses	46,226	6,923	2,580	23	600	-	-	56,352
Total profit/(loss)	3,766,584	1,866,322	221,436	(217,802)	165,860	(70,803)	(228,212)	5,503,385
Income tax expense	561,958	568,494	46,289	327	49,751	-	-	1,226,819
Net profit/(net loss)	3,204,626	1,297,828	175,147	(218,129)	116,109	(70,803)	(228,212)	4,276,566
Assets	386,798,200	117,595,745	19,019,747	16,794,091	78,035,494	5,637,114	(117,487,428)	506,392,963
Including: Long-term equity investments in associates and joint ventures	20,628,156	4,991,282	-	65	57,452	-	-	25,676,955
Non-current assets	64,402,189	6,819,194	1,615,990	8,796,372	36,853,858	-	(38,945,161)	79,542,442
Liabilities	322,468,532	90,383,382	15,976,893	16,605,464	36,631,912	61,235	(116,089,762)	366,037,656
Depreciation and amortization expenses	945,436	71,060	125,280	413,405	75,024	-	-	1,630,205
Impairment losses of assets and impairment of credit losses impairment of credit losses	(2,336,877)	(10,527)	21,339	(30,379)	5,507	-	-	(2,350,937)
Increase in other non-current assets other than long-term vestments	1,466,384	910,734	278,970	134,688	182,838	-	-	2,973,614

(3) Other notes

- (a) Revenue from external customers classified by source of income and non-current assets classified by geographic locations

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
China	<b>240,580,770</b>	171,509,982
Other countries/regions	<b>10,422,417</b>	9,055,211
Total	<b><u>251,003,187</u></b>	<b><u>180,565,193</u></b>

*All amounts in RMB'000*

<b>Items</b>	<b>30 June 2021</b>	31 December 2020
China	<b>70,887,340</b>	68,823,388
Other countries/regions	<b>10,248,332</b>	10,719,054
Total	<b><u>81,135,672</u></b>	<b><u>79,542,442</u></b>

- (b) The dependency on major customers

There is not any external customer the revenue from whom counted 10% or over 10% of the operating revenue of the Group.

## **(II) Earnings per share**

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

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Net profit for the current period attributable to shareholders of the Company	<b>4,937,420</b>	3,591,925
Including: Net profit from continuing operations	<b>4,937,420</b>	3,591,925
Less: Net profit belonging to the perpetual bond holders	<b>505,436</b>	597,855
Net profit for the current period attributable to ordinary shareholders	<b>4,431,984</b>	2,994,070

- (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*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Number of ordinary shares outstanding at the beginning of the period	<b>20,723,619</b>	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	<b>20,723,619</b>	20,723,619

(3) *Earnings per share*

*All amounts in RMB'000*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the prior period
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	<b>0.21</b>	0.14
Diluted earnings per share	<b>N/A</b>	N/A
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	<b>0.21</b>	0.14
Diluted earnings per share	<b>N/A</b>	N/A
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	<b>N/A</b>	N/A
Diluted earnings per share	<b>N/A</b>	N/A

## **XI. DIVIDENDS**

During the Reporting Period, the Company had no preliminary proposal for profit distribution or transfer of capital reserve to share capital for the first half of 2021. No interim dividend will be declared by the Board for the Reporting Period.

## **XII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS**

### **(I) Changes in ordinary shares**

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

### **(II) Changes in shares subject to selling restrictions**

Applicable       Not applicable

### (III) PARTICULARS OF SHAREHOLDERS

#### 1. Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period ( <i>Person</i> )	389,593
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period ( <i>Person</i> )	<u><u>0</u></u>

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

*Unit: share*

#### Shareholding of the top 10 Shareholders

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period		Number of Shares subject to selling restrictions	Pledged, charged or frozen		Nature of Shareholder
		Percentage	(%)		Status of Shares	Amount	
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	0	10,190,955,300	49.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) <sup>(2)</sup>	-1,825,000	2,839,697,051	13.70	0	Nil	0	Others
China National Petroleum Corporation (中國石油天然氣集團有限公司)	0	1,227,760,000	5.92	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	-31,157,215	589,038,427	2.84	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	91,760,803	330,805,205	1.60	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

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

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

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

Name of Shareholder	Number of tradable Shares held 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) <sup>(2)</sup>	2,839,697,051	Overseas-listed foreign shares	2,839,697,051
China National Petroleum Corporation (中國石油天然氣集團有限公司)	1,227,760,000	RMB- denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	589,038,427	RMB- denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	330,805,205	RMB- denominated ordinary shares	330,805,205

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
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

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

*Note (1):* Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2021.

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

**XIV. RELEVANT INFORMATION ON CORPORATE BONDS**

**(I) Basic information on corporate bonds**

*Unit: RMB*

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

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

Applicable       Not applicable

*Overdue Bonds*

Applicable       Not applicable

*Explanations on overdue debts*

Applicable       Not applicable

## **XV. COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company continued to comply strictly with the laws and regulations including the PRC Company Law, the PRC Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the SSE and the Hong Kong Stock Exchange, constantly standardized the corporate governance and optimized the corporate systems and mechanisms. The General Meeting, the Board, the Supervisory Committee, as well as the management of the Company operated in compliance with the laws and regulations in an efficient manner, and further improved the corporate governance level of the Company, laying a favorable foundation for promoting the Company's development and improving shareholder value.

The Board has reviewed the corporate governance report of the Company. The Board is of the view that during the Reporting Period, the Company has complied with the requirements of the Corporate Governance Code, except for the code provisions E.1.2 of the Corporate Governance Code. Pursuant to the code provision E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Guo Wenqing, the Chairman of the Company, was not able to attend the 2020 annual general meeting due to business engagement. Pursuant to relevant requirements, Mr. Zhang Mengxing, an executive Director and the Chairman of the Company, presided over the meeting.

At the beginning of 2021, the members of the third session of the Board were: Mr. Guo Wenqing as the executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director, Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Ng, Kar Ling Johnny as Independent Non-executive Directors, and Mr. Yan Aizhong as an employee representative Director. On 2 January 2021, the Company received the notice from the family of Mr. Ren Xudong, an Independent Non-executive Director of the Company, that Mr. Ren Xudong passed away due to illness. On the date of disclosure of this announcement, the third session of the Board comprised 6 members with Mr. Guo Wenqing as an executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director, Mr. Zhou

Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny as Independent Non-executive Directors, and Mr. Yan Aizhong as an employee representative Director of the Company. The Company will carry out the relevant procedures as soon as possible in accordance with the relevant regulations and complete the by-election of Independent Directors.

During the Reporting Period, the convening of each meeting of general meetings, Board meetings and meetings of Supervisory Committee is in compliance with the relevant requirements of the Company Law and the Articles of Association. During the Reporting Period, the Company convened 1 general meetings, 4 Board meetings, 5 meetings of Special Committees, and 2 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 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 2021.

#### **XVI. COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS**

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

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

The Finance and Audit Committee under the Board has reviewed the accounting principles and practices adopted by the Company and its subsidiaries in collaboration with the Company's management, and has discussed with the Directors on matters in relation to the internal control and the financial reporting of the Company, including the review of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021.

#### **XVIII. PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2021 will be available on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.mccchina.com>) in early September 2021 and will be dispatched to the Shareholders for reference.

## **XIX. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS**

“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
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including all executive, non-executive and Independent Non-executive Directors
“General Meeting”	the General Meeting of Metallurgical Corporation of China Ltd.*
“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 subscribed and traded in Hong Kong dollars
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“Hong Kong Listing Rules” or “H Share Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Reporting Period”	from 1 January 2021 to 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Shareholder(s)”	holder(s) of share(s) of the Company
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the People’s Republic of China
“Supervisory Committee”	the Supervisory Committee of Metallurgical Corporation of China Ltd.*
“Supervisor(s)”	the supervisor(s) of the Company
“USD”	United States dollars, the lawful currency of the United States

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

*The 2021 interim financial statement of the Company has been reviewed by WUYIGE Certified Public Accountants, but has not been audited. WUYIGE Certified Public Accountants has issued the review report for the Company without qualified opinion.*

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

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

Beijing, the PRC  
30 August 2021

*As at the date of this announcement, the Board comprises two executive directors: Mr. Guo Wenqing and Mr. Zhang Mengxing; three independent non-executive directors: Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny; and one non-executive director: Mr. Yan Aizhong.*

*\* For identification purposes only*