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METALLURGICAL CORPORATION OF CHINA LTD. *

中國冶金科工股份有限公司

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

(Stock Code: 1618)

2023 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY

The highlights of the Company's financial position as at 31 December 2023 and the operating results for 2023 are as follows:

- Operating revenue amounted to RMB633,870 million, representing an increase of RMB41,201 million or 6.95% from RMB592,669 million in 2022.
- Net profit amounted to RMB11,406 million, representing a decrease of RMB1,526 million or 11.80% from RMB12,932 million in 2022.
- Net profit attributable to Shareholders of the listed Company amounted to RMB8,670 million, representing a decrease of RMB1,606 million or 15.63% from RMB10,276 million in 2022.
- Basic earnings per Share amounted to RMB0.33, and the basic earnings per Share in 2022 amounted to RMB0.45.
- As at 31 December 2023, total assets amounted to RMB661,602 million, representing an increase of RMB76,209 million or 13.02% from RMB585,393 million as at 31 December 2022.
- As at 31 December 2023, Shareholders' equity amounted to RMB167,991 million, representing an increase of RMB6,073 million or 3.75% from RMB161,918 million as at 31 December 2022.
- Value of newly signed contracts amounted to RMB1,424,779 million, representing an increase of RMB81,205 million or 6.04% from RMB1,343,574 million in 2022.

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

I. CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to present the 2023 Annual Results of MCC to the society and express my sincere gratitude to all friends from all walks of life who have long supported and cared about the Company’s reform and development!

Time marks the footsteps of struggle, and the years engrave the fruits of hard work. 2023 was the year of implementing the spirit of the 20th National Congress of the Party in an all-round way, and it was also the year of economic recovery and development after the three-year period of epidemic prevention and control. Under the strong leadership of the Party Central Committee, MCC has fully, accurately and comprehensively implemented the new development concept, deeply studied and applied Xi Jinping’s thought on Socialism with Chinese Characteristics for a New Era, and transformed the achievements of thematic education and the spirit of important instructions of General Secretary Xi Jinping into a strong driving force for forging ahead. The Company has completed its annual business tasks with high quality, and has steadily advanced and strived for excellence in the face of major changes and challenges.

In 2023, we carefully evaluated the current circumstances, planned accordingly and took decisive and determined actions to achieve success. In the face of the complex domestic and international macroeconomic environment and the arduous and heavy operation and management tasks, the Company insisted on planning globally with strategic thinking and facing challenges with strategic determination, unified its thoughts and actions with the Party Central Committee’s important judgment on the economic situation, calmly responded to changes in the world, the times, history, and the industry, and guided all employees to move forward under the Goals for “one building, two most, five strong (一創兩最五強)”. The Company maintained a steady development trend of main business indicators. During the Reporting Period, the Company achieved operating revenue of RMB633.870 billion, a total profit of RMB13.765 billion, of which the net profit attributable to Shareholders of the listed company was RMB8.670 billion. The value of newly signed contracts reached RMB1,424.779 billion. With excellent results, the Company has delivered a qualified answer to its Shareholders and investors, and shared the value achievements of steady development of the enterprise.

In 2023, we dared to take risks, work hard and be pragmatic. We focused on our main responsibilities and main businesses, continuously consolidated and enhanced our business advantages in the “One Core, Two Main Bodies and Five Features” fields; in the fields of steel metallurgy, non-ferrous metallurgy, and mineral resources etc., we undertook the world’s widest, most complete and first full-line digital intelligent wide and thick plate production line in China; we independently designed and supplied the king of rolling mills in the world, and successfully independently developed and put into operation the world’s first large-scale 3R low-carbon blast furnace demonstration project, built a hydrogen-based direct reduction vertical furnace continuous test platform (氫基直接還原豎爐連續化試驗平台) and completed hot commissioning, constructed the world’s largest sintering machine project, and successfully won the leading projects such as the Xinjiang Huoshao Yun lead-zinc mine smelting project and the EPC Project for MMP Nickel Matte Refining in Indonesia; the Sialdik copper mine achieved a major breakthrough in mineral exploration, continuously consolidated the national team’s position in metallurgical construction, demonstrated our responsibility to serve the country and strengthen the mining industry, and enhanced our core functions and core competitiveness. We focused on deepening our presence in major strategic regions and the “Belt and Road” construction, achieving success in projects such as the Beijing Rail Transit Line 22 vehicle base and the Shenwei area comprehensive development project in the capital economic zone, winning the bid for the first urban commercial complex project, the International Trade Center in the Xiong’an New Area, and securing iconic projects such as the Guangzhou Airport Exhibition Center Phase II project and the Baiyun International Airport Phase III expansion project in the Guangdong-Hong Kong-Macao Greater Bay Area, undertaking the Wuhan Yangluo Wuyi Lake and Gancha Lake Basin EOD-oriented area development projects, the Xiangjiacha Lake north area comprehensive development project and other multi-billion projects in the Yangtze River Economic Zone; we have also successfully built the Fuyang Yinhu Sports Center for the Hangzhou Asian Games and dedicated our efforts to the construction of the Dong’an Lake Park, the main venue of the opening ceremony of the Chengdu Universiade and the main torch tower and the Chengdu Open-air Music Park, the main venue of the closing ceremony, and provided security services for the event, showcasing our “quality performance, lean construction” to the world. In total, 4 projects were awarded the Tien-yow Jeme Award, 14 projects were awarded the Luban Award, and 30 projects received the National Quality Engineering Award during the year. The number of awards of Luban Award and National Quality Engineering Award reached a historic high.

In 2023, we strengthened our foundation and built up momentum. We comprehensively launched a new round of deepening and enhancing reform actions, coordinated the promotion of the world-class “four special actions”; 7 “Double Hundred Enterprises” and “Demonstration Enterprises of Science Reform” were rated as benchmarks and received excellent titles and 6 new national-level specialized, refined, special and new “little giant” enterprises were approved, further releasing the vitality of reform. The “181 research plan” and non-steel key R&D projects were continuously promoted, and significant achievements were made in the intelligent, green, low-carbon, and efficient innovation of steel and metallurgy. 1 person from the Company was elected as an academicians of the Chinese Academy of Engineering, and the cumulative number of effective patents exceeded 51,000, accumulating technological innovation resources to form new productive forces. The three-year action plan to improve basic management has been solidly promoted, and the construction of nine major business systems has achieved the expected annual results. The concepts of “grand market”, “grand performance”, and “grand business” have been deeply rooted in people’s hearts. Investment management has returned to its essential attributes, and management and risk prevention in key areas such as financial funds, legal compliance, and safety production have been strengthened simultaneously. Breakthrough progress has been made in qualification construction, and the digital control platform has been put into trial operation. The empowerment of enterprise standardization, refinement, and digital management has taken solid steps.

Looking back to the year 2023, we started with struggle, used practical work to depict a beautiful blueprint for the high-quality development of MCC, and wrote an important chapter in the “14th Five-Year Plan” critical year. We presented a sustainable, trustworthy, and promising MCC to Shareholders and investors, created a MCC with employees who feel fulfilled and satisfied and contributed a responsible, accountable and capable MCC to the country and society.

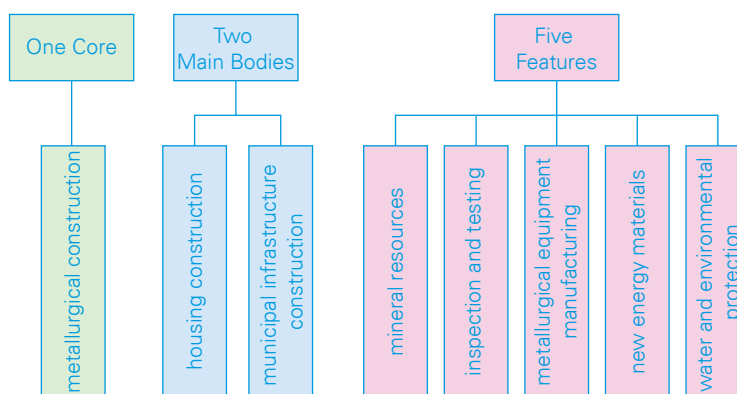
Looking ahead to 2024, our goals are clear and the future is bright, but we also need to be prepared to face new and temporary difficulties, and overcome obstacles and challenges. We will make full anticipation and adequate preparations, guided by the Xi Jinping’s thought on Socialism with Chinese Characteristics for a New Era, adhere to and strengthen the Party’s leadership, accurately grasp the regular understanding of the “five musts” for doing economic work well in the new era; maintain strategic clarity, confidence, and determination, continue to make up for shortcomings, strengthen weaknesses, lay a solid foundation, and pursue long-term development with pragmatic strategies, steadily advance, promote stability through progress, and take action before making breakthroughs; comprehensively complete annual goals and tasks, promote the transformation and upgrading of the enterprise, cultivate new opportunities in adversity, open up new prospects in a changing situation, and achieve new breakthroughs in the new journey. We will join hands with all sectors of society, and with the consciousness of striving and practical actions of boldness and courage, we will overcome difficulties and obstacles and head towards a better future to jointly write a new chapter of the construction of Chinese-style modernization of MCC!

Chairman: Chen Jianguang

II. BUSINESS OVERVIEW

(I) The Operation Result Discussion and Analysis

As a super large comprehensive construction group, MCC continues to consolidate and improve its traditional advantageous industries, optimize its professional technical capabilities, continuously extend its industrial chain, actively expand emerging businesses, and has gradually formed a diversified business structure mainly dominated by “One Core, Two Main Bodies and Five Features” with metallurgical construction as the “Core”, housing construction and municipal infrastructure as the “Main Bodies”, and mineral resources, inspection and testing, metallurgical equipment manufacturing, new energy materials and water and environmental protection as the “Features”.



Business Structure of MCC

Since 2023, confronted with severe and complex external challenges, the Company actively committed itself to serving the national strategy, the Company’s strategy vision, the high-quality development and the Goals for “one building, two most, five strong”, continuously optimized the “One Core, Two Main Bodies and Five Features” business system by deeply promoting the three-year action of basic management enhancement, moving forward to stabilize growth against pressure, tackling the difficulties to seek for breakthroughs, practicing internal skills and strengthening the management, with the main operating indicators maintaining a sound development trend.

1. *Market expansion by various means with steady improvement in quality and scale*

The Company kept highlighting its leadership position in marketing, positively establishing the concept of “big marketing”, and promoting the “dual improvements” both in quality and scale of domestic and overseas markets despite the opposite trend. During the Reporting Period, the Company focused on “high-quality market, high-quality customers, and high-quality projects”, and actively promoted the transformation and upgrading of business structure according to the work requirements of “consolidating and improving the metallurgical business, optimizing and improving the real estate business, and expanding and improving the infrastructure business”. The Company undertook a number of landmark projects, and its main operating indicators grew at a high level, realizing a newly signed contract value of RMB1,424.779 billion, with a year-on-year increase of 6.04%. Among them, the value of the newly signed overseas contracts amounted to RMB63.384 billion, representing a year-on-year increase of 43.72%, achieving a record-breaking high.

2. *Cementing a strong management with a solid and sophisticated foundation to achieve remarkable results*

Aiming at the shortcomings of managing enterprise, the Company continued to the three-year action for basic management enhancement, comprehensively enhanced the construction of systems, institutions and personnel of 9 major business systems, and successfully completed the annual tasks to achieve annual expected goals. The Company focused on promoting the construction of a “grand performance” system, continuously strengthened the concept of “site work-cycling-market”, released the first edition of the “Project Management Manual”, formulated and promoted the “Project Target Management Responsibility Letter” (sample text), improved the standardization, refinement and digitization level of project management and opened a new chapter in the standardization management of engineering projects. While promoting the reasonable growth of business scale, the Company emphasized on ensuring effective improvement in quality. During the Reporting Period, the Company became a recommended unit for the Luban Award for the first time, winning 14 Luban Awards and 30 National Quality Project Awards, with the number of award-winning projects reaching the highest level in history; at the same time, obtained 4 new special-grade qualifications and 2 comprehensive supervisory qualifications; maintaining the total number and quality of qualifications at the forefront of construction enterprises, among which the three-level sub-enterprise qualification construction has achieved outstanding results, with a total of 104 first-class construction qualifications, and we are seeing the matrix of qualifications taking shape.

3. *Focusing on reforms in a dynamic and stepwise manner, with features in key areas*

The Company has achieved “three remarkable results” in the three-year action for state-owned enterprise reform as scheduled, with a more sophisticated modern enterprise system featuring Chinese characteristics, further improved state-owned economic organization and structure, and achieved a major breakthrough in the market-oriented operation mechanism, thus realizing a successful closing of the three-year action. During the Reporting Period, the Company achieved outstanding results in cultivating model enterprises, and the subsidiary of the Company, CISDI, was successfully selected by the SASAC as one of the model enterprises for establishing a world-class professional leader, and its evaluation result of implementation plan was awarded A+ grade at the highest level; seven “Dual Hundred Enterprises“ and “Demonstration Enterprises of Science Reform” such as MCC Coking and WISDRI etc., the subsidiaries of the Company, were all awarded benchmarking and excellency in the annual special assessment by the SASAC; two subsidiaries were newly selected as “Dual Hundred Enterprises”, making the total number of the aforementioned two types of enterprises increase to nine; meanwhile, six national level specialized, unique and new “small titan” (小巨人) enterprises were approved, increasing the total number of such enterprises to eight, resulting in a sustained release of the enterprise reform dynamics.

During the Reporting Period, the Company has advanced the construction of digital enterprise system in an orderly manner, built a digital control platform covering subjects of 16 business sectors, achieved comprehensive data connection, bilateral business empowerment, with in-depth integration of industry and finance, and made key breakthroughs in corporate governance efficiency by digital enhancement, and a number of achievements have been selected by the Ministry of Industry and Information Technology as typical cases and demonstration projects, among which, the subsidiary of the Company, China ENFI’s “unmanned mining transport system” was selected as the “Top 10 Cutting-edge Technologies” in the Sixth Digital China Summit (第六屆數字中國建設峰會), and CISDI’s “CISDigital Soil and Water Cloud Industrial Internet Platform” (CISDigital水土雲工業互聯網平台) was awarded the title of Cross-industry and Cross-sector Industrial Internet Platform by the Ministry of Industry and Information Technology.

4. *Centering on principal businesses to pursue innovation with the impetus backup of science and technology*

During the Reporting Period, in view of the material national needs, the Company actively assumed 31 National Key Research and Development Program of China (國家重點研發項目) and the projects of the National Natural Science Foundation of China (國家自然科學基金項目), further advanced the metallurgical construction of the “181 research plan” and the establishment and implementation of major research and development projects in the non-steel sector centering on industrial chain arrangement with innovation chain, with a number of scientific and technological innovation milestones being promoted and applied in the key construction projects, resulting in significant economic and social benefits, as well as accelerated integration of the innovation industry chain with the value chain. The first international full heat recovery process of converter independently developed by the Company has been engineered, completed the continuity test platform for hydrogen-based vertical reduction furnace in Shanxi Jincheng Steel and completed the hot trial operation. The Company has carried out the science and technology project arrangement focusing on green, low carbon and intelligence and high efficiency with a breakthrough progress being made, and the first large-scale 3R low-carbon blast furnace demonstration project independently developed by the Company has been successfully commissioned. Under the background of fruitful achievements in patents, standards and innovation awards, the Company’s total number of valid patents have exceeded 51,000 at the end of the Reporting Period, won 18 Metallurgical Science and Technology Awards and 4 Zhan Tianyou Awards (詹天佑獎), led in the compilation of 2 ISO international standards, and successfully passed the acceptance on the project of “Compilation and Effectiveness Analysis of National Standard Foreign Language Versions in Metallurgical Engineering Sector”, and formed 41 structured, replicable and promotable English standards of Chinese metallurgical engineering, which have greatly enhanced its influence of science and technology in the industry.

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

1. *Engineering Contracting Business*

(1) *Metallurgical construction*

China's annual steel output in 2023 was approximately 1.02 billion tons, which is basically leveled off from the previous year. The downstream demand was mainly in the construction industry that focuses on real estate and infrastructure, and in the manufacturing industry with machinery, automobiles, home appliances and ships etc., among others. Due to the continued downward trend in real estate investment, the overall demand for steel was lower than in previous years, and new greenfield iron and steel projects have decreased significantly. In the context of the dual-carbon policy, the iron and steel industry continued to increase investment in greening intelligent upgrades and transformations, and new concepts and technologies such as intelligent manufacturing, low-carbon environmental protection, recycling economy and industrial internet etc. has being expedited and applied. The rapid increase in market demand for product upgrading, energy saving and emission reduction, the switch of new dynamic energy and smart production has pushed the metallurgical construction industry into a new phase of development, presenting a new situation of accelerated integration of design-build-operation-and-maintenance and the paths of green and low-carbon technological innovation of the industry and enterprises.

(2) *Housing construction and municipal infrastructure construction*

In 2023, the total output value of the national construction industry reached RMB31.6 trillion, representing a year-on-year increase of 5.8%. The construction industry is shifting from a growth model driven by investment to a high-quality growth model driven by domestic demand. Infrastructure investment remained an important lever for stabilizing economic growth, and with the continuous issuance of special bonds and the effective drive of special national bonds in trillion, infrastructure investment continued to maintain stability. At the policy level, efforts were made to advance "Three Major Projects" for subsidized housing construction, urban village revamping, and the construction of public infrastructure for "normal use and emergency use". A number of significant projects that make up for shortcomings,

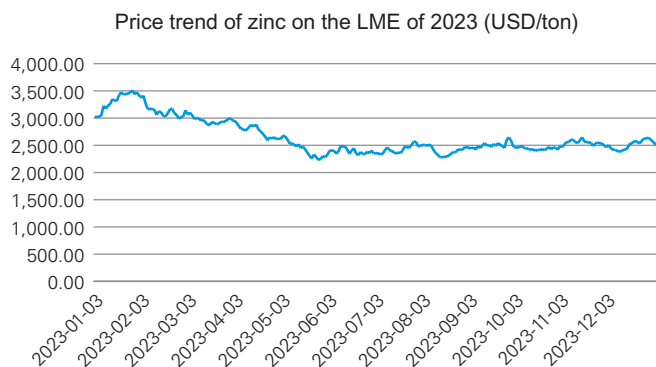
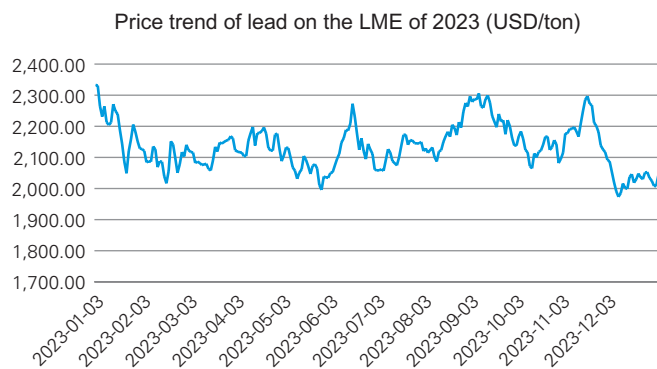
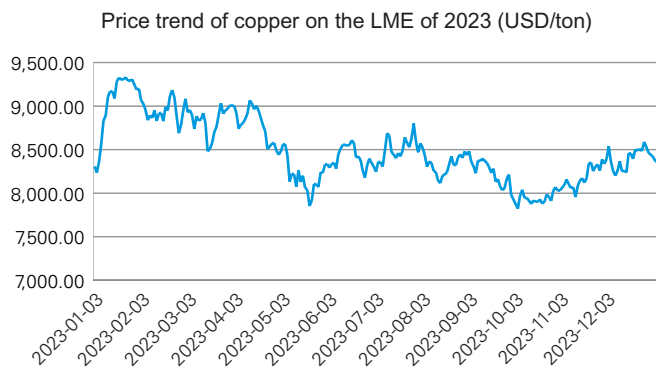
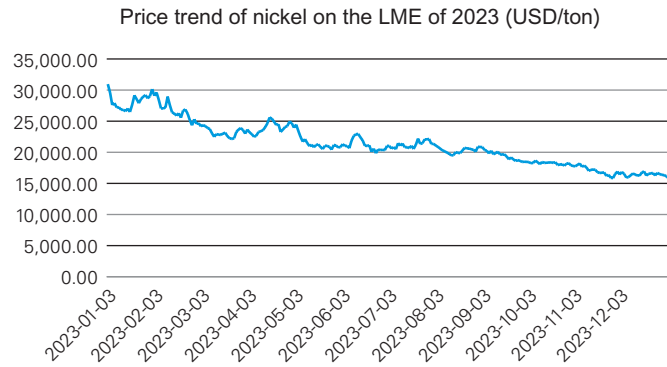
strengthen functions, benefit long-term development, and improve people's livelihoods have been orderly launched. The construction of new infrastructure accelerated the economic transformation and upgrade, with the market share of new types of infrastructure construction, represented by artificial intelligence, the internet of things, industrial internet, digital transformation of traditional infrastructure, and the upgraded industries required for new urban construction gradually expanding, creating new opportunities for the transformation and development of construction enterprises.

In terms of overseas markets, the general trend of economic globalization remained unchanged, and the economic globalization, with the restructuring of the global industrial chain as an important feature and influencing factor, has advanced to a new stage. In 2023, China successfully hosted the Third Belt and Road Summit Forum for International Cooperation (第三屆「一帶一路」國際合作高峰論壇), announcing eight actions in support of high-quality co-construction of the “Belt and Road”, which provided a clear new direction, pioneered a new vision, and injected a new impetus. In the future, the “Belt and Road” initiative will continue to assist participating countries in improving infrastructure, promoting interconnectivity, improving people's well-being, and strengthening development momentum, to bring a broader space and great potential for “going out” by Chinese enterprises to participate in international cooperation.

2. *Resources Development Businesses*

In respect of resources development, confronting the global economic struggle in the post-epidemic era, the global supply chain has been subjected to structural adjustments due to the ongoing impacts, with accelerated trends of regionalization and localization, which rendered an accelerated shifts in the manufacturing landscape, leading to uncertainties and imbalances facing the global development in mining industry. In terms of supply and demand, the new reserves, production and consumption of global mineral resources have continued to differentiate noticeably, with dual declines in supply and demand for iron and steel and growth in copper supply falling short of demand, while the gap between supply and demand for strategic and emerging minerals, such as lithium, cobalt and nickel etc., has been shrinking consistently. In terms of trade, the trade volume for strategic and emerging minerals will increase despite an overall decrease in the global trade volume of major minerals. In terms of price, the overall situation in 2023 was characterized by an upward trend followed by a downward and oscillating trend. However, the movements for different metal varieties were significantly differentiated, with nickel prices continuing to oscillate and decline throughout the year, while copper and lead prices oscillated in a higher price range, and zinc prices fell in the first half of the year before oscillating marginally around USD2,500/ton in the second half of the year. The year-end prices of nickel, copper, lead and zinc on the London Metal Exchange for 2023 were USD16,375/ton, USD8,464/ton, USD2,035/ton, USD2,640/ton respectively, representing a decrease of 47%, an increase of 2%, a decrease of 13%, a decrease of 13%, respectively, compared with the beginning of the year; and the average prices for the whole year of 2023 were USD21,487/ton, USD8,485/ton, USD2,137/ton, USD2,650/ton respectively, representing a decrease of 18%, 4%, 1%, and 23%, respectively, compared with the previous year.

Price trend of LME nickel, copper, lead and zinc in 2023



Source: 10jqka.com.cn

In respect of new silicon-based materials, high-end silicon-based materials, such as electronic-grade polysilicon is a key fundamental material for the fabrication of integrated circuits. As the domestic high-end silicon-based materials industry has a late beginning, the foundational research on process control, technological process routes, and detection and analysis methods for high-purity products need to be strengthened. Influenced by various factors, high-end silicon-based materials have been dependent on imports for a long time, which has restricted the development of China's integrated circuits and electronic components industry. In April 2023, the Ministry of Industry and Information Technology issued the first batch of industry standard formulation and revision, and foreign language version of the project plan, involving numerous new industry standard projects such as "Polysilicon Materials for Zone Melting", "Electronic Grade Disilane", and "Diffusion Films for Doping of Semiconductor Materials". With the rapid development of China's electronic information industry, the demand for high-end silicon-based materials is expected to continue to increase significantly in the future.

3. *Featured Businesses*

The industries in which the featured businesses of the Company such as engineering consulting and technical services, core equipment and steel structure, eco-environmental protection and operation etc. are located have shown a high-quality development trend as a whole, bringing new market opportunities to the Company.

In respect of engineering consulting and technical services, the construction engineering industry has entered a high-quality development phase, providing ample market opportunities for engineering consulting, technical services and other segments, with the industry striving to form a new pattern of development with precise services, information support, standardized operation and international expansion. In recent years, the nation has issued a number of policies to support and promote the healthy and orderly development on inspection and testing certification business, which made efforts to promote the basic establishment of a inspection and testing system to adapt to the needs of high-quality development by 2025, to form a number of inspection and testings of high-technology service industry focused on the development of a number of distinctive areas, and to cultivate a number of well-known brands with international influence in inspection and testing, with favorable development opportunities for the inspection and testing industry. In terms of engineering supervision business, the industry scale and business scope is expanding coupled with industry enterprises accelerating transformation and upgrading continuously, while gradually expanding businesses to upstream and downstream to provide whole process and diversified and comprehensive consulting services, showing a high-quality development momentum.

In respect of core equipment and steel structure, along with the further supply-side reform of the national iron and steel industry, the traditional metallurgical proprietary equipment market continues to contract. In the meantime, in order to realize the ultra-low emission from iron and steel enterprises and contribute to the national goal of dual carbon, the demand for environmental protection equipment upgrading and transformation in iron and steel enterprises has been constantly increasing, and the promotion of environmental protection, low-carbon, technological reform and intelligence has become the main trend for the development of the equipment industry in the future. Under the impetus of relevant national industrial policies, China's steel structure construction market will see rapid growth during the "14th Five-Year Plan" period, and the demand for public and civil steel structure construction will continue to ascend, and it is expected that China's steel structure production will reach 135 million tons in 2025, which will bring about a significant increase in emerging market opportunities.

In respect of eco-environmental protection, as a typical policy-oriented industry, ecological and environmental protection industry has been expanding its market scale and accelerating the release of market space with the successive introduction and improvement of national and local supportive policies and regulations. According to the "Acceleration of High-quality Development on Ecological and Environmental Protection Industry by Undertaking In-depth Battle against the Pollution Prevention and Control War, Thus Supporting the Carbon Peak Carbon Neutral Action Program (2021–2030)" issued by the China Association of Environmental Protection Industry, it is clear that, by 2025, the compound annual growth rate of operating revenue on ecological and environmental protection industry will not be less than 10%, which the black-smell water treatment, rural wastewater treatment, solid waste pollution prevention and control, as well as environmental protection monitoring and other segments will usher in a new era of development opportunities. By 2025, the operating revenue from the industry is expected to exceed RMB3 trillion.

4. *Comprehensive Real Estate Business*

In 2023, the national real estate development investment was RMB11.1 trillion, a decrease of 9.6% from 2022, among which, residential investment was RMB8.4 trillion, a decrease of 9.3%. The housing construction area of real estate development enterprises was 8,383.64 million square meters, a decline of 7.2% from the previous year. The in-place funds for real estate enterprises decreased by 13.5% year on year. The real estate market has undergone significant changes in supply and demand, while enterprises in this industry facing a liquidity crisis.

Real estate sales continued to weaken, and the industry as a whole has entered a channel of stable scale and declining leverage ratio. Under the new supply-demand relationship, the central government together with local governments continued to introduce optimised and adjusted real estate policies to promote the stable development of the real estate market. The Ministry of Housing and Urban-Rural Development and the National Financial Regulatory Administration jointly issued a notice requesting local governments to establish a coordination mechanism for urban real estate financing, proposing the implementation of a whitelisting system for real estate projects, and accurately supporting reasonable financing demands of the projects; at the same time, some cities have also issued adjusted and optimised real estate policies to increase the support for first-suite and improved housing policies. In order to adapt to the new changes in the supply-demand relationship in the real estate market, it is expected that in 2024 the policies of the real estate market will be further optimised and adjusted, and with the accelerated implementation of the relevant policies, as well as the promotion of the “Three Major Projects” to form a strong support for the investment and the commencement of the real estate industry, the favourable factors for the real estate industry are expected to gradually increase, and the real estate market is expected to gradually bottom out and stabilize.

(III) Information on the Company’s business during the Reporting Period

1. *Engineering Contracting Business*

Overall operating results of the engineering contracting business in 2023

Unit: RMB’ 000

	2023	% of the total	2022	Year-on-year increase/decrease
Segment operating revenue	585,482,301	91.24%	535,514,666	9.33%
Gross margin (%)	9.09	–	8.84	Increased by 0.25 percentage point

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

(1) *Metallurgical construction business*

Metallurgical construction business is the “Core” of the “One Core, Two Main Bodies and Five Features” business system and the traditional core business of the Company. Being the founder of New China’s metallurgical industry, the Company has a unique core technology advantage in metallurgical construction sector. In 2023, the Company will push forward the “181” key research plan in an orderly manner by expediting the R&D on core technologies in core process, green development and intelligent manufacturing, and continuing to solidify its leading position in the industry as a national team for metallurgical construction, thus to firmly lead the industry in green, low-carbon, intelligent and high-efficiency development. During the Reporting Period, the metallurgical construction business of the Company maintained its absolute leading position in the market, basically covering large-scale metallurgical construction projects in China, which fully displayed the leading strength as a national team, and further demonstrated the market position of the Company as the “best overall solution provider for metallurgical construction and operation with superior core strength”.

In the domestic market, the Company successfully researched and developed the gas-based direct reduction ironmaking apparatus which has completely independent intellectual property rights during the Reporting Period, filling the domestic blank for direct reduction iron hot-loading and hot-feeding technology, and succeeded in the test run of hot test at the metallurgical test base in Shanxi Jincheng Steel. The Company independently designed and manufactured the only 5,600 millimeters thick plate rolling mill complete set of equipment worldwide, which was successfully provided to the Henan Angang Wide Thick Plate Project, thereby breaking the monopoly by the overseas suppliers. The Company has succeeded in developing a national cross-industry and cross-field industrial internet platform, and built a 20.00-Million-ton Full-process Intelligent Manufacturing Demonstration Plant (2,000萬噸級全流程智能製造示範工廠) together with Rizhao Steel, and won the bidding for the largest sintering project in the world – 720m² Sintering Engineering Project for Baowu Xinyu Steel (寶武新余鋼鐵720m²燒結機工程項目), and won the bidding for belt-type roasting pelletizing project of Dazhou Iron & Steel (達鋼帶式焙燒球團工程), which is a major breakthrough for the achievements of the Company in the industry. In the non-ferrous metal engineering sector, the Company has won the bidding for EPC Project of 0.6 Million Ton/

year Metallurgy Project for Xinjiang Huoshaoyun Lead & Zinc Mine (新疆火燒雲鉛鋅礦60萬噸／年冶煉工程EPC項目) as the largest lead-zinc oxide ore smelting project worldwide in terms of annual output to date upon the completion of this project.

In the overseas market, the Company actively captured the window period for global iron and steel transformation, increased the pace of “going out”, achieving important breakthroughs in market development, with the successful signing of the 1.6 Million Ton Joint Steel Mill Project of Anwar Integrated Steel Mills Limited, Bangladesh (孟加拉國安瓦爾綜合鋼廠有限公司160萬噸聯合鋼廠項目), which, upon completion, will become a benchmark iron and steel greenfield project in the South Asian region. The Company has successfully signed the EPC Project for MMP Nickel Matte Refining in Indonesia (印尼MMP高冰鎳鐵冶煉EPC項目), which has further solidified the leading position of the Company in global nickel laterite smelting industry, highlighting its core competitive advantages once again.

The proportion of the operating revenue accounting for the total amount of engineering contracting in metallurgical construction business of the Company for the corresponding period during the recent two years are as follows:

Unit: RMB'000

Item of revenue	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	<u>111,269,436</u>	<u>19.00</u>	<u>121,248,446</u>	<u>22.64</u>

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Domestic projects		
1	Contract for the 600,000 Tonnes/Year Lead and Zinc Smelting Project at Huoshaoyun Lead-zinc Mine in Xinjiang (新疆火燒雲鉛鋅礦60萬噸/年鉛鋅冶煉工程合同)	66.2
2	Project of EPC for Wide and Heavy Plate Engineering of Henan Angang Zhoukou Iron & Steel Co., Ltd. (河南安鋼周口鋼鐵寬厚板工程總承包項目)	27.5
3	Contract for EPC for 450,000-ton Food-Grade High-End Ductile Iron Pipe Project for 2023 in Anyang (安陽市2023年產45萬噸食品級高端球墨鑄管工程EPC總承包合同)	26.1
4	Phase II of Lingang Advanced and High-quality Special Steel Industrial Base Project (steelmaking, steel rolling) of Shandong Iron and Steel Group Yongfeng Lingang Co., Ltd. (山東鋼鐵集團永鋒臨港有限公司臨港先進優特鋼產業基地二期項目(煉鋼、軋鋼))	23.0
5	Metallurgical Solid Waste Comprehensive Utilization Project Engineering of Liaoning Tongxin Industrial Co., Ltd. (遼寧通鑫實業有限公司冶金固廢綜合利用項目工程)	19.4
6	Special Steel Deep Processing Technology Reform Project of Zunyi Changling Special Steel Co., Ltd. (遵義長嶺特殊鋼有限公司優特鋼精深加工技改項目)	18.0
7	Engineering General Contract for 4,200 Wide and Thick Plate of Process Equipment Improvement and Product Structure Adjustment Project of Gansu Jiugang Smelting and Rolling Mill (甘肅省酒鋼煉軋廠工藝裝備提升及產品結構調整項目4,200寬厚板工程總包合同)	17.7
8	Quanzhou Minguang Steelmaking and Ancillary Engineering General Contracting Project (泉州閩光煉鋼及配套工程總承包項目)	17.2
9	Coking System EPC Project for 3.6 Million Tonnes/Year Tamping Coke Project (1.6 Million Tonnes/Year in Phase I) of Coking Company of CHN Energy Coal Coking Co., Ltd. in Inner Mongolia Autonomous Region (內蒙古自治區國家能源集團煤焦化有限責任公司焦化公司360萬噸/年搗固焦項目(一期160萬噸/年)煉焦系統EPC工程項目)	17.0
10	Industrial Silicon EPC General Contracting Project of Inner Mongolia Guangyuan Silicon-based New Materials Co., Ltd. (內蒙古廣遠硅基新材料有限公司工業硅EPC總承包項目)	15.7

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Overseas projects		
1	1.6 Million Tons Joint Steel Plant Project of Bangladesh Anwar Integrated Steel Plant Co., Ltd. (孟加拉國安瓦爾綜合鋼廠有限公司160萬噸聯合鋼廠項目)	67.2
2	EPC Project for MMP Nickel Matte Refining in Indonesia (印尼MMP高冰鎳鐵冶煉EPC項目)	25.1
3	General Contract for Coking and Supporting Project of SAMALAJU Industrial Park under Wen'an Iron & Steel (Malaysia) Co., Ltd. (文安鋼鐵(馬來西亞)有限公司SAMALAJU工業園區焦化及配套工程總承包項目合同)	23.0
4	1380M ³ Blast Furnace Project (Phase II) of Malaysia Donggang Group (馬來西亞東鋼二期1380M ³ 高爐工程)	3.8

(2) *Housing and municipal infrastructure construction business*

In recent two years, revenue from housing construction and municipal infrastructure construction business accounted for more than 70% of the revenue of the Company, which are the two major businesses of the Company. Leveraging on the comprehensive advantages gained in the steel and metallurgical sectors, the Company has continued to increase its efforts in the investment and construction of housing and infrastructure. Focusing on excellent research, investigation, design and construction

capabilities, the Company actively integrated into and served the national development strategy by centralizing its efforts in economic hotspots such as Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, the middle reaches of the Yangtze River and Chengdu-Chongqing urban cluster, and persistently gathering technical and construction strengths, achieving impressive results in housing and municipal infrastructure construction, with steady increase in the proportion of medium- and high-end projects. During the Reporting Period, in the Yangtze River Delta region, the Company won the bidding for the global flagship and first-in-China theme park project for Shanghai LEGOLAND Resort (上海樂高樂園度假區主題樂園項目), successfully realizing the “Grand Slam” of the top international theme park brands; in Central China, it contracted the largest single-furnace-size unit of domestic garbage incineration power generation project – the Project of Renewable Resources Power Generation Center of Circular Economy Park in Xinzhou District, Wuhan (武漢新洲循環經濟產業園再生資源發電中心項目), won the bidding for the Comprehensive Development Project in North Area of Xiangjiacha Lake, Wuhan (武漢項家漢湖北片區綜合開發項目), and the EOD-oriented Area Development Project in Wuhan Yangluo Wuyi Lake and Ganca Lake Basin (武漢陽邏五一湖、幹漢湖流域EOD導向片區開發項目); in the capital economic circle, it won the bidding for the Yanjiao Vehicle Base of Beijing Subway Line 22 and Shenwei Area Comprehensive Development Project (北京軌道交通22號綫燕郊車輛基地上蓋和神威片區綜合開發項目). In Xiongan New Area, it successfully signed the Guomao Center Project (國貿中心項目), the first urban commercial complex project in Xiongan; in Guangdong-Hong Kong-Macao Greater Bay Area, it successfully signed the project for the second phase of the Convention and Exhibition Center in Guangzhou Airport Central Business District (廣州空港中央商務區會展中心二期項目), and won the bidding for the third phase of the expansion project of Guangzhou Baiyun International Airport (廣州白雲國際機場三期擴建工程); in the old industrial base of Northeast China, it won the bidding for Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目) and other ten-billion-dollar projects, thereby significantly enhancing its competitive strength in hotspot regions. In the overseas markets, the Company has continued to exert strength in the market of the countries where

“Belt and Road” is jointly constructed, winning the bidding for the Parliament Building Project in Guinea (幾內亞議會大廈項目), as well as signing a number of new contracts for high-end real estate projects, such as the Cambodia HUAN HAI BO LAI International Hotel (柬埔寨環海鉑萊國際酒店), which have further enhanced the influence of the Company in the overseas markets.

The operating revenue of the housing and municipal infrastructure construction industry of the Company in the past two years and its proportion to the total revenue of engineering contracting are as follows:

Unit: RMB'000

Items of revenue	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction engineering	343,345,739	58.65	294,445,275	54.98
Municipal infrastructure engineering	121,367,390	20.73	110,843,715	20.70
Other engineering	9,499,736	1.62	8,977,230	1.68

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

During the Reporting Period, the key housing construction and municipal infrastructure construction projects tendered and entered into by the Company are as follows:

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Housing construction projects		
1	Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目)	108.6
2	Investment, Construction and Operation Integration Contract for Xiong'an International Trade Center Project (雄安國貿中心項目投建運一體化合同)	89.2
3	Engineering General Contracting (EPC) for Yanjiao Vehicle Base of Beijing Subway Line 22 and Shenwei Area Comprehensive Development Project (北京軌道交通22號線燕郊車輛基地上蓋和神威片區綜合開發項目(EPC)工程總承包)	84.9

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
4	Comprehensive Development Project of Shenyang Heping Bay City-Industry Integration (瀋陽和平灣產城融合綜合開發項目)	71.4
5	Zhangzhou Jinshan Mining Area Ecological Governance – Huachang Large Urban Complex Project Phase I Project Contract (漳州金山礦區生態治理-華昌大型城市綜合體項目一期工程合同)	52.0
6	Construction Project for Medical Science and Industrial Park in Nanchong City (南充市醫學科學產業園建設項目)	50.4
7	EPC Contract for Wanda Neijiang Culture and Tourism City Pending Sales Property Project (萬達內江文旅城待建銷售物業項目總承包工程合同)	45.0
8	EPC Contract for Comprehensive Industrial Upgrading of Tianjin Port Free Trade Zone (天津空港保稅區產業綜合提升EPC工程總承包合同)	30.2
9	EPC Contract for Urban Renewal Project in Changjiang Road Area of Hi-tech District, Liaocheng (聊城高新區長江路片區城市更新項目(EPC))	30.0
10	Design and Build Integration Contract for Yunnan Dianzhong ASEAN International Logistics Park Project (雲南滇中東盟國際物流園建設項目設計施工一體化合同)	29.4

Municipal infrastructure construction projects

1	Engineering General Contracting for Comprehensive Development Project in North Area of Xiangjiacha Lake, Wuhan city (武漢市項家汊湖北片區綜合開發項目工程總承包)	97.8
2	EOD-oriented Area Development Project in Wuyi Lake and Gancha Lake Basin of Yangluo Development Zone, Wuhan city (武漢市陽邏開發區五一湖、幹汊湖流域EOD導向片區開發項目)	77.1
3	Infrastructure Project for Longkou High-end Low-carbon Green New Material Industrial Park in Yantai city (煙台市龍口高端低碳綠色新材料產業園基礎設施項目)	58.9
4	Urban Renewal Project for Qingshan Future Community in Jiangyin City (江陰市青山未來社區城市更新項目)	56.0
5	Suining-Chongqing Expressway (Sichuan Section) Expansion Project (遂寧至重慶高速公路(四川境)擴容工程項目)	30.8
6	EPC Contract for Upgrading and Renovation Project (Survey and Design, Procurement and Construction) of Guangming Village Industrial Cluster in Tongqiao Town, Huizhou City (惠州市潼橋光明村工業集聚區升級改造項目(勘察設計、採購、施工)工程總承包合同(EPC))	30.2

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
7	Baoding City Major Water System Construction Project-EPC Contract for Water Network Protection and Water Quality Enhancement of River Flows to Baiyang Lake (保定市大水系建設項目—水網防護及入澗水質提升工程合同(工程總承包))	29.9
8	EPC Contract for Sanhe International Agricultural Products E-commerce Logistics Park Project in Linyi, Shandong (山東臨沂三和國際農產品電商物流園工程總承包(EPC)合同)	28.3
9	G85G76 Chongqing (Sichuan-Chongqing Boundary) to Chengdu Expressway Expansion Project Contract Section ZCB1 (G85G76重慶(川渝界)至成都高速公路擴容工程項目ZCB1合同段)	27.6
10	The Project Contract of Reconstruction of Guancun-Shiqiao (Pingchang Boundary) Section of National Highway 542 in Dachuan District (國道542達川區管村至石橋(平昌界)段改建工程合同)	24.3

Overseas projects

1	Energy Power Island and Supporting Project in Batam, Indonesia (印度尼西亞巴淡島能源動力島及配套項目)	61.4
2	Perfect Multibay Condominium Project in Kuala Lumpur, Malaysia (馬來西亞吉隆坡完美Multibay公寓項目)	5.0
3	Project PLATINUM MH (Phase III) in Kuala Lumpur, Malaysia (馬來西亞吉隆坡PLATINUM MH明興公寓項目(三期))	4.8
4	Section II Works of “Silk Road” High-grade Residence Community Project in Mongolia (蒙古國「絲綢之路」高檔住宅小區項目第二標段工程)	4.7
5	Kuala Lumpur Ampang Chancery SOHO & Hotel Project, Malaysia (馬來西亞吉隆坡安邦Chancery SOHO及酒店項目)	4.3
6	EPC Project of Norodom Business Center in Phnom Penh, Cambodia (柬埔寨金邊諾羅敦商務中心施工總承包項目)	4.1
7	EPC (II) for Xinyue City Center Project (Phase I) in Laos - Section II (老撾鑫越城市中心項目(一期)施工總承包(II)-二標段)	3.8
8	Cambodia HUAN HAI BO LAI International Hotel Project (柬埔寨環海鉑萊國際酒店工程)	2.9

2. *Resources Development Business*

Mineral resource business is one of the most important featured businesses of the “One Core, Two Main Bodies and Five Features” business system and an important featured business of the Company. As one of the key resource enterprises identified by China, the Company is currently engaged in the resource development business, which mainly centers on the exploration, ore processing and smelting etc. for nickel, cobalt, copper, lead, zinc and other metal mineral resources, and most of the products produced, such as nickel and cobalt hydroxide, crude copper, zinc concentrates, lead concentrates, and so on, are transported back to China for sale to the downstream refining and processing customers in a stable manner. In 2023, the Company firmly adhered to the development objective of “increases in resources, reserves, production, security and cost reduction”, and endeavored to improve the development and operation level regarding its mineral resources. On the one hand, the Company responded to the changes in the market environment in a positive and steady manner on the premise of ensuring zero accidents in terms of safety and environmental protection, and adhered to the operational policy that features “prompt digging with efficient sales based on best production for sales” to achieve outrun profitability, which the Company has achieved a net profit of RMB1.214 billion attributable to the Chinese party from the three mines in production; on the other hand, by focusing on exploration and prospecting and relying on internal synergy and guaranteed by external cooperation, the Company, taking “prospecting for minerals” as the principle, has continuously increased its investment in risk exploration and side-deep prospecting for minerals, which has made significant breakthroughs in mineral searching, revealing huge potential for finding minerals.

Overall operating results of the resources development business in 2023

Unit: RMB '000

	2023	% of the total	2022	Year-on-year increase/decrease
Segment operating revenue	6,816,080	1.06%	8,866,005	-23.12%
Gross margin (%)	30.99	–	36.35	Decreased by 5.36 percentage points

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

Basic information on the significant resources development projects under development and operation of the Company during the Reporting Period is set out below:

(1) *Papua New Guinea Ramu Nico Mine*

During the Reporting Period, the project was estimated to retain 1.26 million tons of nickel resources and 140,000 tons of cobalt resources. The project produced nickel hydroxide, which contained 33,604 tons of nickel and 3,072 tons of cobalt, with the annual average production rate was 103%. The project sold nickel hydroxide, which contained 34,122 tons of nickel and 3,086 tons of cobalt, achieving operating revenue of RMB3.875 billion and net profit attributable to the Chinese party of RMB1.027 billion.

(2) *Pakistan Saindak Copper-Gold Mine*

During the Reporting Period, it was estimated to extract 1.84 million tons of copper resources under the project, and the project produced 17,042 tons of crude copper in the year, which completed 106% of the annual plan, sold 17,804 tons of crude copper, and realized operating revenue of RMB1.222 billion and net profit attributable to the Chinese party of RMB71 million. Meanwhile, the 2.75 million tons/year mining expansion project completed construction in 11 months and commenced production on 9 January 2024 after test run and trial production. It is expected that the actual ore volume to be extracted in 2024 will hit a new level, thus to ensure the full release of the smelting capacity designed for the initial 20,000 tons of crude copper per annum production.

(3) *Pakistan Duddar Lead-Zinc Mine*

During the Reporting Period, it was estimated to extract 330,000 tons of lead resources and 690,000 tons of zinc resources under the project. The project accomplished 515,000 tons of mine output for the year, with an average production rate of 103%. The project produced lead concentrate ore containing 7,838 tons of lead and zinc concentrate ore containing 41,295 tons of zinc. The project sold lead concentrate ore containing 8,737 tons of lead and zinc concentrate ore containing 41,198 tons of zinc, achieving operating revenue of RMB603 million and net profit attributable to the Chinese party of RMB114 million.

(4) *Pakistan Saindak Copper Mine*

During the Reporting Period, the S1 mine section of the project has completed the detailed investigation report and exploration report, as well as the corresponding expert verification and the revision and improvement thereof within a short period of time, with accumulated exploration of 3.78 million tons of copper resources and an average copper grade of 0.302%. The Company will continue to carry out the exploration and prospecting at the deep side of the Pakistan Saindak Copper Mine Project, and scientifically carry out the feasibility study of project development.

(5) *Afghanistan Aynak Copper Mine*

During the Reporting Period, the project has initiated supplementary exploration in the West Mining Area in a bid to further improve the resource grade and increase the resources under the West Mining Area, and facilitates the copper resources of the project to grow further on the basis of 11.08 million tons. The Company is in the process of communicating and negotiating with the interim government of Afghanistan on the protection of cultural relics and the development plan for the project, and plans to accelerate the preliminary preparatory work such as feasibility studies and the construction of roads into the mine, and to actively create favorable conditions to improve the investment results of the project, so as to ensure that the project can be promoted with the interim government of Afghanistan as early as possible to make actual progress.

(6) *Sinosico New Silicon-based Materials Business*

The Company regards the production of new energy materials such as polysilicon as one of the strategic emerging businesses which the Company mainly cultivates and taps into. The subsidiary of the Company, China Silicon Corporation Ltd. (“**Sinosico**”), takes “serving the country in silicon industry” as its mission, gives full play to decades of experience and advantages in the field of polysilicon R&D and manufacturing, and is committed to following a continuous improvement path of self-innovation, industrial development, and optimization and upgrading, aiming to become a technological innovator in the polysilicon industry. Currently, Sinosico is implementing the transformation and upgrading project of electronic information materials, which is an “import substitution” project to fill the gaps of high-end silicon-based materials in China. The technology of this project is derived from the results obtained from major

specialized projects undertaken by Sinosico, such as the National Industrial Base Enhancement Project (國家工業強基工程) and Zhengluoxin Independent Innovation Demonstration Zone (鄭洛新自主創新示範區), with a number of results identified to be at the international leading level and with broad prospects for development. The main products include electronic-grade polysilicon, high-purity silicon tetrachloride, electronic-grade silicon tetrachloride, electronic-grade trichlorohydrosilicon, electronic-grade dichlorodihydrosilicon, electronic-grade hexachloroethylsilane, electronic-grade TEOS, as well as electronic specialty gases, precursor materials and other products. The Company will further practise the corporate mission of “assume national responsibility by fixing weaknesses in the industry”. By relying on the National Engineering Research Center for silicon-based material preparation technology, Sinosico will actively set up a composite innovation system of “independent innovation + cooperative development” to form three major product clusters, namely, zonal melting polysilicon, silicon-based electronic special gas and silicon-based functional materials, by accelerating the transformation and upgrading projects, improving the supporting capacity in the industry so as to strive to build an important innovation center and production base for electronic functional materials in China.

During the Reporting Period, Sinosico has produced an aggregate of 2,872 tons of polysilicon and sold 2,589 tons thereof, and produced and sold 14,142 tons of new silicon-based materials, with sales revenue amounting to RMB555 million (of which the sales of new products amounted to RMB230 million) and net profit amounting to RMB223 million. As of the end of the Reporting Period, the construction of the first batch of 9 products in the second phase of the project has commenced, and it is expected that all of them will be completed and put into production in the first quarter of 2024.

3. *Featured Businesses*

The Company regards technological innovation, process upgrading, and digital empowerment as the core elements for developing new productive forces, fully integrates into the national innovation system, strives to construct new business formats and models, actively deploys new fields and tracks, enhances the added value of its products and services, strengthens its ability to withstand market risks, and aims to create a second growth curve.

Overall operating results of the featured business in 2023

Unit: RMB '000

	2023	% of the total	2022	Year-on-year increase/decrease
Segment operating revenue	31,980,363	4.98%	31,929,674	0.16%
Gross margin (%)	15.81	–	13.72	Increased by 2.09 percentage points

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

(1) Engineering consulting and technical services business

In engineering consulting and technical services, the Company keeps on exerting its core advantages as high-end consulting leading + design innovation by focusing on the high-end service market, anchoring on the positioning of greening and intelligence represented by hydrometallurgy, digital intelligence, low-carbon development, and new-type energy storage to create industry benchmarks and a unique development path. Adhering to the whole process consulting to high-end, systematic and characteristic direction, the Company implanted ultimate energy efficiency, green low-carbon and intelligent manufacturing technologies into the project to build a new benchmark in the professional areas.

In particular, inspection and testing business, as an important featured business of the Company, is equipped with unique advantages in having qualifications, prominent professional characteristics, and high social recognition. Our qualification and capability in the field of inspection and testing cover various fields such as construction engineering, water conservancy, railway and highway transportation, petrochemical, electric power and coal energy, making us one of the most comprehensive and strongest inspection and testing companies in the civil engineering field in China. The Company has three national quality inspection platforms, including the National Industrial Building Quality and Safety Supervision and Inspection Center, the National Steel Structure Quality Supervision and Inspection Center, and the National Construction Steel Material Quality Supervision and Inspection Center, as well as a metallurgical environment monitoring center, with more than 6,000 testing parameters. Therefore, it successfully shaping the featured brands such as “MCC Consulting” and “MCC Inspection” etc.. During

the Reporting Period, the Company contracted for a number of technical service projects such as cultural relics monitoring as well as monitoring equipment maintenance and manual inspection of the People's Government of Beijing Municipality-Tiananmen Management Committee, building structure appraisal technology for post-disaster resumption and reconstruction project of Zhuozhou Sewage Treatment Plant, and security detection for post-earthquake buildings and structures of Hunutlu Thermal Power Plant in Turkey, as well as the inspection and evaluation projects of Beijing Rail Transit Line 22 and Changchun Rail Transit Lines 3, 5 and 7, and the engineering supervision projects such as Wuhan Rail Transit Line 11 and Nanchang Rail Transit Line 1, which have contributed to the solutions and wisdom of MCC for the major domestic and overseas projects and unexpected public events.

(2) *Core equipment and steel structure business*

With the core equipment and steel structure business as the “solidified stabilizer” of the national team for metallurgical construction, the business of the Company, relying on multiple subordinate core manufacturing bases, mainly includes metallurgical equipment core manufacturing and assembly integration, and manufacturing business of components for ultra-high-rise, municipal, bridges, marine and other high-end steel structures, complex industrial steel structure, residential industrialization, prefabricated housing, etc.

The Company's equipment manufacturing segment mainly focuses on metallurgical equipment, and operates in multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, iron-making and steel-making, casting and rolling. These products are widely used in international and domestic large steel engineering projects. The business closely keeps pace with layout adjustment and industrial upgrading of China's iron and steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company gives full play to the three functions of core equipment base in respect of R&D pilot testing, core manufacturing and final assembly integration, so as to continuously facilitate the productization and industrialization of core technologies and realize high-end supply of core equipment. During the Reporting Period, the Company secured the project of the world's thickest vertical-arc extra-thick slab caster, i.e.,

the EPC Contract for Longton Group's electric furnace green technology reform of No. 6 extra-thick slab caster, won the bid for EPC Project of JISCO's steel-making and continuous casting and heavy slab, and also won the bid for the DANA Iron & Steel 1,380 six-roller mill project in UAE, the production equipment manufacturing project of Thyssen France, etc.; in addition, the 260-tonne electrically-driven iron ladle car branded with "MCC Heavy Machinery" designed and manufactured by MCC Baosteel Technology, a subsidiary of the Company, had completed the vehicle manufacturing and testing and was successfully launched, becoming a new case of green and low-carbon large logistics equipment manufacturing for metallurgy in China.

The Company has edited and co-edited almost all domestic steel structure national and industry standards, and holds the leading position in comprehensive technology of steel structures in China. During the Reporting Period, the Company firmly seized the market opportunities of urbanization construction to develop the united brand of "MCC Steel Structures" in response to the requirements of national fundamental construction for the development of steel structure business, and successfully contracted Shantou Railway Station and Station Area Steel Structure Project (鐵路汕頭站及站區鋼結構工程項目), Metal Roofing Engineering for Science Hall Project of West (Chongqing) Science City(西部(重慶)科學城科學會堂項目金屬屋面工程), Huairou National Laboratory Research Office and Supporting Projects (Phase I) Engineering Steel Structure (懷柔國家實驗室科研辦公及配套工程(一期)工程鋼結構), Cardiothoracic Disease Clinical Medical Center Project of Shanghai Chest Hospital (上海市胸科醫院心胸疾病臨床醫學中心項目), Peking University Third Hospital Chongli Campus Phase II Steel Structure Project (北京大學第三醫院崇禮院區二期鋼結構工程), Metal Roofing in West Area of New China International Exhibition Center Phase II Project in Beijing (北京新國展二期項目西區金屬屋面), Guilin International Convention and Exhibition Center Project Phase I Steel Structure (桂林國際會展中心項目一期工程鋼結構), Taizhou International Expo Center Project (Convention Center, Commercial Center) Metal Roofing Project (台州國際博覽中心項目(會議中心、商業中心)金屬屋面工程) and other high-rise, arena, industrial and transportation high-end steel structure projects. In the future, the Company will continue to give full play to its technological advantages in the field of steel structure, focus on high-end steel structure products as the target market, and endeavour to become a technologically leading steel structure contracting enterprise in China.

(3) *Eco-environmental protection and operation business*

Relying on the brand advantage of “MCC” and the leading professional and technical advantages of the professional technology research institute, the Company kept focusing on the favorable opportunities for green and low-carbon development, continued to develop the field of eco-environmental protection and operation, and built up an environmental full industry chain including planning and consulting, R&D and design, investment and development, equipment manufacturing, engineering and construction, operation and management, investment and financing services, etc., with its scope of business covering sewage treatment, channel improvement, waste incineration, clean energy, soil treatment, mine rehabilitation, ecological city, beautiful countryside, and many other fields.

During the Reporting Period, the Company successfully signed contracts for construction and rainwater and sewage diversion improvement works BOT project of sewage treatment plant in southeast Qingzhou, EPC contract for ecological treatment of north Kunming Lake in Xi’an, Xi’an EPC contract for wastewater treatment facilities for new photovoltaic energy industrial park project (phase I) in Jinghe New City, EPC contract for first wastewater treatment plant project in Jinghe New City of Xianyang. In the future, the Company will continue to play its role as a specialized platform, focus on forging core technological advantages, accelerate the creation of a “source” of original technology in eco-environmental protection related fields and a “chain length” of the modern industrial chain, and actively build the brand of “MCC Environmental Protection”, striving to achieve the entry of its comprehensive strength into the forefront of the industry in China and leading the high-quality development of eco-environmental protection industry.

The operating revenues of each segment for the featured businesses of the Company for recent two years and the proportion accounting for the total income of the featured business were as follows:

Unit: RMB'000

Items of revenue	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Engineering consulting and technical services business	3,345,511	10.46	3,118,420	9.77
Core equipment and steel structure business	15,149,730	47.37	14,232,035	44.57
Eco-environmental protection and operation business	<u>13,485,122</u>	<u>42.17</u>	<u>14,579,219</u>	<u>45.66</u>

4. Comprehensive Real Estate Business

The Company is one of the first group of centralized enterprises identified by the SASAC as having real estate development as its principal business. In recent years, the Company has successfully created the “MCC Real Estate” brand with influence in the industry by constantly enhancing the core strength of its comprehensive real estate business based on the transformation and upgrading. During the Reporting Period, in order to actively cope with the risks of the real estate industry, on the one hand, the comprehensive real estate business of the Company continued to implement the decision-making and deployment of “adhering to prudent development by resolving the inventory risks”, and on the other hand, the Company has fully implemented the development concepts of “fast turnover, low cost, high quality and high profit” and control of grading and classification of “one policy for one project” to speed up development cycle. Meanwhile, the Company will conduct in-depth research and judgment on the supply and demand in the real estate market and the pattern of urbanization etc. on the major trending and structural changes, and clearly realize the opportunities and challenges facing the Company by taking the initiative in optimizing the operating mindset, focusing on the key areas for intensive cultivation, accelerating the transition to the new development pattern, and exploring the development path that combines

development and operation, complements single and diversified operations, balances short-term and long-term development, matches up light assets with heavy assets, and integrates market means with policy advantages. The Company will also improve its power in product, service and brand, adapt to the attribute change from commodity to people's livelihood in real estate development as soon as possible, balance the dual objectives of "safeguarding people's livelihood" and "improving quality", actively participate in safeguarding people's livelihood and urban village revamping by leveraging the advantages of real estate as a central enterprise, and pursuing the quality development path with priority in benefits and moderation in scale.

During the Reporting Period, the Company adopted different policies according to the each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Circum-Bohai Sea Region are taken as core development areas with coverage nationwide. In 2023, the Company acquired 2 commercial housing projects with 2 land parcels in aggregate, covering a site area of 102,000 square meters and permissible gross floor area of 159,000 square meters. In 2023, the amount invested by the Company in real estate development was RMB11.286 billion, representing a year-on-year decrease of 61.02%; the construction area was 8.1052 million square meters, representing a year-on-year decrease of 10.92%; of which the new construction area was 1.5554 million square meters, representing a year-on-year decrease of 17.71%, while completed area was 1.1333 million square meters, representing a year-on-year decrease of 69.45%; contracted gross floor area sold amounted to 0.6307 million square meters, representing a year-on-year increase of 31.36% with contracted sales of RMB10.389 billion, representing a year-on-year increase of 11.35%.

Overall operating results of the comprehensive real estate business in 2023

Unit: RMB '000

	2023	% of the total	2022	Year-on-year increase/decrease
Segment operating revenue	16,519,397	2.57%	22,726,736	-27.31%
Gross margin (%)	7.89	-	11.00	Decreased by 3.11 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

(IV) Analysing on core competitiveness during the Reporting Period

Being a founder of metallurgical industry in New China, MCC has accumulated over 70 years of technological experience, forming the core competitiveness for sustainable development, which are reflected in the following aspects:

1. In Respect of Technology Innovation: Possessing Continuously Improving Core Technology Capability and System Integration Capability

The Company has a full and complete applied research system of metallurgical science, architectural science and part of mechanical science in all disciplines, 12 scientific research, design and survey enterprises and 28 national science and technology R&D platforms, and has the ability to carry out forward-looking applied research and development research in single discipline and multi-disciplinary cross-discipline with architectural engineering and proprietary equipment manufacturing as the main research objects; and has the ability to solve the key technological problems in the main engineering business. Thus continuously improving its core technical capability and maintaining its technology leadership in the industry. The Company has the ability to continuously promote technology integration and collaborative innovation among different modules, and through strengthening system articulation, breaking technology isolation and information silos, the Company constantly improved the automation and precision level, thereby reducing production costs, improving product quality, forming industry-leading patented technologies with independent intellectual property rights that support the core business and dominant products, as well as multidisciplinary and multi-professional system integration that runs through the whole industry chain. The Company is capable of adapting to and creating market demand, so as to consolidate and enhance the status and voice of its main business in the country and the industry.

The Company accumulated core technological advantages penetrating 8 major business fields and 19 business units of iron and steel construction as well as the technological advantages of the strongest mine construction, mine development and production. The Company also processes with more than a hundred leading core techniques and the ability of constant reformation and innovation. The Company extended such advantage to other fields. After years of accumulation, including the construction of expressways under complex geographic conditions, gigantic deep-foundation pit under special geographic conditions, super-high-rise building, super-large-span buildings,

super-large complex high-precision electrical and mechanical systems, the Company possesses various internationally top-notch techniques in respect of construction field and reaches the leading position nationwide with respect of, among others, new materials, technologies and techniques in the construction field. In addition, the Company has also formed advanced technology advantages in emerging business sectors such as underground geotechnical engineering and hydrogen storage engineering, and energy-saving and environmental protection sectors such as wastewater treatment, river channel management, comprehensive garbage treatment, and photovoltaic power generation, as well as inspection and testing, and metallurgical equipment manufacturing and other specialty business sectors.

2. *In Respect of Market Development: Possessing Steadily Improving Market Development Capability and Quality of Marketing*

The Company persistently adhered to high-quality marketing as the leading factor in high-quality development, focusing on “high-quality markets, high-quality customers, high-quality projects”. It continually strengthened the management of major customers and the capacity for public investment, further enhancing its independent marketing capabilities and optimizing the market layout structure. The Company continued to closely keep pace with layout adjustments and industrial upgrading of China’s iron and steel enterprises, seized the market opportunities brought by energy conservation and environmental protection, green manufacturing and smart manufacturing in metallurgical construction, and facilitated further cooperation with key iron and steel enterprises to ensure that MCC’s control and absolute dominance in major iron and steel construction projects remain unchanged, and to continuously march towards the high-end of metallurgical value chain. With the deepening of major customer management, the Company provided customers with customized “one-to-one” high-quality services in a timely manner through a core customer database and a regular communication and visit mechanism. By continuously deepening the connections and cooperation with core customers, the Company has built a high-end cooperation platform for government and enterprises, continued to optimize its marketing system and re-innovate its marketing mode. As the big marketing construction continued to be implemented more deeply, the Company continuously reformed its marketing concepts, innovated its marketing ideas, strengthened its marketing foundation, improved its marketing system, and emphasized the synergy between market development and fulfillment, qualifications, financing, and publicity, creating a multi-dimensional marketing force. It insisted on leading by marketing, anchoring on high-quality development. By leading marketing

innovation with conceptual innovation, the Company's marketing quality continued to improve steadily, and the 1+M+N regional market layout has achieved remarkable results.

3. *In Respect of Value Creation: Possessing Its Own Continuously Strengthening Profitability and Project Fulfillment Capability*

The Company adhered to seeking progress in stability, improving quality in stability, strictly preventing risks, integrating and balancing, reducing costs and increasing efficiency, and continuously strengthening fine management, thereby enhancing its own profitability and project fulfillment capability.

Firstly, the engineering project management capability was continually enhanced, boosting production fulfillment efficiency and project profitability. The Company prioritized the development of a "grand performance" system, published and advanced the implementation of the "Manual for Project Management", continually raising the standards of project management in terms of standardization, refinement, and digitalization. It intensified the control over the engineering project fulfillment process, conducted fulfillment inspections on key domestic and international engineering projects, and took major engineering projects as the starting point to bring the level of construction project fulfillment management to new heights. It strengthened project cost control, adhered to the cost leadership strategy, implemented cost control for all staff, all elements and all processes; made full use of its financial sharing center to realize online payment control, and eliminated over-budget, over-settlement and over-ratio payments, thereby significantly improving the level of refined management.

Secondly, the investment system construction was continuously strengthened, aiding the improvement of investment project quality and efficiency. The Company constantly refined the investment approval process, established and optimized the investment committee for preemptive risk control over investment activities. Based on the investment system, it formulated and issued the "Investment and Financing Business Project Management Manual (Trial Implementation)" further optimizing the process for investment and financing projects to promote scientific decision-making. It continued to solidify investment capabilities, enhance accurate budgeting, and improve the allocation effect of investment resources. An investment project initiation mechanism is established to control investment project risks from the source. Focusing on separating investment from construction, it introduces the concept of corporate governance, strengthening investment platforms. It enhances dynamic tracking and

post-investment management and operation, applying multiple means, full-cycle, and whole-process control.

Thirdly, the Company continued to implement asset management and cost reduction and efficiency enhancement, helping to improve the quality and profitability of corporate assets, optimize the allocation of resources, priorities the support of businesses with high profit margin contribution and fast cash inflows, and accelerate the disposal of inefficient and ineffective assets. The Company continued to enhance capital efficiency and reduce costs, strengthened the centralized management of funds and notes, reduced restricted funds, achieving full use of funds and concentrating financial resources to accomplish major tasks. It actively promoted the transfer of accounts receivable, infrastructure public REITs and other businesses to improve asset turnover. It strengthened tax planning to create value, actively sought financial and tax incentives for tax reduction and fee reduction, comprehensively advanced centralized procurement to lower procurement costs. It vigorously carried out supply chain financial services and continued to expand the effectiveness of procurement cost reduction.

4. *In Respect of Resource Distribution: Possessing Constantly Improving Management Innovation Ability and Resource Integration Capability*

The Company is able to constantly optimize the strategy, model, procedure, standard, value, culture, structure and system through continuous innovation in management thinking, management concept, management knowledge, management approach, management tool, in order to ensure the Company will remain vibrant and energetic under changing internal and external conditions. With a view to improving the industrial chain and value chain, the Company continued to promote the resource integration between different internal companies and different businesses and strived to push forward the effective integration of external social resource and capital of the Company with a complementary effect in order to multiply vitality of the Company, realize the extensive, lean and intensive operation of the Company and efficiently achieve the goal of the Company's results and development. The Company comprehensively promoted centralized procurement by integrating the procurement needs of all subsidiaries and conducting headquarters-level centralized procurement, continuously strengthening the supplier resource allocation capability.

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

5. *In Respect of Corporate Culture: Possessing Corporate Spirit and Vision with High Popularity*

The Company's history can be traced back to the earliest force in the construction of the iron and steel industry in New China, serving as a pioneer and mainstay of the Chinese iron and steel industry. Since its involvement in the construction of Angang Steel, the "cradle of China's iron and steel industry", in 1948, to the development of WISCO, Baotou Steel, Taigang, Pangang, Baosteel and others, it has undertaken the planning, survey, design, and construction of the main production facilities for nearly all large and medium-sized iron and steel enterprises domestically. It is the foundation of New China's "steel and iron bones". Thus, the Company has accumulated an excellent tradition characterized by bravery, courage, solidarity and struggles, and courage to rise to challenges, which has become the Company's great spiritual wealth. The Company adopts the development vision of "centering on main businesses and building a better MCC", anchors the Goals for "one building, two most, five strong", adheres to the strategic positioning of "being the world-class national team of metallurgical construction, the main force and pioneer of infrastructure construction, and the front runner and vanguard of emerging industries, and adhering to the road of high-tech and high-quality innovation and development in the long term", and unites people's mind with the vision of "Beautiful MCC", and leads all cadres and staff to work together and strive for progress with simplicity and honesty, responsibility, refreshing and righteous and striving for the first place. It was the mark of a new burst of vitality again. The excellent corporate culture represented by the "enterprise development vision" formed and precipitated in this process is the unique winning weapon of the Company and the strong spiritual force for the long-term development of the Company, which has become an important component of the core competitiveness of the Company.

III. FINANCIAL HIGHLIGHTS

(I) Summary

The highlights of the Company's financial position as at 31 December 2023 and the operating results for 2023 are as follows:

- Operating revenue amounted to RMB633,870 million, representing an increase of RMB41,201 million or 6.95% from RMB592,669 million in 2022.
- Net profit amounted to RMB11,406 million, representing a decrease of RMB1,526 million or 11.80% from RMB12,932 million in 2022.
- Net profit attributable to Shareholders of the listed Company amounted to RMB8,670 million, representing a decrease of RMB1,606 million or 15.63% from RMB10,276 million in 2022.
- Basic earnings per Share amounted to RMB0.33, and the basic earnings per Share in 2022 amounted to RMB0.45.
- As at 31 December 2023, total assets amounted to RMB661,602 million, representing an increase of RMB76,209 million or 13.02% from RMB585,393 million as at 31 December 2022.
- As at 31 December 2023, Shareholders' equity amounted to RMB167,991 million, representing an increase of RMB6,073 million or 3.75% from RMB161,918 million as at 31 December 2022.
- Value of newly signed contracts amounted to RMB1,424,779 million, representing an increase of RMB81,205 million or 6.04% from RMB1,343,574 million in 2022.

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

(II) Operating Revenue from Principal Business Segments

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

1. Engineering Contracting Business

Operating revenue amounted to RMB585,482 million, representing an increase of RMB49,967 million or 9.33% from RMB535,515 million in 2022.

2. Resources Development Business

Operating revenue amounted to RMB6,816 million, representing a decrease of RMB2,050 million or 23.12% from RMB8,866 million in 2022.

3. Featured Segment Business

Operating revenue amounted to RMB31,980 million, representing an increase of RMB50 million or 0.16% from RMB31,930 million in 2022.

4. Comprehensive Real Estate Business

Operating revenue amounted to RMB16,519 million, representing a decrease of RMB6,208 million or 27.31% from RMB22,727 million in 2022.

5. Other Businesses

Operating revenue amounted to RMB905 million, representing a decrease of RMB1,266 million or 58.32% from RMB2,171 million in 2022.

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

(III) Major Financial Data by Quarter in 2023

Unit: RMB'000

	The first quarter (January– March)	The second quarter (April– June)	The third quarter (July– September)	The fourth quarter (October– December)
Operating revenue	144,452,637	190,006,223	132,866,048	166,545,514
Net profit attributable to Shareholders of the listed Company	3,371,860	3,845,676	966,297	486,572
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	3,284,546	3,696,580	967,881	(395,214)
Net cash flow generated from operating activities	<u>(21,557,680)</u>	<u>7,041,261</u>	<u>(7,960,545)</u>	<u>28,368,765</u>

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

1. Risks associated with macro economy

Currently, the unprecedented changes in a century are accelerating, and the effects of economic divisions and supply chain restructuring triggered by geopolitical conflicts continued to exist. Sustained high inflation and differentiated monetary policies have resulted in ongoing cumulative risks in the global financial market. The global industrial chain supply chain has accelerated its adjustment and restructuring, with localized and regionalized development becoming more obvious. Multiple factors are interwoven and overlapping, while the world economy remains in recovery. Confronted with an interwoven and complex external environment, the national economy has been rebounding and advancing, with high-quality development advancing in a solid manner under a series of stabilizing economic policies. However, there are a number of difficulties and challenges to be overcome in order to further promote economic recovery, mainly involving insufficient effective demand, overcapacity in some industries, weak social expectations, many hidden risks, and there is an intensified complex, severe and uncertain external environment.

In order to effectively cope with macroeconomic fluctuation risks, the Company will firmly adhere to the business system of “One Core, Two Main Bodies and Five Features”, closely track and analyze macroeconomic policies and industry development trends, prudently assess associated risks, and adjust its business strategies in a timely manner, so as to promote the sustained and sound development of the Company.

2. Risks associated with the traditional metallurgical engineering business segment

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

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

3. Risks associated with the non-steel engineering segment

Risks relating to non-steel engineering are closely related to national strategic and fixed asset investments policies. Along with the urbanization slowdown, the future added value in construction industry accounted for the share of GDP will be progressively lowered. At the same time, subject to the economic growth rate downturn, local government implied debt control, the tightening of special debt issuance quota, policy adjustments to the PPP project and other factors, non-steel engineering market appears to be excessive production capacity coupled with the intensified “Matthew effect”, which will make the market competition even more intense. In the near term, in order to promote stable economic growth, China has kept on releasing new

benefits by issuing special national bonds, encouraging increased investment in urban infrastructure construction, and promoting “Three Major Projects” for the subsidized housing construction, urban village revamping, and the construction of public infrastructure for “normal use and emergency use” (平急兩用), bringing opportunities for the development of construction enterprises. In terms of regional development, population and resources concentrates on relatively developed economic city clusters and metropolitan areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Xiong’an New Area, where the five major city clusters have become the main economic growth driver. In the above hotspots, the Company’s share of the market remains on the low-end, with inadequate tapping of market potentials.

The Company will further integrate into the national strategy by concentrating on “three optimizations”, establishing the concept of “big marketing”, firmly consolidating, optimizing and improving the strategic path of “One Core, Two Main Bodies and Five Features” business system, innovating the business model, reinforcing the marketing system construction, thus comprehensively improving the Company’s competitiveness in non-steel engineering market, and becoming the most reliable general contractor known by the world and domestic leading infrastructure, and secure more market share.

4. Risks associated with the real estate development business segment

In 2023, the central and local governments have gradually loosened their real estate control policies to stabilize market expectations. However, there was a time lag in the market response, and consumer demand for housing has yet to be stimulated.

In order to actively adapt to the requirements of the situation and market changes, the Company will closely monitor the development opportunities brought about by the “Three Major Projects” (三大工程) in line with the spirit of the Central Financial Work Conference by adhering to the relevant policy guidelines, expanding the new mode of sale-type subsidized housing based on the original business for constructing subsidized housing to satisfy the multi-level housing needs in the market while closely tracking the implementation of policies on the urban village remodeling in 22 mega cities by responding proactively to the demand for projects for improving the people’s livelihoods, and further accelerate the transformation from a “real estate developer” to a “city operator” and from focusing on “commodity attributes” to highlighting “livelihood attributes”. The Company will further insist on the positioning of “houses are for living in, not for speculation”, focus on rigid demand and improved demand to explore new potential, focus on product structure, service model and cash flow, further control the pace

of land acquisition, improve the ability of payment collection of projects, solve the problem of existing projects, ensure the efficiency of new projects, achieve steady development, continue to do a good job to ensure the delivery of buildings, people's livelihood and stability, and improve the product, service and brand power as a whole.

5. Risks associated with financial segment

Globally, the major economies in Europe and the United States sustained interest rate hikes to raise market interest rates. In view of the global economic growth slowdown, the existence of geopolitical risks coupled with the concurrent existence of cooperation and competition among countries, it is expected that the central banks of the developed markets around the world will enter into an interest rate reduction cycle this year, however, it is unlikely that there will be a fundamental change in the high-interest rate environment in the short term, with limited economic recovery efforts. In addition, China's short-term economic downward pressure remains relatively large, with traditional industries in urgent need of restructuring and upgrading, together with the nurturing of the new economies, which render an overlay of cyclical and structural conflicts. Besides, as the national economy remains in a critical stage of recovery featuring with strong economic resilience and sufficient potential, the fundamentals of a long-term upturn remain unchanged, with market opportunities and risks concurrently existing.

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

6. Risks associated with bulk commodity prices

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

The Company will enhance its research and forecast on the changing trend and policies in response to bulk commodity market prices, and adjust its procurement and sales strategies. At the same time, it will increase its efforts to investigate and locate mines create positive conditions for research and promote the construction and expansion of new mines, increase reserves output, enhance process and equipment management by optimizing production management, encourage scientific research and innovation, implement technology reforms, thus reducing running and leakage, shrinking unit consumption and reducing energy consumption,, and adopt all possible measures to reduce various costs such as production and operation for further cost reduction and efficiency improvement.

7. Risks associated with international operations

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

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

8. Environmental and safety production risks

We strengthen the overall protection of the environment, resolutely fight the battle against pollution, and insist that green, low-carbon circular development have become an important national strategy, enterprises must pay more attention to ecological civilization and environmental protection. The Company is engaged in a number of industries, including engineering contracting, real estate development and resource development. Numerous subsidiaries and respective projects result in higher standard of requirements on ecological and environmental protection management. As a construction and production enterprise, safety risks exist in all aspects of the Company's

production and operation activities, which may lead to production safety accidents due to unsafe human behavior, unsafe material conditions, unsafe environmental factors and reasons from management, etc., which damage the health of employees, cause certain economic losses to the enterprise and even affect the reputation of the enterprise.

In order to deal with the above environmental and safety production risks, the Company will continue to actively put into practice the green development ideology that “Lucid Waters and Lush Mountains are Invaluable Assets”, persist in the requirements of the relevant national laws and regulations of energy conservation and environmental protection, strictly implement accountability system on enterprise bodies, continuously improve the energy conservation and environmental protection system, enhance daily supervision, and proactively initiate environmental pollution control. Also, the Company will further improve safety awareness by constantly perfecting the safety management system, continuously improving the inspection quality under the leaderships by shifts, cementing the safety production responsibility, intensifying the inspection and governance of hidden dangers, carrying out training and education of production safety, reinforcing safety control of subcontract team, strictly investigate the accident responsibility, and resolutely curb the occurrence of major and above production safety accidents.

9. Risks associated with documents fraud or theft

In order to guard state secrets, protect commercial secrets, and protect the national and enterprises’ safety, the Company has formulated a set of relatively comprehensive rules and regulations on confidentiality. The Company adopts various promotional and educational measures regularly in order to raise the awareness of information confidentiality of the employees. The Company randomly assesses the information confidentiality of its subsidiaries every year, conducts interviews, investigates and reviews systems, recorded documents and conducts on-site investigations. We carried out a comprehensive inspection on the operation of the confidentiality management system and rectify the situation within a period of time. The Company has allocated the domestically-prescribed classified computer and timely updated the protection system, arranged for the person to be responsible for the management, and strictly abided by the principle of “no internet with secrets and no secrets on internet”.

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

10. Cyber risk and security

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

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

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

(I) Landscape and trend of the industry

In the metallurgical construction sector, driven by domestic policies aimed at expanding internal demand, such as large-scale equipment upgrades, the iron and steel industry’s market demand is expected to be further unleashed, prompting steel companies to accelerate the adjustment of product mix and optimization of industrial layout; in the 2024 government work report, “accelerating the development of new productive forces” is taken as the top priority in 2024, which not only releases a strong signal to accelerate the construction of a modern industrial system, but will inject new vitality into the stable operation and transformation and upgrading of the iron and steel industry, and accelerate the iron and steel industry’s movement towards high-end, intelligent, and green directions, and the metallurgical construction market will usher in the structural opportunities for medium and high-end products.

In the infrastructure construction sector, infrastructure investment still needs to play the role of a “ballast stone” for stable growth. Infrastructure investment is expected to maintain a certain growth, with the construction of “Three Major Projects” such as subsidized housing, construction of public infrastructure for “normal use and emergency use”, and urban village revamping, as well as new energy, ecological and environmental protection, high-standard farmland, and other emerging fields, are set to enter a rapid development period under strong national policy support. As for the overseas market, with the implementation of eight actions to build a high-quality “Belt and Road”, regions along the “Belt and Road” such as Southeast Asia, the Middle East, and Central Asia contain broad market opportunities.

In the featured business sector, the rapid development of strategic emerging industries drove new energy, new materials, new technologies, high-end equipment and other sectors to become new growth points of the economy. The SASAC focused on the development of new-quality productive forces, and proposed to vigorously promote the central enterprises’ industrial rejuvenation action and the future industry launching action, and provided a package of support policies in terms of resource investment, main industry cultivation, talent support, etc. to promote the central enterprises to accelerate the layout and development of strategic emerging industries, which has greatly stimulated the new impetus for enterprise development.

In 2024, China's economy will remain an important power source for global economic growth. From a comprehensive perspective, the favorable conditions for our nation's development are greater than the unfavorable factors, and the basic trend towards an economic upturn and long-term improvement remains unchanged. With a series of policy measures taking effect, China's macro economy is expected to further recover to stabilize. The Company will keep on improving its situation research and judgment by fully utilizing the positive development conditions, capturing market opportunities in all efforts, and performing better in stabilizing growth and risk prevention. Meanwhile, the Company will deeply implement the 1+M+N regional market layout, centering on economically developed regions, national strategic regions, with focus laid on the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Circle, the Xiongan New Area, and overseas key markets with focus on solid and in-depth cultivation, and closely focusing on "Three Major Projects" for the subsidized housing construction, urban village revamping, the construction of public infrastructure for "normal use and emergency use". By focusing on high-quality projects such as airports, ultra-high-rise buildings, metros, high-grade highways and large-scale photovoltaic power stations etc., the Company will continue to expand its market share. Meanwhile, we will rapidly enhance our ability to provide new products, technical services and overall solutions for the transformation and upgrading of traditional industries, integrating the transformation and upgrading of traditional industries with the cultivation and development of emerging businesses, so as to accelerate the landing and application of new technologies, products, patterns and business models, and to promote the realization of high-quality development of enterprises.

(II) Implementation plan for the development strategies of the Company in 2024

In 2024, the Company will actively respond to market opportunities and challenges by maintaining the general strategy of "strategy first, act on decisions", upgrading its business philosophy, business model, growth path, control capacity and profitability in all aspects, positively transforming its development mode, vigorously enhancing its core competitiveness, constantly shaping the Company's development into a new momentum and new advantages, so as to promote the realization of the Company's further transformation and upgrading.

Firstly, firmly adhering to Goals for “one building, two most, five strong”. By creating a world class enterprise with global competitiveness as the guidance; building the best overall solution provider for metallurgical construction and operation with super core competitiveness, and the most reliable general contractor known by the world and domestic leading infrastructure construction as the target, the Company will build it into a world class investment and construction group with strong value creation, market competitiveness, innovation driving force, resource allocation force and cultural soft power.

The “one building” refers to the building of “world-leading enterprise” with global competitiveness. This is a major decision-making arrangement of the Party Central Committee, which points out the direction of the reform and development of state-owned enterprises in the new era and is a requirement that the Company must practise.

Among the “two most”, “the best full-service solution provider for metallurgical construction and operation” is a higher requirement for the Company’s most core competitive advantage, aiming at promoting further upgrading and improvement of the Company in metallurgical construction business, and elevating its MCC brand to a higher level with sharpened forces; among the “two most”, “the most reliable general contractor in infrastructure” refers to the professional service provider in the housing and infrastructure construction sectors, which is the most trusted by customers by constantly enhancing the fulfillment, marketing, technological and commercial systems etc., so as to create a higher value for the customers.

The “five strong” are the five aspects of the Company’s capabilities requiring improvement in the future. First, “strong value creation”, i.e., to enhance the sense of responsibility, mission and urgency, speed up the improvement of the Company’s operation quality and value creation ability, and effectively create value for the country, society and Shareholders; second, “strong market competitiveness”, i.e., to further improve the marketing system, optimize the business structure and regional distribution, strengthen the marketing concept of “three optimizations”, and strive to enhance the market competitiveness represented by the public investment ability; third, “strong innovative driving force”, i.e., to strengthen the market application of science and technology achievements, in particular, by promoting the application of “new technologies, new materials and new techniques” in the construction program, technical program and safety and quality program at the construction project site, the Company has effectively transformed the scientific research results into its technical and project advantages, thus truly realizing cost reduction and efficiency improvement as well as management enhancement; fourth, “resource allocation”, i.e., to optimize resource allocation from labor subcontracting, material procurement, professional

subcontracting and other aspects, increasing the social allocation ratio, and improving the project profit level; and fifth, “cultural soft power”, i.e., to focus on enhancing the construction of the Company’s corporate culture and soft power, further review and interpret the cultural concepts scientifically, so as to form a corporate culture system that is recognized and followed throughout the Company and to further enhance the cohesion and centripetal force, and to inject vitality for the Company’s restructuring and upgrading.

Secondly, firmly cementing, optimizing and upgrading the strategic path of the “One core, Two Main Bodies, and Five Features” business systems will not be faltered. The core business of metallurgical construction and the two main businesses of housing construction and municipal infrastructure are strategically positioned in line with consolidation and upgrading, optimization and improvement, and expansion and upgrading, to promote business transformation and upgrading, and to ensure the stable fundamentals for corporate development.

Featured business was developed by long-term development plan case by case, with clear development goals, responsible units and time nodes. Among them, the inspection and testing business adheres to leading in the main track of construction engineering testing by solidifying and enhancing the traditional advantages, optimizing the professional and technical capabilities, constantly extending the industrial chain, and accelerating the expansion of the testing business to a wider range of production enterprises and circulation areas; the metallurgical equipment manufacturing business is driven by science and technology innovation by enhancing the integration capability of the core metallurgical equipment manufacturing and continuing to deepen the integrated pattern of “R&D – manufacturing”. In accordance with the principle of “increases in resources, reserves, production, security and cost reduction”, the mineral resources business has taken the initiative to take the role of in depth cultivation “established” national mining market by focusing on the advantageous metallogenic belt, capturing the metallogenic potential area, and implementing the low-cost greenfield exploration, realizing the “double harvest” of increasing capital, expanding reserves and stabilizing production. New energy materials business coordinates the enterprise internal and industry resources by enhancing the cooperation in science and technology innovation, achievement transformation, industrial synergy etc., and constantly improving the product competitiveness and market share, R&D in science and technology to meet the urgent needs of the national strategy and breakthroughs in constraints on the development of bottlenecks in the industry as the goal to boost the Company’s core functions; Water environmental protection business, on the basis of in depth cultivating urban sewage treatment, focused on advantageous resources, the main responsibilities and principal business, and gradually entered into industrial wastewater, mine wastewater treatment sector, with the

implementation of a full set of water system solutions from water diversion, water treatment, water recycling to the environmental protection of industrial parks housekeeper services.

Thirdly, firmly and unswervingly “laying one hand on the development, the other hand on the management” strategy. To promote the Company’s further transformation and upgrading, and to accelerate the realization of the Goals for “one building, two most, five strong”, which the two working focuses are: development and the “2358” Hierarchy Development Framework for Subsidiaries by strengthening and optimizing the three-tier sub-enterprises; with one hand to management by reinforcing the three-year actions for improving basic management to drive the Company to achieve sustained, healthy and rapid growth in 2024.

(III) Operational plan

In 2023, the Company expected to achieve a newly signed contract value of RMB1,400.0 billion, achieving newly signed contract value of RMB1,424.779 billion, surpassing the operating target; expected to achieve an operating revenue of RMB660 billion, achieving an actual operating revenue of RMB633.870 billion.

In 2024, the Company expects to achieve an operating revenue of RMB660 billion, a 4.13% increase in operating revenue over 2023, and plan to achieve a newly signed contract value of RMB1,500 billion, a 5.28% increase in newly signed contract value over 2023. The Company will focus on business management with a strong sense of responsibility and mission to fully complete the annual target, while adhering that quality comes first, efficiency takes priority, coordinating to promote the effective enhancement in quality and reasonable growth in quantity, seeking progress amidst stability and vice versa. In addition, the Company further accelerates the mode conversion and structural adjustment to improve the quality and upgrading, and coordinates the important relationship of becoming stronger, better and larger, and between the long, medium term and the current term., so as to lay a solid foundation for the long-lasting prosperity of the Company.

The above business plan does not form a result commitment of the Company to investors, so investors are advised to maintain sufficient risk awareness and fully understand the difference between the business plan and the result commitment.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

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

Unit: RMB'000

Items	Amount for the current year	Amount for the prior year	Change in proportion (%)
Operating revenue	633,870,422	592,669,072	6.95
Operating costs	572,456,849	535,516,918	6.90
Selling expenses	3,169,316	2,883,123	9.93
Administrative expenses	12,360,311	11,273,969	9.64
Financial expenses	989,121	940,841	5.13
Research and development expenses	19,730,402	18,732,632	5.33
Net cash flows from operating activities	5,891,801	18,153,061	-67.54
Net cash flows from investing activities	(6,724,503)	(6,559,348)	N/A
Net cash flows from financing activities	<u>1,156,118</u>	<u>(9,670,175)</u>	<u>N/A</u>

Detailed description of significant changes in the type of business, composition of profit or source of profit of the Company during the period

Applicable Not applicable

2. *Analysis on revenue and costs*

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

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

1) Trend of macro economy internationally and domestically

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

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

The Company's engineering contracting, resources development, featured business and comprehensive real state were all influenced by the policies of the industry. With the national policy requirements of "carbon emission peak and carbon neutrality", carbon emission limits have been gradually upgraded, environmental protection and energy consumption control efforts have been continuously strengthened, and the real estate industry has experienced significant changes in the relation between supply and demand. At the same time, there was significant fluctuations of prices of mineral products globally. Changes in the above-mentioned national policies, market changes and periodic fluctuations of the industries and changes in the operating situation of upstream and downstream enterprises

of the industries all guide the adjustment of the Company's business segment and the layout of market areas to a certain extent, which thereby affected the Company's internal business structure and in return affected its financial position.

Both items 1) and 2) above were the major risk factors that impacted the Company's performance in 2023.

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

① Impact from changes in the tax policy

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

② Impact of the fluctuations in exchange rate and monetary policy

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

4) Overseas tax policies and their changes

The Company operates in many overseas countries and regions and pays various taxes. Since the tax policies and environments are different in various places and the regulations of the various taxes, including enterprise income tax, tax of foreign contractors, individual income tax and interest tax, are complicated and diversified, the Company's overseas business may incur corresponding risks due to tax policies and the changes thereof. Meanwhile,

the tax treatment for transactions and matters related to certain operating activities may require enterprises to make corresponding judgment because of the uncertainty of such tax treatment.

5) Changes in major raw materials prices

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

6) Construction subcontracting expenses

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

7) Enhancement in the quality of operational management

The quality of operational management will significantly affect the results of the Company. The Company is actively committed to serving the national strategy, the Company's strategic vision, the high-quality development of the enterprise and the Goals for "one building, two most, five strong" goal, continuing to optimize the "One core, Two Main Bodies and Five Features" business system, and promoting the three-year action to enhance the basic management, and further improving the governance and internal control operation of the Company. We will further improve corporate governance and internal control operations, and strengthen business management and risk control, through systematic reform and innovation, as well as scientific decision-making to stimulate the Company's vitality and creativity, and

achieve a simple, efficient and effective management and control system. Whether these management objectives can be effectively implemented will also influence, to quite a large extent, the improvement in the operating results of the Company.

8) Uneven distribution of revenue

The Company's operating revenue is mainly derived from the engineering contracting business. Since the income of such business is affected by factors such as government's project approval, public holidays and the "frozen period" in the north, the distribution of revenue is uneven.

(2) Major business by segment, product, region and sales mode

Unit: RMB'000

Segments	Situation on Major Business by Segment					
	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
Engineering Contracting	585,482,301	532,284,337	9.09	9.33	9.04	Increased by 0.25 percentage point
Resources Development	6,816,080	4,703,910	30.99	-23.12	-16.65	Decreased by 5.36 percentage points
Featured Business	31,980,363	26,922,909	15.81	0.16	-2.27	Increased by 2.09 percentage points
Comprehensive Real Estate	16,519,397	15,216,540	7.89	-27.31	-24.77	Decreased by 3.11 percentage points

Situation on Major Business by Region						
Region	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
PRC	607,518,367	551,390,384	9.24	6.65	6.81	Decreased by 0.14 percentage point
Other countries/regions	26,352,055	21,066,465	20.06	14.48	9.17	Increased by 3.89 percentage points

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

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

1) Explanation on Major Business by Segment

① Engineering Contracting Business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing and construction contracting contract, and is currently the major source of income and profits of the Company. The gross profit margins of the engineering contracting business for the years 2023 and 2022 were 9.09% and 8.84%, respectively, with a year-on-year increase of 0.25 percentage point.

The operating revenue of segments of the Company and their respective proportions of the total engineering contracting revenue are as follows:

Unit: RMB '000

Items of revenue	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	111,269,436	19.00	121,248,446	22.64
Housing construction engineering	343,345,739	58.65	294,445,275	54.98
Municipal infrastructure engineering	121,367,390	20.73	110,843,715	20.70
Other engineering	9,499,736	1.62	8,977,230	1.68
Total	585,482,301	100.00	535,514,666	100.00

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

② Resources Development Business

The Company's resources development business included mining and processing. Companies including MCC Tongsin Resources Limited (MCCT) (中冶銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司) were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. For the years of 2023 and 2022, the gross profit margin of the Company's resources development business was 30.99% and 36.35% respectively, with a year-on-year decrease of 5.36 percentage points. The decrease was mainly due to the fluctuations in international bulk material prices.

③ Featured Business

The Company's featured businesses mainly include core equipment and steel structure, ecological and environmental protection and operation, and engineering consulting and technical services. For the years of 2023 and 2022, the gross profit margin of the Company's featured businesses was 15.81% and 13.72% respectively, with a year-on-year increase of 2.09 percentage points. The increase was mainly due to the Company's strengthened cost and expense control, which resulted in significant increase in gross profit margin.

④ Comprehensive Real Estate Business

For the years of 2023 and 2022, the overall gross profit margin of the Company's comprehensive real estate business was 7.89% and 11.00% respectively, with a year-on-year decrease of 3.11 percentage points. The decrease was mainly due to the impact of the current cyclical adjustment of the real estate industry and other factors.

2) Explanation on Major Business by Region

For the years of 2023 and 2022, the Company realized overseas operating revenue of RMB26,352,055 thousand and RMB23,019,668 thousand, respectively. The revenue was mainly derived from the engineering contracting business including the Changi East Depot of Singapore Cross Island Line, the Highway Project in Central Sri Lanka, the Wanli Rainforest Northern Park in Singapore, and the Phase II of Eastern Steel Sdn. Bhd., as well as from the resource development business including the Pakistan Duddar Lead-Zinc Mine Project and the Ramu Nico Laterite Mine Project in Papua New Guinea.

(3) *Table of production and sales volume analysis*

Applicable Not applicable

(4) *Performance of major purchase contracts and major sales contracts*

Applicable Not applicable

(5) *Table of cost analysis*

Unit: RMB '000

Segments	Costs component	By Segment				Proportion of the amount for the same period in the previous year to the total costs (%)	Percentage change in the amount for the current period as compared to that for the same period in the previous year (%)
		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 (%)		
Engineering Contracting	Operating costs	532,284,337	91.81	488,168,413	89.82	9.04	
Resources Development	Operating costs	4,703,910	0.81	5,643,306	1.04	-16.65	
Featured Business	Operating costs	26,922,909	4.64	27,547,777	5.07	-2.27	
Comprehensive Real Estate	Operating costs	15,216,540	2.62	20,226,222	3.72	-24.77	

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

The major components of cost used in construction project of the Company are as follows:

Unit: RMB '000

Items of cost	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	295,270,204	55.47	272,663,280	55.86
Materials expenses	176,804,089	33.22	165,765,164	33.96
Labour costs	21,659,329	4.07	16,067,234	3.29
Machinery usage fees	9,621,223	1.81	8,217,102	1.68
Others	28,929,492	5.43	25,455,633	5.21
Total engineering costs	532,284,337	100.00	488,168,413	100.00

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

(6) *Changes in the scope of consolidation due to changes in the equity structure of major subsidiaries during the Reporting Period*

Applicable Not applicable

(7) *Significant changes or adjustments to the Company's business, products or services during the Reporting Period*

Applicable Not applicable

(8) *Information of major sales customers and major suppliers*

A. Information of major sales customers of the Company

The sales of top five major sales customers amounted to RMB17,756,525 thousand, accounting for 2.79% of the total annual sales; of which, the sales of top five major customers derived from the sales to related parties amounted to RMB35,520.7 million, accounting for 0.56% of the total annual sales.

Unit: RMB '000

Customer's name	Operating revenue	Proportion of the total operating revenue of the Company (%)
Unit 1	4,081,193	0.64
Unit 2	3,677,358	0.58
Unit 3	3,552,070	0.56
Unit 4	3,384,153	0.53
Unit 5	3,061,751	0.48
Total	<u>17,756,525</u>	<u>2.79</u>

Sales to a single customer that accounted for more than 50% of the total amount, existing new customers among the top five customers or significant reliance on a few customers during the Reporting Period

Applicable Not applicable

B. Information of major suppliers of the Company

The procurement of top five suppliers amounted to RMB8,457,472 thousand, accounting for 1.48% of the total annual procurement; of which, the procurement from related parties under the procurement of top five suppliers amounted to RMB1,367,668 thousand, accounting for 0.24% of the total annual procurement.

Unit: RMB '000

Supplier's name	Procurement for the current period	Proportion of the total operating costs of the Company (%)
Supplier 1	2,333,665	0.41
Supplier 2	2,231,632	0.39
Supplier 3	1,371,946	0.24
Supplier 4	1,367,668	0.24
Supplier 5	1,152,561	0.20
Total	<u>8,457,472</u>	<u>1.48</u>

Procurement from a single supplier that accounted for more than 50% of the total amount, existing new suppliers among the top five suppliers or significant reliance on a few suppliers during the Reporting Period

Applicable Not applicable

3. Expenses

(1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, advertising and sale services expenses. In 2023 and 2022, the Company's selling expenses were RMB3,169,316 thousand and RMB2,883,123 thousand respectively, representing a year-on-year increase of 9.93%, which was mainly due to the Company's intensified market development and an increase in related expenses.

(2) *Administrative expenses*

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and office expenses. In 2023 and 2022, the Company's administrative expenses were RMB12,360,311 thousand and RMB11,273,969 thousand respectively, representing a year-on-year increase of 9.64%, which was mainly due to the increase in labour costs.

(3) *Financial expenses*

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In 2023 and 2022, the Company's financial expenses were RMB989,121 thousand and RMB940,841 thousand respectively, representing a year-on-year increase of 5.13%.

(4) *Research and development expenses*

The Company's research and development expenses include personnel labour costs, direct input costs, depreciation expenses and external research and development commission expenses. In 2023 and 2022, the Company's research and development expenses were RMB19,730,402 thousand and RMB18,732,632 thousand respectively, representing a year-on-year increase of 5.33%, which was mainly because the Company increased research and development investments.

4. *Research and development expenditure*

Table of research and development expenditure

Unit: RMB'000

Expensed research and development expenditure for the current period	19,730,402
Capitalized research and development expenditure for the current period	4,317
Total research and development expenditure	19,734,719
Proportion of total research and development expenditure to operating revenue (%)	3.11
Proportion of capitalized research and development expenditure (%)	<u>0.02</u>

5. Cash flow

The cash flows of the Company are as follows:

Unit: RMB '000

Items	2023	2022
Net cash flows from operating activities	5,891,801	18,153,061
Net cash flows from investing activities	(6,724,503)	(6,559,348)
Net cash flows from financing activities	1,156,118	(9,670,175)

(1) Operating activities

In 2023 and 2022, the Company's net cash flows generated from operating activities amounted to RMB5,891,801 thousand and RMB18,153,061 thousand, respectively, representing a year-on-year decrease of 67.54%. For the years 2023 and 2022, the cash inflow generated from operating activities mainly came from the cash received from sales of products and provision of services, accounting for 97.35% and 98.58% respectively with respect to the cash inflow generated from operating activities. The Company's cash outflow generated from operating activities mainly consisted of cash paid out for commodities purchased and the labour services received, cash paid to and for staff and payment for various taxes, etc. In 2023 and 2022, such cash outflow accounted for 87.08%, 6.42%, 2.34% and 87.57%, 6.13%, 2.29%, respectively with respect to the cash outflow generated from operating activities.

(2) Investing activities

In 2023 and 2022, the Company's net cash flows generated from investing activities amounted to RMB -6,724,503 thousand and RMB -6,559,348 thousand, respectively. The investing activities of the Company mainly relate to engineering contracting and property development business. The Company's cash inflow generated from investing activities mainly consisted of recovery of related party borrowings and interests, cash receipts from recovery of investments and disposal of assets, which accounted for 56.54%, 16.78%, 13.42% and 71.45%, 12.86%, 11.02% of the cash inflow generated from investing activities in 2023 and 2022, respectively. Cash outflow mainly included cash paid for investment, as well as cash payments to acquire or construct fixed assets, intangible assets and other long-term assets. In 2023

and 2022, such cash outflow accounted for 51.40%, 48.18% and 49.14%, 38.74% respectively with respect to the cash outflow generated from investing activities.

(3) *Financing activities*

In 2023 and 2022, the Company's net cash flows generated from financing activities amounted to RMB1,156,118 thousand and RMB -9,670,175 thousand respectively. The Company's cash inflow from financing activities mainly consisted of cash receipts from borrowings which accounted for 87.86% and 95.91% respectively of the cash inflow generated from financing activities for the years 2023 and 2022. The Company's cash outflow from financing activities mainly consisted of cash repayments of borrowings and cash payments for distribution of dividends, profits or settlement of interest expenses, accounting for 84.14%, 3.18%, 90.87% and 5.33% respectively of the cash outflow from financing activities for the years 2023 and 2022.

(II) **Analysis on assets and liabilities**

1. *Assets and Liabilities*

Unit: RMB'000

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period to total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the current period to total assets (%)	Percentage change
					in the amount at the end of the current period as compared to that at the end of the previous period (%)
Current Assets	484,133,951	73.18	438,205,660	74.86	10.48
Cash and bank balances	44,440,269	6.72	45,485,413	7.77	-2.30
Accounts receivable	130,037,264	19.65	93,439,673	15.96	39.17
Inventories	80,075,514	12.10	79,948,631	13.66	0.16
Contract assets	121,833,709	18.41	106,826,600	18.25	14.05
Non-current Assets	177,468,285	26.82	147,187,167	25.14	20.57
Intangible assets	22,849,854	3.45	22,026,293	3.76	3.74
Total Assets	661,602,236	100.00	585,392,827	100.00	13.02

Current Liabilities	448,818,443	90.93	385,844,649	91.11	16.32
Short-term borrowings	28,220,281	5.72	20,192,878	4.77	39.75
Bills payable	31,717,090	6.43	37,186,380	8.78	-14.71
Accounts payable	240,394,139	48.70	187,160,134	44.20	28.44
Contract liabilities	64,819,382	13.13	74,016,212	17.48	-12.43
Non-current Liabilities	44,792,628	9.07	37,630,616	8.89	19.03
Long-term borrowings	34,168,791	6.92	28,840,673	6.81	18.47
Total Liabilities	493,611,071	100.00	423,475,265	100.00	16.56

(1) Analysis on the structure of assets

Cash and bank balances

As at 31 December 2023 and 31 December 2022, the balances of cash and bank balances of the Company were RMB44,440,269 thousand and RMB45,485,413 thousand, respectively, representing a year-on-year decrease of 2.30%.

As at 31 December 2023 and 31 December 2022, the restricted cash and bank balances of the Company were RMB10,590,161 thousand and RMB12,017,196 thousand, respectively, which accounted for 23.83% and 26.42% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included bank deposits for issuing acceptance bills, guarantee deposits, frozen funds for lawsuit, funds under supervision for projects and deposits on wages for rural migrant workers, etc.

Accounts receivable

As at 31 December 2023 and 31 December 2022, the carrying value of the Company's accounts receivable were RMB130,037,264 thousand and RMB93,439,673 thousand, respectively, representing a year-on-year increase of 39.17%, which was mainly due to an increase in accounts receivable related to engineering contracting services.

Inventories

The inventories of the Company mainly consisted of properties under development, completed properties held for sale, raw materials, work in process and finished goods, etc. The inventory structure of the Company reflected the characteristics of the engineering contracting, resources development, featured business and comprehensive real state in which the Company was engaged.

As at 31 December 2023 and 31 December 2022, the Company's net inventories were RMB80,075,514 thousand and RMB79,948,631 thousand, respectively, representing a year-on-year increase of 0.16%.

Contract assets

Contract assets of the Company are mainly completed and unsettled inventories and construction quality guarantee deposits with regard to the engineering contracting service contracts. As at 31 December 2023 and 31 December 2022, the net contract assets of the Company amounted to RMB121,833,709 thousand and RMB106,826,600 thousand, respectively, representing a year-on-year increase of 14.05%, which was mainly due to an increase in contract assets related to engineering contracting services.

Intangible assets

As at 31 December 2023 and 31 December 2022, the aggregated carrying value of the Company's intangible assets were RMB22,849,854 thousand and RMB22,026,293 thousand, respectively, representing a year-on-year increase of 3.74%. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc..

(2) *Analysis on the structure of liabilities*

Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, pledge loans and guaranteed loans from commercial banks and other financial organizations. As at 31 December 2023 and 31 December 2022, the carrying value of the Company's short-term borrowings were RMB28,220,281 thousand and RMB20,192,878 thousand, respectively, representing a

year-on-year increase of 39.75%. As at 31 December 2023 and 31 December 2022, the carrying value of the Company's long-term borrowings were RMB34,168,791 thousand and RMB28,840,673 thousand, respectively, representing a year-on-year increase of 18.47%.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB173,786,424 thousand and RMB25,437,086 thousand, respectively. As at the end of the Reporting Period, the balances of fixed-rate short-term borrowings and fixed-rate long-term borrowings amounted to RMB20,101,581 thousand and RMB17,991,066 thousand, respectively.

Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 31 December 2023 and 31 December 2022, the Company's carrying value of accounts payable were RMB240,394,139 thousand and RMB187,160,134 thousand, respectively, representing a year-on-year increase of 28.44%.

Contract liabilities

Contract liabilities mainly comprises contract liabilities related to engineering contracting services and sales contracts. As at 31 December 2023 and 31 December 2022, the Company's carrying value of contract liabilities amounted to RMB64,819,382 thousand and RMB74,016,212 thousand, respectively, representing a year-on-year decrease of 12.43%.

2. Overseas assets

(1) Asset size

Among them: overseas assets 36,552,614 (Unit: RMB'000), accounting for 5.52 % of the total assets.

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

Applicable Not applicable

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

Analysis on the operational information in the construction industry

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

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (<i>Unit</i>)	4,002	1,456	3,233	249	8,940
Total amount	<u>38,239,236</u>	<u>13,505,382</u>	<u>19,286,499</u>	<u>1,843,375</u>	<u>72,874,492</u>

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Domestic	8,614	70,788,382
Overseas	326	2,086,110
Including:		
Asia	262	1,727,219
Africa	17	299,335
South America	15	29,386
Europe	18	26,784
Oceania	12	1,001
North America	2	2,385
Total	<u>8,940</u>	<u>72,874,492</u>

2. *Projects under construction during the Reporting Period*

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (<i>Unit</i>)	4,972	1,997	4,117	949	12,035
Total amount	<u>300,032,318</u>	<u>106,712,480</u>	<u>81,707,563</u>	<u>7,076,040</u>	<u>495,528,401</u>

Unit: RMB'000

Project location	Number of projects (<i>Unit</i>)	Total amount
Domestic	11,704	484,358,688
Overseas	331	11,169,713
Including:		
Asia	279	10,825,255
Africa	19	115,128
South America	17	47,214
Europe	11	66,171
Oceania	2	98,481
North America	3	17,464
Total	<u>12,035</u>	<u>495,528,401</u>

3. *Major projects under construction*

Applicable Not applicable

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

During the Reporting Period, the accumulated number of newly signed projects with a value of more than RMB50 million was 3,142, and the total amount was RMB1,336.706 billion.

5. *Orders in hand as at the end of the Reporting Period*

As at the end of the Reporting Period, the outstanding contractual value of construction orders with an amount of over RMB50 million amounted to RMB2,854.414 billion. In particular, the value of the projects that have been signed yet to be commenced amounted to RMB1,022.237 billion, and the amount of the outstanding portion of the projects under construction was RMB1,832.177 billion.

6. *Engineering construction qualifications of the Company*

As of the end of the Reporting Period, the Company possessed a total of 46 special qualifications for construction general contracting, 5 comprehensive Class A qualification enterprises for engineering design, 3 comprehensive Class A qualification enterprises for engineering survey, and 8 comprehensive qualification enterprises for engineering supervision, with the number and quality of high-grade qualifications ranking at the top among the national construction enterprises.

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

In 2023, the operation of the quality control system of the Company was normal and the overall construction quality was under control without occurrence of any significant and above quality accident. The quality control system of the Company, which comprises three core levels, namely the head office, the subsidiaries and the project management departments, operated smoothly. Each of the levels stringently executes the national, industrial and local standards of quality. The Company launched a special action of self-inspection and rectification of quality risks and hidden dangers in building construction sector of central enterprises, and carried out special inspections of municipal transportation projects, housing construction projects and metallurgical projects, and organized the subsidiaries to implement on promoting standardization of quality management and building quality constructions by various measures such as self-check, guarantee-covered check and special inspection, which commenced publicity and educational activities such as “quality month” activities as safeguard measures.

In 2023, the production safety management system of the Company functioned normally, and no major or above production safety accidents occurred. The Company thoroughly studies and implements the spirit of the 20th CPC National Congress by earnestly understanding and practicing the spirit of General Secretary Xi's important instructions on production safety, taking the three-year action to improve the Company's basic management as a guideline, taking the construction of the "5 one" systems of the engineering fulfillment system as a grip. In addition, by promoting the "safety management improvement year for centralized enterprises" and the action of "special investigation and rectification for major accidents and hidden dangers" as the main line, the Company keeps focusing on the mechanism construction, healthy system construction, responsibility implementation and risk prevention and early control, thus further solidifying the production safety management foundation of the Company throughout the year, constantly improving the essential safety capacity, and stabilizing the production safety situation with good momentum.

During the Reporting Period, the Company further improved the safety management system, compiled project management safety booklets, and promoted the standardized project safety management; optimized the safety production management system, and promoted the normalized daily safety supervision. In addition, the Company strictly implemented the inspection carried out by leadership, which the leadership of the Company carried out 89 inspections and the leadership of subsidiaries carried out 5,325 inspections throughout the year, investigating and dealing with 6,762 hidden dangers. The Company and its subsidiaries also carried out the "Two Special Actions" and completed the all key tasks including the action of "safety management improvement year" and the action of "special investigation and rectification for major accidents and hidden dangers" in accordance with the timetable. The Company has constantly solidified the foundation of safety risk classification and control, collaborated with subsidiaries in design and construction to launch the construction of Metallurgical Engineering Safety Risk Library (《冶金工程安全風險庫》), and organized the compilation of Lifting and Hoisting Operation Risk Library (《起重吊裝作業風險庫》) and Tunnel Construction Safety Risk Library (《隧道施工安全風險庫》). The Company firmly established the concept of "site is the main battlefield for safety", and kept improving the standardized level of project safety production. 23 projects were awarded the title of "construction safety production standardization site for construction projects" at the national level, 239 projects were awarded the title of "standardized site for construction projects" at the provincial level, and 265 projects were awarded the title of "standardized site for construction projects" at the local and municipal level, a record-breaking high. Besides, the Company built a security operation centre, a security business system and an intelligent security system, with the content of the "Engineering Project Management Manual Security Fascicule (《工程項目管理手冊安全分冊》)" internalised thereto, implanted nine major contents of security system

control in the systems, and continuously standardised and consolidated the security data of its subsidiaries, so as to continuously strengthen the effectiveness of digital empowerment.

8. *Financing arrangements of the Company*

As at the end of the Reporting Period, the balance of debt financing and financing by other equity instruments of the Company amounted to RMB 128.614 billion, representing an increase of 27.19% as compared to the beginning of the period, which better satisfied the capital needs for enterprise development and industrial structure adjustment. In particular, the balances of debt financing and financing by other equity instruments amounted to RMB 73.967 billion and RMB 54.647 billion, respectively, which contributed to the further optimization of financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB 35.777 billion and RMB 92.837 billion, respectively.

(IV) Analysis on investment

1. *Overall analysis on external equity investments*

As at 31 December 2023 and 31 December 2022, the net assets of the Company's trading financial assets were RMB1,951 thousand and RMB178,026 thousand, respectively. As at 31 December 2023 and 31 December 2022, the net long-term equity investments of the Company were RMB36,236,395 thousand and RMB31,863,695 thousand, respectively, representing an increase of 13.72% compared to the beginning of the year. As at 31 December 2023 and 31 December 2022, the net investment in other equity instruments of the Company amounted to RMB1,126,144 thousand and RMB939,925 thousand, respectively, representing an increase of 19.81% as compared to the beginning of the year. As at 31 December 2023 and 31 December 2022, the Company's other net investment in non-current financial assets amounted to RMB3,992,595 thousand and RMB4,477,895 thousand, respectively, representing a decrease of 10.84% as compared with the beginning of the year.

2. *Substantial equity investments*

Applicable Not applicable

3. *Substantial non-equity investments*

Applicable Not applicable

4. Financial assets measured at fair value

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

No.	Stock variety	Stock code	Stock abbreviation	Initial investment amount (RMB)	Number of shares held (share)	Carrying amount at the end of the period (RMB)	Percentage in securities investment held at the end of the period (%)	Gain or loss incurred in the Reporting Period (RMB)
1	Shares	601005	Chongqing Iron and Steel (重慶鋼鐵)	360,600	167,720	233,132	17.45	(31,005)
2	Shares	600787	CMST Development Co., Ltd (中儲股份)	498,768	57,528	586,786	37.76	14,958
3	Shares	000539	GED (粵電力A)	23,955	6,371	31,154	2.34	(4,205)
4	Shares	600515	Hainan Airport (海南機場)	264,438	83,683	310,464	28.68	(123,851)
5	Shares	600221	Hainan Airlines Holding (海航控股)	206,343	110,937	152,984	13.77	(56,578)
Total				<u>1,354,104</u>	<u>/</u>	<u>1,313,520</u>	<u>100.00</u>	<u>(200,681)</u>

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

Unit: RMB '000

Stock code	Stock abbreviation	Initial investment cost	Percentage of shareholding at the beginning of the period (%)	Percentage of shareholding at the end of the period (%)	Carrying amount at the end of the period	Gain or loss incurred during the Reporting Period	Changes in owners' equity during the Reporting period	Accounting category
000709	Hesteel (河鋼股份)	4,600	0.018	0.018	4,041	76	(247)	Investments in other equity instruments
601328	Bank of Communications (交通銀行)	89,134	0.108	0.108	239,365	15,033	42,349	Investments in other equity instruments
000939	Kaidi Ecological (凱迪生態)	2,502	1.100	1.100	-	-	-	Investments in other equity instruments
600642	Shenergy (申能股份)	188	0.001	0.001	289	7	42	Investments in other equity instruments
000005	Fountain (世紀星源)	420	0.035	0.035	175	-	(522)	Investments in other equity instruments
600665	Tande (天地源)	1,122	0.018	0.018	626	19	13	Investments in other equity instruments
601005	Chongqing Iron and Steel (重慶鋼鐵)	170,080	0.568	0.568	67,115	-	(9,568)	Investments in other equity instruments
Total		<u>268,609</u>	<u>/</u>	<u>/</u>	<u>311,611</u>	<u>15,135</u>	<u>32,067</u>	<u>/</u>

Equity interests in non-listed financial companies held

Name of investee	Initial investment amount (RMB '000)	Number of shares held (share)	Percentage of shareholding to the Company (%)	Carrying amount at the end of the period (RMB '000)	Gain or loss incurred during the Reporting Period (RMB '000)	Change in owners' equity during the Reporting Period (RMB '000)	Accounting category	Source of shares
Changcheng Life Insurance Co., Ltd. (長城人壽保險股份有限公司)	30,000	-	0.54	30,000	-	-	Investments in other equity instruments	By acquisition
Hankou Bank Company Limited (漢口銀行股份有限公司)	27,696	-	0.63	68,540	3,027	630	Investments in other equity instruments	By acquisition
Total	<u>57,696</u>	<u>-</u>	<u>/</u>	<u>98,540</u>	<u>3,027</u>	<u>630</u>	<u>/</u>	<u>/</u>

Stock investments

Applicable Not applicable

Explanation of stock investments

Applicable Not applicable

Private fund investments

Applicable Not applicable

Derivative investments

(1) *Derivatives investment for hedging purposes during the Reporting Period*

At the 46th meeting of the third session of the board of directors of the Company held on 23 February 2023, the Proposal in relation to the Foreign Exchange Hedging Business Plan of MCC for the Year 2023 was considered and approved, agreeing that MCC headquarter and its subsidiaries would carry out new foreign exchange derivatives transactions with a quota of not more than USD5,262 million (including equivalent foreign currencies) for the year 2023, which shall be effective for a period of 12 months from the date of approval by the Board (Please refer to the relevant announcement disclosed by the Company on 23 February 2023 for details). The Company has not applied hedge accounting for its foreign exchange hedging business for the year 2023, and details of risk management are set out in the table below:

Accounting policies and specific principles of accounting for hedging operations during the Reporting Period, as well as an explanation of whether there have been any significant changes compared with the previous reporting period	No significant changes have occurred.
Explanation of actual gain or loss during the Reporting Period	The impact arising from exchange rate fluctuations on the Company's consolidated statement caliber represents a net gain.
Explanation of hedging effect	The Company's foreign exchange derivatives business is in line with the needs of the daily operations of the Company, which enables the Company to effectively avoid exchange rate risks and reduce the possible adverse impact of exchange rate fluctuations on the Company.
Sources of funds for derivative investments	Contractual receipts and payments of foreign exchange and foreign currency funds on hand arising from normal production and operation.
Risk analysis and description of control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, and others)	(I) Transaction Risk Analysis <ol style="list-style-type: none">1. Market risk: due to the unpredictability of changes at home and abroad in the economic environment, there is a possibility of loss in the valuation of the foreign exchange hedging business during the survival period, and the trading profit and loss at the time of maturity or selective delivery.2. Liquidity risk: unreasonable arrangement of the foreign exchange hedging business triggers the liquidity risk of the Company's funds at the time of maturity and delivery.

3. Performance risk: the choice from the counterparty is unreasonable, and the counterparty is unable to pay corresponding amount as agreed upon at the time of the maturity and delivery of foreign exchange hedging business.
4. Internal control risk: foreign exchange hedging business is relatively professional and sophisticated, which may result in loss in the process of foreign exchange funds due to operational errors, systems and other reasons.
5. Compliance risk: subject to regulatory penalties, economic losses and negative impact on the Company's reputation for its failure to comply with policies, regulations and company systems.

(II) Risk Control Measures

1. For market risk, the Company intends to take the following measures: First, the foreign exchange hedging business to be undertaken by the Company are all foreign exchange forwards, simple exchange rate options, interest rate swaps and currency swaps products conducted for the purpose of hedging which are closely related to the actual business, and do not involve speculative arbitrage. Transaction gains and losses are also hedged against changes in the value of their corresponding risk assets; secondly, we strengthened research and analysis of exchange rates, pay attention to changes in the market environment both at home and abroad, and adjusted our operating strategies in a timely manner in conjunction with changes in the market; thirdly, following the signing of the foreign exchange contract, we follow up on the market in a timely manner for dynamic management, and set up a risk early warning line based on the transaction program. We regularly check the transaction situation with all counterparties, analyze and assess the possible risks and take prompt countermeasures.
2. For liquidity risk, the Company intends to take the following measures: First, the foreign exchange preservation business to be undertaken by the Company are based on the actual business, matching with the actual foreign exchange income and expenditure, and at the time of decision-making, the Company has reasonably planned the capital plan to ensure sufficient funds to be held at the time of delivery; secondly, the Company will select the difference in delivery at the appropriate time based on the type of products and market trends, so as to successfully satisfy the demand for funds for delivery; thirdly, the Company will reinforce its efforts in collection of the project, so as to ensure the return of the funds.
3. For the performance risk, the Company intends to take the following measures: first, the counterparties of the foreign exchange preservation business to be undertaken by the Company are all financial institutions with good credit, solid capital and with whom the Company has established long-term business relations, so that the performance risk is low; second, the Company will closely follow up on the operation of the counterparties in the process of holding positions, and will take countermeasures promptly in the event of any significant risk events.

4. For the internal control risk, the Company intends to take the following measures: firstly, the Company will carry out the business in strict accordance with the annual plan of foreign exchange preservation, and the specific business shall be approved by the relevant authorized personnel of the Company before processing; secondly, the Company will clearly define the responsibilities and authority of the positions of foreign exchange preservation business, and ensure the separation, constraint and supervision of incompatible positions for foreign exchange preservation business; thirdly, the Company prohibits one person from processing the whole process of foreign exchange preservation business, while the personnel for processing the business shall have the corresponding business competence; fourthly, through the foreign exchange risk management auditing and supervisory system, the Company will carry out supervision and inspection of foreign exchange preservation business norms and the effectiveness of the internal control mechanism on a regular basis.
5. For compliance risk, the Company intends to take the following measures: Firstly, the Company concludes contracts with counterparties in compliance with the Civil Code of the People's Republic of China and relevant laws and regulations; secondly, the legal compliance department shall conduct compliance audits of foreign exchange contracts; thirdly, third-party legal advisers or experts shall be consulted for the conclusion of major foreign exchange contracts.

Changes in the market price or product fair value of invested derivatives during the Reporting Period, the analysis of the fair value of derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	The Company conducted foreign exchange forward and currency swap business with caution for the purpose of hedging, and the market price fluctuated according to the exchange rate of Renminbi against the USD during the Reporting Period.
Involvement in litigation	Not applicable
Date of disclosure of the announcement of the Board for approval of derivative investment	23 February 2023
Date of disclosure of the announcement of the shareholders' meeting for approval of derivative investment	Not applicable

(2) Derivatives investment for speculative purposes during the Reporting Period

Applicable Not applicable

5. Details of the progress of the major asset restructuring and consolidation during the Reporting Period

Applicable Not applicable

VII. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

31 December 2023

Unit: RMB'000

Items	31 December 2023	31 December 2022 (Restated)
Current Assets:		
Cash and bank balances	44,440,269	45,485,413
Financial assets held for trading	1,951	178,026
Derivative financial assets	12,676	–
Bills receivable	5,583,704	5,127,425
Accounts receivable	130,037,264	93,439,673
Receivables at FVTOCI	11,131,328	10,346,388
Prepayments	33,120,920	36,352,532
Other receivables	40,436,304	48,071,717
Inventories	80,075,514	79,948,631
Contract assets	121,833,709	106,826,600
Non-current assets due within one year	7,087,526	4,896,108
Other current assets	10,372,786	7,533,147
Total Current Assets	484,133,951	438,205,660
Non-current Assets:		
Long-term receivables	50,825,135	35,841,643
Long-term equity investments	36,236,395	31,863,695
Investments in other equity instruments	1,126,144	939,925
Other non-current financial assets	3,992,595	4,477,895
Investment properties	8,020,390	7,871,895
Fixed assets	27,725,928	25,411,113
Construction in progress	3,830,579	4,077,347
Right-of-use assets	767,798	860,236
Intangible assets	22,849,854	22,026,293
Goodwill	50,075	54,315
Long-term prepayments	351,699	396,200
Deferred tax assets	6,949,230	6,268,552
Other non-current assets	14,742,463	7,098,058
Total Non-current Assets	177,468,285	147,187,167
TOTAL ASSETS	661,602,236	585,392,827

Items	31 December 2023	31 December 2022 (Restated)
Current Liabilities:		
Short-term borrowings	28,220,281	20,192,878
Derivative financial liabilities	453,950	200,670
Bills payable	31,717,090	37,186,380
Accounts payable	240,394,139	187,160,134
Receipts in advance	104,034	92,382
Contract liabilities	64,819,382	74,016,212
Employee benefits payable	2,624,077	2,254,726
Taxes payable	5,308,635	5,525,953
Other payables	40,269,691	28,228,858
Non-current liabilities due within one year	8,044,599	11,981,744
Other current liabilities	26,862,565	19,004,712
Total Current Liabilities	448,818,443	385,844,649
Non-current Liabilities:		
Long-term borrowings	34,168,791	28,840,673
Bonds payable	3,300,000	1,300,000
Lease liabilities	501,345	569,000
Long-term payables	736,736	615,009
Long-term employee benefits payable	3,397,953	3,506,754
Provisions	1,077,238	1,081,743
Deferred income	1,058,582	1,078,553
Deferred tax liabilities	171,983	178,523
Other non-current Liabilities	380,000	460,361
Total Non-current Liabilities	44,792,628	37,630,616
TOTAL LIABILITIES	493,611,071	423,475,265

Items	31 December 2023	31 December 2022 (Restated)
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	47,400,000	28,500,000
Including: Perpetual bonds	47,400,000	28,500,000
Capital reserve	22,582,222	22,601,592
Other comprehensive income	1,111,475	1,084,471
Special reserve	411,766	119,813
Surplus reserve	3,391,294	2,976,424
Retained earnings	49,859,806	45,110,342
Total shareholders' equity attributable to shareholders of the Company	145,480,182	121,116,261
Non-controlling interests	22,510,983	40,801,301
TOTAL SHAREHOLDERS' EQUITY	167,991,165	161,917,562
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	661,602,236	585,392,827

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

THE COMPANY'S BALANCE SHEET

31 December 2023

Unit: RMB'000

Items	31 December 2023	31 December 2022
Current Assets:		
Cash and bank balances	993,899	4,562,014
Derivative financial assets	12,676	–
Accounts receivable	524,199	390,950
Prepayments	236,918	241,723
Other receivables	72,266,469	69,564,542
Inventories	873	877
Contract assets	1,029,318	829,494
Non-current assets due within one year	2,041	2,037
Other current assets	281	–
Total Current Assets	75,066,674	75,591,637
Non-current Assets:		
Long-term receivables	251,531	241,531
Long-term equity investments	95,704,384	97,969,791
Investments in other equity instrument	757	687
Fixed assets	18,742	18,393
Right-of-use assets	20,787	40,474
Intangible assets	9,398	2,416
Other non-current assets	612,532	431,393
Total Non-current Assets	96,618,131	98,704,685
TOTAL ASSETS	171,684,805	174,296,322

Items	31 December 2023	31 December 2022
Current Liabilities:		
Short-term borrowings	9,729,089	8,540,913
Derivative financial liabilities	435,537	166,454
Accounts payable	2,119,305	1,851,774
Contract liabilities	549,679	519,069
Employee benefits payable	17,098	17,278
Taxes payable	45,298	56,526
Other payables	42,863,636	46,269,575
Non-current liabilities due within one year	26,334	20,498,188
Total Current Liabilities	<u>55,785,976</u>	<u>77,919,777</u>
Non-current Liabilities:		
Long-term borrowings	449,080	439,080
Bonds payable	–	–
Lease liabilities	227	19,819
Long-term payables	–	–
Long-term employee benefits payable	60,451	56,406
Deferred income	3,598	3,598
Total Non-current Liabilities	<u>513,356</u>	<u>518,903</u>
TOTAL LIABILITIES	<u>56,299,332</u>	<u>78,438,680</u>

Items	31 December 2023	31 December 2022
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	47,400,000	28,500,000
Including: Perpetual bonds	47,400,000	28,500,000
Capital reserve	37,888,131	37,907,129
Other comprehensive income	(3,498)	(4,125)
Special reserve	12,550	12,550
Surplus reserve	3,391,294	2,976,424
Retained earnings	5,973,377	5,742,045
TOTAL SHAREHOLDERS' EQUITY	<u>115,385,473</u>	<u>95,857,642</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>171,684,805</u>	<u>174,296,322</u>

This financial statement is signed by the following person:

<i>Chairman:</i> Chen Jianguang	<i>General Accountant:</i> Zou Hongying	<i>Financial Controller:</i> Fan Wanzhu
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The accompanying notes form an integral part of these financial statements.

VIII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

Unit: RMB'000

Items	2023	2022 (Restated)
I. Total operating revenue	633,870,422	592,669,072
Including: Operating revenue	633,870,422	592,669,072
II. Total operating costs	610,627,073	571,218,254
Including: Operating costs	572,456,849	535,516,918
Taxes and levies	1,921,074	1,870,771
Selling expenses	3,169,316	2,883,123
Administrative expenses	12,360,311	11,273,969
Research and development expenses	19,730,402	18,732,632
Financial expenses	989,121	940,841
Including: Interest expenses	2,643,310	2,633,074
Interest income	2,001,447	2,423,313
Add: Other income	560,094	433,224
Investment losses	(1,487,345)	(1,523,214)
Including: Gains from investments in associates and joint ventures	506,149	177,712
Losses from derecognition of financial assets at amortized cost	(1,737,172)	(1,273,573)
Losses from changes in fair values	(314,223)	(317,778)
Credit impairment losses	(5,994,293)	(3,601,874)
Asset impairment losses	(2,954,820)	(1,359,652)
Gains on disposal of assets	663,075	303,355
III. Operating profit	13,715,837	15,384,879
Add: Non-operating income	288,789	323,055
Less: Non-operating expenses	239,854	315,818
IV. Total profit	13,764,772	15,392,116
Less: Income tax expenses	2,358,663	2,460,486

Items	2023	2022 (Restated)
V. Net profit	11,406,109	12,931,630
(I) Net profit classified by operating continuity		
Net profit from continuing operations	11,406,109	12,931,630
(II) Net profit classified by ownership ascription		
Net profit attributable to shareholders of the parent company	8,670,405	10,276,187
Profit or loss attributable to non-controlling interests	2,735,704	2,655,443
VI. Other comprehensive income, net of income tax	66,560	1,502,518
Other comprehensive income attributable to shareholders of the Company, net of income tax	26,576	1,389,333
(I) Items that will not be reclassified to profit or loss	(80,701)	63,633
1. Re-measurement of defined benefit obligations	(75,595)	92,481
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	(8)	(12)
3. Changes in fair values of investments in other equity instruments	(5,098)	(28,836)
(II) Items that may be reclassified to profit or loss	107,277	1,325,700
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	3,968	(35,827)
2. Changes of fair value of receivables at FVTOCI	(7,874)	25,232
3. Exchange differences on translating financial statements in foreign currencies	111,183	1,336,295
Other comprehensive income attributable to non-controlling interests, net of income tax	39,984	113,185

Items	2023	2022 (Restated)
VII. Total comprehensive income	11,472,669	14,434,148
Total comprehensive income attributable to shareholders of the Company	8,696,981	11,665,520
Total comprehensive income attributable to non-controlling interests	2,775,688	2,768,628
VIII. Earnings per share		
(I) Basic earnings per share <i>(RMB/share)</i>	0.33	0.45
(II) Diluted earnings per share <i>(RMB/share)</i>	0.33	0.45

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

THE COMPANY'S INCOME STATEMENT

For the year period ended 31 December 2023

Unit: RMB'000

Items	2023	2022
I Total operating revenue	1,413,954	1,999,796
Less: Operating costs	1,288,057	1,812,142
Taxes and levies	6,026	3,727
Administrative expenses	317,063	311,035
Financial expenses	(564,049)	729,482
Including: Interest expenses	1,802,835	2,408,207
Interest income	2,171,786	2,289,658
Add: Other income	662	1,886
Investment income	4,060,812	4,524,923
Including: Gains from investments in associates and joint ventures	4,229	17,122
Losses from changes in fair values	(256,407)	(280,779)
Credit impairment losses	(6,311)	(541,441)
Asset impairment losses	(10,040)	(1,128)
II. Operating profit	4,155,573	2,846,871
Add: Non-operating income	1	91
Less: Non-operating expenses	54	10
III. Total profit	4,155,520	2,846,952
Less: Income tax expenses	6,815	12,631
IV. Net profit	4,148,705	2,834,321
Net profit from continuing operations	4,148,705	2,834,321

Items	2023	2022
V. Other comprehensive income, net of income tax	627	(2,571)
(I) Items that will not be reclassified to profit or loss	(993)	1,705
1. Re-measurement of defined benefit obligations	(1,063)	1,571
2. Changes in fair values of investments in other equity instruments	70	134
(II) Items that will be reclassified to profit or loss	1,620	(4,276)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	1,620	(4,276)
VI. Total comprehensive income	<u><u>4,149,332</u></u>	<u><u>2,831,750</u></u>

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

IX. CONSOLIDATED AND THE COMPANY'S CASH FLOWS STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

Unit: RMB'000

Items	2023	2022
I Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	486,794,527	521,602,191
Receipts of tax refunds	1,017,607	1,799,701
Other cash receipts relating to operating activities	12,211,167	5,713,694
Sub-total of cash inflows from operating activities	500,023,301	529,115,586
Cash payments for goods purchased and services received	430,279,213	447,439,021
Cash payments to and on behalf of employees	31,705,046	31,296,525
Payments of various types of taxes	11,558,476	11,719,249
Other cash payments relating to operating activities	20,588,765	20,507,730
Sub-total of cash outflows from operating activities	494,131,500	510,962,525
Net Cash Flows from Operating Activities	5,891,801	18,153,061

Items	2023	2022
II Cash Flows from Investing Activities		
Cash receipts from disposals and recovery of investments	471,917	588,310
Cash receipts from investment income	361,424	210,340
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	377,563	504,261
Net cash receipts from disposal of subsidiaries and other business units	11,584	3,656
Other cash receipts relating to investing activities	<u>1,590,393</u>	<u>3,269,801</u>
 Sub-total of cash inflows from investing activities	 <u>2,812,881</u>	 <u>4,576,368</u>
 Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	 4,595,332	 4,313,922
Cash payments to acquire investments	4,901,815	5,472,246
Net cash payments to acquire subsidiaries and other business units	–	356,403
Other cash payments relating to investing activities	<u>40,237</u>	<u>993,145</u>
 Sub-total of cash outflows from investing activities	 <u>9,537,384</u>	 <u>11,135,716</u>
 Net Cash Flows used in Investing Activities	 <u>(6,724,503)</u>	 <u>(6,559,348)</u>

Items	2023	2022
III Cash Flows from Financing Activities		
Cash receipts from capital contributions	27,482,081	5,413,645
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	4,098,725	113,645
Cash receipts from issue of perpetual bond	23,383,356	5,300,000
Cash receipts from borrowings	211,958,809	135,665,962
Other cash receipts relating to financing activities	1,791,552	371,220
 Sub-total of cash inflows from financing activities	241,232,442	141,450,827
 Cash repayments of borrowings	202,004,995	137,329,627
Cash payments for distribution of dividends or profits or settlement of interest expenses	7,628,969	8,056,220
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	1,236,675	1,600,555
Other cash payments relating to financing activities	30,442,360	5,735,155
 Sub-total of cash outflows from financing activities	240,076,324	151,121,002
 Net Cash Flows from/(used) in Financing Activities	1,156,118	(9,670,175)

Items	2023	2022
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	58,475	327,855
V Net Increase in Cash and Cash Equivalents	381,891	2,251,393
Add: Opening balance of Cash and Cash equivalents	33,468,217	31,216,824
VI Closing Balance of Cash and Cash Equivalents	<u>33,850,108</u>	<u>33,468,217</u>

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

THE COMPANY'S CASH FLOW STATEMENT

For the year ended 31 December 2023

Unit: RMB'000

Items	2023	2022
I Cash Flows from Operating Activities		
Cash receipts from the sale of goods and the rendering of services	1,012,051	1,578,273
Other cash receipts relating to operating activities	<u>1,319,187</u>	<u>1,208,074</u>
Sub-total of cash inflows from operating activities	<u>2,331,238</u>	<u>2,786,347</u>
Cash payments for goods purchased and services received	931,099	1,205,120
Cash payments to and on behalf of employees	208,217	216,170
Payments of various types of taxes	37,157	23,431
Other cash payments relating to operating activities	<u>1,254,812</u>	<u>1,112,971</u>
Sub-total of cash outflows from operating activities	<u>2,431,285</u>	<u>2,557,692</u>
Net Cash Flows (used in)/from Operating Activities	<u>(100,047)</u>	<u>228,655</u>

Items	2023	2022
II Cash Flows from Investing Activities		
Cash receipts from returns on investments	4,247,500	20,246
Cash receipts from investment income	3,574,826	3,717,372
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	1	–
Other cash receipts relating to investing activities	<u>34,097,688</u>	<u>22,003,282</u>
 Sub-total of cash inflows from investing activities	 <u>41,920,015</u>	 <u>25,740,900</u>
 Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	 26,516	 14,659
Cash payments to acquire investments	1,982,207	337,794
Other cash payments relating to investing activities	<u>34,218,488</u>	<u>28,860,464</u>
 Sub-total of cash outflows from investing activities	 <u>36,227,211</u>	 <u>29,212,917</u>
 Net Cash Flows from/(used in) Investing Activities	 <u>5,692,804</u>	 <u>(3,472,017)</u>

Items	2023	2022
III Cash Flows from Financing Activities		
Cash receipts from investments	23,383,356	5,300,000
Including: Cash receipts from issue of perpetual bond	23,383,356	5,300,000
Cash receipts from borrowings	151,360,159	76,965,339
Other cash receipts relating to financing activities	<u>382,091,331</u>	<u>363,640,755</u>
 Sub-total of cash inflows from financing activities	 <u>556,834,846</u>	 <u>445,906,094</u>
 Cash repayments of borrowings	 150,395,829	 87,416,468
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,577,903	3,503,019
Other cash payments relating to financing activities	<u>412,062,732</u>	<u>352,236,683</u>
 Sub-total of cash outflows from financing activities	 <u>566,036,464</u>	 <u>443,156,170</u>
 Net Cash Flows (used in)/from Financing Activities	 <u>(9,201,618)</u>	 <u>2,749,924</u>
 IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	 <u>26,664</u>	 <u>38,076</u>
 V Net Decrease in Cash and Cash Equivalents	 (3,582,197)	 (455,362)
Add: Opening balance of Cash and Cash equivalents	<u>4,551,152</u>	<u>5,006,514</u>
 VI Closing Balance of Cash and Cash Equivalents	 <u><u>968,955</u></u>	 <u><u>4,551,152</u></u>

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2023

Unit: RMB'000

Items	Attributable to shareholders of the Company							Total	Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits			
I Closing balance of the preceding year	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,102,415	121,108,334	40,800,791	161,909,125
Add: Changes in accounting policies	-	-	-	-	-	-	7,927	7,927	510	8,437
II Opening balance of the current year	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,110,342	121,116,261	40,801,301	161,917,562
III Changes for the year	-	18,900,000	(19,370)	27,004	291,953	414,870	4,749,464	24,363,921	(18,290,318)	6,073,603
(I) Total comprehensive income	-	-	-	26,576	-	-	8,670,405	8,696,981	2,775,688	11,472,669
(II) Shareholders' contributions and reduction in capital	-	18,900,000	(19,370)	-	-	-	(3,140)	18,877,490	(19,582,156)	(704,666)
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	99,130	99,130
2. Capital reduction from shareholders	-	-	-	-	-	-	-	-	(16,738,191)	(16,738,191)
3. Capital contribution from other equity instruments' holders	-	23,400,000	(22,214)	-	-	-	-	23,377,786	3,999,596	27,377,382
4. Capital reduction from other equity instruments' holders	-	(4,500,000)	-	-	-	-	(26,531)	(4,526,531)	(6,892,172)	(11,418,703)
5. Acquisition of subsidiaries	-	-	-	-	-	-	-	-	26,540	26,540
6. Transaction with non-controlling interests	-	-	308	-	-	-	22,888	23,196	(77,415)	(54,219)
7. Others	-	-	2,536	-	-	-	503	3,039	356	3,395
(III) Profit distribution	-	-	-	-	-	414,870	(3,917,373)	(3,502,503)	(1,475,124)	(4,977,627)
1. Transfer to surplus reserve	-	-	-	-	-	414,870	(414,870)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(1,720,060)	(1,198,891)	(2,918,951)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,782,443)	(1,782,443)	(276,233)	(2,058,676)
(IV) Transfers within shareholders' equity	-	-	-	428	-	-	(428)	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	428	-	-	(428)	-	-	-
(V) Special reserve	-	-	-	-	291,953	-	-	291,953	(8,726)	283,227
1. Transfer to special reserve in the current period	-	-	-	-	11,639,390	-	-	11,639,390	792,489	12,431,879
2. Amount utilized in the current period	-	-	-	-	(11,347,437)	-	-	(11,347,437)	(801,215)	(12,148,652)
IV Closing balance of the current year	20,723,619	47,400,000	22,582,222	1,111,475	411,766	3,391,294	49,859,806	145,480,182	22,510,983	167,991,165

2022 (Restated)

Unit: RMB'000

Items	Attributable to shareholders of the Company									
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total	Non-controlling interests	Total shareholders' equity
I Closing balance of the preceding year	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,954,521	107,494,977	43,892,782	151,387,759
Add: Changes in accounting policies	-	-	-	-	-	-	4,097	4,097	182	4,279
II Opening balance of the current year	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,958,618	107,499,074	43,892,964	151,392,038
III Changes for the year	-	4,800,000	(11,327)	1,286,095	107,263	283,432	7,151,724	13,617,187	(3,091,663)	10,525,524
(I) Total comprehensive income	-	-	-	1,389,333	-	-	10,276,187	11,665,520	2,768,628	14,434,148
(II) Shareholders' contributions and reduction in capital	-	4,800,000	(11,327)	-	-	-	-	4,788,673	(4,560,901)	227,772
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	167,902	167,902
2. Capital reduction from shareholders	-	-	-	-	-	-	-	-	(3,980,000)	(3,980,000)
3. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	5,281,797	-	5,281,797
4. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(500,000)	(800,000)	(1,300,000)
5. Others	-	-	6,876	-	-	-	-	6,876	51,197	58,073
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(2,655,092)	(1,600,555)	(4,255,647)
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)	(1,233,724)	(2,850,166)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(1,038,650)	(366,831)	(1,405,481)
(IV) Transfers within shareholders' equity	-	-	-	(5,595)	-	-	5,595	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	(5,595)	-	-	5,595	-	-	-
(V) Special reserve	-	-	-	-	107,263	-	-	107,263	11,988	119,251
1. Transfer to special reserve in the current period	-	-	-	-	9,253,421	-	-	9,253,421	709,371	9,962,792
2. Amount utilized in the current period	-	-	-	-	(9,146,158)	-	-	(9,146,158)	(697,383)	(9,843,541)
(VI) Others	-	-	-	(97,643)	-	-	(191,534)	(289,177)	289,177	-
IV Closing balance of the current year	<u>20,723,619</u>	<u>28,500,000</u>	<u>22,601,592</u>	<u>1,084,471</u>	<u>119,813</u>	<u>2,976,424</u>	<u>45,110,342</u>	<u>121,116,261</u>	<u>40,801,301</u>	<u>161,917,562</u>

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2023

Unit: RMB'000

Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Opening balance of the current year	20,723,619	28,500,000	37,907,129	(4,125)	12,550	2,976,424	5,742,045	95,857,642
II Changes for the year	-	18,900,000	(18,998)	627	-	414,870	231,332	19,527,831
(I) Total comprehensive income	-	-	-	627	-	-	4,148,705	4,149,332
(II) Shareholders' contributions and reduction in capital	-	18,900,000	(18,998)	-	-	-	-	18,881,002
1. Capital contribution from other equity instruments' holders	-	23,400,000	(18,998)	-	-	-	-	23,381,002
2. Capital reduction from other equity instruments' holders	-	(4,500,000)	-	-	-	-	-	(4,500,000)
(III) Profit distribution	-	-	-	-	-	414,870	(3,917,373)	(3,502,503)
1. Transfer to surplus reserve	-	-	-	-	-	414,870	(414,870)	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(1,720,060)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,782,443)	(1,782,443)
III Closing balance of the current year	<u>20,723,619</u>	<u>47,400,000</u>	<u>37,888,131</u>	<u>(3,498)</u>	<u>12,550</u>	<u>3,391,294</u>	<u>5,973,377</u>	<u>115,385,473</u>

2022

Unit: RMB'000

Items	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Opening balance of the current year	20,723,619	23,700,000	37,925,332	(1,554)	12,550	2,692,992	5,846,248	90,899,187
II Changes for the year	-	4,800,000	(18,203)	(2,571)	-	283,432	(104,203)	4,958,455
(I) Total comprehensive income	-	-	-	(2,571)	-	-	2,834,321	2,831,750
(II) Shareholders' contributions and reduction in capital	-	4,800,000	(18,203)	-	-	-	-	4,781,797
1. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	5,281,797
2. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(500,000)
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(2,655,092)
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(1,038,650)
III Closing balance of the current year	<u>20,723,619</u>	<u>28,500,000</u>	<u>37,907,129</u>	<u>(4,125)</u>	<u>12,550</u>	<u>2,976,424</u>	<u>5,742,045</u>	<u>95,857,642</u>

This financial statement is signed by the following person:

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

(I) Basic information of the Company

Metallurgical Corporation of China Ltd. (the “**Company**”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“**CMGC**”) and China Baowu Steel Group Corporation (“**CBSGC**”, formerly named as Baosteel Group Corporation) as promoters on 1 December 2008 and was registered in Beijing in the People’s Republic of China, upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was RMB13 billion, representing 13 billion ordinary shares of RMB1.0 each. On 14 September 2009, the Company issued 3,500 million A shares of the Company to domestic investors and these A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H shares of the Company were issued on 16 September 2009 and listed on the Main Board of The Stock Exchange of Hong Kong Ltd. (the “**Hong Kong Stock Exchange**”) on 24 September 2009. During the course of the issue of A shares and H shares of the Company, CMGC and CBSGC transferred a total amount of 350 million shares of the Company to National Council for State Security Fund (“**NSSF**”) of the PRC and converted 261 million domestic shares into H shares which were transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB19.11 billion.

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

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

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

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

In May 2020, CMGC transferred its 1,227,760,000 A shares of the Company (accounting for 5.92% of the Company’s total share capital) to China National Petroleum Corporation for free. After the completion of the free transfer, China Metallurgical Company’s shareholding and voting rights in the Company were reduced from 55.10% to 49.18%, and CMGC remains as the controlling shareholder of the Company. The controlling shareholder of CMGC is CMC, and the ultimate controller of the Company is SASAC.

The Company and its subsidiaries (the “**Group**”) are principally engaged in the following activities: engineering contracting, resource development, featured business and comprehensive real estate.

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, mining and processing of mineral resources and the production of non-ferrous metal and polysilicon (“**resource development**”), the manufacturing of specialized metallurgical equipment, steel structures, and other metal products, as well as the construction and operation of eco-friendly related engineering projects, along with engineering supervision, consulting, and technical services (“**featured business**”), the development and sales of residential and commercial real estate, the construction of affordable housing, and the primary land development (“**comprehensive real estate**”).

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

The Company's and consolidated financial statements had been approved by the board of directors of the Company on 28 March 2024. In accordance with the Articles of Association of the Company, these financial statements will be submitted to the General Meeting of Shareholders for consideration.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

These financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard and specific accounting standards, implementation guidance, interpretations, other relevant regulations issued subsequently by the Ministry of Finance (the “**MOF**”) (hereinafter collectively referred to as “**ASBEs**”). In addition, the financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public – General Provisions on Financial Reports.

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

2. *Statement of compliance*

These financial statements are in compliance with the ASBEs to truly and completely reflect consolidated and the Company's financial position as at 31 December 2023 and consolidated and the Company's operating results and cash flows for the period then ended.

3. *Accounting period*

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. *Functional currency*

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

(III) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

and other related financial statement items in the earliest period for which the financial statements are presented. The main effects of the retrospective adjustments arising from the above changes in accounting policies on the Group's financial statements are set out below:

The Group

Unit: RMB'000

	Before changes in accounting policies 31 December 2022/ For the year ended 31 December 2023	Changes in accounting policies Adjustments	After changes in accounting policies 1 January 2023/ For the year ended 31 December 2023
Deferred tax assets	6,260,115	8,437	6,268,552
Retained earnings	45,102,415	7,927	45,110,342
Non-controlling interests	40,800,791	510	40,801,301
Income tax expenses	2,357,915	748	2,358,663
Net profit attributable to shareholders of the Company	8,671,585	(1,180)	8,670,405
Net profit attributable to non-controlling interests	<u>2,735,272</u>	<u>432</u>	<u>2,735,704</u>

Unit: RMB'000

	Before changes in accounting policies 31 December 2021/ For the year ended 31 December 2022	Changes in accounting policies Adjustments	After changes in accounting policies 1 January 2022/ For the year ended 31 December 2022
Deferred tax assets	6,056,805	4,279	6,061,084
Retained earnings	37,954,521	4,097	37,958,618
Non-controlling interests	43,892,782	182	43,892,964
Income tax expenses	2,464,644	(4,158)	2,460,486
Net profit attributable to shareholders of the Company	10,272,357	3,830	10,276,187
Net profit attributable to non-controlling interests	<u>2,655,115</u>	<u>328</u>	<u>2,655,443</u>

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

(IV) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB'000

Items	31 December 2023	31 December 2022
Cash	5,675	11,004
Bank deposits	41,006,660	40,427,149
Other cash and bank balances	3,427,934	5,047,260
Total	44,440,269	45,485,413
Including: Total amount of offshore deposits	3,067,248	3,436,973

2. Bills receivable

Unit: RMB'000

Items	31 December 2023			31 December 2022		
	Book value	Provisions for credit losses	Carrying amount	Book value	Provisions for credit losses	Carrying amount
Bank acceptance bills	3,005,711	18,848	2,986,863	2,776,663	5,823	2,770,840
Commercial acceptance bills	2,650,169	53,328	2,596,841	2,398,421	41,836	2,356,585
Total	5,655,880	72,176	5,583,704	5,175,084	47,659	5,127,425

3. Accounts receivable

Unit: RMB'000

Aging	31 December 2023	31 December 2022
Within 1 year	95,681,657	64,731,628
1 to 2 years	20,939,601	19,972,973
2 to 3 years	12,579,164	8,277,928
3 to 4 years	5,857,627	4,296,073
4 to 5 years	3,868,099	3,240,391
Over 5 years	12,227,224	10,457,635
Total book value	151,153,372	110,976,628
Less: provisions for credit losses	21,116,108	17,536,955
Carrying amount	130,037,264	93,439,673

4. Prepayments

Unit: RMB'000

Aging	31 December 2023		31 December 2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	24,058,890	72.64	28,097,869	77.29
1 to 2 years	5,649,833	17.06	5,073,643	13.96
2 to 3 years	1,702,190	5.14	1,631,498	4.49
Over 3 years	1,710,007	5.16	1,549,522	4.26
Total	33,120,920	100.00	36,352,532	100.00

5. Other receivables

(1) Other receivables analyzed by category

Unit: RMB'000

Items	31 December 2023	31 December 2022
Interest receivables	–	11,614
Dividend receivables	112,109	142,428
Other receivables	40,324,195	47,917,675
Total	40,436,304	48,071,717

(2) Other receivables

(a) aging analysis

Unit: RMB'000

Aging	31 December 2023	31 December 2022
Within 1 year	14,240,237	16,339,095
1 to 2 years	6,128,172	14,478,969
2 to 3 years	8,136,986	5,660,108
3 to 4 years	4,416,746	3,361,149
4 to 5 years	3,137,130	3,805,083
Over 5 years	13,799,303	12,572,455
Total book value	49,858,574	56,216,859
Less: provisions for credit losses	9,534,379	8,299,184
Carrying amount	40,324,195	47,917,675

(b) Other receivables categorized by nature

Unit: RMB'000

Nature of other receivables	Book value on 31 December 2023	Book value on 31 December 2022
Deposits, guarantee funds	19,766,030	19,548,227
Advances	10,958,639	13,605,421
Loan receivables from related parties	9,716,294	14,827,983
Receivables on disposal of investments	3,414,423	2,702,393
Reserves	281,480	285,024
Others	5,721,708	5,247,811
Total	49,858,574	56,216,859

6. Inventories

(1) Categories of inventories

Unit: RMB'000

Items	31 December 2023			31 December 2022		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	2,440,668	26,094	2,414,574	3,054,719	40,647	3,014,072
Materials procurement	41,013	10	41,003	29,013	-	29,013
Outsourced processing materials	6,398	-	6,398	7,641	-	7,641
Work in progress	2,175,463	326,968	1,848,495	2,474,626	345,149	2,129,477
Finished goods	2,391,947	115,667	2,276,280	2,928,397	115,787	2,812,610
Turnover materials	499,575	1,014	498,561	535,424	790	534,634
Performance costs of contracts	95,871	-	95,871	64,610	-	64,610
Properties under development	45,192,629	25,734	45,166,895	45,633,743	400,020	45,233,723
Completed properties held for sale	29,244,038	1,516,601	27,727,437	26,310,587	187,736	26,122,851
Total	82,087,602	2,012,088	80,075,514	81,038,760	1,090,129	79,948,631

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

Unit: RMB'000

Items	31 December 2022	Increase			Decrease			Balance at Other 31 December 2023
		Provision	Transfer-in	Other Movements	Reversals	Write-offs	Transfer-out	
Raw materials	40,647	1,226	-	-	2,252	13,527	-	26,094
Materials procurement	-	10	-	-	-	-	-	10
Work in progress	345,149	6,483	-	-	-	24,664	-	326,968
Finished goods	115,787	38,858	-	-	-	34,903	4,075	115,667
Turnover materials	790	230	-	-	5	1	-	1,014
Properties under development	400,020	25,734	-	-	-	-	400,020	25,734
Completed properties held for sale	187,736	1,145,369	400,020	673	-	217,197	-	1,516,601
Total	1,090,129	1,217,910	400,020	673	2,257	290,292	400,020	2,012,088

7. Contract assets

(1) *Presentation of contract assets*

Unit: RMB'000

Items	31 December 2023			31 December 2022		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Contract assets interrelated with engineering contracting services	125,250,114	5,192,720	120,057,394	109,333,033	4,486,893	104,846,140
Contract assets interrelated with quality guarantee deposits	1,950,598	174,283	1,776,315	2,167,042	186,582	1,980,460
Total	127,200,712	5,367,003	121,833,709	111,500,075	4,673,475	106,826,600

(2) *West Australia SINO Iron Mining Project*

In 2012, MCC Mining (Western Australia) Pty Ltd. (“**Western Australia**”), a wholly-owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons such as extreme weather condition in Australia and other unpredictable reasons. The owner of the project is CITIC Limited. The Group negotiated with China CITIC Group Ltd. (“**CITIC Group**”, the parent company of CITIC Limited) for the project delay and the total contract price after cost overruns. CITIC Group and Western Australia signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be within USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD481 million (equivalent to approximately RMB3.035 billion) for the year ended 31 December 2012.

As of 31 December 2023, the first and the second production lines of the project were completed and put into operation. Western Australia and Sino Iron Pty Ltd. (a wholly-owned subsidiary of CITIC Limited) signed the Fourth Supplementary Agreement of SINO Iron Project in Western Australia dated 24 December 2013 for the handing over of the first and the second production lines of the project to CITIC Group at the end of 2013. As such, the construction, installation and trial running work set out in the EPC contract for the project entered into by Western Australia was completed. For the third to sixth production lines of the project, Western Australia and Northern Engineering & Technology Corporation, a subsidiary of the Company, has entered into the Project Management Service Agreement and Engineering Design and Equipment Procurement Management Technology Service Agreement, respectively, with CITIC Group for the provision of follow-up technology management services to CITIC Group. In addition, both the Group and CITIC Group have agreed to engage an independent third party to perform an audit of the total construction costs incurred for the project, the reasonableness of the construction costs incurred, the reasons for the project delay and the responsibility for the delay. Based on the final result of the audit, the Group and CITIC Group will make final settlement of the project.

The Group assessed the accounts receivable and the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses as at 31 December 2023.

On 31 December 2023, the accounts receivable for the above items amounted to RMB1,709,906,000, and the contract assets of the project mentioned above amounted to RMB3,789,318,000. 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

Unit: RMB'000

Items	31 December 2023	31 December 2022	discount range
Long-term receivables on project	59,613,587	41,754,912	3.45%–4.90%
Long-term loans	431,347	234,230	4.20%
Receivables on disposal of equity investments	333,485	333,485	4.90%
Others	615,559	901,755	5.05%
Total carrying amount	60,993,978	43,224,382	/
Less: Provisions for credit losses of long-term receivables	3,081,317	2,486,631	/
Total book value	57,912,661	40,737,751	/
less: Long-term receivables due within 1 year, net	7,087,526	4,896,108	/
Long-term receivables due over 1 year, net	50,825,135	35,841,643	/

9. Bills payable

Unit: RMB'000

Category	31 December 2023	31 December 2022
Bank acceptance bills	29,881,702	36,020,220
Commercial acceptance bills	1,835,388	1,166,160
Total	<u>31,717,090</u>	<u>37,186,380</u>

10. Accounts payable

(1) Presentation of accounts payable

Unit: RMB'000

Items	31 December 2023	31 December 2022
Project fees	157,758,613	118,541,390
Purchases	58,948,809	51,211,608
Labor fees	19,005,437	13,065,735
Retention money	1,842,200	1,383,682
Design fees	523,730	522,101
Others	2,315,350	2,435,618
Total	<u>240,394,139</u>	<u>187,160,134</u>

(2) Aging analysis of accounts payable

Unit: RMB'000

Aging	31 December 2023	31 December 2022
Within 1 year	183,907,341	141,713,545
1 to 2 years	31,403,823	25,759,751
2 to 3 years	12,250,222	8,001,616
Over 3 years	12,832,753	11,685,222
Total	<u>240,394,139</u>	<u>187,160,134</u>

11. Contract liabilities

Unit: RMB'000

Items	31 December 2023	31 December 2022
Contract liabilities relating to engineering contracting service contracts	54,115,408	64,682,231
Contract liabilities relating to pre-sales deposits	6,451,611	4,992,691
Contract liabilities relating to sales contracts	1,952,976	2,663,036
Contract liabilities relating to contracts of other customers	2,299,387	1,678,254
Total	<u>64,819,382</u>	<u>74,016,212</u>

12. Other payables

(1) Other payables disclosed by nature

Unit: RMB'000

Categories	31 December 2023	31 December 2022
Interest payable	15,768	11,139
Dividends payable	1,012,864	452,635
Other payables	39,241,059	27,765,084
Total	<u>40,269,691</u>	<u>28,228,858</u>

(2) *Dividends payable*

Unit: RMB'000

Items	31 December 2023	31 December 2022
Interest on perpetual bonds classified as equity instrument	671,145	117,676
Other dividends	341,719	334,959
Total	<u>1,012,864</u>	<u>452,635</u>

(3) *Other payables*

Unit: RMB'000

Items	31 December 2023	31 December 2022
Current accounts	17,880,541	8,290,054
Security deposits	14,950,524	12,919,347
Guarantee deposits	1,267,489	1,269,546
Others	5,142,505	5,286,137
Total	<u>39,241,059</u>	<u>27,765,084</u>

13. *Operating revenue and operating costs*

Unit: RMB'000

Items	2023		2022	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	632,458,977	571,530,466	591,626,764	534,867,307
Other business	1,411,445	926,383	1,042,308	649,611
Total	<u>633,870,422</u>	<u>572,456,849</u>	<u>592,669,072</u>	<u>535,516,918</u>

14. Taxes and levies

Unit: RMB'000

Items	2023	2022
Stamp duty	349,546	414,030
City construction and maintenance tax	340,352	362,150
Property tax	291,447	227,736
Education surcharges	265,635	278,762
Land appreciation tax	247,233	155,790
Land use tax	115,958	100,693
Others	310,903	331,610
Total	<u>1,921,074</u>	<u>1,870,771</u>

15. Selling expenses

Unit: RMB'000

Items	2023	2022
Employee benefits	1,545,180	1,426,462
Advertising and sales service expenses	679,543	686,974
Travelling expenses	315,818	219,523
Office expenses	209,200	172,189
Depreciation of fixed assets	11,159	15,299
Others	408,416	362,676
Total	<u>3,169,316</u>	<u>2,883,123</u>

16. Administrative expenses

Unit: RMB'000

Items	2023	2022
Employee benefits	8,289,777	7,874,619
Office expenses	825,247	713,510
Travelling expenses	492,296	345,285
Depreciation of fixed assets	455,782	502,983
Professional service fees	417,444	363,081
Lease rentals	236,762	199,781
Amortization of intangible assets	199,702	183,798
Repairs and maintenance expenses	144,543	108,544
Depreciation of right of use assets	129,083	138,291
Others	1,169,675	844,077
Total	<u>12,360,311</u>	<u>11,273,969</u>

17. Research and development expenditure

Unit: RMB'000

Items	2023	2022
Research and development material expenditure	13,688,060	12,559,003
Employee benefits	5,195,915	5,388,874
Depreciation of fixed assets	110,673	125,291
Amortization of intangible assets	22,076	33,280
Others	713,678	626,184
Total	<u>19,730,402</u>	<u>18,732,632</u>

18. Financial expenses

Unit: RMB'000

Items	2023	2022
Interest expenses	3,699,978	3,786,310
Less: Capitalized interests	1,056,668	1,153,236
Less: Interest income	2,001,447	2,423,313
Exchange (gains)/losses	(304,958)	(206,181)
Bank charges	538,441	799,390
Interest expenses of lease liabilities	36,596	37,101
Others	77,179	100,770
Total	<u>989,121</u>	<u>940,841</u>

19. Credit impairment losses

Unit: RMB'000

Items	2023	2022
Loss from impairment of bills receivable	(25,420)	(21,918)
Loss from impairment of accounts receivable	(3,993,114)	(2,291,504)
Loss from impairment of other receivables	(1,412,449)	(1,003,296)
Loss from impairment of long-term receivables	(563,310)	(285,156)
Total	<u>(5,994,293)</u>	<u>(3,601,874)</u>

20. Impairment losses of assets

Unit: RMB'000

Items	2023	2022
Loss from impairment of inventories	(1,215,653)	(24,334)
Loss from impairment of contract assets	(1,126,698)	(313,950)
Loss from impairment of investment properties	(182,465)	–
Loss from impairment of long-term equity investments	(58,331)	(74,476)
Loss from impairment of fixed assets	(16,092)	(632,024)
Loss from impairment of goodwill	(4,240)	(2,743)
Loss from impairment of intangible assets	–	(181,293)
Loss from impairment of other current assets	(1,605)	–
Loss from impairment of other non-current assets	(349,736)	(130,832)
Total	<u>(2,954,820)</u>	<u>(1,359,652)</u>

21. Investment losses

Unit: RMB'000

Items	2023	2022
Gains from long-term equity investments under equity method	506,149	177,712
Investment income on disposal of long-term equity investments	48,027	76,921
Investment income generated by the remeasurement of the equity held before the acquisition date of the business combinations not involving enterprises under common control according to the fair value	–	146,349
Investment loss from disposal of financial assets held-for-trading	(2,539)	–
Investment income from disposal of other non-current financial assets	20,558	–
Investment loss from disposal of receivables at FVTOCI	(342,657)	(331,713)
Investment income from holding investments in other equity instruments	21,469	21,585
Investment income from holding other non-current financial assets	15,650	33,323
Losses from derecognition of financial assets at amortized cost	(1,737,172)	(1,273,573)
Others	(16,830)	(373,818)
Total	<u>(1,487,345)</u>	<u>(1,523,214)</u>

22. Non-operating income

Unit: RMB'000

Items	2023	2022	Recognized in non-recurring profit or loss for the current year
Income from penalty	49,243	28,300	49,243
Government grants	29,340	47,161	29,340
Unpayable balances	58,392	81,727	58,392
Others	151,814	165,867	151,814
Total	<u>288,789</u>	<u>323,055</u>	<u>288,789</u>

23. Non-operating expenses

Unit: RMB'000

Items	2023	2022	Recognized in non-recurring profit or loss for the current year
Litigation Estimated Liabilities	87,021	137,705	87,021
Compensation and default payments	93,760	90,266	93,760
Loss on damage and retirement of non-current assets	21,598	38,050	21,598
Fines and surcharges for overdue payments	19,846	22,733	19,846
Donations	13,410	14,997	13,410
Others	4,219	12,067	4,219
Total	<u>239,854</u>	<u>315,818</u>	<u>239,854</u>

24. Income tax expenses

(1) Income tax expenses

Unit: RMB'000

Items	2023	2022 (Restated)
Current year tax expenses	3,057,845	2,819,274
Deferred tax expenses	(699,182)	(358,788)
Total	<u>2,358,663</u>	<u>2,460,486</u>

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

Unit: RMB'000

Items	2023	2022 (Restated)
Total profit	13,764,772	15,392,116
Income tax expenses calculated at the tax rate of 25%	3,441,193	3,848,029
Effect of difference between applicable tax rate and statutory tax rate	(1,251,099)	(920,534)
Income not subject to tax	(193,007)	(241,265)
Expenses not deductible for tax purposes	183,429	304,492
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(302,165)	(700,706)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	2,004,627	1,323,957
Additional deduction for R&D expenses and others	(1,524,315)	(1,153,487)
Income tax expense	<u>2,358,663</u>	<u>2,460,486</u>

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

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

25. Other comprehensive income

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

Unit: RMB'000

Items	1 January 2023	Attributable to owners of the Company, net of income tax	Less: Retained earnings transferred from other comprehensive income	31 December 2023
Other comprehensive income that will not be reclassified to profit or loss				
Changes in re- measurement of defined benefit obligations	104,173	(75,595)	–	28,578
Other comprehensive income that cannot be transferred to profit or loss under equity method	43	(8)	–	35
Fair value changes in investments in other equity instruments	<u>(125,061)</u>	<u>(5,098)</u>	<u>(428)</u>	<u>(129,731)</u>
Sub-total	<u>(20,845)</u>	<u>(80,701)</u>	<u>(428)</u>	<u>(101,118)</u>
Other comprehensive income that may be reclassified to profit or loss				
Other comprehensive income that may be transferred to profit or loss under equity method	17,744	3,968	–	21,712
Changes in fair value of receivables at FVTOCI	(95,064)	(7,874)	–	(102,938)
Exchange differences on translating foreign operations	<u>1,182,636</u>	<u>111,183</u>	<u>–</u>	<u>1,293,819</u>
Sub-total	<u>1,105,316</u>	<u>107,277</u>	<u>–</u>	<u>1,212,593</u>
Total	<u><u>1,084,471</u></u>	<u><u>26,576</u></u>	<u><u>(428)</u></u>	<u><u>1,111,475</u></u>

Other comprehensive income incurred:

2023

Items	Other comprehensive income before tax for the current year	Less: Other comprehensive income in the previous period is transferred to profit or loss	Less: Income tax expenses	Attributable to owners of the Company, net of income tax	Attributable to non-controlling interests, net of income tax
Other comprehensive income that will not be reclassified to profit or loss					
Changes in re-measurement of defined benefit obligations	(84,349)	-	(2,356)	(75,595)	(6,398)
Other comprehensive income that cannot be transferred to profit or loss under equity method	(8)	-	-	(8)	-
Fair value changes in investments in other equity instruments	(481)	-	2,649	(5,098)	1,968
Other comprehensive income that may be reclassified to profit or loss					
Other comprehensive income that may be transferred to profit or loss under equity method	3,779	-	-	3,968	(189)
Changes in fair value of receivables at FVTOCI	(3,481)	-	564	(7,874)	3,829
Exchange differences on translating foreign operations	143,249	(8,708)	-	111,183	40,774
Total	<u>58,709</u>	<u>(8,708)</u>	<u>857</u>	<u>26,576</u>	<u>39,984</u>

26. Earnings per share

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

All amounts in RMB '000

Items	2023	2022 (Restated)
Net profit for the current period attributable to shareholders of the Company	8,670,405	10,276,187
Including: Net profit from continuing operations	8,670,405	10,276,187
Less: The effect of other equity instruments interest	1,782,443	1,038,650
Net profit for the current period attributable to ordinary shareholders	<u>6,887,962</u>	<u>9,237,537</u>

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

All amounts in thousand shares

Items	2023	2022
Number of ordinary shares outstanding at the beginning of the year	20,723,619	20,723,619
Add: Weighted average number of ordinary shares issued during the year	–	–
Less: Weighted average number of ordinary shares repurchased during the year	–	–
Number of ordinary shares outstanding at the end of the year	<u>20,723,619</u>	<u>20,723,619</u>

(3) *Earnings per share*

Items	<i>RMB/share</i>	
	2023	2022 (Restated)
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	0.33	0.45
Diluted earnings per share	0.33	0.45
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	0.33	0.45
Diluted earnings per share	0.33	0.45
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	<u>N/A</u>	<u>N/A</u>

XII. DIVIDENDS

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2023 amounted to RMB8,670,405 thousand and the undistributed profit of MCC headquarters amounted to RMB5,973,377 thousand. Based on the total share capital of 20,723,619,170 shares, the Company proposed to distribute a cash dividend of RMB0.72 (tax inclusive) for every 10 shares and the total cash dividend is RMB1,492,101 thousand, the remaining undistributed profit of RMB4,481,276 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 17.21% of the net profit attributable to the Shareholders of the Company in the consolidated statement of MCC in 2023, increased by 0.47 percentage point as compared to last year. The above preliminary scheme for profit distribution will be implemented subject to consideration and approval of the Shareholders at the general meeting of the Company. The Company will pay dividends on or before 31 August 2024 subject to approval. Details of the arrangement for the distribution of dividends to Shareholders will be notified by the Company separately.

XIII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in ordinary shares

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

(II) Particulars of Shareholders and de facto controllers

1. Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (<i>Person</i>)	341,313
Total number of holders of ordinary shares as at the end of the last month prior to the disclosure of annual report (<i>Person</i>)	336,675
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (<i>Person</i>)	0
Total number of holders of preference shares with voting rights restored as at the end of the last month prior to the disclosure of annual report (<i>Person</i>)	0

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

Unit: share

Name of Shareholder	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
China Metallurgical Group Corporation	0	10,190,955,300	49.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ⁽²⁾	273,000	2,842,306,951	13.71	0	Nil	0	Others
China National Petroleum Corporation	0	1,227,760,000	5.92	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	0	589,038,427	2.84	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	98,514,048	541,806,706	2.61	0	Nil	0	Others
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others

Shareholding of the top 10 Shareholders not subject to selling restrictions

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types	Number
China Metallurgical Group Corporation	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited ⁽²⁾	2,842,306,951	Overseas-listed foreign shares	2,842,306,951
China National Petroleum Corporation	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited	589,038,427	RMB-denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited	541,806,706	RMB-denominated ordinary shares	541,806,706
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600

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	Number
Explanations on the special account for repurchase of the top ten Shareholders			Not applicable
Explanations on the aforesaid Shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights			Not applicable
Explanations on the connections or parties acting in concert among the aforesaid Shareholders		The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders	
Explanations on the Shareholders of preferred shares whose voting rights have been restored and the number of Shares held			Not applicable

Note (1): Figures in the table were extracted from the Company's register of Shareholders as at 31 December 2023.

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

Participation of top ten Shareholders in lending shares in the margin refinancing business

Applicable Not applicable

Change in the top ten Shareholders from the previous period

Unit: share

Change in the top ten Shareholders from the end of previous period

Name of Shareholder (full name)	In/out during the Reporting Period	Number of lending shares outstanding in the margin refinancing at the end of the period		Number of shares held in Shareholder's general account, credit account, lending shares outstanding in the margin refinancing at the end of the period	
		Total volume	Proportion (%)	Total volume	Proportion (%)
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	Out	2,804,100	0.01	55,608,357	2.68

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

Applicable Not applicable

(III) Particulars of Controlling Shareholder and de facto controllers

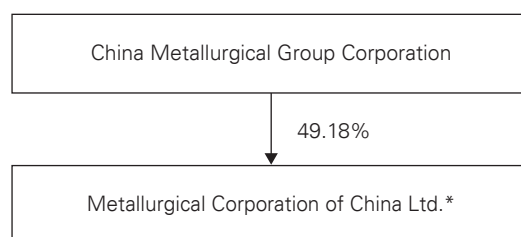
1. *Controlling Shareholder*

(1) *Legal person*

Name	China Metallurgical Group Corporation
Person in charge or legal representative	Chen Jianguang
Date of incorporation	18 December 1982
Principal business operations	General contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technological development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; property development and operation; bidding agent; undertaking various types of international industrial and civilian construction, engineering consulting, surveying, design and leasing of equipment; import and export business; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, surveying, design, supervision and services for construction and installation projects of mechanical and electrical equipment and its related technology; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services. (The Company independently selects operational projects and carries out operational activities in accordance with laws; for projects subject to approval according to laws, operational activities shall be carried out according to the approved contents upon approval by related authorities; and the Company shall not engage in operational activities of projects prohibited or restricted by the municipal industrial policies.)

Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	As at the end of the Reporting Period, CMGC held 27% equity interest in MCC Huludao Nonferrous Metals Group Co., Ltd., which in turn had a shareholding of 20.59% in Huludao Zinc Industry Co., Ltd. (000751). CMGC had a shareholding of 0.31% in PetroChina Company Limited (601857).
Other explanations	Nil.

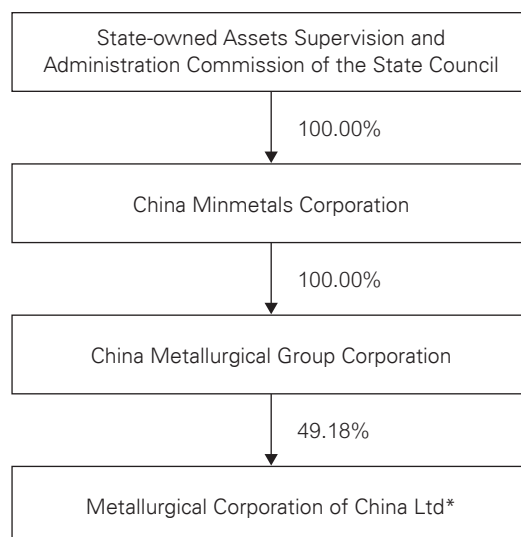
(2) *A diagram showing the equity and relationship between the Company and the Controlling Shareholder*



2. *De Facto Controller*

(1) *The de facto controller of the Company is the SASAC.*

(2) *A diagram showing the equity and relationship between the Company and the de facto controller*



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

During the Reporting Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

XV. RELEVANT INFORMATION ON CORPORATE BONDS

Applicable Not applicable

XVI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as the codes governing the dealings in the Company's securities by the Directors and Supervisors. As the codes governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, all Directors and Supervisors have confirmed that they themselves and their respective associates had fully complied with the required standards provided by the above code during the Reporting Period.

XVIII. WORK REVIEW OF THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee under the Board has reviewed the accounting principles and practices adopted by the Company and its subsidiaries in collaboration with the Company's management, and has discussed with the Directors on matters in relation to the internal control and the financial reporting of the Company, including the review of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

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

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

XX. AUDITOR

As approved by the 2022 Annual General Meeting of the Company, the Company has renewed its appointment to Ernst & Young Hua Ming LLP as the auditor of the financial reports of the Company for the year 2023, the auditor of the semi-annual financial report review and the auditor of the internal control of the Company for the year 2023 for the annual audits and interim review of the financial statements of the Company prepared in accordance with China Accounting Standards.

The certified public accountants who signed off the 2023 audit report of the Company are Zhang Ningning and Zhao Ning.

XXI. PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 will be available on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.mccchina.com) on or before 20 April 2024 for inspection by the Shareholders.

XXII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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

The “Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“State Council”	the State Council of the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	the China Securities Regulatory Commission
“SSE”	the Shanghai Stock Exchange
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HKEx Listing Rules”, “H Share Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“China Minmetals”	China Minmetals Corporation
“MCC20”	China MCC20 Group Corp. Ltd.
“MCC22”	China MCC22 Group Corp. Ltd.
“China ENFI”	China ENFI Engineering Corporation
“CISDI”	CISDI Group Co., Ltd.
“MCC Capital”	MCC Capital Engineering & Research Incorporation Limited

“MCC Coking”	ACRE Coking & Refractory Engineering Consulting Corporation, MCC
“WISDRI”	WISDRI Engineering & Research Incorporation Limited
“MCC Huatian”	Huatian Engineering & Technology Corporation, MCC
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“MCC Ecological Environmental Protection”	MCC Ecological Environmental Protection Group Co., Ltd.
“Shareholders’ Meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*
“Shareholder(s)”	holder(s) of share(s) of the Company
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“Director(s)”	the director(s) of the Company, including all executive, Non-executive and Independent Non-executive Directors
“Independent Director” or “Independent Non-executive Director”	A Director who does not hold any position other than that of Director in the Company and does not have any direct or indirect interest in the Company, its major shareholders or de facto controllers, or any other Director who may influence him/her to render independent and objective judgement
“Supervisory Committee”	the Supervisory Committee of Metallurgical Corporation of China Ltd.*
“Supervisor(s)”	the supervisor(s) of the Company
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Rules of Procedures for Board Meetings”	Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*

“Reporting Period”	from 1 January 2023 to 31 December 2023
“A Share(s)”	the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Connected person(s)”	Connected party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the lawful currency of the United States
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules
“181 research plan” or “‘181’ key research plan”	181 core technology breakthrough targets developed by the Company comprising advanced technological processes, green development, intelligent manufacturing and cutting-edge key technologies

<p>“Goals for ‘one building, two most, five strong’”</p>	<p>the goals established by the Company refers to creating a world-class enterprise with global competitiveness as the guiding principle; building the best full-service solution provider for metallurgical construction and operation with super core competitiveness, the most reliable general contractor in infrastructure with global reputation and domestic leading position as the target; its efforts to build a world-class investment and construction group with strong value creation, market competitiveness, innovative driving force, resource allocation and cultural soft power</p>
<p>“‘2358’ Hierarchy Development Framework for Subsidiaries”</p>	<p>the goal of building a tier-2 hierarchical subsidiaries to be formulated by the Company refers to its efforts to build two subsidiaries with a revenue scale of RMB100.0 billion, three subsidiaries with a revenue scale of RMB70.0 billion, five subsidiaries with a revenue scale of RMB50.0 billion, and eight subsidiaries with a revenue scale of RMB30.0 billion, so as to contribute to the goal of “revenue over 1 trillion” of the Company</p>
<p>“‘5 one’ system”</p>	<p>measures taken by the Company to improve the engineering fulfillment system, including “one” concept to address cognitive issues; enhancement of “one” comprehensive project management system to strengthen the management foundation; development of “one” project management manual to provide standardized guidelines; formulation of “one” target management responsibility letter to improve incentive mechanisms; establishment of “one” informatization platform of project management and control</p>
<p>“1+M+N regional market layout”</p>	<p>the Company’s regional market layout focusing on “1” province where the headquarters of a subsidiary is located (including municipalities directly under the central government, the same below) + “M” key provinces + “N” cultivated provinces</p>

* For identification purposes only

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

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

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

Beijing, the PRC
28 March 2024

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

* *For identification purpose only*