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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)

2020 INTERIM RESULTS ANNOUNCEMENT

OVERVIEW

The highlights of the Company's financial position as at 30 June 2020 and the operating results for the six months ended 30 June 2020 are as follows:

- Operating revenue amounted to RMB180,565 million, representing a year-on-year increase of RMB21,548 million or 13.55% from RMB159,017 million in the first half of 2019.
- Net profit amounted to RMB4,277 million, representing a year-on-year increase of RMB499 million or 13.21% from RMB3,778 million in the first half of 2019.
- Net profit attributable to Shareholders of the listed company amounted to RMB3,592 million, representing a year-on-year increase of RMB435 million or 13.78% from RMB3,157 million in the first half of 2019.
- Basic earnings per share amounted to RMB0.14, and the basic earnings per share in the first half of 2019 amounted to RMB0.13.
- As at 30 June 2020, total assets amounted to RMB488,713 million, representing an increase of RMB30,207 million or 6.59% from RMB458,506 million as at 31 December 2019.
- As at 30 June 2020, total Shareholders' equity amounted to RMB118,741 million, representing an increase of RMB1,835 million or 1.57% from RMB116,906 million as at 31 December 2019.
- Newly signed contracts amounted to RMB465,219 million, representing an increase of RMB83,754 million or 21.96% from RMB381,465 million in the first half of 2019.

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

I. CHAIRMAN’S STATEMENT

Dear Shareholders,

It is not an easy task to start and maintain an enterprise, and results are achieved only by hard work. In the first half of the year, MCC achieved impressive and remarkable results in its “mid-term examination”. We did best in achieving stable growth against the economic downtrend, with the operating performance hitting a record high in the same period. Our most prominent performance is taking the lead and initiatively burdening heavy responsibilities to fight against COVID-19, which fully demonstrates our role as an excellent central enterprise.

During the Reporting Period, the indicators including operating revenue, total profit, net profit and newly signed contract value all hit new highs, and the indicator for asset quality continued to improve. Among them, the operating revenue amounted to RMB180.565 billion, representing a year-on-year increase of 13.55%. Total profit was RMB5.503 billion, representing a year-on-year increase of by 12.72%, of which net profit attributable to Shareholders of the listed company was RMB3.592 billion, representing a year-on-year increase of 13.78%; newly signed contracts amounted to RMB465.219 billion, representing a year-on-year increase of 21.96%. Quality of the contracts continued to improve, and the newly signed individual contracts with value of more than RMB500 million reached a total of RMB268.925 billion, representing a year-on-year increase of 30.16%. The Company has made new achievements in scientific and technological innovation. 4,735 patent applications were filed in the first half of the year, and 2,252 patents were newly granted, accumulating 30,663 effective patents as of the end of the Reporting Period, further improving the quality of its patents. The Company took lead in developing and issued 3 international standards and the national standard “General Technical Requirements for Emergency Medical Modular Isolation Units” (《應急醫用模塊化隔離單元通用技術要求》). It has owned an accumulation of 26 technological innovation platforms at national level, and won 51 National Science and Technology Awards and 73 China Patent Awards, and issued 51 international standards. MCC has shown steady growth trend for substantial development.

At present, the COVID-19 pandemic is still spreading around the world. The world is undergoing profound changes, and the economy is in a deep recession. China’s economic recovery is accelerating, but the basis for sustained recovery is not stable enough. We will judge the situation from a dialectical perspective. We will better prepare ourselves, both at thought and practical work level, to face the external environment changes in the long run. While being assertive, we will pull our efforts to focus on our own development. While emancipating the mind and seeking the right direction, we will spare no efforts to achieve our annual targets, steadily improve the efficiency and the quality, and continue to enhance the brand influence by seizing market opportunities, speeding up the transformation and upgrading, as well as building up the development momentum. Seeking new opportunities in the crisis and opening up new prospects against the changing environment, MCC will strive to pursue a new round of high-quality and leap-forward development.

In terms of industrial optimization and upgrading, we will stand our ground in forging the world's top "national team" for metallurgical construction, accelerate the upgrading and form new advantages. We will persistently increase efforts to build the national team system for the metallurgical construction industry, and develop a super-premium national team. Relying on the iterative upgrade of core technologies, we always ensure our leading position in the industry. We will push ahead with optimization by industry chain consolidation advantages, so as to retain its irreplaceable role in the industry. We will start "second pioneering work" with continuous innovation, aiming to maintain the strong momentum for development all the time. We will build an excellent and main force for infrastructure construction, accelerate the improvement and take it to a new level. We will continue to empower and facilitate the development of the forerunner of the emerging industries, and speed up breakthroughs and explore new sectors.

In terms of market expansion, we will adhere to the market development principle of "herding sheep on the grassland and casting a net at fishpond". We will strengthen the market development leadership building of "the major leaders taking the lead to develop the market, organizing elites and talents to seek opportunities in the market". Meanwhile, we will focus on the goal orientation, be self-motivated and assign responsibilities, and aim to achieve trillion contract value. We will stress and strengthen the systematic advantages and further improve the market development system. We will strive to seize a new round of infrastructure investment opportunities by highlighting the entire process of marketing and further improving the quality of market operation.

In terms of tapping potentials and increasing efficiency, we bear the philosophy of "Saving one cent is easier than earning one cent" in mind. We will adhere to fine management; strengthen cost control of all staff, all factors and the whole process; continue to focus on reducing the controllable expenses and financing costs as much as possible, so as to strictly save various expenses and reduce all kinds of costs.

For the purpose of stringently controlling risks, we will take stability as the top priority and place risk control as an important prerequisite for all business activities, sparing no efforts to strengthen risk management of financial capital, investment control, risk control of overseas business, as well as safety production and flood relief.

With respect to team building, we will continue to practice the pragmatic and enterprising work style, pay close attention to the implementation of works, and vigorously strengthen the construction of capacity to implement and give priority to strengthening the strategic implementation and system implementation. We will properly develop and exchange outstanding young talents, continue to enhance the match and suitability between personnel and posts; strengthen the echelon building of reserve talents and optimize the team structure; proactively forge the work mechanism in which the capable staff take the lead, the excellent staff are awarded, the mediocre staff are subordinated and the unqualified staff are weeded out. In that way, we will strive to build a practical team with integrity and truthfulness, and be able to achieve the substantial performance that live up to the times.

Our original intention remains unchanged, and we will never slack off despite all the difficulties. In spite of the current severe and complex environment, we will stay firm with confidence and determination, be realistic, pragmatic and earnest and make progress every day, and do not slacken the pace. In that spirit, we will strive to write a new chapter of “Focusing on the core business of MCC in building a better MCC”, to create new and greater value for the country, the Shareholders, the society and our employees!

II. BUSINESS OVERVIEW

(I) Explanation on the principal business, operating model and industries in which the Company Engaged during the Reporting Period

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

1. *Engineering Contracting Business*

(1) *Industry Overview*

The COVID-19 pandemic has spread across the globe ever since January 2020. Given this affect, China’s economy was severely impacted with its GDP recording a year-on-year decline. Meanwhile, anti-globalization is on the rise, structural, institutional and periodic problems intertwined in China’s economy, thus increasing economic downward pressure. The constant spread of the pandemic throughout the world directly affected transaction in international businesses and performance of contracts, and control measures adopted by different countries to control the pandemic also brought about far-reaching derivative effects on international businesses.

In the field of metallurgical construction, as the supply-side structural reform continued to advance, the steel industry has gradually shifted from scale adjustment to quality and benefit adjustment, and entered a critical stage to cut ineffective supply and foster new growth drivers. The process of reducing production capacity, adjusting structure, and reinforcing weak links has further accelerated, and application of green and intelligent technologies has sped up, urging the iron and steel companies to continuously increase their investment, thus bringing various market opportunities.

In the field of fundamental construction, China has made greater efforts on countercyclical adjustment, focusing on steadily promoting stability in six areas and security on six fronts, through implementing proactive fiscal policy as well as robust and flexible monetary policy to expand domestic demand, keep external demand stable and facilitate the development of new infrastructure and new-type urbanization and key projects as well as other major projects. As governments at all levels sped up to institute their implementation policies, investment and construction will embrace a peak period in the industry, bringing favorable opportunities to infrastructure market.

As the national strategic planning, including western China development, the construction of China (Hainan) Pilot Free Trade Zone, the integrated regional development of the Yangtze River Delta, coordinated development in the Beijing-Tianjin-Hebei Region, construction of Xiong'an New Area and Guangdong-Hong Kong-Macao Greater Bay Area, has been further advanced, the construction for new infrastructure, new urbanization, large infrastructure projects have been further accelerated. Emerging industries maintained strong growth momentum. Businesses related to these emerging industries, including featured theme project, watershed treatment, soil remediation, prefabricated buildings, will embrace great potential for development.

(2) Operating Results of the Business

Ever since the beginning of 2020, the unexpected COVID-19 pandemic has disrupted the normal economic and social development, posing daunting challenges on corporate operation. “Attaching equal importance to prevention and control of the pandemic and production and operation”, the Company focused on core industries, core areas, core projects and core customers, and made every possible effort to expand engineering market both at home and abroad so as to spare no pain in making up for losses caused by the pandemic, and achieving growth in newly

contracted amount against the downtrend. During the Reporting Period, the newly signed engineering contracts of the Company amounted to RMB449.562 billion, representing a year-on-year increase of 22.65%, further creating a record high. Newly signed metallurgical engineering contracts amounted to RMB62.223 billion, representing a year-on-year decrease of 4.05%, and accounted for 13.84% of the newly signed engineering contracts, representing a decrease of 3.85 percentage points over the same period of 2019. Newly signed non-steel engineering contracts amounted to RMB387.339 billion, representing a year-on-year increase of 28.38%, and accounted for 86.16% of the newly signed engineering contracts, representing an increase of 3.85 percentage points over the same period of 2019. Newly signed overseas engineering contracts amounted to RMB11.281 billion.

The overall operating results of the engineering contracting business in the first half of 2020

Unit: RMB'000

	First half of 2020	% of the total	First half of 2019	Year-on-year increase/ decrease
Segment operating revenue	163,537,270	88.61%	145,074,533	12.73%
Gross margin (%)	9.59	—	9.39	Increase by 0.20 percentage point
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

① Metallurgical Engineering Construction Business

Closely keeping up with the pace of adjustment to the layout and upgrading of domestic iron and steel industry during the Reporting Period, the Company seized market opportunities brought by energy conservation and environmental protection, green manufacturing, smart manufacturing in metallurgical construction, and facilitated further cooperation with key steel enterprises to ensure that its control and absolute dominance in major steel construction projects remain unchanged, and to continuously march towards the high-end of metallurgical value chain. In particular, targeted planning should be made in advance with project development strategies for key projects to ensure that MCC

obtains medium and large projects from major iron and steel enterprises.

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

Unit: RMB'000

Items of revenue	First half of 2020		First half of 2019		First half of 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	<u>31,763,810</u>	<u>19.42</u>	<u>29,393,644</u>	<u>20.26</u>	<u>26,233,380</u>	<u>23.58</u>

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

During the Reporting Period, the Company made great breakthrough in metallurgical construction contract amount, and won bid for a plenty of major construction projects. The Company succeeded in winning the bid for general contracting project for iron-making project section in green fine steel project of Zenith Steel, general contracting project for bid section of rolling steel bar project, general contracting project for sintering and waste heat power generation project and general contracting project for the bid section of coking project with the total contract amount of RMB7.2 billion. As one of the major large-scale industrial projects in Jiangsu in 2020, the project is a high-end green steel industrial park built near a port with high positioning, high planning level and high standard at hundreds of billions of investment. The Company succeeded in contracting general contracting project for cold rolling project in Jingang intelligent industrial park. Integrating such main product lines as pickling, galvanizing, color coating and retreating, the project developed a new model that domestic full cold rolling unit is integrated and supplied by one engineering company, pioneering the supply of domestic full cold rolling unit. In addition, the Company made every possible effort to seize opportunities, and successively entered into contract for steel-making and continuous casting in special steel plate reduction and replacement technical transformation project of Zhongxin Steel, general contracting for iron-making system project, steel-making main and auxiliary facilities project in

relocation of iron & steel for environmental protection, and transformation and upgrading of steel-making and continuous casting project of Wuhan Iron and Steel in Kunming, industrial upgrading of HBIS and 1# and 2# high line project in long product engineering in transformation of capacity in Xuanhua Steel, coke oven system engineering in relocation project for environmental protection of Magang (Hefei), general contracting project for sintering machine engineering covering the area of $2 \times 450\text{m}^2$ in Rizhao Steel in Shandong, thus its position of the national team for metallurgical construction was further enhanced and consolidated.

In overseas market, the Company mainly developed and implemented iron and steel, nonferrous construction and special engineering projects, and undertook projects under EPC, EPC+F, and EPC+pre-planning and post-operation. The Company proposed to win customers with “engagement in early and later stages”, i.e., transformation from bidding for a project to operating a project through early intervention, provision of value-added service, assisting in credit enhancement for financing; and then expansion and extension of service scope through “engagement in later stage”, in order to improve success rate of project marketing.

During the Reporting Period, overseas engineering market operation were confronted with daunting challenges from the pandemic. While making great effort to ensure major projects were conducted on schedule, the Company also further deepened its overseas development strategies, and persistently distinguished itself as the top one brand of “the national team for metallurgical construction” in the world with its first-class design and construction to lead and drive iron and steel industry to high-quality development. In March, No. 1 blast furnace in project of 3.5 million tons of steel at Steel Plant of Dexin Steel Indonesia, which is an iconic project of modern iron and steel production base construction under the Belt and Road Initiative, fired up successfully. Thereafter, the Company entered into the supply contract for nickel iron project (phase II and phase III) with PT.CNI, a company from Indonesia, thus further expanding the Company’s brand influence in construction of nickel iron sector in Southeast Asia. The contract for high-end electrical steel continuous annealing unit used in new energy vehicles signed between the Company and NLMK, a steel giant in Russia, realized the export of China’s cold rolling silicon steel technology and high-end cold rolling equipment to Europe, setting an example for the Company to build intelligent, green silicon steel continuous annealing projects abroad.

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

No.	Name of Project	Contractual Amount (RMB100 million)
Domestic project		
1	Zenith Green Quality Steel (Haimen Port Area of Tongzhou Bay) Project of Zenith Steel Group (Nantong) Co., Ltd. (中天鋼鐵集團(南通)有限公司中天綠色精品鋼(通州灣海門港片區)項目) ^{Note}	72.0
2	Special Steel Plate Reduction, Replacement Technical Transformation Project of Zhongxin Steel Group Co., Ltd. (中新鋼鐵集團有限公司特鋼板材減量置換技改項目)	25.1
3	Engineering General Contracting Project for 2×1,580m ³ Blast Furnace and Supporting Public Auxiliary Facilities in Inner Mongolia Chifeng Zhongtang Special Steel Co., Ltd. (內蒙古赤峰中唐特鋼有限公司2×1,580m ³ 高爐及配套公輔設施工程總承包項目)	16.8
4	Engineering General Contracting Project for Steel-making Main and Auxiliary Facilities Project in Relocation of Iron & Steel for Environmental Protection, and Transformation and Upgrading of Steel-making and Continuous Casting Project of Kunming Iron & Steel Holdings Co. Ltd. of Wuhan Iron and Steel Group (武鋼集團昆明鋼鐵股份有限公司環保搬遷轉型升級煉鋼連鑄工程煉鋼主體及輔助設施工程總承包項目)	10.5
5	Relocation Project of Saint-Gobain Musong Bridge Xuzhou Base in Jiangsu Province (江蘇省聖戈班穆松橋徐州基地搬遷工程項目)	9.5
6	General Contracting Project for Sintering Machine Engineering Covering an Area of 2×450m ² in Rizhao Steel Holding Group Co.,Ltd. in Shandong (山東日照鋼鐵有限公司2×450m ² 燒結機工程總承包項目)	9.0
Overseas project		
1	General Contracting Supply Project for CNI Nickel-Iron in Indonesia (Phase III) (印尼CNI鎳鐵總包三期供貨項目)	11.1
2	Engineering Project for OBI Nickel -Iron in Indonesia (Section I) (印尼OBI鎳鐵項目一標段工程項目)	8.5
3	Supply Project for CNI Nickel-Iron Project in Indonesia (Phase III) (印尼CNI鎳鐵項目三期供貨項目)	5.7

Note: The different bidding sections of the project are implemented by subsidiaries of the Company, i.e. Coking and Refractory Engineering Consulting Corporation, MCC, CISDI Group Co., Ltd., Zhongye Changtian International Engineering Co., Ltd. and MCC Huatian Engineering and Technology Corporation, respectively.

② Non-Steel Engineering Construction Business

1) Housing Construction and Infrastructure Construction

Making continuous effort to keep “focusing on core industries, core areas, core customers and core projects” as its main principle in marketing during the Reporting Period, the Company concentrated its work in the core areas comprising of Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta, urban agglomeration in central China, and urban agglomeration in Chengdu and Chongqing with due consideration to key areas in key cities in the northwest China and southwest China, and achieved sustainable development in such popular areas as national central cities and Xiong’an New Area, Beijing’s sub-center and regions along the “Belt and Road” to improve its regional influence and control. Meanwhile, brand and resource advantages in localities where its subsidiaries operate were maximized to further promote localized marketing quality.

In the urban agglomeration of Beijing-Tianjin-Hebei around Bohai, the Company successively won the bid and entered into contract for a number of major projects, including relevant construction and outdoor supporting facilities construction for renovation project of dilapidated houses in Liupukang, Beijing, project for Hematology Hospital (Tuanbo Hospital), Chinese Academy of Medical Sciences at Jinghai District, Tianjin, construction project for Daoguo Yuncheng in Bazhou, 2017–2018 phase I project for renovation of dilapidated rural houses in Lianchi District, Baoding, and renovation project for dilapidated rural houses in urban village (Liguan Village) in Lubei District, Tangshan City.

In the urban agglomeration of Guangdong-Hong Kong-Macao Greater Bay Area, the Company successively won the bid and entered into contract for a number of major projects, including urban renewal project for Hongji Export Supervised Warehouse in Yantian Street, Shenzhen, general contracting project for construction of Zhaoqing Campus of Guangzhou University Songtian College, general contracting project for urban renewal construction for central area in Nanwan, Longgang District, Shenzhen, general contracting project for construction of pile foundation and main building for basement in Zhuhai Jincheng Innovation Center, civic art center project in Zhuhai Jinwan Airport City, and general contracting project for Shenzhen Eastsea Regence Royale.

In the urban agglomeration of Yangtze River Delta, the Company successively won the bid and entered into contract for a number of major projects, including (phase I) joint plant project for Gigafactory of Shanghai Tesla, relocation and resettlement housing project for line 14 of Shanghai Jiading Rail Transit, relocation and resettlement housing project for Beixing, Changxing Island, Shanghai, construction project for headquarters R&D center in land parcel of Shanghai Qingpu Jingyi Electrical Apparatus, Hangzhou International Technology Innovation Center project of Zhejiang University, and phase I project for intelligent equipment and big data industrial park in Ma'anshan, Anhui.

In the urban agglomeration of central China, the Company successively won the bid and entered into contract for a number of major projects, including phase III project for Yinxiang Hushan in Xinyang, Henan, renovation project for dilapidated rural houses in Shaying River area, Zhoukou City, Henan, west area project in Zhongjia Greentown, Dancheng County, Henan, phase I project for urbanization construction in all areas in Henan Hebi Development Zone, reconstruction community project for Yanling Garden, Dongxihu District, Wuhan City, Hubei, reconstruction community project for Airport New Town, Wuhan City, Hubei, and construction project for R&D center of GAC Mitsubishi Motors Co., Ltd. in Changsha City, Hunan.

In the urban agglomeration of Chengdu and Chongqing, the Company successively won the bid and entered into contract for a number of major projects, including post-disaster reconstruction and rescue and relief project for “17 June” earthquake Changning County education system in Changning, Sichuan, general contracting project for construction of Wulong-Daozhen Expressway (Chongqing section) of Chongqing-Hunan Expressway (section from main urban areas to Youyang), EPC general contracting project for section I and II in construction of public supporting facilities in Dujiangyan, Sichuan, and construction project for connecting track construction in Chongqing-Changsha Expressway (Port Logistics Expressway Tunnel-Shilong interchange section).

In the urban agglomeration of northwest China and southwest China, the Company successively won the bid and entered into contract for a number of major projects, including construction project for Zhuanglang-Tianshui section of S25 Jingning-Tianshui Expressway in Gansu, project for Jiayuguan section of S06 Jiuquan-Jiayuguan Ring Expressway, PPP project for preservation and construction of historical culture in Wuwei, Gansu, PPP project (phase II) for comprehensive reconstruction of campus in Inner Mongolia University for Nationalities, and general contracting project for construction of Fengcheng 7 Road, Xi'an City, Shaanxi, thus showing its considerable growth and development.

Making further cooperation with local governments, large enterprises and other strategic customers, the Company captured market, made breakthrough in high-end market, and realized comprehensive development that integrated investment and financing, construction, operation and other business modes in fundamental construction by flexible applying such business models as PPP, F+EPC and FEPCO. During the Reporting Period, the Company conducted PPP construction projects continuously and steadily to further expand market and increase fundamental construction business. As of the Reporting Period, the Company won bid for 279 PPP projects in aggregate with total project investment of RMB652.037 billion covering such fields as municipal project, transportation, water conservancy construction, tourism, sports and science and technology.

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

Unit: RMB'000

Items of revenue	First half of 2020		First half of 2019		First half of 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction engineering	83,477,320	51.04	67,438,866	46.49	43,267,674	38.90
Transportation infrastructure	32,043,668	19.59	31,022,810	21.38	27,745,846	24.94
Other engineering	16,252,472	9.95	17,219,213	11.87	13,991,327	12.58

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

No.	Name of Project	Contractual Amount (RMB100 million)
Housing construction projects		
1	EPC Project for the Construction of the Cancer Institute of Chinese Academy of Medical Sciences (Langfang Branch) (中國醫學科學院腫瘤醫院分院(廊坊院區)建設工程EPC項目)	47.5
2	Financing (F) + Engineering General Contracting (EPC) Project for the New Campus Construction of Sichuan Institute of Light Industry and Chemical Technology (East) (四川輕化工大學東部新城校區建設工程融資(F)+工程總承包(EPC)項目)	40.4
3	EPC Engineering General Contracting Project for ZJU-Hangzhou Global Scientific and Technological Innovation Center (Phase I) (浙江大學杭州國際科創中心項目一期EPC工程總承包項目)	35.3
4	EPC General Contracting Project for the Survey-Design-Construction of Chengdu "Belt and Road" International Railway Port Comprehensive Park (Phase I)(成都市“一帶一路”國際鐵路港綜合園區建設一期項目勘察-設計-施工總承包EPC標段)	29.5
5	EPC General Contracting Project for the First Section of the Public Facilities (Phase I) in Dujiangyan City in Sichuan Province (四川省都江堰市公共配套工程(一期)一標段EPC總承包項目)	29.1

No.	Name of Project	Contractual Amount (RMB100 million)
6	Project in Zhongjia Greentown West District of Dancheng County in Henan Province (河南省鄆城縣中嘉•綠城西區項目)	28.8
7	Construction Project in Tianyang Innovation Center West District of Hebei Province (河北省天洋創新中心西區建設工程項目)	28.2
8	Engineering Construction (General Contracting) Project for Ukrainian National Tchaikovsky Academy of Music in Hebei Province (河北省烏克蘭柴可夫斯基國際音樂藝術學院工程建設施工(總承包)項目)	28.0
9	EPC General Contracting Project for Shanty Town Renovation in Lianchi District, Baoding City, Hebei Province for the Year 2017-2018 (Phase I) (河北省保定市蓮池區2017-2018年棚戶區改造一期EPC總承包項目)	27.7
10	Construction Project and Outdoor Supporting Project for Dilapidated Houses Refurbishment in Dongcheng No. 18 Courtyard and 1443-01 Plot, 1443-07 Plot in Liupu Kang, Beijing (北京市六鋪炕危舊房改造東城18號院及1443-01地塊、1443-07地塊建設項目及室外配套項目)	27.6

Infrastructure construction projects

1	General Contracting Project for Construction of Rong'an-Congjiang Expressway Phase I Project (Rong'an to Antai Section) (融安至從江高速公路一期工程(融安至安太段)施工總承包項目)	64.1
2	General Contracting Project for Chongqing – Hunan Expressway (Main city to Youyang Section), Wulong to Daozhen (Chongqing Section) Expressway (渝湘複綫(主城至酉陽段)、武隆至道真(重慶段)高速公路施工總承包項目)	36.4
3	EPC General Contracting Project for Heze East Station Plaza Complex and Supporting Projects in Shandong Province (山東省荷澤東站廣場綜合體及配套項目EPC工程總承包項目)	20.0
4	Construction Project of S25 Jingning – Tianshui Expressway (Zhuanglang to Tianshui Section) in Gansu Province (甘肅省S25靜寧至天水高速公路莊浪至天水段工程項目)	19.1
5	PPP Project of S35 Jingtai-Lixian Expressway (Yuannan Section in Longnan) of Transportation Bureau of Longnan City, in Gansu Province (甘肅省隴南市交通運輸局S35景泰至禮縣高速公路院南段(隴南境內)工程PPP項目)	17.0
6	Jiayuguan Section of S06 Jiuquan-Jiayuguan Ring Expressway in Gansu Province (甘肅省S06酒(泉)嘉(峪關)繞城高速公路嘉峪關段)	16.6
7	Engineering Project for the South Extension of Zizhou Avenue (Provincial Highway 424 Dalin – Renshou Section) in Tianfu New District, Meishan, Sichuan Province (四川省眉山天府新區梓州大道南延線(省道424大林至仁壽段)工程項目)	16.2

No.	Name of Project	Contractual Amount (RMB100 million)
8	Concession Project of Expressway from Mengyuan to Guanlei Port, Mengla County, Yunnan Province (雲南省勐臘縣勐遠至關累口岸高速公路特許經營項目)	15.7
9	Phase I Project of Panda Base Expansion of Comprehensive Habitat Restoration Project (East and West Zones)(South Zone) for the Around-city Ecological Zone in Chengdu City, Sichuan Province (四川省成都市環城生態區生態修復綜合項目(東、西片區)(南片區)施工熊貓基地擴建一期標段項目)	15.1
10	Lushan (Dapanshan) Tunnel Project of the Connection Line from Fuyang 320 National Highway to Fuyang Bridge (富陽320國道至富陽大橋連接線鹿山(大盤山)隧道工程項目)	14.6

Other projects

1	Longyan Smart Home Industry Project in Fujian Province (福建省龍岩智慧居家產業項目)	40.0
2	12 Inch Logic Integrated Circuit Manufacturing Project of Jinan High-tech Zone, Shandong Province (山東省濟南高新區12英寸邏輯集成電路製造項目)	29.0
3	Yingshang Energy Storage and Electronic Packaging Materials Industrial Park and Supporting Residential Design-Construction Integrated Project in Fuyang City, Anhui Province(安徽省阜陽市潁上儲能與電子封裝材料產業園及配套住宅設計-施工一體化項目)	21.0
4	Procurement and General Contracting Project of 1.4 Million Tons Annual Carbonization Chamber with 6.25 Meters Tall Tamping Coke Furnace of Shanxi Lu'an Coking Co.,Ltd. (山西潞安焦化有限責任公司140萬噸年炭化室高度6.25米搗固焦爐項目採購、施工總承包項目)	16.6
5	General Contracting Project of Qingdao FCP Fuel Cell and Drive System (青島市FCP燃料電池及驅動系統工程施工總承包項目)	12.5
6	The Tesla Gigafactory Project (Phase I) -Joint Plant of 3A and 3B, and Ancillary Engineering Projects(特斯拉超級工廠項目(一期)-聯合廠房3A、3B及附屬工程項目)	9.6

Overseas projects

1	General Contracting Project (Engineering + Construction) for Wanli Rainforest Northern Park in Singapore (新加坡萬禮生態雨林北部公園總承包工程(設計+施工)項目)	12.6
2	General Contracting Project for Yuetai Phnom Penh Harbour Urban Complex Project in Cambodia (Phase III) (柬埔寨粵泰金邊港城市綜合體項目三期施工總承包工程項目)	7.4

2) Emerging Industries

During the Reporting Period, in accordance with the requirements of the “forerunner in the emerging industries to re-accelerate, re-expand and re-innovate”, the Company exerted efforts on emerging industries, and made major breakthroughs in areas such as urban integrated subterranean pipeline corridor, featured theme engineering, sponge city, beautiful countryside and smart city, healthcare and senior care, and environment improvement through resource integration, technological advancement, marketing model adjustment to constantly increase its competitiveness in emerging markets. The Company strove to seize market opportunities by leveraging the advantages of its specialized technology in certain research institutes of specialized technologies, so as to provide customers with all-round and comprehensive services along the entire industry chain.

In the urban integrated subterranean pipeline corridor field, as the earliest constructor of the integrated subterranean pipeline corridor in the PRC, the Company is able to provide investment, consultation, planning, survey, design, construction, supervision and operating services, with professional comprehensive capability and overall strength in the whole process of the projects and entire industrial chain. During the Reporting Period, the Company signed contract for a number of integrated pipeline corridor projects with great social influence in Hebi (Henan), Zhaotong (Yunnan), Shenzhen and Xi'an. As at the end of the Reporting Period, the Company won the bid for pipeline corridor PPP and EPC projects with an accumulated mileage of over one thousand kilometers, and continued to maintain its leading position in the domestic integrated pipeline corridor market.

In eco-environmental protection improvement, the Company bore in mind the concept that “Lucid Waters and Lush Mountains are Invaluable Assets”. By relying on various design and research institutes of MCC, the Company focused on key development of markets such as general treatment of river basins, general treatment of black odorous water, municipal wastewater treatment, waste-to-energy, and soil and mine remediation, and

built the waste treatment brand of MCC characterized by “One Low Three High”, namely “low cost, high standard, high technology and high quality”, thereby continuously expanding its market share. In the first half of the year, the Company won the bid and entered into contract for a number of major projects, including treatment project for geological environment of mines in the mining areas in the east of Sanhe, Langfang City, Hebei (Phase V), section II in phase II batch III construction for comprehensive ecological restoration project (east and west zones) in ecological zones around the city of Chengdu, general contracting for design and construction of comprehensive water environment treatment project (phase I) Shujia River (north section) of basin of Fujiang River in Hi-tech District, Suining, general contracting for construction of section II in demonstration city construction project for urban black and odorous water treatment in Zhaotong City, and PPP project for upgrading construction for sewage treatment plant in Zhuozhou.

In the field of special theme projects, the Company, as the world’s largest contractor for theme park construction with the only professional design institute for theme parks in China, is the country’s one and only enterprise qualified for both theme park design and the execution of entire construction projects. During the Reporting Period, the first domestic canyon swing developed, manufactured and installed independently by the Company passed the on-site test performed by China Special Equipment Inspection and Research Institute, signifying that the equipment obtained national recognition, thus further enhancing the Company’s leading role in the field of domestic amusement products. In the first half of the year, the Company won the bid and entered into contract for such major projects as construction project for Paramount film theme park, villa area and supporting facilities in Xianshan International Cultural Village in Xiangyang, Hubei, and project engineering for Expo Park of 2021 Yangzhou World Horticultural Expo, further displaying its brand influence and industrial competitiveness in the field of theme parks.

In the healthcare and senior care field, the Company conformed to the development trend of the industry and the pressing needs in demand of the market by adopting the double innovative mode of “research institute + healthcare and senior care investment platform”. Leveraging the technological advantage of the Healthcare and Senior Care Industry Technology Research Institute of MCC, the Company offered owners with all-round and comprehensive services of “healthcare, rehabilitation, senior care, health-consciousness, fitness, travel and culture” with professional and full-range perspectives.

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

No.	Name of Projects	Contractual Amount (RMB100 million)
Urban Integrated Subterranean Pipeline Corridor Projects		
1	General Contracting of Design, Procurement and Construction of the Integrated Pipeline Corridor (Channel) Project in Hebi East District, Henan Province (河南省鶴壁東區綜合管廊(溝)項目設計、採購及施工項目工程總承包)	17.8
2	General Contracting of Phase I Construction of the Integrated Subterranean Pipeline Corridor in Zhaoyang District, Zhaotong City, Yunnan Province (雲南省昭通市昭陽區地下綜合管廊(一期)項目施工總承包合同)	8.8
Theme Park Projects		
1	Paramount Film Theme Park, Villa Area and Supporting Facilities in Xianshan International Cultural Village in Xiangyang, Hubei (湖北省襄陽市峴山國際文化村派拉蒙影視主題樂園、別墅區及配套工程項目)	15.2
2	Project Engineering for Expo Park of 2021 Yangzhou World Horticultural Expo (2021揚州世界園藝博覽會世博園項目工程)	7.5
3	General Contracting (EPC) of Wuzhou Guangxin Forest Park Project in Guangxi Province (廣西梧州市廣信森林公園項目(EPC)工程總承包)	6.2

No.	Name of Projects	Contractual Amount (RMB100 million)
Environmental Improvement Projects		
1	Supplementary Agreement(III) to EPC General Contracting Contract of Comprehensive Treatment PPP Project of Water Environment for the Central City of Ma'anshan in Anhui Province (安徽省馬鞍山市中心城區水環境綜合治理PPP項目EPC總承包合同補充協議書(三))	16.2
2	Geological Environmental Treatment Project (Phase V) for Mines in the Mining Areas at the East of Sanhe, Langfang City, Hebei Province (河北省廊坊市三河東部礦區礦山地質環境治理工程(五期項目))	10.5
3	Phase II, Batch III, Second Section of the Construction of Comprehensive Ecological Restoration Project for the Chengdu Around-city Ecological Zone (East and West Zone) (成都市環城生態區生態修復綜合項目(東、西片區)二期三批次施工二標段)	6.1
4	Design-Construction General Contracting of Comprehensive Water Environment Treatment Project (Phase I) of Shujia River (South Section), Fujiang River Basin, Suining High-tech Zone (遂寧高新區涪江流域舒家河(北段)水環境綜合治理項目(一期)設計-施工總承包)	5.5
Health Care and Featured Town Projects		
1	Zhuoyaoal Dream Town Project in Weihai of Shandong Province(山東省威海卓亞奧萊夢想小鎮項目)	9.4
2	General Contracting of Fuyang Changkou "Micro Town" Project (富陽場口“微鎮”項目工程總承包項目)	9.3

2. ***Property Development Business***

(1) *Industry Overview of Property Industry*

In 2020, as industrial reform guided by the policy of “houses should be built for living, not for speculation” has accelerated, housing development shifted from the short-term extensive growth for excessive profit to long-term sustainable development that obtains land rationally, improves efficiency and promotes quality. Affected by COVID-19 pandemic, government authorities in all cities and provinces required work suspension in real estate and construction sites in February 2020, thus the sales departments in various cities were closed. Sales of new houses almost stopped in February and March, but the market gradually restored to normal in April, and business reopen in real estate has accelerated with

continuous improvement in production in the industry since May. In terms of market opportunities, even though the pandemic accelerated market segmentation and resource integration in real estate industry, it also brought opportunities for new businesses. Competitions in real estate market will focus on urban layout, brand effect, product quality, and operation and management efficiency of real estate enterprises.

(2) *The Operating Results of the Business*

Weighted by the policies relating to “de-stocking” and “restrictions on property purchase and credit grant” during the Reporting Period, the Company adopted different policies that were tailored to characteristics of each category and of each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. In the first half of the year, through market tender, the Company acquired 4 land parcels with site area and permissible gross floor area of 76,300 sq.m. and 145,000 sq.m. respectively. During the Reporting Period, the amount invested by the Company in property development was RMB15.109 billion, representing an increase of 59.89% as compared with that in the corresponding period last year. The new construction area was 1,538,000 sq.m., representing an increase of 85.41% as compared with that in the corresponding period last year, while completed area was 1,055,300 sq.m., representing an increase of 0.11% as compared with that in the corresponding period last year.

The overall operating results of the property development business in the first half of 2020

Unit: RMB'000

	First half of 2020	% of the total	First half of 2019	Year-on-year increase/ decrease
Segment operating revenue	13,110,589	7.10%	10,385,089	26.24%
Gross margin (%)	20.37	-	27.64	Decreased by 7.27 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

- ① Zhuhai MCC Yijing Mansion Project. The project is located in the international residential area planned by Hengqin Free Trade Area. The land parcel is the first land parcel solely for residential purpose in the international residential area, and the first land parcel transferred by Hengqin Free Trade Area solely for residential purpose since 2013. The project covers a site area and permissible gross floor area of 170,000 sq.m. and 230,000 sq.m. respectively, with an integrated plot ratio of 1.35. In addition, the project lies against mountain and is faced with sea, which is a scarce low-density landscape residential project in Hengqin New Area and even in Zhuhai. Project phase I started its first sales on 28 June 2018, and began completion acceptance on 22 June 2020; project phase II started its sales on 24 May 2020, and it is in the process of construction of its main structure with completion acceptance to be conducted in June 2021.
- ② Qinhuangdao Zhongye Dexian Huafu Project. The project is located in Qinhuangdao development zone, which is recognized as popular property development areas in Qinhuangdao. The project covers a site area and permissible gross floor area of 37,600 sq.m. and 74,600 sq.m. respectively, with an integrated plot ratio of 1.98. Its construction was conducted in August 2018, while sales started in October 2019. As a large intelligent community integrating low-density foreign-style houses, small high-rise buildings, and business street covering an area of approximately 30,000 sq.m., office building with high standards and other comprehensive businesses built by MCC in Qinhuangdao after Dexian Mansion was constructed, the project attracted high-end customers who desired to improve their living environment with the concept of green, health and intelligence as well as the brand advantage of the first health experience hall in Qinhuangdao.
- ③ Shijiazhuang Zhongye Dexian Huafu and Dexian Shengshi Plaza Project. Located in Xinhua District, Shijiazhuang City, the project enjoys convenient transportation and favorable geographical location as it sits near Zhonghua Street and North Second Ring Highway. The project covers a site area and permissible gross floor area of 103,200 sq.m. and 332,400 sq.m. respectively, with an integrated plot ratio of 2.8 for residential property and 4.5 for commercial property.

Its construction started in April 2019, and sales began in October 2019. The phase I residential houses are expected to be delivered at the end of 2020.

- ④ Qingdao Zhongye Dexian Mansion Project. Located in the West Jimo District, Qingdao, the project enjoys planning advantages in the development of main urban areas in Jimo moving towards west, and has supporting resources such as quality school access resources and industrial markets, making it a popular property project in Jimo District over the past few years. The project covers a site area and permissible gross floor area of 190,100 sq.m. and 359,500 sq.m. respectively, with an integrated plot ratio of 2.0 for residential and commercial land and 1.5 for amusement park. Its construction started in June 2020, and the selling is expected to begin in October 2020. The project was awarded “2020 China TOP 100 Value Property Project” in Seminar for “Trends in Property Market in the First Half of 2020” held by China Real Estate Index System and China Index Academy.

3. *Equipment Manufacturing Business*

(1) *Industry Overview*

Even since the “13th Five-year Plan”, China has adopted such strategies as the “Belt and Road Initiative” and Made in China 2025. With the acceleration of industrial transformation and upgrading and structural adjustment, the metallurgy equipment manufacturing industry embraced important reform and development opportunities. In the future, advanced technology, digitalized equipment, intelligent production and green process will become the development trends in China’s metallurgy equipment manufacturing industry.

With its structural advantages such as sound mechanical properties and high levels of industrialization and recyclability, steel is extensively applied to areas including super high-rise, large-span spatial structure and infrastructure, and is increasingly valued by governments and recognized in markets. With the rapid development in building industrialization and industrialization of houses with steel structure, building industrialization, standardization and greening represented by fabricated steel structures will become the main development direction in steel structure industry in China in the future.

(2) The Operating Results of the Business

The business of the Company's equipment manufacturing segment mainly includes research and development, design, manufacturing, sale, installation, fine-tuning, inspection, repair and other relevant services of metallurgical equipment and its spare parts, steel structures and other metal products.

Closely keeping pace with layout adjustment and industrial upgrading in China's steel industry, the Company adopted energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points to accelerate and facilitate productization and industrialization of core technologies in equipment manufacturing sector. In addition, the Company also integrated competitive upstream and downstream business resources, included core equipment manufacturing into equipment industry park for unified management, put core technologies developed by the Company into fuse box to be sold and delivered along with its products to the "Belt and Road" regions and all over the world, and developed equipment manufacturing business into the "Hard Support" of the national team, the "Incubator" of new products for metallurgical equipment and the "Carrier" for the "MCC Equipment" brand. The Company has seized the great opportunities brought by China's great efforts to promote fabricated steel structure buildings, and facilitate industrial transformation and upgrading, reduce costs and enhance efficiency by making good use of "5G, AI, Internet+" and other technologies. Moreover, the Company will also keep improving its resource allocation in steel structure business to maximize the Company's integration advantages in the whole industry chain integrating R&D, design, production, installation, detection and maintenance in steel structure business so as to build core competitiveness in "MCC Steel Structure" brand on an ongoing basis.

Over the past few years, construction quality of various steel structures in buildings constructed by the Company all reached leading level in China. In the first half of 2020, 10 steel structure projects constructed by the Company, including construction for section I in phase II expansion of terminal in Haikou Meilan International Airport, phase III project for Nanjing International Expo Center, amusement facility project for section V of Universal Beijing Film Theme Park, were awarded "Steel Structure Gold Award in China" in the 14th "Steel Structure Gold Award in China" by China Construction Metal Structure Association, further displaying influence and core competitiveness of "MCC Steel

Structure” brand.

During the Reporting Period, the Company won the bid successively for several projects, including steel structure construction (phase II) for Zhuhai Hengqin Headquarter Building, supply project for steel structure construction in one stadium and three centers of Lanzhou Olympic Sports Center project, steel structure construction for opening ceremony venue of Asian Beach Games in Sanya City, construction project for trestle steel box girder in Laayoune, Morocco, steel structure construction for outdoor viaduct for phase III project of Hangzhou Xiaoshan International Airport, thus further enhancing its market position in high-end steel structure field.

The overall operating results of the equipment manufacturing business in the first half of 2020

Unit: RMB’000

	First half of 2020	% of the total	First half of 2019	Year-on-year increase/ decrease
Segment operating revenue	4,794,479	2.60%	3,728,240	28.60%
Gross margin (%)	14.78	–	11.40	Increased by 3.38 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

4. Resources Development Business

(1) Industry Overview

Since the first half of the year, impacts of COVID-19 pandemic, coupled with “anti-globalization” and other factors, have resulted in the great fluctuations in international crude oil and commodity markets in 2020. In March, prices of such metal as LME copper, nickel, lead and zinc dropped rapidly with the lowest price reaching USD4,371/ton, USD10,865/ton, USD1,570/ton and USD1,763/ton in the market respectively. As China gradually

controlled the spread of COVID-19 pandemic, social and economic development resumed to normal status, and major countries in Europe and US introduced various stimulus policies, prices of such metal as LME copper, nickel, lead and zinc recovered unstably in the second quarter. In the first half of 2020, the average price of LME copper, nickel, lead and zinc amounted to USD5,509/ton, USD12,511/ton, USD1,764/ton and USD2,053/ton respectively, but there remained great drop as compared with the average price in corresponding period of 2019 and average price in the whole year of 2019. Given that recession in the world economy in 2020 is a fait accompli, international mining market will be impacted, and mining enterprises will face greater challenges and pressure.

	Average price in the first half of 2019 (USD/ton)	Average price in the year of 2019 (USD/ton)	Average price in the first half of 2020 (USD/ton)	Increase/ decrease as compared to the first half of 2019	Increase/ decrease as compared to the year of 2019
LME copper	6,181	6,030	5,509	-10.87%	-8.64%
LME nickel	12,392	13,993	12,511	0.96%	-10.59%
LME lead	1,972	2,007	1,764	-10.55%	-12.11%
LME zinc	2,670	2,513	2,053	-23.11%	-18.30%

Source: WIND, LME

(2) The Operating Results of the Business

Striving to overcome impacts from COVID-19 pandemic in its resources development business during the Reporting Period, the Company made continuous effort to update prevention and control plan and contingency plan by adopting measures according to local situations and time, strictly implemented various pandemic prevention and control measures, and reserved sufficient supplies for prevention and control, living materials and production materials, so as to ensure that no cases occur within the project sites. Meanwhile, as staff could not returned to project site in China, the Company transferred personnel and resources reasonably to conduct key production, key maintenance and key construction so as to ensure projects were operated normally. Besides, the Company continuously optimized various production technical indicators, and focused on reducing cost and enhancing efficiency to make every possible effort to finish the specified production and operation plan for the whole year.

Overall Operations of Resources Development Business in the first half of 2020

Unit: RMB'000

	First half of 2020	% of the total	First half of 2019	Year-on-year increase/ decrease
Segment operating revenue	1,479,442	0.80%	2,268,661	-34.79%
Gross margin (%)	20.80	–	19.15	Increased by 1.65 percentage points

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

The progress of the Company's major mine resources projects under production are as follows:

① Papua New Guinea Ramu Nico Project

As a benchmark project for the world's lateritic nickel mine, the project continued to reach the production target and meet the required standards. In the first half of the year, the project produced nickel hydroxide, which contained 16,239 tons of nickel and 1,375 tons of cobalt, which are basically equal to those of the corresponding period of 2019. However, due to the impact of the pandemic, the sales of nickel hydroxide contained 13,664 tons of nickel and 1,166 tons of cobalt, representing a decrease of 14.8% and 21.2% respectively compared to those of the corresponding period of 2019.

② Pakistan Duddar Lead-Zinc Mine Project

In the first half of the year, due to insufficient manpowers arising from failing to return to work under the epidemic situation, and technical renovation, inspection and repair, the project produced 30,809 tons of zinc concentrate ore and 5,418 tons of lead concentrate ore, representing a decrease of 15.6% and 16.4% respectively compared to that of the corresponding period of 2019. Meanwhile, restricted by measures introduced by local governments such as shutdown, sales of the site concentrate products had ground to a standstill. As of the end of June, the sales only achieved 24,349 tons of zinc concentrate ore and 2,952 tons of lead concentrate ore, representing a decrease of 22.7% and 57.5% respectively compared to that of the corresponding period of last year.

③ Pakistan Saindak Copper-Gold Mine Project

In the first half of the year, the mining, processing and production of the project exceeded the schedule, and produced 8,353 tonnes of copper concentrate. However, due to the outbreak of COVID-19 epidemic, the Chinese employees of the smelter who were on leave in China were unable to return to work as planned and failed to produce crude copper products in the first half of the year. On 6 June, after implementing strict epidemic prevention and control measures and medical isolation and observation, employees officially returned to work and resumed production. After maintenance test and trial run, the smelter successfully ignited and resumed production on 9 July.

With the recent stabilization and recovery of nickel, copper, lead and zinc prices, the Company's overseas mining projects in production will strive to overcome the impact of the COVID-19 epidemic, strengthen production organization, increase sales efforts, open up sales channels and transportation routes, gradually reduce inventory, and strive to achieve the set production and operating objectives for the whole year.

(II) Analysis on Core Competitiveness during the Reporting Period

In ferrous metallurgy field, the Company, being a metallurgical engineering contractor with the longest operating history and strongest capabilities in professional design, construction and service in China, has monopolistic and leading advantages with the service capacity for the whole industrial chain from design, manufacturing, construction to operation, so most of the metallurgical engineering projects are designed and constructed by the Company. The Company also masters various leading domestic or even international metallurgical processes and core technologies in consultation, mining and processing, raw material field, coking, sintering, pelletizing, iron-making, steel-making, continuous casting, hot rolling and cold rolling, providing strong technological support for its competitiveness in main industries. Over the past few years, while maintaining its leading role in metallurgical industry, the Company made active effort to expand its business in non-metallurgical engineering and real estate to facilitate transformation and upgrading in its business structure and steadily increase its comprehensive market competitiveness.

In project construction field, the Company, as one of the world's largest engineering contracting companies, has strong construction and technical advantages in housing construction, steel structure, prefabricated buildings, real estate, municipal infrastructure, comprehensive industrial engineering construction and equipment installation.

In nonferrous metallurgy and resource development field, the Company has established a design institute with the strongest comprehensive strength in nonferrous metallurgy in China, possessed well-developed mine, smelting process and equipment technologies of copper, lead, zinc, nickel and plenty of other metal, and developed digital measurement and geographic information system and geotechnical engineering investigation technology for complicated geological conditions. In terms of metallurgical mining, the Company plays a leading role in large-scale underground iron ore mining technology and large-scale open mining technology in China.

In energy conservation and environmental protection field, the Company embraces such core technologies as complete technology for self-decomposition and stabilization of steel slag, application technology of steel slag powder and steel slag composite powder, and waste-to-energy in disposal of solid waste; complete technological equipment for comprehensive wastewater treatment and reuse in industrial enterprises, nitrogen and phosphorus removal process and sludge reduction technology, and high chroma wastewater treatment technology in sewage treatment. In addition, the Company has mastered activated carbon purification technology, coordinated control technology and equipment for multi-pollutants in sintering flue gas, and fine dust control technology and equipment in smoke-gas treatment, and has developed remediation technology for sites contaminated by volatile organic compounds, semi-volatile organic compounds, pesticides, heavy metals and various pollution factors in ecosystem. Moreover, the Company has created thermochemical power generation technology for low-grade industrial waste gas, technology of safe, clean and efficient power generation with low calorific value gas in metallurgical industry, and cascade heat recovery technology for sintering waste heat in application of low-grade energy.

In emerging industries field, with its one-stop service capability in planning, investigation, design, construction, and operation service in urban integrated pipeline corridor sector, the Company has set up technical and standard system, and developed leading technologies in investigation, multi-disciplinary collaborative design, foundation treatment under complicated conditions, protection and construction of underground obstacles, installation and maintenance of different medium pipelines, intelligent pipeline network, and fabricated steel composite pipeline corridor. With system planning and design capability for one core business and several sectors in the construction of beautiful villages, the Company has created

special technology construction of rural roads, complete technology of domestic sewage treatment, and treatment technology for solid waste (livestock manure), and has developed tailored product system designed for resources in villages. In smart city field, the Company has developed a number of technologies, including intelligent energy, intelligent pipeline network, intelligent water, monitoring on environmental protection, intelligent transformer substation, and intelligent parking management. Built technical and standard system in sponge city with a number of such patented technologies as drainage kerb and asphalt road with drainage structure, the Company has created model and technology for rain and flood in sponge city covering complete technology in the low influences in “permeation, retention, storage, purification, application and drainage”. In the field of construction for theme park, the Company has built new materials for theme park and construction technical and standard system for theme park, developed a series of products in painted paint, epoxy glass fiber reinforced plastic, acid soft color agent and spray mortar, and created construction method of plastic stone rockery in theme park, GRC construction technology and application method, and wastewater discharge technology and treatment method for construction of large plastic stone rockery. In the field of treatment for water environment, the Company has developed core technologies in water environment management and ecological restoration of rivers and lakes, treatment and reuse of industrial wastewater, construction and operation of urban sewage treatment pipeline network, efficient water treatment equipment and biological agents, including synergistic removal technology for biological nitrogen and phosphorus removal from sewage, treatment technology for high chroma wastewater, efficient clarification and chemical degreasing technology, highly efficient self-priming hybrid surface aeration equipment and technology. In the field of healthcare and senior care, the Company set up standards for the construction of a livable environment for the elderly and other technical and standard system in healthcare and senior care industry, developed “Health Keeper” application system, and created application technology for information integration in intelligent healthcare and senior care community and application technology of senior care building ecological environment system. In the field of fabricated building, the Company has established Chinese National Engineering Research Centre for Steel Construction, obtained recognition for 5 fabricated building industrial bases from the Ministry of Housing and Urban-Rural Development, developed fabricated concrete structural system, fabricated steel-mixed structure system, fabricated low-energy building system with MCC characteristics, and fully grasped design method of fabricated integral concrete structure as well as design, manufacturing and modular installation technology in fabricated steel structure.

No major changes in the Company’s core competitiveness occurred during the Reporting Period.

III. FINANCIAL HIGHLIGHTS

(I) Overview

The highlights of the Company's financial position as at 30 June 2020 and the operating results for the six months ended 30 June 2020 are as follows:

- Operating revenue amounted to RMB180,565 million, representing a year-on-year increase of RMB21,548 million or 13.55% from RMB159,017 million in the first half of 2019.
- Net profit amounted to RMB4,277 million, representing a year-on-year increase of RMB499 million or 13.21% from RMB3,778 million in the first half of 2019.
- Net profit attributable to Shareholders of the Company amounted to RMB3,592 million, representing a year-on-year increase of RMB435 million or 13.78% from RMB3,157 million in the first half of 2019.
- Basic earnings per share amounted to RMB0.14, and the basic earnings per share in the first half of 2019 amounted to RMB0.13.
- As at 30 June 2020, total assets amounted to RMB488,713 million, representing an increase of RMB30,207 million or 6.59% from RMB458,506 million as at 31 December 2019.
- As at 30 June 2020, total Shareholders' equity amounted to RMB118,741 million, representing an increase of RMB1,835 million or 1.57% from RMB116,906 million as at 31 December 2019.
- Newly signed contracts amounted to RMB465,219 million, representing an increase of RMB83,754 million or 21.96% from RMB381,465 million in the first half of 2019.

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

(II) Operating Revenue from Principal Business Segments

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

1. *Engineering Contracting Business*

Operating revenue amounted to RMB163,537 million, representing an increase of RMB18,462 million or 12.73% from RMB145,075 million in the first half of 2019.

2. *Property Development Business*

Operating revenue amounted to RMB13,111 million, representing an increase of RMB2,726 million or 26.24% from RMB10,385 million in the first half of 2019.

3. *Equipment Manufacturing Business*

Operating revenue amounted to RMB4,794 million, representing an increase of RMB1,066 million or 28.60% from RMB3,728 million in the first half of 2019.

4. *Resource Development Business*

Operating revenue amounted to RMB1,479 million, representing a decrease of RMB790 million or -34.79% from RMB2,269 million in the first half of 2019.

5. *Other Businesses*

Operating revenue amounted to RMB1,635 million, representing a decrease of RMB48 million or -2.84% from RMB1,683 million in the first half of 2019.

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

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

(I) Risks associated with macro-economy

The Company's main businesses such as project contracting and real estate development are greatly affected by the national macroeconomic operation, fixed asset investment, competition in the construction industry, urbanization and other external factors. Since the beginning of this year, the COVID-19 outbreak has accelerated changes in the external market situation. The epidemic interrupted the process of global recovery, and the global economy may be in its worst slump since the Great Depression. The economic and social development of our country are posed unprecedented challenges, and the business environment in which enterprises operate has undergone profound changes. The epidemic is not only a test of the risk tolerance of an enterprise, but also a test of its daily business capacity and the ability to respond to challenges. Increasing pressure brought by the economy downward has led to increased risks such as business difficulties and debt default of enterprises. Some small and medium-sized enterprises are facing increasing operating risks and it is necessary to pay high attention

to the operating risks of cooperative enterprises on the industrial chain, especially small and medium-sized enterprises. The epidemic has a direct impact on real estate sales. In order to promote sales and withdraw funds as soon as possible, real estate companies are under pressure to reduce prices and promote sales. In addition, the spread of overseas epidemics has caused difficulties in market development and project implementation, and has also posed a threat to lives and health of overseas personnel. The external macroeconomic situation is uncertain and more complex and changeable, which will bring greater challenges to the business development of the Company.

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

(II) Risks associated with traditional metallurgical engineering business segment

In recent years, the global steel industry has entered the third period of in-depth adjustment. The goal to speed up the construction of a manufacturing power and strengthen environmental pollution prevention and control made higher requirements on the steel industry. The recovery of the iron and steel industry will promote the iron and steel industry to accelerate the pace of environmental protection transformation, structural adjustment, transformation and upgrading. At present, the main contradictions faced by the iron and steel industry have been transformed into inadaptation between industrial structure and competitive market demand, and inadaptation between the level of green development and ecological environment demand. Companies are facing new opportunities and challenges brought by the unbalanced and uncertain industry development trend.

The Company persistently adheres to the guideline of “building up a national team for metallurgical construction” to propel the implementation of the top-level design plan and strategies by a national team and push forward the integration of internal resources and professional echelon division, in order to continuously increase the competitiveness and influence of the Company in the global iron and steel engineering technology sector. In recent years, while focusing on new production capacity, the Company has paid attention to the technological transformation of its existing production capacity,

and continuously enhanced its efforts on transformation from traditional metallurgical engineering field to fundamental construction area and emerging markets to expand its market share. The amount of newly signed contracted value of metallurgical engineering fell below 20% of the total amount of newly signed contracted value by the Company, which shows that the Company successfully completed business transformation and effectively defused the risk associated with metallurgical engineering market.

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

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

As “the main force for fundamental construction and the forerunner of the emerging industries”, the Company has actively responded to the risk of competition in the non-steel engineering markets with open mind and advanced with time, and further adapted to the environmental changes. It has expanded the research and innovation of business models such as F+EPC model, PPP model and constantly improved the design and operation of “macro environment, heavyweight clients and mega projects”. It devotes its efforts to developing the non-steel engineering markets such as premium property construction, highways, transport and municipal infrastructure, integrated subterranean pipeline corridor, sponge city, smart city and beautiful countryside by relying on its traditional comparative advantages and core competitiveness in terms of technology, management and capital. It endeavors to build up an entire industrial chain capability for one-stop services, enhance its brand influence, vigorously expand and develop markets and continuously strengthen risk resistance capability and has achieved remarkable success.

(IV) Risks associated with the property development business segment

In 2020, under the influence of COVID-19, the central government maintained its regulation and control on real estate policies. During the NPC & CPPCC sessions, it was emphasized that “housing is for accommodation, not for speculation”, and the governments must implement differentiated policies for different cities, improve the market-oriented allocation of factors such as land, population, and capital, release mid-term and long-term benefits, and meanwhile accelerate the implementation of regional development strategies, promote coordinated development among districts, strengthen financial support for stable enterprises, and focus on “Six Stabilities” and “Six Guarantees”.

In the long run, in the context of the high-quality development of China’s economy and real estate industry, housing development will shift from a short-term extensive growth in pursuit of huge profits to a long-term sustainable development which requires rational land acquisition, efficiency improvement, and quality improvement. As market competition intensifies, the regulatory policies and financing environment of the real estate industry will generally remain strict. The polarization of corporate sales performance will also accelerate changes of the industry structure and the continuous improvement of market concentration. The threshold of each echelon of real estate enterprises will be raised, and the pattern that powerful companies will keep powerful has not be overthrown. The superposition effect of scale advantage will be continuously enlarged. The real estate industry is expected to be generally stable and the trend of structural differentiation will not change. In the future, improving operational efficiency and quality and ensuring the security of the capital chain are still important tasks for most real estate companies.

The Company will further accelerate the strategic upgrade of shifting from a “real estate developer” to an “urban operator”, create a unique urban operation model, actively adapt to the requirements of the situation and market changes, keep a close eye on the core city layout, and follow the path of differentiated and quality development. It will optimize land acquiring method, seize the current favorable opportunities for industry integration, and actively acquires scarce land in the central location of core cities or construction land around central cities through reconstructing old city, regional development, strategic cooperation, and headquarters economy, so as to increase strategic land reserves and reduce land acquisition costs. In the process of project development, we will do a good job in project planning, improve project quality, ensure the realization of expected benefits, and effectively respond to risks associated with the real estate development business segment.

(V) Risks associated with the financial sector

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

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

(VI) Risks associated with bulk commodity prices

The market price of bulk commodities such as engineering raw materials and metal mineral resources related to the Company's business will be affected by the international and domestic macro-economic environment as well as the changing market needs and may fluctuate in varying degrees and thus affect the production and operation costs, income and profits of the Company.

In response to the market price of bulk commodities, the Company strengthened the research and forecast on the trends and policies, and made appropriate adjustments for procurement and sales strategies. At the same time, the Company will strengthen its efforts on process improvement to further improve output, and strengthen the costs control management, further reduce energy consumption and take all possible measures to reduce the costs on production, operation and other costs.

(VII) Risks associated with international operations

The operating businesses of the Company in various countries and areas are subject to local factors in respect of politics, economy, society, laws, exchange rate, COVID-19 and etc., which may subject overseas businesses of the Company to certain risks and may lead to the project suspension, cost increases, the failure of projects to be completed on schedule or occurrence of claims and disputes. These will affect the revenue and profits of overseas businesses of the Company.

The Company will urge all subsidiaries and overseas institutions to conduct in-depth research on the policies, regulations and human environment where overseas projects are located, establish good cooperative relationship with local governments and property owners, and speed up the pace of localization; continue to carry out contract review before tendering, and conduct risk review for major overseas projects before tendering and implement the risk management mechanism during the implementation process, improve the emergency plan for overseas engineering projects. In the context of the normalization of the epidemic, the Company will stick to the contract and do its best to fulfill the contract on schedule. On the other hand, it will protect its own interests in accordance with provisions in connection with force majeure and otherwise, and strive to reduce the risks of international operations.

(VIII) Environmental and social risks

Fully intensifying ecological and environmental protection, striving to win the battle of pollution prevention and control, and insisting on green development has become important national strategies. The subsidiaries of MCC engage in businesses including resources development, equipment manufacturing, engineering and contracting, as well as property development. Numerous subsidiaries and respective projects result in higher standard of requirements on environmental protection management for the enterprises. The Company continuously improves its awareness on the ecological and environmental protection, consciously fulfills the political task and social responsibility of implementing the Xi Jinping's ecological civilization thought, seriously putting into practice the ideology that "Lucid Waters and Lush Mountains are Invaluable Assets", and persisting on winning the battle of pollution prevention and control, and actively persists on the relevant national laws and regulations of energy conservation and environmental protection, implements accountability system on enterprise bodies, continuously improves the energy conservation and environmental protection system, enhances daily supervision, and proactively initiates environmental pollution control. The construction enterprises affiliated to the company, shall carry out in-depth environmental friendly construction, and push forward the work process of "four conservations in energy, land, water and resources and one protection" in full efforts; and the production enterprises affiliated to the company, shall increase the utilization efficiency of the resources through technology innovation, so as to reduce the emission of pollutants and enhance clean production.

(IX) Risks associated with data fraud or theft

During the Reporting Period, MCC did not get involved in any data fraud and theft cases.

In order to guard state secrets and protect commercial secrets, the Company has formulated a set of relatively complete confidentiality system, including: “Administrative Measures for Protecting State Secrets” (《保守國家秘密管理辦法》), “Administrative Measures on Commercial Secrets” (《商業秘密管理辦法》), “Confidential Responsibility Accountability Measures” (《保密工作責任追究辦法》), “Implementation Rules for the Carriers of State Secrets and Commercial Secrets” (《國家秘密和商業秘密載體實施細則》), “Detailed Implementation Rules for the Early Entry Management of Confidentiality Work for Major Projects” (《重大項目保密工作先期進入管理實施細則》), “Detailed Implementation Rules for the Management of Secret-related Personnel of Headquarters” (《總部涉密人員管理實施細則》), “Implementation Rules for Exchange of Confidential Information” (《機要交換工作實施細則》), “Implementation Rules for the Management of Meetings Involving Confidential Information of Headquarters” (《總部涉密會議保密管理實施細則》).

The Company adopts various promotional and educational measures annually in order to raise awareness of information confidentiality of the employees, and urge the employees to be alert. The Company randomly assesses the information confidentiality of its subsidiaries every year, conducts interviews with members from the information confidentiality office of all subsidiaries, investigates and reviews relevant system and recorded documents, retrieves previous confidential documents and on-site investigation to conduct investigation on the employment of personnel in all units, establishment of information confidentiality system, secret classification management, information system management and other aspects, as well as requires the units under investigation to submit rectification reports within a time limit.

(X) Cyber risk and security

Following the in-depth application of “Internet Plus” in informatization domain, network topology of enterprises becomes increasingly complicated. The number of information system is surging, resulting in higher possibility of internet disruptions and system breakdown; the Company endeavors to expand overseas markets for enhancement in international influence. At the same time, the risk from cyberattacks to the information system has been increased. Any occurrence of the risk events cause adverse impacts on the production and operating activities of the Company.

The Company persistently optimizes and improves the information network system, upgrades the capability of protection and emergency response, forms a professional team for security of network and information system, initiates protection by levels, major security checks and other relevant projects each year to develop a comprehensive safety and protection system. Thus, the Company will make the utmost effort to prevent from risks associated with the internet and avoid the occurrence of security incidents.

V. BUSINESS DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

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

Unit: RMB'000

Items	Amount for the current period	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	180,565,193	159,017,379	13.55
Operating costs	161,154,787	141,523,492	13.87
Selling expenses	971,393	1,030,968	-5.78
Administrative expenses	4,072,741	4,147,974	-1.81
Financial expenses	1,234,863	1,683,808	-26.66
Research and development expenses	4,127,934	3,716,817	11.06
Net cash flows from operating activities	1,414,017	(5,232,028)	N/A
Net cash flows from investing activities	(3,591,222)	(3,345,769)	N/A
Net cash flows from financing activities	<u>10,230,765</u>	<u>1,832,277</u>	<u>458.36</u>

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

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

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

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

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

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

Explanation of change in net cash flows from operating activities: Mainly due to increase in cash received from sales of commodities and provision of labour service.

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

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

2. *Analysis on revenue and costs*

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

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

1) Trend of macro-economy internationally and domestically

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

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

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

Both items 1) and 2) above were the major risk factors that impacted the Company's performance for the first half of 2020.

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

- ① Impact from changes in the tax policy

The Company's operating results and financial position were influenced by changes in the state's tax policy through the impact of tax burdens of the Company and its subsidiaries.

The preferential tax policy for the development of the western regions and the preferential tax policies for hi-tech enterprises currently enjoyed by some of the Company's subsidiaries, as well as the resources tax may undergo some changes following the changes in the PRC's tax policies. Changes in the relevant preferential tax policies would affect the Company's financial performance.

② Impact of the fluctuation in exchange rate and monetary policy

Part of the Company's business revenue came from overseas markets. Changes in the exchange rates may bring exchange rate risks to the Company's overseas business revenue and currency settlement.

In addition, adjustment in banks' deposit reserve ratio and changes in the benchmark interest rates for deposits and loans would impact on the Company's financing costs and interest income.

4) Overseas tax policies and their changes

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

5) Changes in major raw materials prices

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

6) Construction subcontracting expenses

The Company may, according to the different situations of engineering contracting projects, subcontract non-crucial construction parts to subcontractors. On one hand,

subcontracting boosted the Company's capacity to undertake large-scale projects and to fulfill 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) Operation of subsidiaries and key projects

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

8) Enhancement in the quality of operational management

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

9) Uneven distribution of revenue

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

(2) Major business by segment and region

1) Major business by segment

Unit: RMB'000

Information of principal business by segment

Segment	Operating revenue	Operating costs	Gross Margin (%)	Increase or decrease in the operating revenue as compared to that of previous period (%)	Increase or decrease in the operating costs as compared to that of previous period (%)	Increase or decrease in the gross profit margin as compared to that of previous period
Engineering contracting	163,537,270	147,847,781	9.59	12.73	12.47	Increased by 0.20 percentage point
Property development	13,110,589	10,439,747	20.37	26.24	38.93	Decreased by 7.27 percentage points
Equipment manufacture	4,794,479	4,085,988	14.78	28.60	23.70	Increased by 3.38 percentage points
Resource development	1,479,442	1,171,729	20.80	-34.79	-36.11	Increased by 1.65 percentage points

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

① Engineering contracting business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing and construction contracting contract, and is currently the major source of income and profits of the Company. The gross profit margins of the engineering contracting business for the first half of 2020 and 2019 were 9.59% and 9.39%, respectively, with a year-on-year increase of 0.20 percentage point. The increase was mainly due to the Company's strengthening of project management and improvement of project income.

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

Unit: RMB'000

Items of revenue	In the first half of 2020		In the first half of 2019		In the first half of 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	31,763,810	19.42	29,393,644	20.26	26,233,380	23.58
Housing construction engineering	83,477,320	51.04	67,438,866	46.49	43,267,674	38.90
Transportation infrastructure	32,043,668	19.59	31,022,810	21.38	27,745,846	24.94

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

② Property development business

As at the first half of 2020 and 2019, the total gross profit margins of the Company's property development business were 20.37% and 27.64% respectively, with a year-on-year decrease of 7.27 percentage points, mainly due to factors such as macro regulatory environment of the property market.

③ Equipment manufacture business

The Company's equipment manufacture business mainly included metallurgical equipment, steel structures and other metal products. As at the first half of 2020 and 2019, the gross profit margins of the Company's equipment manufacture business were 14.78% and 11.40%, respectively, representing an increase of 3.38 percentage points as compared with the same period of last year.

④ Resource development business

The Company's resource development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶集團銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中

冶金吉礦業開發有限公司), among others, were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. As at the first half of 2020 and 2019, the gross profit margins of the Company's resource development business were 20.80% and 19.15%, respectively, representing an increase of 1.65 percentage points as compared with the same period last year, mainly due to changes in international commodity prices and the Company's strengthening implementation of cost management measures.

2) Major business by region

For details, please refer to the section headed “Notes to the Consolidated Financial Statement” of this announcement.

(3) Table of analysis on costs

Unit: RMB'000

Situation by segment

Segment	Costs component items	Amount for the current period	Proportion of the amount for the current period to the total costs (%)	Amount for the same period in the previous year	Proportion of the amount for the same period in the previous year to the total costs (%)	Percentage change in the amount for the current period as compared to that for the same period in the previous year (%)
Engineering contracting	Operating costs	147,847,781	89.65	131,450,459	90.29	12.47
Property development	Operating costs	10,439,747	6.33	7,514,380	5.16	38.93
Equipment manufacture	Operating costs	4,085,989	2.48	3,303,118	2.27	23.70
Resource development	Operating costs	1,171,729	0.71	1,834,103	1.26	-36.11

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

Description of other results in the analysis on costs:

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

Unit: RMB'000

Items of costs	In the first half of 2020		In the first half of 2019		In the first half of 2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	72,169,168	48.81	63,866,006	48.59	48,729,406	48.47
Materials expenses	54,184,012	36.65	45,008,851	34.24	34,485,560	34.30
Labour costs	8,182,285	5.53	9,228,230	7.02	7,126,202	7.09
Machinery usage fees	2,789,954	1.89	2,561,410	1.95	1,908,568	1.90
Others	10,522,362	7.12	10,785,962	8.20	8,279,185	8.24
Total engineering cost	<u>147,847,781</u>	<u>100.00</u>	<u>131,450,459</u>	<u>100.00</u>	<u>100,528,921</u>	<u>100.00</u>

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

(4) Information of major customers and major suppliers

The sales of top five customers amounted to RMB9,740,375 thousand, accounting for 5.39% of the total sales of the Reporting Period; among them, no sales of top five customers is derived from sales to related parties.

Unit: RMB'000

Customer's name	Operating revenue	Proportion of the total operating revenue (%)
Unit 1	3,243,204	1.80
Unit 2	2,080,593	1.15
Unit 3	1,539,892	0.85
Unit 4	1,484,966	0.82
Unit 5	1,391,720	0.77
Total	<u>9,740,375</u>	<u>5.39</u>

The procurement of top five suppliers amounted to RMB3,355,534 thousand, accounting for 2.08% of the operating costs of the Reporting Period; in particular, the procurement from related parties under the procurement of top five suppliers amounted to RMB1,243,173 thousand, accounting for 0.77% of total procurement of the Reporting Period.

Unit: RMB'000

Supplier's name	Procurement for the current period	Proportion of the total operating costs of the Company (%)
Supplier 1	1,243,173	0.77
Supplier 2	944,893	0.59
Supplier 3	468,394	0.29
Supplier 4	352,600	0.22
Supplier 5	346,474	0.21
Total	<u>3,355,534</u>	<u>2.08</u>

3. Analysis on Expenses

(1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, transportation expenses, advertising and sale services expenses. In the first half of 2020 and 2019, the Company's selling expenses were RMB971,393 thousand and RMB1,030,968 thousand respectively, representing a year-on-year decrease of 5.78%.

(2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses, office expenses and travelling expenses. In the first half of 2020 and 2019, the Company's administrative expenses were RMB4,072,741 thousand and RMB4,147,974 thousand respectively, representing a year-on-year decrease of 1.81%.

(3) Financial expenses

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In the first half of 2020 and 2019, the Company's financial expenses were RMB1,234,863 thousand and RMB1,683,808 thousand respectively, representing a year-on-year decrease of 26.66%.

4. Research and development expenditure

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

Unit: RMB'000

Research and development expenditure for the current period	4,127,934
Total research and development expenditure	4,127,934
Proportion of total research and development expenditure to operating income (%)	2.29

5. Cash flows

The cash flows of the Company are as follows:

Unit: RMB'000

Items	January to June 2020	January to June 2019
Net cash flows from operating activities	1,414,017	(5,232,028)
Net cash flows from investing activities	(3,591,222)	(3,345,769)
Net cash flows from financing activities	10,230,765	1,832,277

(1) Operating activities

In the first half of 2020 and 2019, the Company's net cash flows generated from operating activities amounted to RMB1,414,017 thousand and RMB-5,232,028 thousand respectively. In the first half of 2020 and 2019, the cash inflow generated from operating

activities mainly came from the cash received from the sale of goods and the rendering of service. The Company's cash outflow generated from operating activities mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees and payments of various types of taxes.

(2) Investing activities

In the first half of 2020 and 2019, the Company's net cash flows generated from investing activities amounted to RMB-3,591,222 thousand and RMB-3,345,769 thousand. The operating activities of the Company mainly came from engineering contracting and property development business.

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

(3) Financing activities

In the first half of 2020 and 2019, the Company's net cash flows generated from financing activities amounted to RMB10,230,765 thousand and RMB1,832,277 thousand respectively.

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

(II) Analysis on assets and liabilities

1. 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 with respect to the total assets/total liabilities (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period with respect to the total assets/total liabilities (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)
Current Assets	372,051,373	76.13	347,435,959	75.78	7.08
Cash and bank balances	50,709,606	10.38	43,677,662	9.53	16.10
Accounts receivable	69,017,865	14.12	66,026,606	14.40	4.53
Prepayments	28,499,461	5.83	24,705,845	5.39	15.36
Other receivables	54,599,922	11.17	57,290,123	12.49	-4.70
Inventories	59,584,857	12.19	60,636,905	13.22	-1.73
Contract assets	86,538,016	17.71	72,800,575	15.88	18.87
Non-current Assets	116,661,813	23.87	111,070,254	24.22	5.03
Long-term receivables	26,848,658	5.49	24,326,794	5.31	10.37
Fixed assets	25,407,960	5.20	26,121,239	5.70	-2.73
Intangible assets	16,562,278	3.39	15,796,873	3.45	4.85
TOTAL ASSETS	488,713,186	100.00	458,506,213	100.00	6.59
Current Liabilities	331,757,706	89.67	305,923,537	89.56	8.44
Short-term borrowings	56,380,402	15.24	40,476,556	11.85	39.29
Bills payable	34,888,098	9.43	31,487,132	9.22	10.80
Accounts payable	129,103,476	34.90	115,855,013	33.92	11.44
Contract liabilities	62,562,949	16.91	64,595,970	18.91	-3.15
Non-current liabilities	38,214,603	10.33	35,677,168	10.44	7.11
Long-term borrowings	30,994,905	8.38	27,219,615	7.97	13.87
TOTAL LIABILITIES	369,972,309	100.00	341,600,705	100.00	8.31

Analysis on assets and liabilities:

(1) Analysis on the structure of assets

Cash and bank balances

As at 30 June 2020 and 31 December 2019, the balances of cash and bank balances of the Company were RMB50,709,606 thousand and RMB43,677,662 thousand, respectively, representing an increase of 16.10%.

As at 30 June 2020 and 31 December 2019, the restricted cash and bank balances of the Company were RMB10,777,705 thousand and RMB11,862,762 thousand respectively. The restricted cash and bank balances mainly included the cash deposits of acceptance bill and statutory reserve saved in the Central Bank.

Accounts receivable

As at 30 June 2020 and 31 December 2019, the Company's net accounts receivable were RMB69,017,865 thousand and RMB66,026,606 thousand respectively, representing an increase of 4.53%. On the one hand, this was mainly due to the increase in current income by 13.55% as compared to the same period of last year and the increase in trade receivables; on the other hand, the Company always attaches great importance to the safety and integrity of accounts receivable and adopts strong measures to clear up debts, collects each of the receivables timely based on terms and schedules as agreed in the contracts. Provision for bad debts has been made to receivables with potential risks in collectability, but the efforts put to collect the receivables will not be affected.

Prepayments

As at 30 June 2020 and 31 December 2019, the Company's net prepayments amounted to RMB28,499,461 thousand and RMB24,705,845 thousand, representing an increase of 15.36%, mainly attributable to the increase in the Company's prepayments for subcontractor's works and purchases of goods.

Other receivables

As at 30 June 2020 and 31 December 2019, the Company's net amount of other receivables were RMB54,599,922 thousand and RMB57,290,123 thousand, representing a decrease of 4.70%, mainly attributable to the decrease in borrowings granted to related parties by the Company.

Inventories

The inventories of the Company mainly consisted of property costs under development, completed properties held for sale, raw materials, work in process, finished goods, etc. The inventory of the Company reflected the characteristics of the engineering and contracting, property development, equipment manufacture and resource development businesses in which the Company was engaged. As at 30 June 2020, the Company's net inventories were RMB59,584,857 thousand. As at 31 December 2019, the Company's net inventories were RMB60,636,905 thousand, representing a decrease of 1.73%.

Contract assets

The contract assets are mainly related to engineering contracting service. As at 30 June 2020 and 31 December 2019, the net contract assets of the Company were RMB86,538,016 thousand and RMB72,800,575 thousand respectively, representing an increase of 18.87%, mainly attributable to the increase in contract assets related to the engineering contracting services.

Long-term receivables

As at 30 June 2020 and 31 December 2019, the net long-term receivables of the Company amounted to RMB26,848,658 thousand and RMB24,326,794 thousand, respectively, representing an increase of 10.37%, mainly attributable to the increase in long-term construction receivables of the Company.

(2) *Analysis on the structure of liabilities*

Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, and pledge loans from commercial banks and other financial organizations. As at 30 June 2020 and 31

December 2019, the carrying amount of the Company's short-term borrowings were RMB56,380,402 thousand and RMB40,476,556 thousand, respectively, with a year-on year increase of 39.29%. As at 30 June 2020 and 31 December 2019, the carrying amount of the Company's long-term borrowings were RMB30,994,905 thousand and RMB27,219,615 thousand, respectively, with an increase of 13.87%.

Accounts payable

Accounts payable mainly included such material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 30 June 2020 and 31 December 2019, the Company's carrying value of accounts payable were RMB129,103,476 thousand and RMB115,855,013 thousand respectively with an increase of 11.44%.

Contract liabilities

The contract liabilities mainly included engineering contracting service contracts, sales contracts and related contract liabilities. As at 30 June 2020 and 31 December 2019, the carrying amount of the Company's contract liabilities was RMB62,562,949 thousand and RMB64,595,970 thousand, with a decrease of 3.15%.

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

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

Unit: RMB'000

Sub-segment	Housing Construction	Infrastructure Construction	Metallurgical engineering	Others	Total
Number of projects (<i>Unit</i>)	1,432	336	1,414	551	3,733
Total amount	<u>3,772,664</u>	<u>3,545,437</u>	<u>7,595,240</u>	<u>1,478,383</u>	<u>16,391,724</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (<i>Unit</i>)	3,655	78	3,733
Total amount	<u>15,961,924</u>	<u>429,800</u>	<u>16,391,724</u>

2. Projects under construction during the Reporting Period

Unit: RMB'000

Sub-segment	Housing Construction	Infrastructure Construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	3,722	2,510	4,111	1,509	11,852
Total amount	<u>70,502,980</u>	<u>31,787,591</u>	<u>32,602,005</u>	<u>15,804,887</u>	<u>150,697,463</u>

Unit: RMB'000

Project location	Domestic	Overseas	Total
Number of projects (Unit)	11,178	674	11,852
Total amount	<u>144,566,743</u>	<u>6,130,720</u>	<u>150,697,463</u>

3. Overseas projects during the Reporting Period

Unit: RMB'000

Project location	Number of projects (Unit)	Total
Asia	506	5,250,512
Africa	97	646,471
South America	53	536,530
Europe	45	51,415
Oceania	29	53,300
North America	22	22,292
Total	<u>752</u>	<u>6,560,520</u>

Note: The data above are data without offsetting inter-segment transactions.

4. 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 RMB125.763 billion, representing an increase of 10.68% 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 RMB96.399 billion and RMB29.364 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 RMB64.343 billion and RMB61.420 billion respectively.

5. Investment in Yingtan MCC-CIF Industrial Development Partnership (LP)

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

(IV) Investment analysis

As of 30 June 2020 and 31 December 2019, the net financial assets held for trading of the Company were RMB2,284,333 thousand and RMB2,162,432 thousand, respectively, representing a year-on-year increase of 5.64%. As of 30 June 2020 and 31 December 2019, the net long-term equity investments of the Company were RMB23,265,626 thousand and RMB21,834,366 thousand, respectively, representing a year-on-year increase of 6.56%. As of 30 June 2020 and 31 December 2019, net investment in other equity instruments of the Company were RMB1,822,321 thousand and RMB1,871,747 thousand, respectively, representing a year-on-year decrease of 2.64%. As of 30 June 2020 and 31 December 2019, the net investment in other non-current financial assets of the Company was RMB4,292,774 thousand and RMB4,171,068 thousand, respectively, representing an increase of 2.92%.

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

30 JUNE 2020

METALLURGICAL CORPORATION OF CHINA LTD.

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Current Assets:		
Cash and bank balances	50,709,606	43,677,662
Financial assets held for trading	2,284,333	2,162,432
Derivative financial assets	–	401
Bills receivable	8,450,503	7,918,027
Accounts receivable	69,017,865	66,026,606
Receivables at FVTOCI	8,497,884	7,855,940
Prepayments	28,499,461	24,705,845
Other receivables	54,599,922	57,290,123
Inventories	59,584,857	60,636,905
Contract assets	86,538,016	72,800,575
Non-current assets due within one year	1,729,813	2,078,913
Other current assets	2,139,113	2,282,530
Total Current Assets	372,051,373	347,435,959
Non-current Assets:		
Long-term receivables	26,848,658	24,326,794
Long-term equity investments	23,265,626	21,834,366
Investments in other equity instruments	1,822,321	1,871,747
Other non-current financial assets	4,292,774	4,171,068
Investment properties	6,369,233	5,763,796
Fixed assets	25,407,960	26,121,239
Construction in progress	4,928,725	4,426,518
Right-of-use assets	497,338	540,522
Intangible assets	16,562,278	15,796,873
Goodwill	161,512	161,523
Long-term prepayments	285,671	265,900
Deferred tax assets	6,005,708	5,618,595
Other non-current assets	214,009	171,313
Total Non-current Assets	116,661,813	111,070,254
TOTAL ASSETS	488,713,186	458,506,213

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2020

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Current Liabilities:		
Short-term borrowings	56,380,402	40,476,556
Derivative financial liabilities	9,050	4,230
Bills payable	34,888,098	31,487,132
Accounts payable	129,103,476	115,855,013
Receipts in advance	250,798	245,284
Contract liabilities	62,562,949	64,595,970
Employee benefits payable	2,358,767	2,037,994
Taxes payable	3,303,558	3,461,760
Other payables	28,533,974	26,219,786
Non-current liabilities due within one year	7,389,140	15,683,416
Other current liabilities	6,977,494	5,856,396
Total Current Liabilities	331,757,706	305,923,537
Non-current Liabilities:		
Long-term borrowings	30,994,905	27,219,615
Bonds payable	790,000	1,660,000
Lease liabilities	271,180	302,054
Long-term payables	679,996	892,993
Long-term employee benefits payable	3,101,835	3,115,993
Provisions	747,374	817,931
Deferred income	1,550,911	1,582,297
Deferred tax liabilities	63,802	71,685
Other non-current liabilities	14,600	14,600
Total Non-current Liabilities	38,214,603	35,677,168
TOTAL LIABILITIES	369,972,309	341,600,705

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 JUNE 2020

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	19,299,675	25,924,290
Including: Perpetual bond	19,299,675	25,924,290
Capital reserve	22,398,654	22,476,448
Other comprehensive income	7,851	(59,618)
Special reserve	12,550	12,550
Surplus reserve	1,748,938	1,748,938
Retained earnings	28,860,300	27,123,498
Total Shareholders' equity attributable to Shareholders of the Company	93,051,587	97,949,725
Non-controlling interests	25,689,290	18,955,783
TOTAL SHAREHOLDERS' EQUITY	118,740,877	116,905,508
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	488,713,186	458,506,213

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

Legal Representative :
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS (CONTINUED)

THE COMPANY'S BALANCE SHEET

30 JUNE 2020

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Current Assets:		
Cash and bank balances	2,483,399	2,467,897
Bills receivable	2,000	–
Accounts receivable	111,240	98,899
Prepayments	1,367,871	1,219,616
Other receivables	45,430,786	43,712,605
Inventories	1,224	1,058
Contract assets	1,260,562	1,296,461
Non-current assets due within one year	1,846,177	1,866,177
Total Current Assets	52,503,259	50,662,713
Non-current Assets:		
Long-term receivables	172,480	487,590
Long-term equity investments	90,083,944	89,754,018
Other equity instrument investments	393	248
Fixed assets	10,371	11,746
Right-of-use assets	31,777	40,479
Intangible assets	5,998	6,906
Total Non-current Assets	90,304,963	90,300,987
TOTAL ASSETS	142,808,222	140,963,700

VI. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS (CONTINUED)

THE COMPANY'S BALANCE SHEET (CONTINUED)

30 JUNE 2020

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Current Liabilities:		
Short-term borrowings	43,690,936	28,199,649
Bills payable	140,341	—
Accounts payable	1,424,793	1,554,946
Contract liabilities	2,068,719	2,220,884
Employee benefits payable	15,308	14,674
Taxes payable	35,734	54,801
Other payables	11,165,137	15,573,592
Non-current liabilities due within one year	1,794,620	442,732
Total Current Liabilities	60,335,588	48,061,278
Non-current Liabilities:		
Long-term borrowings	1,750,000	2,750,000
Bonds payable	790,000	1,660,000
Lease liabilities	10,838	19,868
Long-term employee benefits payable	16,004	16,893
Provisions	116,885	118,921
Deferred income	3,598	4,411
Total Non-current Liabilities	2,687,325	4,570,093
TOTAL LIABILITIES	63,022,913	52,631,371
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	19,299,675	25,924,290
Including: Perpetual bond	19,299,675	25,924,290
Capital reserve	37,925,657	38,001,042
Other comprehensive income	848	984
Special reserve	12,550	12,550
Surplus reserve	1,748,938	1,748,938
Retained earnings	74,022	1,920,906
TOTAL SHAREHOLDERS' EQUITY	79,785,309	88,332,329
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	142,808,222	140,963,700

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Total operating revenue	180,565,193	159,017,379
Including: Operating revenue	180,565,193	159,017,379
II. Total operating costs	172,522,957	153,294,197
Including: Operating costs	161,154,787	141,523,492
Taxes and levies	961,239	1,191,138
Selling expenses	971,393	1,030,968
Administrative expenses	4,072,741	4,147,974
Research and development expenses	4,127,934	3,716,817
Financial expenses	1,234,863	1,683,808
Including: Interest expenses	1,932,197	2,386,058
Interest income	967,130	1,149,521
Add: Other income	128,573	76,097
Investment income	(522,424)	(198,337)
Including: Income from investments in associates and joint ventures	(47,081)	(41,053)
Income from derecognition of financial assets at amortized cost	(354,740)	(249,984)
gains from changes in fair values	11,423	(3,711)
Impairment losses of credit	(1,841,852)	(764,520)
Impairment losses of assets	(509,085)	(28,970)
Gains on disposal of assets	13,807	20,560
III Operating profit	5,322,678	4,824,301
Add: Non-operating income	237,059	103,259
Less: Non-operating expenses	56,352	45,371

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
IV. Total profit	5,503,385	4,882,189
Less: Income tax expenses	<u>1,226,819</u>	<u>1,103,931</u>
V. Net profit	4,276,566	3,778,258
(I) Net profit classified by operating continuity		
Net profit from continuing operations	4,276,566	3,778,258
Net profit from discontinued operations	–	–
(II) Net profit classified by ownership ascription		
Net profit attributable to Shareholders of the Company	3,591,925	3,156,882
Profit or loss attributable to non-controlling interests	<u>684,641</u>	<u>621,376</u>
VI. Other comprehensive income, net of income tax	88,900	(2,596)
Other comprehensive income attributable to Shareholders of the Company, net of income tax	45,656	(1,921)
(I) Items that will not be reclassified to profit or loss	(75,347)	19,427
1. Re-measurement of defined benefit obligations	(46,886)	410
2. Changes in fair values of investments in other equity instruments	(28,461)	19,017

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
(II) Items that may be reclassified to profit or loss	121,003	(21,348)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	–	(27)
2. Changes of fair value of receivables financing	4,890	(43,335)
3. Exchange differences on translating financial statements in foreign currencies	116,113	22,014
Other comprehensive income attributable to non-controlling interests, net of income tax	43,244	(675)
VII. Total comprehensive income	4,365,466	3,775,662
Total comprehensive income attributable to Shareholders of the Company	3,637,581	3,154,961
Total comprehensive income attributable to non-controlling interests	727,885	620,701
VIII. Earnings per share		
Basic earnings per share (<i>RMB/share</i>)	0.14	0.13
Diluted earnings per share (<i>RMB/share</i>)	Not Applicable	Not Applicable

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS (CONTINUED)

THE COMPANY'S INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Operating revenue	1,147,636	2,264,878
Less: Operating costs	1,130,178	2,217,721
Taxes and levies	2,541	1,000
Administrative expenses	70,803	82,865
Financial expenses	(27,428)	193,937
Including: Interest expenses	827,961	1,018,392
Interest income	906,784	812,788
Add: Other income	486	—
Investment income	17,814	1,620
Including: Gains from investments in associates and joint ventures	17,814	1,620
Impairment losses of credit	(2,636)	(2,006)
Gains on disposal of assets	—	(38)
II. Operating profit	(12,794)	(231,069)
Add: Non-operating income	366	661
Less: Non-operating expenses	20	757
III. Total profit	(12,448)	(231,165)
Less: Income tax expenses	1,126	14,820
IV. Net profit	(13,574)	(245,985)
Net profit from continuing operations	(13,574)	(245,985)
Net profit from discontinued operations	—	—
V. Other comprehensive income, net of income tax	(136)	36
(I) Items that will not be reclassified to profit or loss	(136)	36
1. Changes in re-measurement of defined benefit obligations	(282)	1
2. Changes in fair value of investments in other equity instruments	146	35
VI. Total comprehensive income	(13,710)	(245,949)

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	173,919,003	154,739,444
Receipts of tax refunds	188,569	457,092
Other cash receipts relating to operating activities	3,906,395	2,031,605
Sub-total of cash inflows from operating activities	178,013,967	157,228,141
Cash payments for goods purchased and services received	152,736,321	136,242,339
Cash payments to and on behalf of employees	10,548,670	10,633,165
Payments of various types of taxes	4,562,336	6,936,841
Other cash payments relating to operating activities	8,752,623	8,647,824
Sub-total of cash outflows from operating activities	176,599,950	162,460,169
Net Cash Flows from Operating Activities	1,414,017	(5,232,028)
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,006,894	1,292,991
Cash receipts from investment income	103,104	152,138
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	17,749	181,509
Other cash receipts relating to investing activities	1,519,700	778,879
Sub-total of cash inflows from investing activities	2,647,447	2,405,517
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	2,115,706	1,451,598
Cash payments to acquire investments	2,514,829	2,333,054
Other cash payments relating to investing activities	1,608,134	1,966,634
Sub-total of cash outflows from investing activities	6,238,669	5,751,286
Net Cash Flows from Investing Activities	(3,591,222)	(3,345,769)

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
III Cash Flows from Financing Activities:		
Cash receipts from capital contributions	10,136,404	1,098,369
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	7,136,404	498,369
Cash receipts from issue of perpetual bond	3,000,000	600,000
Cash receipts from borrowings	60,586,005	64,458,282
Other cash receipts relating to financing activities	1,085,059	—
Sub-total of cash inflows from financing activities	71,807,468	65,556,651
Cash repayments of borrowings	48,684,941	58,483,741
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,111,506	4,305,203
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	333,402	323,944
Other cash payments relating to financing activities	9,780,256	935,430
Sub-total of cash outflows from financing activities	61,576,703	63,724,374
Net Cash Flows from Financing Activities	10,230,765	1,832,277
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	63,441	12,050
V. Net Increase (Decrease) in Cash and Cash Equivalents	8,117,001	(6,733,470)
Add: Opening balance of Cash and Cash equivalents	31,814,900	33,151,002
VI. Closing Balance of Cash and Cash Equivalents	39,931,901	26,417,532

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	907,026	2,150,730
Receipts of tax refunds	–	661
Other cash receipts relating to operating activities	426,919	303,569
Sub-total of cash inflows from operating activities	<u>1,333,945</u>	<u>2,454,960</u>
Cash payments for goods purchased and services received	1,015,758	1,908,719
Cash payments to and on behalf of employees	58,259	44,265
Payments of various types of taxes	18,763	38,098
Other cash payments relating to operating activities	454,920	61,136
Sub-total of cash outflows from operating activities	<u>1,547,700</u>	<u>2,052,218</u>
Net Cash Flows from Operating Activities	<u>(213,755)</u>	<u>402,742</u>
II. Cash Flows from Investing Activities:		
Cash receipts from investment income	313,864	138,564
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	–	97
Other cash receipts relating to investing activities	2,176,554	–
Sub-total of cash inflows from investing activities	<u>2,490,418</u>	<u>138,661</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	269	1,079
Cash payments to acquire investments	315,110	613,950
Other cash payments relating to investing activities	9,824,105	464,822
Sub-total of cash outflows from investing activities	<u>10,139,484</u>	<u>1,079,851</u>
Net Cash Flows from Investing Activities	<u>(7,649,066)</u>	<u>(941,190)</u>

VIII. CONSOLIDATED AND THE COMPANY'S CASH FLOW STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
III Cash Flows from Financing Activities:		
Cash receipts from investments	3,000,000	600,000
Including: Cash receipts from issue of perpetual bond	3,000,000	600,000
Cash receipts from borrowings	44,032,022	39,395,114
Other cash receipts relating to financing activities	5,838,471	—
Sub-total of cash inflows from financing activities	52,870,493	39,995,114
Cash repayments of borrowings	31,203,519	37,842,206
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,600,003	1,629,510
Other cash payments relating to financing activities	12,200,000	10,989
Sub-total of cash outflows from financing activities	45,003,522	39,482,705
Net Cash Flows from Financing Activities	7,866,971	512,409
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	11,358	6,698
V. Net Decrease in Cash and Cash Equivalents	15,508	(19,341)
Add: Opening balance of Cash and Cash equivalents	2,456,387	2,511,810
VI. Closing Balance of Cash and Cash Equivalents	2,471,895	2,492,469

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	Amount for the current period								
	Attributable to shareholders of the Company								Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	
I. Closing balance of the preceding period	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508
III. Changes for the period		(6,624,615)	(77,794)	67,469	-	-	1,736,802	6,733,507	1,835,369
(I) Total comprehensive income	-	-	-	45,656	-	-	3,591,925	727,885	4,365,466
(II) Shareholders' contributions and reduction in capital	-	(6,624,615)	(78,440)	-	-	-	-	6,372,094	(330,961)
1. Capital contribution from owners	-	-	-	-	-	-	-	83,559	83,559
2. Capital contribution from holders of other equity instruments (Note VII 46)	-	(6,624,615)	(75,385)	-	-	-	-	6,892,172	192,172
3. Others	-	-	(3,055)	-	-	-	-	(603,637)	(606,692)
(III) Profit distribution	-	-	646	-	-	-	(1,833,310)	(366,472)	(2,199,136)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,833,310)	(366,482)	(2,199,792)
3. Others	-	-	646	-	-	-	-	10	656
(IV) Transfers within shareholders' equity	-	-	-	21,813	-	-	(21,813)	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings (Note VII 15)	-	-	-	21,813	-	-	(21,813)	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	2,556,109	-	-	195,465	2,751,574
2. Amount utilized in the current period	-	-	-	-	(2,556,109)	-	-	(195,465)	(2,751,574)
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	20,723,619	19,299,675	22,398,654	7,851	12,550	1,748,938	28,860,300	25,689,290	118,740,877

IX. CONSOLIDATED AND THE COMPANY'S STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB '000

Items	Amount for the prior period								
	Attributable to shareholders of the Company								
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interests	Total shareholders' equity
I. Closing balance of the preceding period	20,723,619	15,924,290	22,492,676	(212,142)	12,550	1,455,419	23,546,950	18,726,082	102,669,444
Add : Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	20,723,619	15,924,290	22,492,676	(212,142)	12,550	1,455,419	23,546,950	18,726,082	102,669,444
III. Changes for the period	-	600,000	20,293	(18,606)	-	-	1,544,179	694,019	2,839,885
(I) Total comprehensive income	-	-	-	(1,921)	-	-	3,156,882	620,701	3,775,662
(II) Shareholders' contributions and reduction in capital	-	600,000	20,293	-	-	-	-	397,262	1,017,555
1. Capital contribution from owners	-	-	-	-	-	-	-	498,369	498,369
2. Capital contribution from holders of other equity instruments	-	600,000	-	-	-	-	-	-	600,000
3. Others	-	-	20,293	-	-	-	-	(101,107)	(80,814)
(III) Profit distribution	-	-	-	-	-	-	(1,629,388)	(323,944)	(1,953,332)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,629,388)	(323,944)	(1,953,332)
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	(16,685)	-	-	16,685	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	(16,685)	-	-	16,685	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	2,209,732	-	-	188,331	2,398,063
2. Amount utilized in the current period	-	-	-	-	(2,209,732)	-	-	(188,331)	(2,398,063)
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	20,723,619	16,524,290	22,512,969	(230,748)	12,550	1,455,419	25,091,129	19,420,101	105,509,329

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

IX. CONSOLIDATED AND THE COMPANY'S STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB '000

Items	Amount for the current period							Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
I. Closing balance of the preceding period	20,723,619	25,924,290	38,001,042	984	12,550	1,748,938	1,920,906	88,332,329
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the current period	20,723,619	25,924,290	38,001,042	984	12,550	1,748,938	1,920,906	88,332,329
III. Changes for the period	-	(6,624,615)	(75,385)	(136)	-	-	(1,846,884)	(8,547,020)
(I) Total comprehensive income	-	-	-	(136)	-	-	(13,574)	(13,710)
(II) Shareholders' contributions and reduction in capital	-	(6,624,615)	(75,385)	-	-	-	-	(6,700,000)
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution and reduction of holders of other equity instruments	-	(6,624,615)	(75,385)	-	-	-	-	(6,700,000)
3. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(1,833,310)	(1,833,310)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,833,310)	(1,833,310)
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	20,723,619	19,299,675	37,925,657	848	12,550	1,748,938	74,022	79,785,309

IX. CONSOLIDATED AND THE COMPANY'S STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

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

All amounts in RMB'000

Items	Amount for the prior period							Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
I. Closing balance of the preceding period	20,723,619	15,924,290	38,001,042	609	12,550	1,455,419	2,071,070	78,188,599
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the current period	20,723,619	15,924,290	38,001,042	609	12,550	1,455,419	2,071,070	78,188,599
III. Changes for the period	-	600,000	-	36	-	-	(1,875,373)	(1,275,337)
(I) Total comprehensive income	-	-	-	36	-	-	(245,985)	(245,949)
(II) Shareholders' contributions and reduction in capital	-	600,000	-	-	-	-	-	600,000
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution and reduction of holders of other equity instruments	-	600,000	-	-	-	-	-	600,000
3. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	(1,629,388)	(1,629,388)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,629,388)	(1,629,388)
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current period	-	-	-	-	-	-	-	-
2. Amount utilized in the current period	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	<u>20,723,619</u>	<u>16,524,290</u>	<u>38,001,042</u>	<u>645</u>	<u>12,550</u>	<u>1,455,419</u>	<u>195,697</u>	<u>76,913,262</u>

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

Legal Representative:
Guo Wenqing

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

X. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Basic information of the Company

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

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

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

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

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

On 27 May, 2020, CMGC transferred its 1,227,760 thousand A shares of the Company (accounting for 5.92% of the Company’s total share capital) to China National Petroleum Corporation (“**CNPC**”) for free. After the completion of the free transfer, China Metallurgical Company’s shareholding and voting rights in the Company have been reduced from 55.10% to 49.18%, and CMGC remains as the controlling Shareholder of the Company.

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

The services or products provided by the Group are as follows: The engineering contracting business mainly includes scientific research, planning, exploration, consulting, etc. of metallurgical engineering, housing construction engineering, transportation infrastructure engineering and other projects such as mining, environmental protection, electric power, chemical engineering, light industry and electronics. Design, procurement, construction, installation, maintenance, supervision and related technical services; property development business mainly includes the development and sales of residential and commercial property, construction of affordable housing and first-level land development; products of equipment manufacturing business mainly include metallurgy Special equipment, steel structure and other metal products, etc.; resource development business mainly includes the development and smelting of domestic and foreign metal mineral resources, and the production and processing of non-metallic mineral resources, non-ferrous metals and polysilicon.

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

The Company and consolidated financial statements had been approved by the Board of Directors of the Company on 28 August, 2020.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Basis of preparation

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

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

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

Statement of compliance

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company’s financial position is from January to June of 2020 and consolidated and the Company’s operating results and cash flows for the year then ended.

Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The preparation period of this financial statement is from January to June of 2020.

Reporting currency

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

(III) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Cash	23,261	18,581
Bank deposits	37,552,600	30,757,024
Other cash and bank balances	13,133,745	12,902,057
Total	<u>50,709,606</u>	<u>43,677,662</u>
Including: Total amount of deposits abroad	<u>1,907,748</u>	<u>2,725,729</u>

2. Bills receivable

All amounts in RMB'000

Items	Book value	30 June 2020	Carrying amount	Book value	31 December 2019	Carrying amount
		Provisions for credit losses			Provisions for credit losses	
Bank acceptance bills	3,613,589	–	3,613,589	3,212,570	–	3,212,570
Commercial acceptance bills	4,839,859	2,945	4,836,914	4,714,827	9,370	4,705,457
Total	<u>8,453,448</u>	<u>2,945</u>	<u>8,450,503</u>	<u>7,927,397</u>	<u>9,370</u>	<u>7,918,027</u>

3. Accounts receivable

All amounts in RMB'000

Aging	30 June 2020	31 December 2019
Within 1 year	49,726,860	44,923,491
1 to 2 years	10,893,665	10,692,579
2 to 3 years	5,127,245	6,652,379
3 to 4 years	3,546,296	3,780,365
4 to 5 years	3,346,797	3,772,682
Over 5 years	9,985,661	9,705,858
Total book value	<u>82,626,524</u>	<u>79,527,354</u>
Less: provisions for credit losses	13,608,659	13,500,748
Carrying amount	<u>69,017,865</u>	<u>66,026,606</u>

4. Prepayments

All amounts in RMB'000

Aging	30 June 2020		31 December 2019	
	Amount	As a percentage of total prepayments (%)	Amount	As a percentage of total prepayments (%)
Within 1 year	22,807,731	80.03	18,579,762	75.20
1 to 2 years	2,819,537	9.89	2,971,328	12.03
2 to 3 years	968,260	3.40	802,316	3.25
Over 3 years	1,903,933	6.68	2,352,439	9.52
Total	<u>28,499,461</u>	<u>100.00</u>	<u>24,705,845</u>	<u>100.00</u>

5. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Interest receivables	7,004	5,996
Dividends receivable	361,394	275,647
Other receivables	<u>54,231,524</u>	<u>57,008,480</u>
Total	<u>54,599,922</u>	<u>57,290,123</u>

(2) Other receivables

① Aging analysis of other receivables

All amounts in RMB'000

Aging	30 June 2020	31 December 2019
Within 1 year	34,649,493	36,936,544
1 to 2 years	7,717,545	9,808,190
2 to 3 years	6,484,235	5,621,348
3 to 4 years	4,849,104	2,710,241
4 to 5 years	3,622,452	4,349,244
Over 5 years	<u>3,600,873</u>	<u>3,214,013</u>
Total book value	<u>60,923,702</u>	<u>62,639,580</u>
Less: provisions for credit losses	6,692,178	5,631,100
Carrying amount	<u>54,231,524</u>	<u>57,008,480</u>

② Other receivables categorized by nature

All amounts in RMB'000

Nature of other receivables	30 June 2020	31 December 2019
Guarantee deposits	27,419,331	25,000,477
Loan receivables from related parties	24,499,022	29,261,585
Advance to employees	200,020	329,481
Receivables on disposal of investments	3,152,393	2,704,572
Others	5,652,936	5,343,465
Total	60,923,702	62,639,580

6. Inventories

(1) Categories

All amounts in RMB'000

Items	30 June 2020			31 December 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	3,375,330	53,465	3,321,865	3,604,571	62,704	3,541,867
Materials procurement	219,562	-	219,562	336,880	-	336,880
Outsourced processing materials	13,178	-	13,178	12,792	-	12,792
Work in progress	2,677,847	328,710	2,349,137	2,933,033	396,628	2,536,405
Finished goods	2,448,272	195,717	2,252,555	2,799,706	180,121	2,619,585
Other materials	622,544	6,644	615,900	650,460	6,641	643,819
Performance costs of contract	52,181	-	52,181	46,177	-	46,177
Properties under development	34,490,950	168,090	34,322,860	33,024,903	39,564	32,985,339
Completed properties held for sale	17,180,804	743,185	16,437,619	18,326,849	412,808	17,914,041
Total	61,080,668	1,495,811	59,584,857	61,735,371	1,098,466	60,636,905

(2) *Provision for impairment*

All amounts in RMB'000

Items	Balance at 31 December 2019	Increase		Decrease			30 June 2020
		Provision	Others	Reversals	Write-offs	Others	
Raw materials	62,704	129	–	–	9,368	–	53,465
Work in progress	396,628	–	–	32,187	35,731	–	328,710
Finished goods	180,121	45,695	–	–	30,099	–	195,717
Other materials	6,641	3	–	–	–	–	6,644
Properties under development	39,564	154,684	–	–	26,158	–	168,090
Completed properties held for sale	412,808	335,829	–	3,052	2,400	–	743,185
Total	1,098,466	536,340	–	35,239	103,756	–	1,495,811

7. *Contract assets*

(1) *Presentation of contract assets*

All amounts in RMB'000

Items	30 June 2020			31 December 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Contract assets interrelated with engineering contracting services	85,325,335	3,721,794	81,603,541	71,573,380	3,388,866	68,184,514
Contract assets interrelated with quality guarantee deposit	5,213,946	279,471	4,934,475	4,908,801	292,740	4,616,061
Total	90,539,281	4,001,265	86,538,016	76,482,181	3,681,606	72,800,575

(2) *West Australia SINO Iron Mining Project*

In 2012, MCC Mining (Western Australia) Pty Ltd. (“**Western Australia**”), a wholly owned subsidiary of the Group, was forced to postpone the SINO Iron Project, including six production lines in total, due to reasons like extreme weather condition in Australia and other unpredictable reasons. The owner of the project is CITIC Limited. The Group negotiated with China CITIC Group

Ltd. (“**CITIC Group**”, the parent company of CITIC Limited) for the project delay and the total contract price after cost overruns. CITIC Group and Western Australia signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be within USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by third party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized impairment loss on contract costs of USD481 million (equivalent to approximately RMB3.035 billion) for the year ended 31 December 2012.

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

The Group assessed the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses at 30 June 2020.

On 30 June 2020, the contract assets of the project mentioned above amounted to RMB3,787,606'000. 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

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Long-term receivables on project	28,245,144	25,271,138
Loans to related parties	1,342,989	1,209,488
Receivables on disposal of equity investments	333,485	333,485
Others	1,348,207	1,512,710
Total carrying amount	<u>31,269,825</u>	<u>28,326,821</u>
Less: provisions for credit losses of long-term receivables	2,691,354	1,921,114
Total book value	<u>28,578,471</u>	<u>26,405,707</u>
Including: Long-term receivables due within One year, net	1,729,813	2,078,913
Long-term receivables due over One year, net	<u>26,848,658</u>	<u>24,326,794</u>

9. Bills payable

All amounts in RMB'000

Category	30 June 2020	31 December 2019
Bank acceptance bills	30,808,651	28,204,347
Commercial acceptance bills	<u>4,079,447</u>	<u>3,282,785</u>
Total	<u>34,888,098</u>	<u>31,487,132</u>

10. Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Project fees	83,844,856	75,708,557
Purchases	34,690,983	31,788,744
Design fees	682,581	706,121
Labor fees	7,758,192	6,010,918
Retention money	789,950	728,681
Others	1,336,914	911,992
Total	129,103,476	115,855,013

(2) Aging analysis of accounts payable

All amounts in RMB'000

Aging	30 June 2020	31 December 2019
Within 1 year	96,453,380	84,943,833
1 to 2 years	16,155,571	14,616,943
2 to 3 years	6,626,191	6,977,758
Over 3 years	9,868,334	9,316,479
Total	129,103,476	115,855,013

11. Contract liabilities

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Contract liabilities relating to engineering contracting service contracts	46,319,350	48,644,973
Contract liabilities relating to sales contracts	12,399,937	14,491,599
Contract liabilities relating to other customers' contracts	3,843,662	1,459,398
Total	62,562,949	64,595,970

12. Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

Categories	30 June 2020	31 December 2019
Interest payable	27,742	17,986
Dividends payable	2,679,373	1,627,020
Other payables	25,826,859	24,574,780
Total	28,533,974	26,219,786

(2) Dividends payable

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Dividend declared on perpetual bonds classified as equity instrument	652,474	1,023,324
Other dividends	2,026,899	603,696
Total	2,679,373	1,627,020

(3) Other payables

All amounts in RMB'000

Items	30 June 2020	31 December 2019
Guarantees and deposits payable	20,315,452	17,492,598
Rents	218,094	169,662
Utilities payable	173,698	196,790
Repair and maintenance expenses	343,159	366,510
Others	4,776,456	6,349,220
Total	25,826,859	24,574,780

13. Operating income and operating costs

All amounts in RMB'000

Items	Amount for the current period		Amount for the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	180,118,655	160,884,464	158,593,804	141,310,839
Other business	446,538	270,323	423,575	212,653
Total	<u>180,565,193</u>	<u>161,154,787</u>	<u>159,017,379</u>	<u>141,523,492</u>

14. Taxes and levies

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
City construction and maintenance tax	129,701	136,750
Education surcharges	61,353	65,112
Land appreciation tax	410,247	602,892
Property tax	93,179	104,824
Land use tax	53,167	64,473
Stamp duty	98,019	77,613
Others	115,573	139,474
Total	<u>961,239</u>	<u>1,191,138</u>

15. Selling expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Packing charges	2,017	3,463
Employee compensation costs	417,319	449,862
Depreciation expense of fixed assets	7,722	8,480
Travelling expenses	64,715	92,643
Office expenses	67,485	72,895
Transportation expenses	86,625	123,829
Advertising and sales service expenses	213,065	202,001
Other	112,445	77,795
Total	<u>971,393</u>	<u>1,030,968</u>

16. Administrative expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Employee compensation costs	2,662,452	2,698,558
Depreciation expenses of fixed assets	265,636	244,523
Travelling expenses	113,275	163,002
Office expenses	161,986	185,948
Lease rentals	64,279	46,411
Repairs and maintenance expenses	46,688	62,180
Amortization of intangible assets	86,166	79,743
Professional service fees	144,384	124,214
Others	527,875	543,395
Total	4,072,741	4,147,974

17. Research and development expenditure

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Research and development material expenditure	2,603,107	2,256,397
Employee compensation costs	1,216,918	1,168,799
Depreciation expenses of fixed assets	47,770	65,672
Amortization of intangible assets	6,956	7,146
Others	253,183	218,803
Total	4,127,934	3,716,817

18. Financial expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Interest expenses	2,369,277	3,210,764
Less: Capitalized interests	437,080	824,706
Less: Interest income	967,130	1,149,521
Exchange losses	(100,719)	52,737
Bank charges	259,865	272,285
Interest expenses of lease liabilities	9,996	10,526
Others	100,654	111,723
Total	1,234,863	1,683,808

19. Impairment losses of credit

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Credit losses of bills receivable	6,425	1,699
Credit losses on accounts receivable	(191,459)	54,760
Credit losses on other receivables	(561,756)	(674,439)
Impairment losses of contract assets	(324,780)	2,143
Credit losses on long-term receivables	(770,240)	(148,683)
Others	(42)	—
Total	<u>(1,841,852)</u>	<u>(764,520)</u>

20. Impairment losses of assets

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
I Impairment of inventories	(501,101)	(23,307)
II Impairment of investment properties	(5,371)	—
III Impairment of fixed assets	—	(16)
IV Impairment of construction in progress	—	(5,564)
V Impairment of intangible assets	(2,602)	—
VI Impairment of goodwill	(11)	(83)
Total	<u>(509,085)</u>	<u>(28,970)</u>

21. Investment income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Income from long-term equity investments under equity method	(47,081)	(41,200)
Investment income on disposal of subsidiaries and long-term equity investments	9,482	147
Investment income on disposal of financial assets held-for-trading	7,156	17,566
Investment income from disposal of other non-current financial assets	–	17,898
Investment income from disposal of derivative financial instruments	–	6,513
Investment loss from disposal of receivables at FVTOCI	(160,541)	(21,268)
Investment income from holding investment in other equity instrument	6,318	3,839
Investment income from holding other non-current financial assets	47,209	66,799
Losses from derecognition of financial assets at amortized cost	(354,740)	(249,984)
Others	(30,227)	1,353
Total	(522,424)	(198,337)

22. Non-operating income

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Income from penalty	20,121	6,166	20,121
Government grants irrelevant to routine activities	89,243	32,289	89,243
Unpayable balances	28,387	26,442	28,387
Others	99,308	38,362	99,308
Total	237,059	103,259	237,059

23. *Non-operating expenses*

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period	Recognized in non-recurring profit or loss for the current period
Fines and surcharges for overdue payments	18,402	12,660	18,402
Compensation and default payments	21,869	16,463	21,869
The separation and hand-over cost of "Special payables for water/power/gas supply and property"	5,413	7,140	5,413
Others	10,668	9,108	10,668
Total	56,352	45,371	56,352

24. *Income tax expenses*

(1) Income tax expenses

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Current year tax expenses	1,655,136	1,235,086
Deferred tax expenses	(428,317)	(131,155)
Total	1,226,819	1,103,931

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

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Total profit	5,503,385	4,882,189
Income tax expenses calculated at the statutory/applicable tax rate (25%)	1,375,846	1,220,547
Effect of difference between applicable tax rate and statutory tax rate	(206,556)	(346,042)
Income not subject to tax	120,494	(69,468)
Expenses not deductible for tax purposes	(72,822)	98,899
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(88,546)	(58,633)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	142,525	327,292
Others	(44,122)	(68,664)
Income tax expense	<u>1,226,819</u>	<u>1,103,931</u>

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

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

25. Other comprehensive income

All amounts in RMB '000

Items	Amount for the current period	Amount for the prior period
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligations	(52,305)	450
Less: Income tax effects on changes in re-measurement of defined benefit obligations	(3,339)	27
Subtotal	(48,966)	423
2. Fair value changes of investments in other equity instruments	(36,313)	26,335
Less: Income tax effects arising from fair value changes of investments in other equity instruments	(7,542)	5,709
Subtotal	(28,771)	20,626
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		
1. Other comprehensive income that may be included to profit or loss under equity method	3	(30)
Less: Effect of income tax incurred by other comprehensive income under equity method	–	–
Subtotal	3	(30)
2. Changes in fair value of receivables at FVTOCI	1,388	(48,242)
Less: Earlier included in other comprehensive income and transferred to profit and loss in the current period	(697)	–
Less: Effect of changes in fair value of receivables at FVTOCI on income tax	(2,965)	–
Subtotal	5,050	(48,242)
3. Exchange differences on translating foreign operations	162,328	24,627
Less: Income tax impact of foreign currency statement translation difference	744	–
Subtotal	161,584	24,627
Total	88,900	(2,596)

IV. Events after the balance sheet date

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

V. Other significant matters

(I) Segment information

1. Accounting policies of the segment

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

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

- (1) The component is able to generate income, expenses in daily activities;
- (2) The Group's management evaluates the operating results of that segment regularly, determines the allocation of resources, and evaluates its performance;
- (3) The Group can obtain the balance sheet, operating results, cash flow and other relevant accounting information of the segment. If two or more operating segments have similar economic characteristics and meet certain conditions, they could be combined into a single operating segment.

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

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

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

2. Summarized financial information of reporting segment

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

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	163,537,270	13,110,589	4,794,479	1,479,442	1,634,707	-	(3,991,294)	180,565,193
Including: Revenue from external customers	160,653,210	12,814,886	4,657,080	1,476,981	963,036	-	-	180,565,193
Revenue between segments	2,884,060	295,703	137,399	2,461	671,671	-	(3,991,294)	-
Operating costs	147,847,781	10,439,747	4,085,989	1,171,729	1,372,622	-	(3,763,081)	161,154,787
Including: External costs	145,127,197	10,202,338	3,948,653	1,159,410	717,189	-	-	161,154,787
Costs between segments	2,720,584	237,409	137,336	12,319	655,433	-	(3,763,081)	-
Operating profit/(loss)	3,617,603	1,848,100	217,016	(219,976)	158,950	(70,803)	(228,212)	5,322,678
Including: Interest income	861,127	512,462	15,694	9,394	226,457	-	(658,004)	967,130
Interest expenses	1,651,815	406,285	90,554	193,908	247,639	-	(658,004)	1,932,197
Gains/(losses) on investments in associates and joint ventures	(126,802)	79,915	-	-	(194)	-	-	(47,081)
Non-operating income	195,207	25,145	7,000	2,197	7,510	-	-	237,059
Non-operating expenses	46,226	6,923	2,580	23	600	-	-	56,352
Total profit/(loss)	3,766,584	1,866,322	221,436	(217,802)	165,860	(70,803)	(228,212)	5,503,385
Income tax expense	561,958	568,494	46,289	327	49,751	-	-	1,226,819
Net profit/(net loss)	3,204,626	1,297,828	175,147	(218,129)	116,109	(70,803)	(228,212)	4,276,566
Assets	383,317,528	117,516,852	18,235,619	18,410,500	62,161,265	6,005,708	(116,934,286)	488,713,186
Including: Long-term equity investments in associates and joint ventures	17,962,869	5,292,386	-	71	10,300	-	-	23,265,626
Non-current assets	41,265,976	13,744,878	3,906,154	12,351,202	23,713,575	-	(17,289,433)	77,692,352
Liabilities	304,190,200	90,721,268	15,417,160	19,961,463	39,858,241	63,801	(100,239,824)	369,972,309
Depreciation and amortization expenses	945,436	71,060	125,280	413,405	75,024	-	-	1,630,205
Impairment losses of assets and impairment of credit losses	(2,336,877)	(10,527)	21,339	(30,379)	5,507	-	-	(2,350,937)
Increase in other non-current assets other than long-term equity investments	1,466,384	910,734	278,970	134,688	182,838	-	-	2,973,614

(2) Segment information for the six months period ended 30 June 2019 and as at 31 December 2019

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	145,074,533	10,385,089	3,728,240	2,268,661	1,682,536	–	(4,121,680)	159,017,379
Including: Revenue from external customers	142,532,068	10,018,578	3,271,630	2,267,474	927,629	–	–	159,017,379
Revenue between segments	2,542,465	366,511	456,610	1,187	754,907	–	(4,121,680)	–
Operating costs	131,450,459	7,514,380	3,303,118	1,834,103	1,481,211	–	(4,059,779)	141,523,492
Including: External costs	128,929,914	7,183,974	2,849,469	1,833,831	726,304	–	–	141,523,492
Costs between segments	2,520,545	330,406	453,649	272	754,907	–	(4,059,779)	–
Operating profit	3,088,191	1,822,902	27,691	(200,068)	219,996	(82,865)	(51,546)	4,824,301
Including: Interest income	178,133	677,875	14,609	12,458	575,581	–	(309,135)	1,149,521
Interest expenses	1,296,839	723,315	52,342	256,958	365,739	–	(309,135)	2,386,058
Gains/(losses) on investments in associates and joint ventures	(36,935)	(4,096)	–	–	(22)	–	–	(41,053)
Non-operating income	91,721	1,877	5,592	1,742	2,327	–	–	103,259
Non-operating expenses	29,887	4,090	2,659	1,085	7,650	–	–	45,371
Total profit/(loss)	3,150,025	1,820,689	30,624	(199,411)	214,673	(82,865)	(51,546)	4,882,189
Income tax expense	566,426	452,884	24,493	240	59,888	–	–	1,103,931
Net profit/(loss)	2,583,599	1,367,805	6,131	(199,651)	154,785	(82,865)	(51,546)	3,778,258
Assets	343,105,005	117,008,146	12,848,828	18,204,783	55,335,941	5,618,595	(93,615,085)	458,506,213
Including: Long-term equity investments in associates and joint ventures	16,985,361	4,837,780	–	70	11,155	–	–	21,834,366
Non-current assets	42,568,751	11,585,792	3,642,958	12,487,880	18,578,943	–	(13,782,274)	75,082,050
Liabilities	272,519,638	90,130,145	10,587,457	18,218,888	41,526,999	71,685	(91,454,107)	341,600,705
Depreciation and amortization expenses	935,393	67,320	135,536	431,580	69,408	–	–	1,639,237
Impairment losses of assets and impairment of credit losses	(765,482)	3,071	6,043	(26,471)	(10,651)	–	–	(793,490)
Increase in other non-current assets other than long-term equity investments	<u>1,348,262</u>	<u>961,401</u>	<u>36,097</u>	<u>140,412</u>	<u>49,971</u>	<u>–</u>	<u>–</u>	<u>2,536,143</u>

3. other instructions

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

All amounts in RMB'000

Operating revenues	Amount for the current period	Amount for the prior period
China	171,509,982	146,234,066
Other countries/regions	9,055,211	12,783,313
Total	180,565,193	159,017,379

All amounts in RMB'000

Non-current assets	30 June 2020	31 December 2019
China	66,412,754	64,316,350
Other countries/regions	11,279,598	10,765,700
Total	77,692,352	75,082,050

- (2) The dependency on major customers

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

(II) Earnings per share

1. When calculating earnings per share, net profit for the current period attributable to ordinary shareholders

All amounts in RMB'000

Items	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to shareholders of the Company	3,591,925	3,156,882
Including: Net profit from continuing operations	3,591,925	3,156,882
Less: Net profit belonging to the perpetual bond holders	597,855	420,736
Net profit for the current period attributable to ordinary shareholders	2,994,070	2,736,146

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

All amounts in thousand shares

Items	Amount for the current period	Amount for the prior period
Number of ordinary shares outstanding at the beginning of the period	20,723,619	20,723,619
Add: Weighted average number of ordinary shares issued during the period	—	—
Less: Weighted average number of ordinary shares repurchased during the period	—	—
	<hr/>	<hr/>
Number of ordinary shares outstanding at the end of the period	<u>20,723,619</u>	<u>20,723,619</u>

3. *Earnings per share*

Unit: RMB

Items	Amount for the current year	Amount for the prior year
Calculated based on net profit attributable to ordinary shareholders:	/	/
Basic earnings per share	0.14	0.13
Diluted earnings per share	N/A	N/A
Calculated based on net profit from continuing operations attributable to ordinary shareholders:	/	/
Basic earnings per share	0.14	0.13
Diluted earnings per share	N/A	N/A
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:	/	/
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A
	<hr/>	<hr/>

XI. DIVIDEND

During the Reporting Period, the Company had no preliminary proposal for profit distribution or transfer of capital reserve to share capital for the first half of 2020. No interim dividend will be declared by the Board for the Reporting Period.

XII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in ordinary shares

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

(II) Changes in shares subject to selling restrictions

☐ Applicable ☒ Not applicable

(III) Particulars of Shareholders

1. Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period (<i>Person</i>)	400,048
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (<i>Person</i>)	<u>0</u>

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

Unit: share

Shareholding of the top 10 Shareholders

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged or frozen		Nature of Shareholder
					Status of Shares	Amount	
China Metallurgical Group Corporation(中國冶金科工集團有限公司)	-1,227,760,000 ⁽³⁾	10,190,955,300	49.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ⁽²⁾	-73,050	2,841,026,051	13.71	0	Nil	0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged or frozen		Nature of Shareholder
					Status of Shares	Amount	
China National Petroleum Corporation (中國石油天然氣集團有限公司)	1,227,760,000 ⁽³⁾	1,227,760,000	5.92	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	620,195,642	2.99	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited(香港中央結算有限公司)	-28,537,763	191,747,098	0.93	0	Nil	0	Others
China Merchants Bank Co., Ltd.- Bosera CSI State-owned Enterprises Innovation-driven Index ETF Security Investment Fund(招商銀行股份有限公司-博時中證央企創新驅動交易型開放式指數證券投資基金)	6,003,378	119,405,878	0.58	0	Nil	0	Others
Central Huijin Asset Management Ltd.(中央匯金資產管理有限責任公司)	0	90,087,800	0.43	0	Nil	0	State-owned legal person
Zhang Jingchun(張景春)	890,000	80,461,988	0.39	0	Nil	0	Domestic natural person
Bank of China Limited – Harvest CSI State-owned Enterprises Innovation-driven Index ETF Security Investment Fund(中國銀行股份有限公司-嘉實中證央企創新驅動交易型開放式指數證券投資基金)	-35,290,400	78,112,100	0.38	0	Nil	0	Others
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program(博時基金-農業銀行-博時中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged or frozen		Nature of Shareholder
					Status of Shares	Amount	
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Programme(易方達基 金–農業銀行–易方達 中證金融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金– 農業銀行–大成中證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金– 農業銀行–嘉實中證金 融資產管理計劃)	0	63,516,600	0.31	0	Nil	0	Others
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金–農業銀行– 廣發中證金融資產管 理計劃)	0	63,516,600	0.31	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金–農業銀行– 中歐中證金融資產管 理計劃)	0	63,516,600	0.31	0	Nil	0	Others

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

Shareholding of top 10 Shareholders not subject to selling restrictions

Unit: share

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited(香港中央結算(代理人)有限公司) ⁽²⁾	2,841,026,051	Overseas-listed foreign shares	2,841,026,051
China National Petroleum Corporation (中國石油天然氣集團有限公司)	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited(中國證券金融股份有限公司)	620,195,642	RMB-denominated ordinary shares	620,195,642
Hong Kong Securities Clearing Company Limited(香港中央結算有限公司)	191,747,098	RMB-denominated ordinary shares	191,747,098
China Merchants Bank Co., Ltd. – Bosera CSI State-owned Enterprises Innovation-driven Index ETF Security Investment Fund(招商銀行股份有限公司–博時中證央企創新驅動交易型開放式指數證券投資基金)	119,405,878	RMB-denominated ordinary shares	119,405,878
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	90,087,800	RMB-denominated ordinary shares	90,087,800
Zhang Jingchun(張景春)	80,461,988	RMB-denominated ordinary shares	80,461,988
Bank of China Limited – Harvest CSI State-owned Enterprises Innovation-driven Index ETF Security Investment Fund (中國銀行股份有限公司–嘉實中證央企創新驅動交易型開放式指數證券投資基金)	78,112,100	RMB-denominated ordinary shares	78,112,100
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program(博時基金–農業銀行–博時中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Program(易方達基金–農業銀行–易方達中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme (大成基金－農業銀行－大成中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme (嘉實基金－農業銀行－嘉實中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme (廣發基金－農業銀行－廣發中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme (中歐基金－農業銀行－中歐中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme (華夏基金－農業銀行－華夏中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme (銀華基金－農業銀行－銀華中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme (南方基金－農業銀行－南方中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme (工銀瑞信基金－農業銀行－工銀瑞信中證金融資產管理計劃)	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not applicable		

Note (1): Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2020.

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

Note (3): In May 2020, with the approval of the SASAC, CMGC transferred its 1,227,760,000 A shares of the Company to China National Petroleum Corporation by gratuitous transfer. For details, please refer to the relevant announcements disclosed by the Company dated 13 March, 15 April and 27 May 2020.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

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

XIV. RELEVANT INFORMATION ON CORPORATE BONDS

Detailed information of all corporate bonds, which were publicly issued by the Company, all listed on a stock exchange and had not yet expired as at the date of publication of this report, are set out as follows:

Unit: RMB100 million

Name of bonds	Short name	Stock code	Issue date	Expiry date	Outstanding bonds	Interest rate (%)	Method to pay principal and interests	Stock exchange
2017 Corporate Bonds (First Tranche) under the Public Issuance	17 MCC 01	143361	24 October 2017	25 October 2022 (If it is a non-trading day, payment shall be made on the first following trading day, during which no additional interest shall be charged on such postponed period)	5.7	4.99	This tranche of bonds shall bear interest on a yearly basis at single rate rather than compound rate and interest shall be paid each year. Upon expiry at the end of such period, the principal shall be repaid on one-off basis and the interest for the last tranche shall also be paid at the same time	Shanghai Stock Exchange

Name of bonds	Short name	Stock code	Issue date	Expiry date	Outstanding bonds	Interest rate (%)	Method to pay principal and interests	Stock exchange
2018 Corporate Bonds (First Tranche) under the Public Issuance	18 MCC 01	143634	7 May 2018 to 8 May 2018	8 May 2021 (If it is a non-trading day, payment shall be made on the first following trading day, during which no additional interest shall be charged on such postponed period)	8.7	4.78	This tranche of bonds shall bear interest on a yearly basis at single rate rather than compound rate and interest shall be paid each year. Upon expiry at the end of such period, the principal shall be repaid on one-off basis and the interest for the last tranche shall also be paid at the same time	Shanghai Stock Exchange
	18 MCC 02	143635		8 May 2023 (If it is a non-trading day, payment shall be made on the first following trading day, during which no additional interest shall be charged on such postponed period)	2.2	4.98		

Payment of interest principal amount of other bonds and debt financing instruments of the Company

During the Reporting Period, in addition to corporate bonds, the Company was also in possession of ultra-short term financing bonds of RMB10 billion, and all of the debt financing instruments were paid on schedule and did not have any delay or failure in the payment of interest and principal._

XV. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company continued to comply strictly with the laws and regulations including the Company Law and the Securities Law of China, and relevant laws and regulations of the place where the domestic and oversea shares are listed, and requirements of corporate governance in relation to the regulatory rules, constantly optimized the corporate governance systems. The Shareholders' Meeting, the Board and its Special Committees, as well as the Supervisory Committee of the Company operated and disclosed information in compliance with the laws and regulations in an efficient manner, actively expanded communication channels with investors and steadily improved the corporate governance level of the Company.

The Board of the Company has reviewed the corporate governance report of the Company. The Board is of the view that during the Reporting Period, the Company has complied with the requirements of the Corporate Governance Code, except for the code provisions E.1.2 of the Corporate Governance Code. Pursuant to the code provision E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. Guo Wenqing, the Chairman of the Company, was not able to attend the 2019 annual general meeting due to business engagement. Pursuant to relevant requirements, Mr. Zhang Zhaoxiang, an executive Director and the Vice Chairman of the Company, presided over the meeting.

During the Reporting Period, pursuant to the provisions of the Articles of Association, the Company held the 12th meeting of third session of the Board on 20 January 2020, agreed to submit the matter of nomination of Mr. Ng, Kar Ling Johnny as candidate for independent non-executive Director of the third session of the Board by China Metallurgical Group Corporation, the Controlling Shareholder of the Company, to the general meeting of the Company for consideration. On 29 April 2020, Mr. Chan Ka Keung, Peter resigned as an independent non-executive director of the Company due to change of work. On the same date, the Company held the 2020 first extraordinary general meeting, and approved the appointment of Mr. Ng, Kar Ling Johnny as an independent non-executive director of the third session of the Board of the Company, with the same term of office as the third session of the Board. On 29 April 2020, the Company held the 16th meeting of the third session of the Board, and agreed Mr. Ng, Kar Ling Johnny shall serve as a member and chairman of the Finance and Audit Committee of the third session of the Board of MCC, and made adjustments to the Finance and Audit Committee of the Board. The former members of the Finance and Audit Committee were Chan Ka Keung, Peter, Zhou Jichang and Yu Hailong. Chan Ka Keung, Peter served as the chairman; the adjusted members of the Finance and Audit Committee are Ng, Kar Ling Johnny, Zhou Jichang and Yu Hailong, with Ng, Kar Ling Johnny serving as the chairman.

Besides, the Company actively responded to the regulatory requirements to improve the corporate governance of the Company. According to the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies (No. 97 [2019] of the State Council) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)) released by the State Council in October 2019, the relevant provisions of the Company Law of the PRC (中國《公司法》) shall be uniformly applied to joint stock limited companies registered in China and listed overseas in terms of notice period, Shareholders' right to propose and the procedures for convening the general meeting. Based on the relevant regulations of the regulatory authorities and the actual situation of the Company, and referring to the common practice of similar listed companies, the Company made amendments to the relevant provisions in Articles of Association and the Rules of Procedures for General Meeting(《股東大會議事規則》) based on the principles of prudence, appropriateness and necessity, which were considered and approved by the 2019 annual general meeting.

During the Reporting Period, the convening of each meeting of general meetings, Board meetings and meetings of Supervisory Committee is in compliance with the relevant requirements of the Company Law of the PRC and the Articles of Association. During the Reporting Period, the Company convened 2 general meetings, 7 Board meetings, 10 meetings of Special Committees, and 2 meetings of Supervisory Committee in total.

The Company has adopted the Model Code as the code governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, the Company is of the view that all Directors and Supervisors fully complied with the Model Code and requirements set out thereof during the six months ended 30 June 2020.

XVI. COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS

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

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

The Finance and Audit Committee under the Board has reviewed the accounting principles and practices adopted by the Company and its subsidiaries in collaboration with the Company's management, and has discussed with the Directors on matters in relation to the internal control and the financial reporting of the Company, including the review of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2020.

XVIII. PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2020 will be available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.mccchina.com>) in early September 2020 and will be dispatched to the Shareholders for reference.

XIX. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"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
"SSE Listing Rules" or "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
“Hong Kong Listing Rules” or “H Share 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
“General Meeting”	the General Meeting of Metallurgical Corporation of China Ltd.*
“Shareholder(s)”	holder(s) of share(s) of the Company
“Board”	the board of Directors of the Company
“Director(s)”	the director(s) of the Company, including all executive, non-executive and Independent Non-executive Directors
“Independent Director” or “Independent Non-executive Director”	a Director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company’s affairs
“Supervisory Committee”	the Supervisory Committee of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Articles of Association”	the articles of association of the Company
“Reporting Period”	from 1 January 2020 to 30 June 2020
“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 subscribed and traded in Hong Kong dollars

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Connected Person(s)”	Connected party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Renminbi”	Renminbi, the lawful currency of the PRC
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong, the PRC
“USD”	United States dollars, the lawful currency of the United States
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Hong Kong Listing Rules

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

The 2020 interim financial statement of the Company has been reviewed by WUYIGE Certified Public Accountants, but has not been audited. WUYIGE Certified Public Accountants has issued the review report for the Company without qualified opinion.

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

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

Beijing, the PRC
28 August 2020

As at the date of this announcement, the Board of the Company comprises two executive directors: Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; four independent non-executive directors: Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Ng, Kar Ling Johnny; and one non-executive director: Mr. Lin Jinzhen.

* For identification purposes only