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METALLURGICAL CORPORATION OF CHINA LTD. *

中國冶金科工股份有限公司

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

(Stock Code: 1618)

2021 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY

The highlights of the Company's financial position as at 31 December 2021 and the operating results for 2021 are as follows:

- Operating revenue amounted to RMB500,572 million, representing an increase of RMB100,457 million or 25.11% from RMB400,115 million in 2020.
- Net profit amounted to RMB11,607 million, representing an increase of RMB2,225 million or 23.71% from RMB9,382 million in 2020.
- Net profit attributable to Shareholders of the Company amounted to RMB8,375 million, representing an increase of RMB513 million or 6.52% from RMB7,862 million in 2020.
- Basic earnings per share amounted to RMB0.35, and the basic earnings per share in 2020 amounted to RMB0.32.
- As at 31 December 2021, total assets amounted to RMB543,470 million, representing an increase of RMB37,077 million or 7.32% from RMB506,393 million as at 31 December 2020.
- As at 31 December 2021, Shareholders' equity amounted to RMB151,388 million, representing an increase of RMB11,033 million or 7.86% from RMB140,355 million as at 31 December 2020.
- Value of newly signed contracts amounted to RMB1,204,980 million, representing an increase of RMB185,252 million or 18.17% from RMB1,019,728 million in 2020.

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

I. CHAIRMAN'S STATEMENT

Dear Shareholders:

In 2021, MCC overcame many challenges, progressed steadily and surely, achieved a new record high in business performance, improved steadily in growth quality, achieved a “good start” in the first year of the “14th Five-Year Plan”, and started a new journey of high-quality development of a “Better MCC”.

During the Reporting Period, MCC achieved an operating revenue of RMB500.572 billion, representing a year-on-year increase of 25.11%; a total profit of RMB14.012 billion, representing a year-on-year increase of 17.58%; and a net profit attributable to the parent company of RMB8.375 billion, representing a year-on-year increase of 6.52%. The newly signed contract value reached RMB1,204.98 billion, representing an increase of 18.17% over the same period of last year. MCC achieved new breakthroughs in marketing, and successfully won the bidding of 10 large projects with a value of at least RMB10 billion. The market dominant position of the “Metallurgical Construction National Team” continued to be consolidated, the newly signed metallurgical contracts increased by 10.04% year-on-year, and none of the major metallurgical projects at domestic and abroad was lost to others. MCC achieved fruitful performances in excellence and award, and 26 projects have won the National Quality Project Award, among which 14 construction projects have reached a record high. MCC has won the National Excellent Project Gold Award for three consecutive years for its metallurgical projects, and won the Luban Prize for Construction Project for 6 domestic projects. Positive progress has been made in special reforms such as “Double-Hundred Action Pilot Projects” and “Demonstration Action of Technology Enterprises Reform”. The quantity and quality of scientific and technological achievements have risen, closely following the goal of “Carbon Peaking and Carbon Neutrality Goals”, four MCC Low Carbon Technology Research Institutes and one Carbon Emission Assessment Center have been established; MCC also took the lead in undertaking one national key research and development plan project; 4 scientific and technological achievements led and participated in winning the National Science and Technology Award; added more than 8,000 effective patents, with the number of valid patents reaching more than 40,000, and the number of the effective invention patents exceeding 10,000 for the first time; MCC has also led the formulation of 4 items, published 3 international standards and 9 national standards as the chief editor. MCC continues to maintain its long-term and positive momentum of development.

At present, the external environment is becoming more complex, severe and uncertain, but the economy of China has strong resilience and great room for maneuver, and the fundamentals of long-term improvement have not changed. We will insist on keeping steady and striving for progress while seizing policy opportunities, and will focus on risk prevention and control to ensure the steady growth of the Company. We will seek growth with an open mind, promote reform with an entrepreneurial passion, prevent risks with a sense of hardship, seek promotion with a confident mind, adhere to the focus on the main business, persist in the strategic positioning of “being the world-class national team for

metallurgical construction, the vanguard of the main force of capital construction and the vanguard of the leaders in emerging industries, continuing to pursue high-tech, high-quality and innovative development in the long run”, and comprehensively improve the overall strength and the management level as well as the spirit of the enterprise, concentrate on doing our own business well, and deal with uncertainties with certainty in our work.

Looking forward, we will comprehensively coordinate the “three relationships” and closely follow the “five highlights”. On the one hand, we will coordinate the “three relationships”, that is, coordinate the three relationships between business scale and business efficiency, development speed and development quality, and enterprise resources and enterprise scale. On the other hand, we will closely follow the “five highlights”, that is, highlight and strengthen the Party’s leadership, and earnestly take the direction, manage the overall situation, promote implementation; highlight the emancipation of mind and firmly establish market consciousness; highlight and strengthen system construction and focus on improving management efficiency; highlight performance orientation and promote the “four modernizations” of talent team in all aspects; highlight and optimize the assessment system, and fully mobilize the entrepreneurial enthusiasm of the officers.

In 2022, we will focus on the following aspects: Firstly, we will do well in the “three strengthening, two optimizing and one improving”. “Three strengthening” namely to strengthen investment risk prevention and control, strengthen performance capacity building, and strengthen talent team building. “Two optimizing” namely to optimize marketing quality and optimize project incentive mechanism. “One improving” namely to improve the profitability of the project. Secondly, we will focus on the “five special actions”. Thirdly, we will make every effort to improve the happiness index of employees. We will not only continuously improve the income of employees and ensure the steady growth of the average income level of employees through scientific and all-rounded performance appraisal and reasonable income growth mechanism, but also vigorously create a fair and just environment for growth and success.

One must both have great ambition and make tireless efforts to achieve great exploits. We will be upright and innovative, work hard and make unremitting efforts to write a new chapter in the high-quality development of a “Better MCC”, and create new and greater value for the country, Shareholders, society and employees!

Chairman
Chen Jianguang

II. BUSINESS OVERVIEW

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

1. *Engineering Contracting Business*

In the field of metallurgical construction, with the structural benefits such as steel plant relocation and capacity replacement wearing off, the metallurgical construction market is gradually shifting from incremental market to stock market, and the opportunities for new greenfield steel market will be significantly reduced in the future. As such, the traditional steel business is facing a serious situation. Mergers and acquisitions in the industry are accelerating, and the rapid formation of top enterprises, and coexistence between those top enterprises and small-scale enterprises will become an inevitable trend in the future. Metallurgical engineering construction and operation services are therefore facing greater competitive pressure. At the same time, in the context of the “carbon peak and neutrality” policy, steel enterprises, in response to the industry trends such as gradually-upgrading carbon emission restrictions, increasingly-intensified environmental remediation and dual control of total energy consumption and energy intensity, and deep integration of information technology and industrialization, have to carry out structural technical transformation to improve the quality of products. Low-carbon production technology innovation, energy saving and emission reduction, and smart manufacturing will also become one of the development priorities of the steel enterprises, which calls for more technological innovations and service innovations in the industry, but also brings new growth potential for future market development.

In the field of infrastructure construction, there are still vast market opportunities. At the executive meeting of the State Council, there were plans to accelerate the major projects identified in the Outline of the “14th Five-Year Plan” and special plans to expand effective investment. Special debts of RMB1.46 trillion were issued in the first quarter, and local governments also increased special debts by more than RMB3.5 trillion during the year, significantly boosting infrastructure investment. With the synergy of structural policies, regional policies, social policies and other policies, “New Infrastructure and New Urbanisation Initiatives and Major Projects”, rural revitalization and regional coordinated development are still the investment priorities in terms of tackling areas of weaknesses and benefiting the people, which brings broad development potential for our infrastructure business. From the perspective of industry trends, integration and reorganisation are accelerating, resulting in increasing industry concentration, and

market regional layout is gradually converging as leading enterprises actively seek integrated layout, diversified development, transformation and upgrading, and new development momentum amid an increasingly fierce competition.

Digital technology will continue to penetrate all aspects of the construction industry, breaking the boundary between real buildings and virtual buildings; BIM, GIS, cloud computing, big data, artificial intelligence, 3D printing, internet of things, robotics and other technologies will bring great changes to the traditional construction industry; and enterprises in the construction industry may increase investment in R&D, and use prefabrication as an information booster to promote rapidly the great development of the industry. The Green Building Creation Action Plan promulgated by the State Council proposes that “the proportion of green building area in new buildings in cities and towns will reach 70% by 2022”. It is expected that in 2022, China’s accumulated green building area will exceed 1.5 billion square metres, and green building will become the top priority in the development of the construction industry.

2. *Property Development Business*

Under the new situation, the “golden age” of expansionary high growth has come to an end for China’s real estate industry. As the property market gradually becomes rational, the market enters a stage of steady development. It is expected that during the “14th Five-Year Plan” period, the sales area of commercial housing in China will be close to 6.7 billion square metres, with an average annual sales area of 1.34 billion square metres. The sales volume will be approximately RMB80 trillion with an annual average of RMB16 trillion. The market will be in a stable development condition characterised by “a slower pace of development and slight retreat of overall supply and demand scale from the peak”. At the same time, the current urbanisation process in the PRC is continually to advancing, therefore a real estate growth driven by the reasonable housing demand of urban residents still exists, but the growth rate will obviously be slower than that during the “13th Five-Year Plan”, especially under the principle of “houses are for living in and not for speculative investment” and various control policies, the real estate market tends to be more healthy and stable. With the introduction of the “14th Five-Year Plan”, the development of urbanisation is changing from the incremental expansion of new urban construction to the stock of urban renewal and transformation. In the future, the transformation of old cities, shantytowns and affordable housing will become the main tone of the real estate market.

3. *Equipment Manufacturing Business*

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

With its structural advantages such as sound mechanical properties and high levels of industrialization and recyclability, steel is extensively applied to various areas including super high-rise, large-span spatial structure and infrastructure, and is increasingly valued by governments and recognized in markets. The “Guidelines for the Dimensions of Main Components of Steel Structure Residential Buildings” (鋼結構住宅主要構件尺寸指南), the national standard “Steel Structure Design Standards (Draft for Solicitation of Comments on Partial Modification of Provisions)” (鋼結構設計標準 (局部修訂條文徵求意見稿)), “General specifications for steel structure (National Standard)” (鋼結構通用規範 (國家標準)) and other notices successively issued by the Ministry of Housing and Urban-Rural Development in recent years propose to comprehensively promote the standardization of steel components, improve design and construction efficiency, and reduce the cost of residential buildings with steel structure in accordance

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

4. *Resources Development Business*

Since 2021, China, as the most important economy in the world through great efforts, has been the first to emerge from the shadow of the pandemic. As China’s economy has stabilized rapidly, the demand for energy and mineral resources has picked up rapidly. However, the major countries in the global mining supply side are still deeply affected by the pandemic, and their economic recovery is weak, which has greatly changed the supply and demand landscape of global mineral products. In addition, the global capital mobility has greatly increased, which has further promoted the sharp rebound of global mineral products prices. The global mining industry has turned the corner, showing three remarkable characteristics in general:

First, the global supply, demand and liquidity of mineral products have changed significantly in the post-pandemic era, resulting in prices of mineral products soaring. Affected by the power and energy crisis, supply-side production cuts coupled with low inventories, mineral prices remained high.

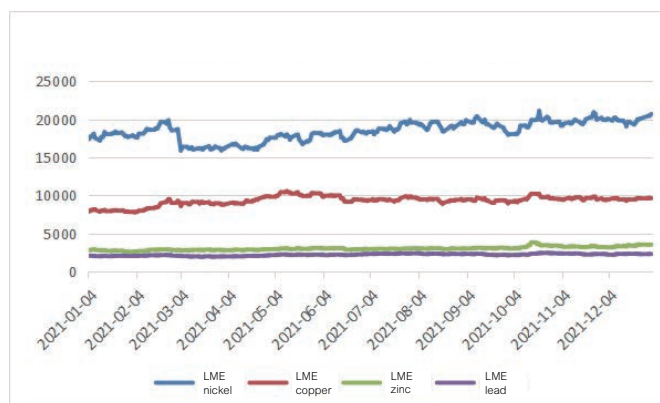
Second, the financial nature has strengthened. In response to the economic impact of the pandemic, countries implemented aggressive fiscal stimulus policies, further driving up the prices of global commodities and minerals. Mineral prices have always been closely related to inflation, and the continued surge in the prices of metals such as iron and copper has further exacerbated the level of global inflation.

Third, clean energy developed rapidly. As using less fossil energy has become the common action of countries in response to global climate change, clean energy technology and equipment, low-carbon power generation facilities, electric vehicles, grid storage, etc. consume large amounts of copper, aluminum and other metals. The strategy of “carbon peak and neutrality” has led to a major adjustment in the supply and demand structure of minerals, promoting the explosive growth of new-technology minerals.

With the rising trend of 4 non-ferrous metals over the year on the LME, namely nickel, copper, zinc and lead, the price of nickel rose from USD17,375/ton at the beginning of the year to USD20,705/ton at the end of the year, with a year-low at USD15,895/ton and a year-high at USD21,100/ton; the price of copper rose from USD7,856/ton at the beginning of the year to USD9,755/ton at the end of the year, with a year-low at USD7,752/ton and a year-high at USD10,556/ton; the price of zinc rose from USD2,798/ton at the beginning of the year to USD3,537/ton at the end of the year, with a year-low at USD2,570/ton and a year-high at USD3,820/ton; the price of lead rose from USD2,065/ton at the beginning of the year to USD2,291/ton at the end of the year, with a year-low at USD1,916/ton and a year-high at USD2,435/ton.

Price trend of LME nickel, copper, zinc and lead in 2021

Unit: USD/ton



Source: Wind

Looking ahead of 2022, the new trends in global mining development will have three key features:

First, the characteristics of assets in the new era of mining industry will be evident. At present, technological development and technological breakthroughs have brought about an explosive growth of new-technology minerals, the deep application of silicon-carbon materials, and evident characteristics of assets in the new era of mining industry will have a profound impact on the future development of the mining industry, driving mining companies to make a new choices in terms of strategy and resource allocation, extending from the resource side to deep processing, increasing investments in scientific and technological research and development, and entrance into the downstream materials industry will become the inevitable choice of some mining companies.

Second, the new energy related new-technology mineral industry will develop rapidly. The rapid development of the new energy industry will bring a large number of applications such as secondary batteries, furthering the growth in demand for lithium, nickel, cobalt, manganese, graphite and other minerals. It is predicted that by 2035 there will be an even larger gap between the supply and demand, with demand for these minerals growing to 3–12 times the current level. The rise of many mineral species from the current “small mineral species” to “large mineral species”, along with the explosive growth of new mining technology, will affect the global mining industry development in terms of supply and demand and market landscape.

Third, intelligent technology will reshape the future competition landscape of the mining industry. Technological advances represented by big data, internet of things and intelligence will penetrate and be involved in all segments of the entire industry chain of the mining industry, promoting the transformation of the mining industry from a traditional industry to a high-tech industry characterised by intelligent and smart development. Automatic operation, intelligent management and remote control will be adopted for mining, and mining big data and its intelligent and smart applications will become the core competitiveness of mining enterprises. In the future, the mining industry will face new opportunities for development during the transition from the age of silicon to the age of carbon as new technological breakthroughs will bring explosive growth of new mineral species, new mining companies will accelerate their rise, and new application scenarios will give rise to new industries. The future has come, and the trend of the new energy era is irreversible. The clean energy revolution has a profound impact on mining enterprises, and excellent mining companies should play an important role in the safety and stability of the industrial supply chain.

(II) Information on the Company's business during the Reporting Period

1. Engineering Contracting Business

During the Reporting Period, the value of newly signed engineering contracts of the Company amounted to RMB1,160.766 billion, representing a year-on-year increase of 18.61%, of which the newly signed metallurgical engineering contracts amounted to RMB157.794 billion, representing a year-on-year increase of 10.04%, and accounted for 13.59% of the value of newly signed engineering contracts. The value of newly signed non-metallurgical engineering contracts amounted to RMB1,002.972 billion, representing a year-on-year increase of 20.09%, and accounted for 86.41% of the value of newly signed engineering contracts. The value of newly signed overseas engineering contracts amounted to RMB34.727 billion, representing a year-on-year increase of 8.95%.

Overall operating results of the engineering contracting business in 2021

Unit: RMB'000

	2021	% of the total	2020	Year-on-year increase/ decrease
Segment operating revenue	462,290,153	90.97%	363,965,127	27.01% Decreased by 0.98 percentage point
Gross margin(%)	<u>9.19</u>	<u>-</u>	<u>10.17</u>	<u>point</u>

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

(1) *METALLURGICAL ENGINEERING CONSTRUCTION BUSINESS*

During the Reporting Period, the Company accelerated the research and development of key equipment technologies and new processes; made innovations in its business model, and speed up the productization of core technologies. The Company held products as its core, drove products with engineering, and developed stickiness with operation. The Company actively grasped the opportunities of green and low-carbon projects by developing new processes, new equipment and new materials and technologies while focusing on the goals of green, low consumption, intelligence and high efficiency. The Company paid close attention to key areas, followed up with key customers, and focused on key projects to ensure key large projects were implemented, thereby the Company continuously consolidated its dominant position of “being the national team for metallurgical construction” in the market. During the Reporting Period, the company firmly grasped opportunities, maintaining a high growth in terms of values of metallurgical engineering contracts. The company won a number of significant construction projects including, the contract for general contracting steel-making and iron-making of Yukun, the contract for general contracting of iron-making under phase 2 of industrial upgrade technical transformation of Shenglong, the contract for the general contracting of rolling project of Zenith Green Quality Steel, which further strengthens our position as a national team for metallurgical construction.

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

Unit: RMB'000

Items of revenue	2021		2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	<u>115,256,465</u>	<u>24.93</u>	<u>90,498,906</u>	<u>24.87</u>	<u>70,286,830</u>	<u>22.54</u>

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

In terms of metallurgical construction intelligentization, the Company was constantly expanding its three integrated solutions for intelligent manufacturing based on industrial internet platform: the Company continuously expanded and deepened intelligent project in iron zone, bringing an opportunity to deepen and upgrade the technology in the smelting field of smart blast furnace and vanadium-titanium ore blast furnace; Plant-wide intelligentization, and intelligentization in sectors such as energy and steel rolling have become “new forces”; The world’s first digital-intellectual twin stockyard realised unmanned intelligent collaboration uses digital twin technology, it can remotely and accurately grasp the use of stockyard equipment and raw fuel, control raw material quality online, optimise raw material inventory and reduce storage and transportation costs online. “Intelligent perception and visual management platform for big data in blast furnace” developed by WISDRI Engineering & Research Incorporation Limited, a subsidiary of the Company, was selected as the pilot demonstration project of big data industry development in 2021 by the Ministry of Industry and Information Technology, and was put into operation in blast furnaces of NXSG, WISCO and Kunsteel.

In terms of greening of metallurgical construction, the Company focused on accelerating the deployment of preparation of raw materials related to low-carbon smelting in long-short process, and development of top gas circulation technology, key equipment of low-carbon blast furnace and hydrogen-rich shaft furnace technology, large scrap ratio technology, green electric furnace technology, super electric furnace technology and core equipment, and the Company concentrated powerful resources to quickly develop MCC Low-carbon Technology Institute.

During the Reporting Period, the Company continued to deepen its overseas metallurgical construction business and made important breakthroughs: The Company successfully entered into contract for the project of coke oven battery No.4 and chemical production of ERDEMIR in Turkey, further enhancing the MCC brand awareness in the European market. The Company successfully signed the LAMAN 2 million t/a alumina project in Indonesia and accelerated the development of the alumina market, which is of great strategic significance. The Company officially entered into contract for the project of No.3 blast furnace and converter of Dexin Steel Indonesia, and the project was included in the key project bank of “The Belt and Road Initiative” of China. The Company successfully signed the 4.7 million tons/year coking project of Detian coking (Indonesia), adding new achievements to the Company’s coking industry in Indonesia.

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Domestic projects		
1	General Contracting Contract for Comprehensive Resource Utilization and Technical Transformation Project of Xuzhou Tian'an Chemical Co., Ltd. (徐州天安化工有限公司資源綜合利用技改項目總承包合同)	28.3
2	EPC General Contracting Contract for No.1 and No.2 Steelmaking Plant of Old District Relocation and Integration Project of HBIS Hansteel (河鋼邯鋼老區退城整合項目煉鋼工程一煉、二煉鋼車間工程EPC總承包合同)	24.6
3	General Contracting Contract for Steelmaking Engineering of the Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換升級改造項目煉鋼工程總承包合同)	21.7
4	General Contracting Contract for Ironmaking Engineering of the Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換升級改造項目煉鐵工程總承包合同)	21.6
5	(EPC) General Contracting Contract of Annual Output of 1.2 Mtpa of Stamp-charged Coking by Jinchangyuan Coal Industry Co., Ltd. in Zhangye City (張掖市晉昌源煤業有限公司年產120萬噸搗固煉焦項目(EPC)總承包合同)	18.7
6	EPC General Contracting Contract for Coking Construction (Coal Coke and Chemical Production Section) of the Relocation and Integration Project of the HBIS Hansteel Old District in Handan Iron and Steel Group Co., Ltd. (邯鄲鋼鐵集團有限責任公司河鋼邯鋼老區退城整合項目焦化工程EPC總承包(煤焦及化產標段)合同)	16.8
7	General Contracting Contract for the 7m Top Coking Project with an Annual Production Capacity of 1.378 Million Tons of Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司137.8萬噸/年7m頂裝焦化項目總承包合同)	14.5

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
8	EPC General Contracting Contract of Quanzhou Minguang Blast Furnace Project for Capacity Replacement and Supporting Project of Sangang Group (三鋼集團產能置換及配套項目泉州閩光高爐項目EPC總承包工程合同)	14.5
9	EPC General Contracting Contract for Ironmaking Project of Relocation from the Urban Area of Hebei Tangyin Iron and Steel Co., Ltd. (河北唐銀鋼鐵有限公司退城搬遷項目煉鐵工程EPC總承包合同)	13.5
10	Blast Furnace Rebuilding Contract for the City Steel Plant Relocation of Hebei Tianzhu Steel Group Co., Ltd. (河北天柱鋼鐵集團有限公司城市鋼廠搬遷改造高爐工程合同)	12.8

Overseas projects

1	EPC Contract for 2 Million t/a Alumina Plant Project of PT. LAMAN MINING, Indonesia (印度尼西亞LAMAN200萬t/a 氧化鋁廠項目EPC 合同)	59.9
2	General Contracting Contract for Design and Equipment of 2.7 million tons Project of Malaysia Donggang Group Co., Ltd (馬來西亞東鋼集團有限公司270萬噸工程項目設計及設備總承包合同)	19.6
3	Coking Project Supply Contract for 4.7 million tons/year of Detian Coking (Indonesia) Co., Ltd. (德天焦化 (印尼) 股份公司470萬噸/年焦化項目供貨合同)	14.9

(2) NON-STEEL ENGINEERING CONSTRUCTION BUSINESS

① Housing Construction and Infrastructure Construction

In 2021, while dealing with regular COVID-19 prevention and control work, the Company adhered to the strategy of “being the national team of metallurgical construction, the main force of infrastructure construction, and the frontrunner of emerging industries, and insisting on the road of high-tech and high-quality development in the long term”. With the marketing keynote of “focusing on quality markets, quality projects and quality customers”, the Company concentrated its advantageous resources, determined a reasonable “radius of action” and adopted the market strategic arrangement of “1 + M + N”. The Company made a systematic deployment of its work in the core areas comprising urban agglomeration of Beijing-Tianjin-Hebei around Bohai, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta, urban agglomeration in central China, and urban agglomeration in Chengdu and Chongqing with due consideration to key areas in key cities in northwest China and southwest China, and achieved sustainable development in such popular areas such as national central cities and Xiong’an New Area, Beijing’s sub-center and regions along the “Belt and Road” and other focal regions to improve its regional influence and control. The Company strived to explore the domestic engineering market to make the annual contract value of new construction projects reach another record high and maintain a momentum of rapid growth.

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

Items of revenue	<i>Unit: RMB'000</i>					
	2021		2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction Engineering	228,220,508	49.37	165,001,421	45.33	147,049,726	47.16
Transportation infrastructure	88,338,320	19.11	77,372,999	21.26	67,393,860	21.61
Other engineering	30,474,860	6.59	31,091,801	8.54	27,106,398	8.69

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

During the Reporting Period, the Company successively won the bid for a number of key projects: EOD (Ecology-Oriented Development) project of East Island Industrial Park (expansion) in Zhanjiang Economic Development Zone (湛江經開區東海島產業園（擴園）生態環境導向片區綜合開發(EOD)項目), Comprehensive Development Project of Xingdong New District in Xingtai City (邢臺市邢東新區片區綜合開發項目), Infrastructure Investment Partner of Huodao Hengjiang Industrial Park in Zhaoqing Jinli High-tech Industrial Development Zone (including Yigang Town), and General Contracting Project of Survey, Design and Construction (肇慶金利高新技術產業開發區（含蜆崗鎮）活道橫江產業園基礎設施投資合作方和勘察、設計、施工總承包項目), PPP Project of Liuzhou Expressway Crossing Line Highway (Luocheng to Luzhai section through Liucheng) (柳州高速過境綫公路（羅城經柳城至鹿寨段）PPP項目), Urban Renewal Unit Project of Xiufeng Industrial City District, Jihua Sub-district, Longgang District (龍崗區吉華街道秀峰工業城片區城市更新單元項目), Renewal and Reconstruction Project of the Northeast Old City of Puyang City (濮陽市東北舊城更新改造項目), Development Project of Yichang High-speed Railway New City District (宜昌高鐵新城片區開發項目), the market influence of the Company continued to improve.

In addition, by deepening cooperation with strategic customers such as local governments and large enterprises, the Company has been innovating its business model, flexibly applying new business models such as EPC+F, promoting the development of the contracting model in the direction of high-end and system integration, actively expanding the business of urban renewal and overall development of the area, etc., and successfully opening up the industry chain of investment and financing, design, construction and operation in the entire life cycle of the project or a combination of multiple business forms to gain new competitive advantages.

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

No.	Name of Project (Contract)	Contractual Amount <i>(RMB100 million)</i>
Domestic projects		
1	EOD Project Contract (Phase I to IV) of Eco-environment Oriented Zone of Donghaidao Industrial Park (Expanded Park) and the Project of Supporting Integrated Service Area of Donghaidao Industrial Park in Zhanjiang Economic Development Zone (湛江經開區東海島產業園(擴園)生態環境導向片區綜合開發(一至四期)暨東海島產業園配套綜合服務區項目合同)	201.8
2	EPC Contract for Construction of Infrastructure Project of Jinli High-tech Industrial Development Zone (including Xiangang Town) and Huodao Hengjiang Industrial Park in Zhaoqing (肇慶金利高新技術產業開發區(含蜆崗鎮)、活道橫江產業園基礎設施項目施工總承包合同)	152.0
3	EPC Contract for Urban Renewal Unit Project in Xiufeng Industrial City, Jihua Street, Longgang District (龍崗區吉華街道秀峰工業城片區城市更新單元項目工程總承包合同)	120.0
4	Contract for Comprehensive Development Project (package A) in Xingdong New Area, Xingtai City (邢臺市邢東新區片區綜合開發項目(A包)合同)	115.0
5	Construction Contract for Urban Renewal and Infrastructure Construction Project of Lingang New Town (East District), in Gaomi City (高密市臨港新城(東區)城市更新及基礎設施建設項目合同)	96.4
6	EPC Contract for PPP Project of Expansion, Renovation and Supporting Project of Qingshuiyi-Zhonghe Section of G30 Lianyungang-Horgos Expressway (G30連霍高速公路清水驛至忠和段擴容改造及配套工程PPP項目合同)	96.0
7	Liuzhou Transit Highway Contract (Luocheng-Liucheng-Luzhai Section) (柳州高速過境線公路(羅城經柳城至鹿寨段)合同)	90.4

No.	Name of Project (Contract)	Contractual Amount <i>(RMB100 million)</i>
8	EPC Contract for PPP Project of Construction of Highway from Luxi to Qiubei to Guangnan to Funing of Yunnan Highway Network (Wenshan Zhou Contracted Section) (雲南省高速公路網瀘西至丘北至廣南至富寧高速公路工程(文山州承建段)PPP項目施工總承包合同)	90.1
9	EPC Contract for Rrenewal and Renovation Project (Survey and Design-Procurement-Construction) of Northeast Old Town in Puyang City (濮陽市東北舊城更新改造項目(勘察設計-採購-施工)工程總承包(EPC)合同)	87.9
10	EPC Contract for PPP Project of Simao-Jiangcheng (Zhengdong) Expressway (思茅至江城(整董)高速公路工程PPP項目施工總承包合同)	85.3

Overseas projects

1	General Contracting Engineering Contract of Section CR101 of Singapore Cross Island Line – Changi East Depot (新加坡地鐵跨島線標段CR101-樟宜東車輛段車廠總承包工程合同)	50.6
2	Construction Contract of Section 01/02 of Tashkent Conch Cement 5,000t/d Clinker Cement Production Line Construction Project (塔什干海螺水泥5000t/d熟料水泥生產線建築工程01/02標段施工合同)	10.6

② Emerging Industries

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

In terms of eco-environmental protection industry, the Company firmly followed the ecological concept that “lucid waters and lush mountains are invaluable assets (綠水青山就是金山銀山)”, it focused on the development of ecological and environmental protection market, and spared no efforts to build MCC’s eco-environmental protection brand in accordance with the national strategies on the protection of the Yangtze River, the ecological protection and high-quality development of the Yellow River Basin, and other strategies. The Company has established a subsidiary named MCC Ecological Environmental Protection Group Co., Ltd. (中冶生態環保集團有限公司) for professional ecological and environmental protection, and to seize the favorable opportunity for green and low-carbon development. Relying on leading technological advantages to gradually open up markets, we gained scale advantages in water, solid waste treatment, mine restoration, ecological and environmental management and etc.

In 2021, the Company successfully signed contracts for a series of iconic projects, including Phase II Project of the Comprehensive Treatment of Water Environment System in Jiujiang Central Urban Area (九江市中心城區水環境系統綜合治理二期項目), Water Supply Pipe Network Project of Downtown, Songlindian Town and Songlindian Economic Development Zone of Zhuozhou City (涿州市中心城區及松林店鎮、松林店經濟開發區供水管網工程), Phase II Project of Co-construction of Ecological Water Network in Sewage Treatment Plant in the Main Urban Area of Yichang City (宜昌市主城區污水廠網生態水網共建項目二期), Project of Integrated Construction of Water & Environmental Protection in Junlian County, Yibin City (宜賓市筠連縣水務環保一體化建設項目), Project of Comprehensive Treatment of Water Environment in Urban Centres of Ma'an Shan (馬鞍山市中心城區水環境綜合治理項目), Reconstruction Project of Drainage Pipe Network in Jimei Qiaoying District (集美僑英片區排水管網改造工程), General Contract of Phase III Project of Xiamen East Waste Incineration Power Plant (廈門東部垃圾焚燒發電廠三期項目總承包合同), Project of Land Consolidation, Reclamation, and Development in Xin'an City County of Luoyang City (洛陽市新安縣土地整理復墾開發項目), EPC Project of Comprehensive Land Governance of Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目), Soil Remediation Project of Hangzhou Steel Site Park (杭鋼舊址公園土壤修復工程), and Project of Treatment and Disposal of Solid Waste Left Over from the Relocation Site of Gedian, Hubei (湖北葛店搬遷場地遺留固體廢棄物處理處置工程).

In terms of the new energy industry, the Company has actively introduced a diversified strategy in recent years. Leveraging the advantages of engineering technologies, we focused on advancing into the high-tech and emerging industries such as photovoltaic power generation, new energy vehicles and semiconductors, and recorded a significant increase in market shares. In terms of photovoltaic and wind power generation, the Company signed new photovoltaic and wind power generation projects in 2021 such as Huangshi-Xingang-Dacheng 100MW photovoltaic power station project combining fishery and photovoltaic generation (黃石新港大成100MW漁光互補光伏電站), Lingshou Xinmeng New Energy 200MW Photovoltaic Power Generation Project (靈壽縣新盟新能源200MW光伏發電項目), and Zhaowang New Energy Wulatzhongqi Bayin Wulanyuan Grid Charge Storage Integration 50MW Wind

Storage Heating Project (照旺新能源烏拉特中旗巴音烏蘭源網荷儲一體化50MW風儲供熱項目). In the fields of new energy vehicles and semiconductors, in 2021, the Company signed a new batch of large-scale projects such as Car Body Workshop Project in Production Area of Pure Electric Passenger Car Project of Volkswagen (AnHui) Automotive Company Limited (大眾汽車(安徽)有限公司純電動乘用車項目生產區車身車間工程), Project for the Xinqiao Intelligent Electric Automobile Industrial Park (Phase I) (新橋智慧電動汽車產業園(一期)), Integration Project of Silicon Material Processing City Monocrystalline Silicon Rod in Lijiang (麗江市硅材料加工一體化項目-單晶硅棒) and Semiconductor R&D and Industrialization Project of Quanzhou San'an Semiconductor Technology Co., Ltd. (泉州三安半導體科技有限公司半導體研發與產業化項目).

In terms of cultural tourism projects, MCC, 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 Company won the bids and newly signed contracts for a series of theme park projects, including General Contracting Project of Construction of Central Green Valley and Eastern Valley in Xiong'an New District Phase II (Green Valley Part) (雄安新區中央綠谷及東部溪谷二期工程(綠谷部分)施工總承包項目), the key Yuanboyuan Project at the Grand Canal Culture Belt of the Centre City of Cangzhou (滄州市中心城區大運河文化帶重點項目滄州市園博園項目), Project of Construction of Culture and Tourism Supporting Facilities of Wenbofang Area of Tianfu Art Park (天府藝術公園•文博坊片區文旅配套建設項目), the Cuiyunfeng Forest Park Improvement Project of Luoyang Jinyu City Holdings Limited (洛陽金隅城集團有限公司翠雲峰森林公園提升改造項目), and Chasing Light Farm Paradise Project under Happy Garden First Developed Zone Project at Shenzhen Guangming Town (深圳市光明小鎮歡樂田園首開區項目追光農場樂園項目), to further demonstrate the Company's brand influence and industry competitiveness in the field of theme parks.

In terms of inspection and testing business, with the release of a number of policies by the country to support and promote the healthy development of the inspection and testing business, excellent enterprises within the industry have accelerated the pace of mergers and acquisitions, and the trend of internal integration is obvious. The Company has qualifications and competencies in inspection and testing business, covering construction engineering, water conservancy, railway and highway transport, petrochemical, power and coal energy and other industrial and civil construction fields. With the unique advantages of full qualification, outstanding professional features and high social recognition, the Company is currently one of the most comprehensive and strongest inspection and testing enterprises in the field of civil engineering in China. The Company has three national quality inspection platforms, namely the National Test Center of Quality and Safety Supervision for Industrial Buildings and Structures, the National Test Centre for Steel Structure Quality Supervision and the National Test Centre for Construction Steel Quality Supervision, as well as a metallurgical environment monitoring centre, with more than 6,000 testing parameters. There are a number of subsidiaries within the Company that undertake inspection, testing and certification business. During the Reporting Period, the Company integrated the internal inspection and testing business organizations of its subsidiaries, aiming at rapidly expanding and strengthening the inspection and testing certification and establishing the professional brand image of MCC Testing, and through the research and development and application of new technologies, we can obtain the testing qualifications in the fields of industry, civil use, railway, transportation, etc., expand the business scope, enhance the professional testing ability, build the whole industrial chain model, further consolidate the industry position, and drive the inspection and testing institutions distributed in Sichuan, Shanghai, Anhui, Xiong'an and other places to realise the optimal allocation of resources, thus improving the overall competitiveness of the inspection and testing certification business of the Company.

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

No.	Name of Project (Contract)	Contractual Amount <i>(RMB 100 million)</i>
Environment Management Engineering		
1	EPC Project (Second Contract Section) Contract of Comprehensive Land Improvement in Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目 (第二標段) 合同)	29.6
2	EPC Project (First Contract Section) Contract of Comprehensive Land Improvement in Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目工程 (第一標段) 合同)	29.2
3	Ecological (Landscape) Improvement and Urban Development Project Contract of Shizi River Area, Shanting District (山亭十字河生態 (景觀) 治理及十字河片區城市開發項目合同)	8.9
4	Water Area Operation and Maintenance Contract for PPP Project of Comprehensive Water Environment Improvement in Urban Centres of Ma'anshan (馬鞍山中心城區水環境綜合治理PPP項目水域運維合同)	8.3

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
Healthcare and Senior Care Projects		
1	Phase I Project Contract of China Qingtian Yunshangju Health and Recreation Town (中國青田雲上居康養小鎮一期項目合同)	14.5
2	Phase I Contract of Yinghua Mountain Tourism and Healthcare and Recreation Industrial Park in Shifang City (什邡市蓋華山旅遊康養產業園(一期)合同)	12.4
3	EPC Engineering Contract for “Xingyue Lake” Health and Recreation Center Project in Heze City (荷澤“星月湖”康養中心項目EPC工程合同)	10.0
4	Phase I Engineering Contract for Jiuhua Mountain Furongli Pastoral Health Resort Project (九華山芙蓉里田園康養度假區項目一期工程合同)	9.8
5	EPC General Contracting Contract of Wencheng Modern Cultural Tourism and Health and Recreation Project (Phase I) (文成現代文旅康養項目(一期)EPC總承包合同)	7.5

Beautiful Country Projects

1	Xinnongchuang Chaiwen River 24 Ji YuZhuang Countryside Complex Project (River Treatment) Contract (新農創柴汶河24集漁莊田園綜合體項目(河道治理)合同)	13.0
2	Xinnongchuang Chaiwen River 24 Ji YuZhuang Countryside Complex Project (land levelling) Contract (新農創柴汶河24集漁莊田園綜合體項目(土地平整)合同)	10.0
3	Project Contract of Rural Revitalization Project in Chutouling Town, Jizhou District, Tianjin (天津市薊州區出頭嶺鎮鄉村振興工程項目合同)	9.9
4	EPC Project Contract of Urban Village Renovation and Construction of Housing for Villagers’ Living Security in Yaojia Village, Lixia District, Jinan City (濟南市歷下區姚家村城中村改造村民生活保障用房建設項目(EPC)合同)	9.3

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
5	EPC Project Contract for the Infrastructure Construction of Old Communities and “Beautiful County” in Yongshan County (永善縣老舊小區及“美麗縣城”基礎設施建設EPC項目合同)	5.7
6	The First Batch of Project Contracts for the Construction of “Beautiful County” in Malipo County (麻栗坡縣建設“美麗縣城”第一批項目合同)	5.5

Intelligent City Projects

1	Construction Contract of Big Data Smart Ecological Park in Puyang City (濮陽大數據智慧生態園建設工程合同)	11.3
2	Contract of Sichuan Tianfu Sunshine Medical Health Smart City Project (四川天府陽光醫養健康智慧城項目合同)	9.0

Special Town Projects

1	Project Design and Construction Integration (EPC) Project Contract of Jinhua County Modern Intelligent Agricultural Approval Center (金湖縣現代化智慧農批中心項目設計、施工一體化(EPC)項目合同)	24.9
2	Contract of Changshou Lake Characteristic Hot Spring Town Project (長壽湖特色溫泉小鎮項目合同)	15.0
3	Contract of Fengming Huagu Countryside Complex Construction Project in Yucheng District, Ya'an City (雅安市雨城區鳳鳴花谷田園綜合體建設項目合同)	12.0
4	Phase I Engineering Contract of Project for Jiuhua Mountain Furongli Pastoral Health Resort Project (九華山芙蓉里田園康養度假區項目一期工程合同)	9.8
5	Contract of Yuan Longping Town Comprehensive Project (袁隆平小鎮綜合項目合同)	9.6

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
6	Phase I Engineering (Second Contract Section) Contract of Chongqing Science Center, Chinese Academy of Sciences (中國科學院重慶科學中心一期工程 (二標段) 合同)	9.3
7	Phase I and Phase II Engineering General Contracting Contract of Baishou Health Culture Tourism Theme Town Project in Yongfu County (永福縣百壽養生文化旅遊主題小鎮項目 (一期)、(二期) 工程總承包合同)	8.0

Theme Park Projects

1	Contract of Cangzhou Garden Expo Park Project, a Key Project of the Grand Canal Cultural Belt in in Downtown Cangzhou (滄州市中心城區大運河文化帶重點項目滄州市園博園項目合同)	14.1
2	Supporting Construction Project Contract of Culture and Tourism in Tianfu Art Park• Wenbofang Area Site (天府藝術公園•文博坊片區文旅配套建設項目合同)	8.5
3	EPC Contract of Cuiyunfeng Forest Park Upgrading and Reconstruction Project of Luoyang Jinyucheng Group Co., Ltd. (洛陽金隅城集團有限公司翠雲峰森林公園提升改造項目EPC合同)	7.8
4	Contract of Kaihua Tanhua Valley Construction Project in National East Park (國家東部公園開化曇華谷建設項目合同)	6.8
5	Contract of Puyang Central Park Project(濮陽市中心公園項目合同)	6.0
6	EPC + O (Design, Procurement, Construction + Operation) Contract of Quanjiao Qilin Lake (Smart Town) City Park Comprehensive Development and Construction Project (全椒麒麟湖 (智慧小鎮) 城市公園綜合開發建設項目EPC+O (設計、採購、施工+運營) 合同)	5.3

2. *Property Development Business*

During the Reporting Period, the Company adopted different policies that were tailored to the characteristics of each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. In 2021, the Company has acquired 11 commercial housing projects in aggregate, covering a site area of 829,300 sq.m and permissible gross floor area of 1,559,800 sq.m.

In 2021, MCC Real Estate, as the real estate flagship company of the Company, ranked 40th among China's Top 100 Real Estate Enterprises for the fourth consecutive year, and top 10 in profitability and stability. At the same time, MCC Real Estate won the titles of "China's Excellent Enterprise in Urban Development and Operation", "China's Real Estate Annual Social Responsibility Enterprise" and "China's Excellent Enterprise in Real Estate Products". MCC Property was awarded the title of "China's Leading Enterprise in Market-oriented Operation of Property Management Industry". In 2021, the brand value of MCC Real Estate increased by 34% to RMB26.8 billion, further consolidating the leading position as an urban development operator. The long-term credit rating of MCC is AAA, the highest rating, and the rating outlook is stable.

During the Reporting Period, the amount invested by the Company in property development was RMB15.26 billion, representing a year-on-year decrease of 34%; the construction area was 9.248 million sq.m., representing a year-on-year decrease of 11%; of which the new construction area was 0.796 million sq.m., representing a year-on-year decrease of 60%, while completed area was 2.404 million sq.m., representing a year-on-year decrease of 13%; contracted gross floor area sold amounted to 0.684 million sq.m with contracted sales of RMB16.33 billion.

The overall operation results of the property development business in 2021

Unit: RMB'000

	2021	% of the total	2020	Year-on-year increase
Segment operating revenue	21,416,034	4.21%	24,114,286	-11.19%
Gross margin (%)	23.48	-	20.66	Increased by 2.82 percentage points

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

3. *Equipment Manufacturing Business*

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

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

The Company has important R&D platforms and the most influential professional associations in the industry such as the "National Steel Structures Engineering Technology Research Centre" and the "China Steel Structure Association". It has edited and participated in almost all domestic steel structure national and industry standards, and is in the leading position in China in comprehensive technology of steel structures. It has full industry chain consolidation advantages featuring the integration of R&D, design, manufacturing, installation and testing, and has built a series of famous brands with brand influence and reputation, including the Yanqi Lake APEC Exhibition Centre and the Shanghai World Expo Theme Pavilion.

As one of the largest steel structure manufacturing enterprises in China, the Company has established several steel structure manufacturing bases in China, covering almost all economic hotspots in China. The Company ranks among the top in the same industry in China in terms of steel structure manufacturing capacity (including base and on-site manufacturing), industrial scale and manufacturing volume. The Company has several core steel structure manufacturing bases such as MCC (Shanghai) Steel Structure Base, Baoye Zhengzhou Steel Structure Base and Wuye Chengdu Steel Structure Base, among which MCC (Shanghai) Steel Structure Technology Co., Ltd., as the representative enterprise of the Company's steel structure business segment, optimised the steel structure production capacity layout by integrating the Company's internal and external steel structure business resources. Adhering to the path of "specialisation and branding", it achieved steady and rapid development. In 2021, we contracted many influential specialised subcontracting projects of steel structures: the steel structure project of the first section of the National Alpine Skiing Centre of Beijing 2022 Winter Olympics (北京2022年冬奧會國家高山滑雪中心第一標段鋼結構工程), the steel structure manufacturing project of the second east section of Nanjing Financial City (the tallest building in Nanjing) (南京金融城二期東區鋼結構製造工程 (南京第一高樓)), the steel structure project of the first section of the national super-large museum-Yellow River National Museum (國家級特大型博物館-黃河國家博物館項目一標段鋼結構工程) and other landmark projects.

The overall operation results of the equipment manufacturing business in 2021

Unit: RMB'000

	2021	% of the total	2020	Year-on-year increase
Segment operating revenue	11,623,127	2.29%	11,056,954	5.12% Increased by 1.20 percentage points
Gross margin (%)	15.12	-	13.92	1.20 percentage points

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

4. *Resources Development Business*

During the Reporting Period, the business of the Company's resources development mainly focuses on mining, selection and refining of metal resources of nickel, cobalt, copper, zinc, lead and other metals. In line with the objective of "refining management, enhancing quality, reducing costs, controlling risks and making profits", the Company strived to improve the development and operating levels of its own mineral resources. By taking comprehensive containment measures and grid management, building buffer quarantine zone and implementing sanitization and prevention measures in existing mining projects, we successfully handled the dual challenges of the overseas pandemic risks and security risks, achieving a significant increase in operating revenue and profits with the advantage of the increasing metal prices.

The overall operation results of the resources development business in 2021

Unit: RMB'000

	2021	% of the total	2020	Year-on-year increase
Segment operating revenue	6,669,327	1.31%	4,383,658	52.14% Increased by 14.43 percentage points
Gross margin (%)	<u>42.67</u>	<u>-</u>	<u>28.24</u>	<u>points</u>

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

During the Reporting Period, details of the Company's mineral resource projects under development and in operation are as follows:

(1) Papua New Guinea Ramu Nico Project

During the Reporting Period, the project produced Ni-Co hydroxide that contained 31,594 tons of nickel and 2,955 tons of cobalt in aggregate. Impacted by the COVID-19, the Company suspended production for three weeks, however, with strong demand continuously released by the downstream, the project sold Ni-Co hydroxide that contained 32,790 tons of nickel and 3,033 tons of cobalt in aggregate. The sales of nickel increased by 10% compared with that of last year, the prices of nickel fluctuated at high price levels and the prices of cobalt surged. In 2021, the operating revenue of the project increased by 50% year-on-year, while the net profit increased by 624% year-on-year, which made contributions to the improvement of the Company's performance.

(2) Pakistan Saindak Copper-Gold Mine Project

During the Reporting Period, the project successfully resisted the dual challenges of COVID-19 pandemic and external security risks, and achieved pandemic prevention and anti-terrorism, ensuring stable production and operation. The annual cumulative production of crude copper was 18,806 tons, up by 51% year-on-year, and the cumulative sales of crude copper was 15,860 tons, up 21% year-on-year. Due to the favorable impact of high copper price fluctuation, the operating revenue increased by 41% year-on-year and dividend profit increased by 74% year-on-year. It continued to generate good economic and social benefits for both China and Pakistan, and has received written commendation from the Chinese Consulate General in Karachi. In addition, through effective communication with Pakistan, it is preliminarily agreed that after the third lease period expires in October 2022, the Company will continue to lease and operate the project for the fourth lease period of 15 years.

(3) *Pakistan Duddar Lead-Zinc Mine Project*

During the Reporting Period, the project withstood the impact of the COVID-19 pandemic, and overcame the difficulties in external security risks and personnel rotation. In 2021, the cumulative production of zinc concentrate containing 35,391 tons of zinc and lead concentrate containing 7,277 tons of lead increased slightly compared with last year. The sales of zinc concentrate containing 31,962 tons of zinc and lead concentrate containing 6,546 tons of lead were affected by the price of lead and zinc, although the sales of zinc metal decreased by nearly 30% compared with last year. Due to the rise in prices of zinc and lead, the project achieved a year-on-year increase of 2% in operating revenue and 68% in net profit. It has started to realise dividends for both China and Pakistan, and has produced good economic and social benefits.

(4) *Afghanistan Aynak Copper Mine Project*

During the Reporting Period, the situation in Afghanistan experienced significant changes. In response to such situation, the Company evaluated in advance and took quick action, ensuring the security of project assets and the safety and health of personnel. The Company will strive to get national policy support and reach a consensus on the solution regarding significant issues that hinder the project development, conduct further negotiation under the principle of equality and mutual benefits and safeguard the legitimate rights and interests of the Company in a reasonable and orderly manner.

(5) *Luoyang Silicon Polysilicon Project*

The Company's subsidiary Luoyang Silicon High Technology Company Limited ("**Luoyang Silicon**") electronic information material transformation and upgrading project is developed in two phases. The first phase of the project is planned to invest RMB1.55 billion, covering an area of 350 mu, to build 300t/a of fusion grade polysilicon, 6,000t/a of VAD tetrachlorosilicon, 120t/a of PCVD grade tetrachlorosilicon, 80t/a of electronic grade tetrachlorosilicon, 2,000t/a of electronic grade trichlorosilicon, 500t/a of electronic grade dichlorodihydrosilicon, 50t/a of raw material grade hexachloroethylsilane, 50t/a of electronic grade hexachloroethylsilane, and 500t/a of electronic grade ethyl orthosilicate. The project is planned to be completed and put into production in October 2022. The second phase of the project plans to invest RMB2.6 billion and reserve 365 mu of land for anchoring new products that have made breakthroughs, expanding the

production scale of high-purity polysilicon, and building 10 new products such as electronic special gas and precursor materials. In 2021, Luoyang Silicon achieved a sales revenue of RMB876 million, representing a year-on-year increase of 161%, of which sales revenue of new products exceeded RMB110 million, a year-on-year increase of 350% and net profit of RMB115 million.

The project is an “import substitution” project that fills the gap of high-end silicon based materials in China. The technology comes from the achievements of the national industrial foundation project and the major projects of Zheng-Luo-Xin Independent Innovation Demonstration Zone undertaken by Luoyang Silicon. Many achievements have reached the international leading level through appraisal, meaning a broad development prospect. In the future, Luoyang Silicon will actively carry out the corporate mission of “shouldering the national responsibility and making up for the shortcomings of basic materials”, adhere to the development idea of “high end, multiple varieties, small batch and high profit”, and base itself on the field of integrated circuits and optical communication to steadily expand into related technical fields. It will strive to build a national forward-looking innovation centre and production base of basic materials with an output value exceeding RMB10 billion, and undertake to lead China’s silicon-based materials industry to a higher level, thus consolidating and enhancing the position and voice of China in the optical communication and semiconductor industry.

(III) Analysing on core competitiveness during the Reporting Period

In the metallurgical engineering construction field, the Company is the world’s largest and most powerful metallurgical construction contractor and metallurgical enterprise operation service provider. With top-notch core technologies, incessant reformational and innovation capabilities as well as irreplaceable whole-industry chain integration advantage in metallurgical construction, the Company shoulders the state responsibility of leading China to a higher level of development of metallurgy and is the best and the largest “national team” of metallurgical construction and operational services in the world. In the domestic market, the technical level, engineering performance, construction effect and owner satisfaction of environmental protection raw material site, coking, sintering and pelletizing, iron-making, steel-making and continuous casting, hot rolled flat wood, hot rolled long wood and cold rolling business are in an absolute leading position. In the foreign market, the Company always stands at the international high-level and sets its eyes on the growth of the metallurgical industry, adheres to the innovation-driven strategy, constantly develops new core technologies

and creates new competitive advantages overseas. The Company is highly competitive in terms of high-end consulting and overall design capabilities in ferrous metallurgy field, as well as technical competitiveness in the eight major business parts of iron and steel engineering, which fully represents China's strength and level in technological development and engineering construction in ferrous metallurgy field.

In housing and infrastructure construction field, the Company, as one of the world's largest engineering contracting companies, has strong construction and technical advantages in housing construction, municipal infrastructure, and comprehensive industrial engineering. In 2021, the Company ranked the sixth in the "Global Contractors 250" issued by ENR. The Company has 12 Class A scientific research and design institutes, 15 large-scale construction enterprises, and 12 regional branches, with 5 comprehensive Class A design qualifications and 41 special-grade general contracting construction qualifications. The Company has obtained extra-grade qualifications including 5 for highway construction, 7 for municipal utilities construction and 14 for housing construction. The Company has the system integration capability of the whole industry chain in housing construction, transportation and municipal infrastructure construction business, and a comprehensive industrial chain for project construction covering technological research and development, consulting and planning, surveying and mapping, project design, project supervision, civil construction, installation and adjustment, equipment manufacturing and integration, technological service and import and export trade. Compared to general engineering design enterprises, engineering construction enterprises or equipment manufacturing enterprises, the Company can integrate all resources in the entire industry chain to provide a more comprehensive service to its customers.

In the emerging industry field, in recent years, the Company has made continuous efforts in emerging industries such as ecological and environmental protection, feature themes engineering, beautiful countryside and smart city, healthcare and senior care, and has achieved a leading position in the industry. The Company has a large number of patented technologies and proprietary technologies with independent intellectual property rights in areas of energy and environmental protection such as sewage treatment, water environment treatment, air pollution treatment, soil remediation, solid waste treatment, waste incineration, and comprehensive utilization of resources of waste heat and pressure. The Company accounts for 60% of the market share in the field of large-scale incineration power generation consulting and design in China. The Company has 27 national technological research and development platforms and technology research institutes involving pipeline and galleries, sponge cities, beautiful countryside and smart city, theme park, water environment, and healthcare and senior care. The Company has more than 40,000 active patents in total.

In particular, Institute for Theme Park Studies in China, the sole professional design institute of theme park, has achieved “made in China” in terms of theme park design, raw materials and construction, with the manufacturing capacity of the strong steel structure and especially the figure steel. In addition, the Company has established a design institute with the strongest comprehensive strength in nonferrous metallurgy in China, possessing well-developed mining and smelting processes and equipment technologies of copper, lead, zinc, nickel, cobalt and plenty of other metal, and having developed digital measurement and geographic information system and geotechnical engineering investigation technology for complicated geological conditions. In terms of metallurgical mining, the Company plays a leading role in large scale underground iron ore mining technology and large-scale open mining technology in China.

In the integrated industry field, the status of the Company in the industry has been improving, and its brand impact has also been increasing steadily. The Company ranked 40th in the “Top 100 Real Estate Developers in China” for four consecutive years, and was awarded “Top 10 in Profitability” and the “Top 10 in Stability” and won “Outstanding Enterprise in Urban Development and Operation in China”, “Annual Social Responsibility Enterprises of Property Services in China”, and “Real Estate Enterprise with Excellent Products in China”. The Company was awarded “China Leading Property Management Companies in terms of Marketisation of Business”, “China Leading Property Companies in terms of Technology Empowerment”, and “Leading Brand Enterprises in Specialized Operation of Property Service in China”. The Company achieved a leap development from real estate developers to urban development operators. Adhering to the technology-led development strategy of “one main engine with multi-wheels”, the Company focuses on the overall goal of “green building, technological residence, smart home and smart community” and brand positioning to create the next-generation high-end smart health residences.

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

III. FINANCIAL HIGHLIGHTS

1. Summary

The highlights of the Company's financial position as at 31 December 2021 and the operating results for 2021 are as follows:

- Operating revenue amounted to RMB500,572 million, representing an increase of RMB100,457 million or 25.11% from RMB400,115 million in 2020.
- Net profit amounted to RMB11,607 million, representing an increase of RMB2,225 million or 23.71% from RMB9,382 million in 2020.
- Net profit attributable to Shareholders of the Company amounted to RMB8,375 million, representing an increase of RMB513 million or 6.52% from RMB7,862 million in 2020.
- Basic earnings per share amounted to RMB0.35, and the basic earnings per share in 2020 amounted to RMB0.32.
- As at 31 December 2021, total assets amounted to RMB543,470 million, representing an increase of RMB37,077 million or 7.32% from RMB506,393 million as at 31 December 2020.
- As at 31 December 2021, Shareholders' equity amounted to RMB151,388 million, representing an increase of RMB11,033 million or 7.86% from RMB140,355 million as at 31 December 2020.
- Value of newly signed contracts amounted to RMB1,204,980 million, representing an increase of RMB185,252 million or 18.17% from RMB1,019,728 million in 2020.

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

2. 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 RMB462,290 million, representing an increase of RMB98,325 million or 27.01% from RMB363,965 million in 2020.

(2) Property Development Business

Operating revenue amounted to RMB21,416 million, representing a decrease of RMB2,698 million or 11.19% from RMB24,114 million in 2020.

(3) Equipment Manufacturing Business

Operating revenue amounted to RMB11,623 million, representing an increase of RMB566 million or 5.12% from RMB11,057 million in 2020.

(4) Resources Development Business

Operating revenue amounted to RMB6,669 million, representing an increase of RMB2,285 million or 52.14% from RMB4,384 million in 2020.

(5) Other Businesses

Operating revenue amounted to RMB6,162 million, representing an increase of RMB2,460 million or 66.44% from RMB3,702 million in 2020.

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

3. Summary of financial statements in 2021 by quarter

Unit:RMB'000

	The first quarter (January- March)	The second quarter (April-June)	The third quarter (July- September)	The fourth quarter (October- December)
Operating revenue	94,423,385	156,579,802	98,484,499	151,083,961
Net profit attributable to Shareholders of the Company	2,137,039	2,800,381	1,190,800	2,246,750
Net profit attributable to Shareholders of the Company after deducting non-recurring profits and losses	2,021,783	2,237,496	1,135,640	1,637,316
Net cash flow generated from operating activities	<u>-12,987,113</u>	<u>4,421,664</u>	<u>6,529,668</u>	<u>19,675,789</u>

IV. POSSIBLE RISKS AND MEASURES ADOPTED BY THE COMPANY

1. Risks associated with macro-economy

The COVID-19 pandemic continues to spread across the globe, and the international political and economic situation remains complicated and volatile. Supply chain blockage, energy shortage and tight labor supply have brought many adverse effects to economic development, and the global economy is struggling to recover. The domestic economy shows a sustained recovery trend, the development resilience continues to show, and the structural adjustment is solidly promoted. However, there are still many unstable and uncertain factors, which indicate constraints on the recovery of the domestic economy.

In order to effectively respond to the adverse impacts of the macro economy, the Company takes the four major business segments as the breakthrough point, collects information on, tracks and analyzes macro-economic and industrial policies in time, accurately and deeply grasps the spirit of the policy documents, and improves judgment and accuracy of future trends. For major policy changes and industry trend changes at important times, the Company issues the Research Reference Information internally to timely prompt its subsidiaries to pay more attention to and deal with macro-economic and industrial policy risks. Also, the Company will prudently evaluate macro-economic risks and adjust its operating strategies in a timely manner so as to fully utilize and explore positive development conditions to ensure the stable development of the Company.

2. Risks associated with the traditional metallurgical engineering business segment

In the next five years, the restructuring of the iron and steel industry and the optimization and upgrading of the industry will continue and deepen, which will support the upgrading and adjustment of product structure of the transformation of the manufacturing industry in China, and the merger and reorganization of iron and steel enterprises. The greening and intelligent development of the iron and steel enterprises will support the transformation of China into a manufacturing powerhouse, will become the major path of development of domestic iron and steel industry and will bring a range of market opportunities for quality efficiency adjustments and upgrades. From an overseas perspective, despite the unprecedented complexity of the current international situation, the cooperation and mutual benefit of all countries is a long-term trend, and the overseas market is still an important pole for the future growth of the metallurgical engineering sector of the Company.

In the face of the prevailing complex market environment, the Company will establish a foothold in the domestic market, promote domestic and overseas mutual circulation and continue to maintain a stable and high market share in the traditional metallurgical engineering sector. At the same time, the Company will accelerate the implementation of the top-level design proposal of the national team, strive to build up the competitive advantages of the entire industry chain of our iron and steel engineering technologies, prevent and resolve the risks of traditional metallurgical engineering, and continue to consolidate and strengthen the status of the national team for metallurgical construction and its competitiveness and influence in the global iron and steel engineering technology.

3. Risks associated with the non-steel engineering segment

Risks relating to non-steel engineering are closely related to national strategic and fixed asset investments policies, in particular key projects such as rail transit, airports and highways tend to face the most intense competition among construction companies. Recently, the State has promulgated policies to encourage greater investment in urban infrastructure construction. In general, infrastructure construction remains one of the key elements of the “14th Five-Year Plan”, infrastructures which will shore up the weaknesses and intensify policies will continue to develop, and the fundamental role of the infrastructure industry will continue to be highlighted. In terms of regional development, emphasis will be placed on strengthening the development of Beijing-Tianjin-Hebei coordination, the integration of the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing urban agglomeration.

The Company will firmly grasp the opportunities of expanding its infrastructure investment, continue to adhere to the key tone of the market development of “focus on core industries, focus on core areas, focus on core customers and focus on core projects”, actively innovate business model, rapidly expand market size and comprehensively enhance the Company’s competitiveness and the ability to secure more market share in the national infrastructure market, such as expressways, municipal infrastructure, rail transit and new urbanization.

4. Risks associated with the property development business segment

Since 2021, the national real estate regulation policies have been tightening. The Central Government reaffirmed the orientation of “houses are for living in and not for speculative investment”, setting a clear tone for the regulation of real estate policies. The country fully implemented the long-term real estate mechanism of stabilizing land prices, housing prices and expectations. Under the new situation, the “golden age” of expansionary high growth has come to an end for China’s real estate industry. As the property market gradually becomes rational, the market enters into stage of steady development. With the change in market conditions, the competition will become more intense, and leading enterprises will have prominent scale advantages and first-mover advantages. Large-scale clustering, M&A and reorganization will occur frequently. Looking towards the future, the country will continue to adhere to the main tone of the policy of “houses are for living in and not for speculative investment”, and the real estate regulation policy will be tightening in an all-rounded way without substantial change.

In order to actively adapt to the requirements of the situation and market changes, the Company will further accelerate the strategic upgrade from “real estate developer” to “city operators”, adhere to the principle of “houses are for living in and not for speculative investment”, strictly observe the “three red lines”, control the pace of land acquisition, improve project repayment ability, and sell existing projects to ensure the benefits of new projects and achieve steady development. Meanwhile, the Company will adhere to quality development, strengthen operation control, improve turnover efficiency and profitability, and take the quality development path of giving priority to benefits and appropriate scale to deal with the risks in real estate development business.

5. Risks associated with financial segment

The global financial situation remains complex and volatile, with geopolitical tensions and a worsening trade environment, and the COVID-19 pandemic has worsened the original conflicts. At present and in the coming period, China is still in a period of significant strategic opportunity. While the domestic monetary policy is flexible, accurate and reasonable, the central bank will maintain macro-level leverage by controlling the base currency and short-term interest rates and supervising macro and prudent policies. These measures will further consolidate the foundation of China's economy and ensure the stability of China's economy. The bond market and capital price may fluctuate and it is crucial to capture market opportunities and time windows for financing.

In order to prevent risks in the financial sector, we need to continuously optimize our financing structure, closely monitor changes in foreign exchange rates, strengthen our control over foreign exchange risk exposures, conduct foreign exchange-preservative operations for hedging purposes in a timely and effective manner, and coordinate and control exchange rate risks as well as foreign exchange fund stocks, while saving finance costs and improving the efficiency of capital utilization.

6. Risks associated with bulk commodity prices

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

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

7. Risks associated with international operations

The Company's operations in various countries and regions are subject to local political, economic, social, legal, exchange rate and other environmental factors. On the other hand, due to the severe global pandemic, which may pose direct risks and derivative risks to the Company's overseas business. There are circumstances such as failure to complete construction work on time, cost overruns, disputes arising from claims and difficulties in performing the contract, etc., which in turn affect the revenue and profit of the Company's overseas business.

The Company shall supervise each subsidiary and foreign institution to scientifically formulate a plan for prevention and control of the pandemic, take all pandemic prevention and control measures as well as security work seriously, prepare for pandemic prevention and living necessities, and ensure the health and safety of employees; at the same time, we summed up the experience and lessons learned from the pandemic for international operation. The Company studied the policies, regulations and humanities environment of the overseas projects in-depth, established good long-term cooperative relationships with local partners, and put efforts to reduce the risks of international operations and accelerate the pace of localized operations.

8. Environmental and safety production risks

To strengthen the overall protection of the environment, to resolutely fight the battle against pollution, and to insist that green development has become an important national strategy, enterprises must pay more attention to ecological civilization and environmental protection. The Company is engaged in a number of industries, including engineering contracting, property development, equipment manufacturing and resource development. Numerous subsidiaries and respective projects result in higher standard of requirements on environmental protection management for the enterprises. As a construction and production enterprise, safety risks exist in all aspects of the Company's production and operation activities, which may lead to safety accidents due to unsafe human behavior, unsafe material conditions, unsafe environmental factors, etc., which in turn may injure the health of employees, cause certain economic losses to the enterprise and damage the reputation of the enterprise.

In order to deal with the above environmental and safety production risks, the Company will continue to actively put into practice the green development ideology that “Lucid Waters and Lush Mountains are Invaluable Assets”, persist in the requirements of the relevant national laws and regulations of energy conservation and environmental protection, strictly implement accountability system on enterprise bodies, continuously improve the energy conservation and environmental protection system, enhance daily supervision, and proactively initiate environmental pollution control. Also, the Company will continue to strengthen the implementation of responsibility system for safe production, strengthen the supervision of production safety, comprehensively promote the standardization of production safety in the construction site, strengthen the training and education of production safety, strictly investigate the accident responsibility, and resolutely curb the occurrence of major production safety accidents.

9. Risks associated with data fraud or theft

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

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

10. Cyber risk and security

Driven by the digital transformation needs of enterprises, the number of information system is surging, resulting in a higher possibility of internet disruptions and system breakdown. Besides, the Company endeavors to expand the overseas markets for gradual enhancement in international influence. The risk from cyberattacks to the information system has been increased subsequently. The occurrence of the risk events may cause adverse impacts on the production and operating activities of the Company.

In order to effectively prevent and control cyber risks and strengthen information security protection capabilities, the Company has established a comprehensive safety protection system in accordance with the national network security laws and regulations as well as related system, and continuously promotes the optimization and improvement of the system. The Company regularly conducts vulnerability scanning on the network security system and equipment, promptly rectifies and strengthens the identified problems, and conducts retesting to ensure the security and stability of the data usage environment. Network security devices such as firewalls, WAFs, IDSs and IPSs are deployed at the network outlets to defend against external network attacks. At the same time, automated network monitoring and early warning platforms are deployed to monitor the status of the network on a real-time basis and timely rectification of abnormal operations to make sure the Company's information is secure.

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

(I) Landscape and trend of the industry

First, the opportunities and challenges brought by the changes in the development of the steel industry. In 2021, the steel industry made efforts to overcome the difficulties of high raw fuel prices by tapping into the potential and increasing efficiency, resulting in the best-ever level of industry benefits. In the first 11 months of 2021, the steel industry achieved a revenue of RMB6,336.2 billion, up by 36.25% year-on-year; the total profit was RMB351.7 billion, up by 86.46% year-on-year, recording an all-time high. It is expected that the total steel demand in 2022 will be basically the same as that in 2021.

In 2021, the steel industry achieved a good start for the "14th Five-Year Plan". Industry concentration further improved. According to the data released by China Iron and Steel Association, in November 2021, the steel output of the top 10 and top 20 enterprises accounted for 40.39% and 54.85% of the total output in China, respectively, representing an increase of 2.99 percentage points and 3.26 percentage points over the same period in 2020. The level of digitalization, intelligenization and greening of the industry significantly improved. In 2021, a series of products in the iron and steel industry were launched in the world, filling the gap in the world. A large number of iron and steel enterprises have made breakthroughs by actively exploring the establishment of hydrometallurgy demonstration projects. More than 240 enterprises have completed or are implementing ultra-low emission transformation, involving approximate 680 million tons of crude steel.

Although the steel industry has made some progress in 2021, the industry will still face some problems in 2022, such as overcapacity, obvious shortage of iron ore resources, tight energy and environmental constraints, etc. Under the new trend of green development, opportunities and challenges co-exist in China's steel industry. From the opportunity point of view, it will help the steel industry to achieve a higher level of dynamic balance between supply and demand, and promote the transformation and upgrading of production technology. Steel enterprises will also continue to deepen data utilization, make efforts to build a new generation of intelligent management and control centres, and promote the intelligent transformation and upgrading of the whole industry. From the challenge point of view, China's steel industry has a tight green and low-carbon transition time, heavy tasks, insufficient coverage of green design products, and a large gap in environmental protection level between domestic steel enterprises, and ultra-low emission transformation is still an important starting point. In addition, the upsurge of "going out" of iron and steel enterprises is booming, and it has become one of the important ways for China's iron and steel industry to seek transformation and upgrading, especially the performance of a number of private enterprises is particularly eye-catching. The greening, intelligentization and "going out" of the iron and steel industry have brought new market demands for the Company, and also provided the Company with huge development opportunities.

Second, the opportunities and challenges brought by changes in the development of the construction industry. In 2021, in the field of construction industry, the country, focusing on "New Infrastructure and New Urbanisation Initiatives and Major Projects" and shortcomings, expanded effective investment, strengthened systematic layout, and accelerated the construction of 5G, industrial internet, big data centre, etc. The country implemented urban renewal actions to promote the transformation of old urban communities and support the construction of affordable rental housing, thus strengthening the construction of urban flood control and drainage facilities and promoting the quality development of a number of major projects.

In year of 2021, the total output value of China's construction industry reached RMB29,307.9 billion, representing a year-on-year increase of 11%, and the growth rate outperformed the national GDP. With the rapid growth of the construction industry, the industry is also developing with diversification and specialisation. On the one hand, some leading enterprises have entered into a new round of rapid development channel through transformation. Under the influence and drive of new business models such as PPP, F+EPC and ABO, large construction enterprises have set up subsidiaries involved in consulting, investment, finance, procurement, finance, operation, etc. to build a comprehensive engineering construction

group of the whole industrial chain; on the other hand, a considerable number of small and medium-sized enterprises have encountered difficulties in surviving under the shrinking market, resulting in accelerated integration and restructuring. The Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Building Industrialisation (《關於推動智能建造與建築工業化協同發展的指導意見》) jointly issued by 13 ministries and commissions including the Ministry of Housing and Urban-Rural Development in 2020, proposed that by 2025, the policy system and industrial system of the coordinated development of intelligent construction and building industrialization in China will be basically established, which will promote the formation of a number of leading enterprises in intelligent construction, lead the transformation and upgrading of small and medium-sized enterprises to intelligent construction and create an upgraded version of “Made in China”. In 2022, the Company will continue to promote digital transformation to become a leading enterprise in intelligent construction, thus taking the edge in the new wave of digital development of the construction industry.

After the executive meeting of the State Council considered and approved the qualification reform plan in November 2020, in 2021 the State Council and the Ministry of Housing and Urban-Rural Development successively issued the Notice Regarding Deepening the Reform of Separating Permits from Business Licenses and Further Increasing the Development Vitality of Market Participants (《關於深化「證照分離」改革進一步激發市場主體發展活力的通知》), the Notice on Implementing the Reform of “Separating Permits from Business Licenses” in the Construction Industry (《關於做好建築業「證照分離」改革銜接有關工作的通知》), the Notice on Cancelling the Qualification Examination and Approval of Engineering Cost Consulting Enterprises and Strengthening Post-event Supervision (《關於取消工程造價諮詢企業資質審批加強事中事後監管的通知》), and the Administrative Measures for the Contracting and Pricing of Construction Projects (Revised Draft for Comment) (《建築工程施工發包與承包計價管理辦法 (修訂徵求意見稿)》), and other documents in 2021, pursuant to which acceptance of more than 60 qualification applications such as Grade 3, Grade C, etc. are prohibited clearly. The intention to sort out the qualification structure from the source is obvious, and the qualification categories of construction enterprises will be further simplified. The national reform of the qualification administration system will further promote the construction industry to strengthen the trend of “survival of the fittest”.

In the face of future opportunities and challenges, the Company will firmly resolve to further seize opportunities, take the initiative, and leverage the momentum. The Company will be fully prepared so that the Company can not only give full play to the synergy effect of the integration of the entire industry chain, but also have the flexibility and efficiency to turn the whole chain into breakthroughs, thus actively and properly deal with various competitive relationships.

(II) Development strategy of the Company

Under the development vision of “focusing on the core business in building a first-class MCC” during the 14th Five-Year Plan period, the Company further proposed the strategic positioning of “being the national team for metallurgical construction, the main force for fundamental construction, the leader and forerunner of the emerging industries, and long-term adherence to pursuing the path for innovation and development with advanced technologies and high quality” in the new normal, and vigorously developed the operating system and product positioning of “Four Beams and Eight Columns” under this strategic positioning.

“Four Beams” represents four business sectors namely metallurgical construction, project contracting, emerging industries and comprehensive real estate.

“Eight Columns” represents metallurgical engineering and operation services, mine engineering and operation services, core equipment and steel structures, building and urban renewal, transportation and municipal and other projects, eco-environmental protection and tourism projects, new energy and mineral resources development, green health and intelligent real estate.

World-class national team for metallurgical construction: We always act to pursue high-end international level and development of the overall metallurgical industry. We, in accordance with the world-class standards, concentrate the best talents from 8 major parts and 19 business units of metallurgy, and continuously increase the investment in R&D. We aim for the major and frontier areas of metallurgical engineering. We improve the innovation ability of key links and key areas, focusing on breakthroughs in a number of key technologies and major equipment and iteratively upgrading the core technologies so as to always stay at the top. By integrating the resources of R&D, consulting, design, equipment, construction and operation inside and outside the Company, and integrating the resources of domestic and foreign strategic customers, core equipment manufacturers and information service providers, the Group is able to improve the “professional chain + industry chain” to make the advantageous chains better, strengthen the weak chains and supplement the missing chains. The Company will remain irreplaceable with its advantages of integration of full chain. The Company will also seize the opportunities brought by the supply-side structural reform in the domestic steel market, actively lay out the metallurgical construction structural adjustment, industry layout, process optimization, technology transformation and equipment upgrade, and develop overseas markets by adhering to the three principles of “technology, cost and cooperation”. With technical innovation as the guide, we will

realise the integration of planning, design, construction, service and raw materials, the whole process and the whole life cycle output, and realise the internal expansion and outward expansion of the market with continuous innovation ability. The Company will accelerate the development of the world's first national team for metallurgical construction, operation and service, and assume the national responsibility of leading China's metallurgy enterprise to go out at a higher level.

Main force and pioneer team in infrastructure construction: With the attitude of “main force” and “pioneer team”, we will grasp the “Belt and Road” policy, explore the huge potential of countries in the field of infrastructure construction along the belt and road. We will fully utilize our synergy advantages in the whole industry chain, and lead the market development with technological innovation to become a deep participant in the construction of urban infrastructure in the target countries. We will cultivate and plan a number of high-quality, high-efficiency and distinctive brand projects. We will closely focus on the strategic layout of the coordinated development of national regions such as the joint development of Beijing, Tianjin and Hebei, the construction of Xiong'an New Area, the construction of Guangdong-Hong Kong-Macao Greater Bay Area, and the integrated development of Yangtze River Delta. In addition, we will give full play to our comparative advantages in the infrastructure business fields such as housing construction, transportation and municipal infrastructure construction, and medium and high-end real estate, and will increase our market breakthrough and influence by actively participating in the construction of new infrastructure facilities such as urban rail transportation, extra-high voltage, 5G network, and data centre. We will strive to be the main force in national infrastructure construction and the implementation of the “Belt and Road” initiative. In the face of the development trend of industrialization of construction, we will give full play to the National Steel Structure Research Centre and China Steel Construction Society and other advantageous resources to develop concrete and steel structure assembled building technology system with the characteristics of MCC, thus becoming the organization formulating national and industry-related standards and norms. We will open up the chain and links of design and manufacturing, component production, and construction to develop the Company into a prefabricated building company integrating research and development, design, manufacturing, installation, and testing.

Leader and front-runner in emerging industries: taking the role of “leader” and “front-runner” of the industry, the Company keeps up with the pace of new industrialized, informationalized, urbanized and agriculturally modernized national construction, and seeks for market opportunities and direction for improving the quality and efficiency of the economic development of emerging industries. The Company, guided by market demand and driven by technological breakthrough, with capital strength and business mode as “multipliers”, obtains the dominant position in the market of urban underground utility tunnel, large theme park construction, sponge city, smart city, beautiful countryside, health care, environment and new energy. The Company centralizes resources coordination for conducting research on key and generic technologies for emerging industries, proactively takes the lead in compiling relevant specifications and standards, establishing relevant technical systems and standard systems, comprehensively improves overall planning and execution capabilities, and hence ensures the Company to occupy the market leadership with its state-of-the-art technology and become the industry’s leading enterprise with high-end technologies, products and markets. The Company strives to be the pioneer in the process of national new urbanized construction in the idea, design and construction, so as to achieve the successful transformation and upgrade development of the Company.

Long-term adherence to pursuing the path of quality innovation and development with advanced technologies: The Company’s conclusion of the development history of the new China steel industry with its rapid development and rapid expansion is in line with the requirements of the “New Development Concepts” and is the only way for the Company to reform and develop, to become stronger and better, and the only way to achieve the overall strategy. The systemic, comprehensive and complex nature of metallurgical engineering has enabled the Company to possess technological advantages that are not available in other construction enterprises, which include a wide range of specialties and outstanding innovation capabilities, creating the Company’s core technology in the field of metallurgical engineering. The irreplaceable integration advantages of the metallurgical industry chain and the continuous innovation capabilities have established the status of the national team for metallurgical construction and contributed to the Company’s glory. “Long-term adherence to pursuing the path for the quality development with advanced technologies” is to consolidate and build up technological innovation as the primary driver for development of the Company. We accelerated our research and development to lead the construction industry in the future development of emerging technologies, occupying the commanding heights of technology. The Company implements the plan and deployment of CPC Central Committee, the State Council, SASAC and China Minmetals. We pursue high-quality development, optimize the industry layout, highlight main responsibility and main business, to

promote the adjustment of the “four-beam and eight-pillar” business system. The Company has also focused on its own problems and strengthened the management system and management capability, thereby enhancing the effectiveness of the Company as a whole.

(III) Operational plan

The Company expected to achieve an operating revenue of RMB415 billion in 2021, actually achieving an operating revenue of RMB500.6 billion; expected to achieve a newly signed contract value of RMB1,200 billion, actually achieving a newly signed contract value of RMB1,205.0 billion, surpassing the operating target.

In 2022, the Company expects to achieve an operating revenue of RMB550 billion and a newly signed contract value of RMB1,250 billion.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating business

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

Unit: RMB'000

Items	Amount for the current year	Amount for the prior year	Change in proportion (%)
Operating revenue	500,571,647	400,114,623	25.11
Operating costs	447,435,146	354,685,571	26.15
Selling expenses	2,742,789	2,441,204	12.35
Administrative expenses	10,921,869	11,011,320	-0.81
Financial expenses	1,055,115	1,767,398	-40.30
Research and development expenses	15,901,198	12,326,903	29.00
Net cash flows from operating activities	17,640,008	28,031,705	-37.07
Net cash flows from investing activities	-12,567,230	-12,287,433	N/A
Net cash flows from financing activities	-16,236,483	-5,311,280	N/A

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

At present, the COVID-19 pandemic continues to spread across the globe, and the international political and economic situation remains complicated and volatile, with many unstable and uncertain factors. Various business operations are affected by the international and domestic macroeconomic environment, and business links such as procurement, production and sales of the Company may also be affected by the trend of international and domestic macro economy, which further leads to fluctuations in the results of operations of the Company. The business income of the Company are derived primarily from the PRC. In different domestic economic cycles, the Company may experience different performance in its business operations.

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. To achieve the national goal of carbon emission peak and carbon neutrality, gradually-upgrading carbon emission restrictions, increasingly-intensified environmental remediation and dual control of total energy consumption and gradually-returned stable development of real estate industry. At the same time, there was a significant reversal of the global mineral product price in 2021. Changes in the above-mentioned national policies, market changes and periodic fluctuations of the industries and changes in the operating situation of upstream and downstream enterprises of the industries all guide the adjustment of the Company's business segment and the layout of market areas to a certain extent, which thereby affected the Company's internal business structure and in return affected its financial position.

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

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

① Impact from changes in the tax policy

The Company's operating results and financial position were influenced by changes in the state's tax policy through the impact of tax burdens of the Company and its subsidiaries. The preferential tax policy for the development of the western regions and the preferential tax policies for hi-tech enterprises currently enjoyed by some of the Company's subsidiaries, 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, capital 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 fulfil contracts flexibly. On the other hand, the management of subcontractors and the control of subcontracting costs may also affect profit on projects of the Company.

7) Enhancement in the quality of operational management

The quality of operational management will significantly affect the results of the Company. The Company 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.

8) 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, product, region and sales mode

Unit: RMB '000

Situation on Major Business by Segment

Segments	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
Engineering contracting	462,290,153	419,814,524	9.19	27.01	28.40	Decreased by 0.98 percentage point
Property development	21,416,034	16,386,721	23.48	-11.19	-14.35	Increased by 2.82 percentage points
Equipment manufacturing	11,623,127	9,865,876	15.12	5.12	3.65	Increased by 1.20 percentage points
Resources development	6,669,327	3,823,828	42.67	52.14	21.56	Increased by 14.43 percentage points

Situation on Major Business by Region

Region	Operating revenue	Operating costs	Gross margin (%)	Increase or decrease in the operating revenue as compared to that of last year (%)	Increase or decrease in the operating costs as compared to that of last year (%)	Increase or decrease in the gross margin as compared to that of last year (%)
PRC	480,454,381	431,649,434	10.16	25.68	27.04	Decreased by 0.96 percentage point
Other countries/ regions	20,117,266	15,785,712	21.53	12.81	5.95	Increased by 5.08 percentage points
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The segment operating revenue and gross margin above are before inter-segment eliminations.

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

1) Explanation on Major Business by Segment

① Engineering contracting business

Engineering contracting business is the traditional core business of the Company which is mainly carried out by way of EPC contract and general financing and construction contracting contract, and is currently the major source of income and profits of the Company. The gross profit margins of the engineering contracting business for the year 2021 and 2020 were 9.19% and 10.17%, respectively, with a year-on-year decrease of 0.98 percentage point.

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

Unit: RMB'000

Items of revenue	2021		2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	115,256,465	24.93	90,498,906	24.87	70,286,830	22.54
Housing construction engineering	228,220,508	49.37	165,001,421	45.33	147,049,726	47.16
Transportation infrastructure	88,338,320	19.11	77,372,999	21.26	67,393,860	21.61
Other engineering	30,474,860	6.59	31,091,801	8.54	27,106,398	8.69
Total engineering contracting	462,290,153	100.00	363,965,127	100.00	311,836,814	100.00

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

② Property development business

For the years of 2021 and 2020, the total gross profit margin of the Company's property development business was 23.48% and 20.66%, respectively, with a year-on-year increase of 2.82 percentage points. The increase was mainly due to factors such as the enhanced cost control and improved project management level.

③ Equipment manufacturing business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. For the years of 2021 and 2020, the gross profit margin of the Company's equipment manufacturing business was 15.12% and 13.92%, respectively, with a year-on-year increase of 1.2 percentage points. The increase was mainly due to the Company's continuous efforts to strengthen cost control, promote the standardization of steel components, and improve the effect of design and construction.

④ Resources development business

The Company's resources development business included mining and processing. MCC Tongsin Resources Limited (MCCT) (中冶銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司) were mainly engaged in the mining business while China Silicon Co., Ltd. (洛陽中硅高科技有限公司), the polysilicon manufacturing enterprise, was mainly engaged in the processing business. For the years of 2021 and 2020, the gross profit margin of the Company's resources development business was 42.67% and 28.24% respectively, with a year-on-year increase of 14.43 percentage points. The increase was mainly due to quickly recovered demand for mineral resources, and a sharp rebound of the price of mineral products and cost control measures by the Company as a result of the stabilized economy in 2021.

2) Explanation on Major Business by Region

For the years of 2021 and 2020, the Company realized overseas operating revenue of RMB20,117,266 thousand and RMB17,832,293 thousand, respectively. The revenue mainly came from the engineering contracting business including Kuwait 6th Ring Road and 6.5th Ring Road Construction Project, Kuwait Healthcare Hospital Project, the property development business in Singapore, and the resources development business including the Ramu Nico Laterite Mine Project in Papua New Guinea.

(3) Table of cost analysis

Unit: RMB'000

Segment	Costs component	By segment				
		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	419,814,524	92.28	326,948,449	90.40	28.40
Property development	operating costs	16,386,721	3.60	19,132,860	5.29	-14.35
Equipment manufacturing	operating costs	9,865,876	2.17	9,518,033	2.63	3.65
Resources development	operating costs	3,823,828	0.84	3,145,663	0.87	21.56

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

The major components of cost used in construction projects of the Company for the same period of the recent three years are as follows:

Unit: RMB'000

Item of Cost	2021		2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Subcontracting expenses	228,688,091	54.47	180,518,387	55.21	155,379,127	55.45
Materials expenses	137,104,977	32.66	100,136,643	30.63	84,268,225	30.07
Labour costs	20,405,670	4.86	18,101,161	5.54	14,499,481	5.17
Machinery usage fees	7,731,277	1.84	6,389,727	1.95	5,230,932	1.87
Others	25,884,509	6.17	21,802,531	6.67	20,837,676	7.44
Total engineering costs	419,814,524	100.00	326,948,449	100.00	280,215,442	100.00

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

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

A. Information of major sales customers of the Company

The sales of top five major customers amounted to RMB17,754,579 thousand, accounting for 3.55% of the total annual sales; of which, the sales of top five major customers derived from the sales to related parties amounted to RMB0 thousand, accounting for 0% of the total annual sales.

Unit: RMB'000

Customer's name	Operating revenue	Proportion of the total operating revenue of the Company (%)
Unit 1	5,742,586	1.15
Unit 2	3,306,532	0.66
Unit 3	3,091,651	0.62
Unit 4	3,075,349	0.61
Unit 5	<u>2,538,461</u>	<u>0.51</u>
Total	<u><u>17,754,579</u></u>	<u><u>3.55</u></u>

B. Information of major suppliers of the Company

The procurement of top five suppliers amounted to RMB6,169,606 thousand, accounting for 1.38% of the total annual procurement; of which, the procurement from related parties under the procurement of top five suppliers amounted to RMB3,126,993 thousand, accounting for 0.70% of the total annual procurement.

Unit: RMB'000

Supplier's name	Procurement for the current period	Proportion of the total operating costs of the Company (%)
Supplier 1	3,126,993	0.70
Supplier 2	845,768	0.19
Supplier 3	753,711	0.17
Supplier 4	753,209	0.17
Supplier 5	689,925	0.15
Total	<u>6,169,606</u>	<u>1.38</u>

3. Expenses

(1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, transportation expenses, business development and bidding fees, advertising and sale services expenses. In 2021 and 2020, the Company's selling expenses were RMB2,742,789 thousand and RMB2,441,204 thousand respectively, representing a year-on-year increase of 12.35%, which was mainly due to the Company's intensified market development and an increase in related expenses.

(2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and office expenses. In 2021 and 2020, the Company's administrative expenses were RMB10,921,869 thousand and RMB11,011,320 thousand respectively, representing a year-on-year decrease of 0.81%, roughly the same level with the previous period.

(3) *Financial expenses*

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In 2021 and 2020, the Company's financial expenses were RMB1,055,115 thousand and RMB1,767,398 thousand respectively, representing a year-on-year decrease of 40.30%, which was mainly because the Company made overall arrangements for interest-bearing liabilities, reducing capital costs.

(4) *Research and development expenses*

The Company's research and development expenses include personnel labour costs, direct input costs, depreciation expenses and external research and development commission expenses. In 2021 and 2020, the Company's research and development expenses were RMB15,901,198 thousand and RMB12,326,903 thousand respectively, representing a year-on-year increase of 29.00%, which was mainly because the Company increased R&D investment and R&D materials.

4. *Research and development expenditure*

Table of research and development expenditure

Unit: RMB'000

Expensed research and development expenditure for the current period	15,901,198
Capitalized research and development expenditure for the current period	29,270
Total research and development expenditure	15,930,468
Proportion of total research and development expenditure to operating revenue (%)	3.18
Proportion of capitalized research and development expenditure (%)	<u>0.18</u>

5. Cash flow

The cash flows of the Company are as follows:

Unit: RMB'000

Items	2021	2020
Net cash flows from operating activities	17,640,008	28,031,705
Net cash flows from investing activities	(12,567,230)	(12,287,433)
Net cash flows from financing activities	<u>(16,236,483)</u>	<u>(5,311,280)</u>

(1) Operating activities

In 2021 and 2020, the Company's net cash flows generated from operating activities amounted to RMB17,640,008 thousand and RMB28,031,705 thousand, respectively, representing a year-on-year decrease of 37.07%. For the years 2021 and 2020, the cash inflow generated from operating activities mainly came from the cash received from sales of products and provision of services, accounting for 98.71% and 98.65% respectively with respect to the cash inflow generated from operating activities. The Company's cash outflow generated from operating activities mainly consisted of cash paid out for commodities purchased and the labour services received, cash paid to and for staff and payment for various taxes, etc. In 2021 and 2020, such cash outflow accounted for 87.17%, 6.38%, 2.49% and 86.51%, 6.42%, 2.60%, respectively with respect to the cash outflow generated from operating activities.

(2) Investing activities

In 2021 and 2020, the Company's net cash flows generated from investing activities amounted to RMB-12,567,230 thousand and RMB-12,287,433 thousand, respectively. The investing activities of the Company mainly relate to engineering contracting and property development business. The Company's cash inflow generated from investing activities mainly consisted of cash receipts from recovery of investments, investment income and disposal of assets, which accounted for 62.73%, 8.50%, 10.97% and 11.03%, 18.09%, 8.44% of the cash inflow generated from investing activities in 2021 and 2020, respectively. Cash outflow mainly included cash payments to acquire or construct fixed assets, intangible assets and other long-term assets as well as the cash paid for investment. In 2021 and 2020, such cash outflow accounted for 20.22%, 28.30% and 26.55%, 29.22% respectively with respect to the cash outflow generated from investing activities.

(3) Financing activities

In 2021 and 2020, the Company's net cash flows generated from financing activities amounted to RMB-16,236,483 thousand and RMB-5,311,280 thousand respectively. A large amount of net cash outflow from financing activities was mainly due to the higher amount of cash paid for debt repayment, together with the cash for distributed dividend, profit and interest paid for the current period than that of cash received from borrowings. The Company's cash inflow from financing activities mainly consisted of cash receipts from borrowings which accounted for 90.38% and 75.74% respectively of the cash inflow generated from financing activities for the years 2021 and 2020. The Company's cash outflow from financing activities mainly consisted of cash repayments of borrowings and cash payments for distribution of dividends, profits or settlement of interest expenses, accounting for 87.70%, 6.32% and 84.57%, 5.84% respectively of the cash outflow from financing activities for the years 2021 and 2020.

(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 (%)	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 (%)	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	412,315,644	75.87	389,253,555	76.87	5.92
Cash and bank balances	41,824,464	7.70	53,095,827	10.49	-21.23
Accounts receivable	83,881,695	15.43	69,436,480	13.71	20.80
Inventories	61,847,522	11.38	60,581,435	11.96	2.09
Contract assets	91,185,630	16.78	83,199,483	16.43	9.60
Non-current Assets	131,154,503	24.13	117,139,408	23.13	11.96
Intangible assets	20,878,147	3.84	17,491,859	3.45	19.36
Total Assets	543,470,147	100.00	506,392,963	100.00	7.32
Current Liabilities	358,889,666	91.53	331,791,251	90.64	8.17
Short-term borrowings	21,395,848	5.46	29,252,171	7.99	-26.86
Bills payable	37,616,532	9.59	30,472,634	8.32	23.44
Accounts payable	155,265,041	39.60	133,722,043	36.53	16.11
Contract liabilities	87,092,166	22.21	85,653,732	23.40	1.68
Non-current Liabilities	33,192,722	8.47	34,246,405	9.36	-3.08
Long-term borrowings	25,332,533	6.46	25,631,067	7.00	-1.16
Total Liabilities	392,082,388	100.00	366,037,656	100.00	7.12

(1) Analysis on the structure of assets

Cash and bank balances

As at 31 December 2021 and 31 December 2020, the balances of cash and bank balances of the Company were RMB41,824,464 thousand and RMB53,095,827 thousand, respectively, representing a year-on-year decrease of 21.23%.

As at 31 December 2021 and 31 December 2020, the restricted cash and bank balances of the Company were RMB10,607,640 thousand and RMB10,930,525 thousand, respectively, which accounted for 25.36% and 20.59% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included cash deposits of acceptance bill, deposit for letter of guarantee, statutory deposits reserves, etc.

Accounts receivable

As at 31 December 2021 and 31 December 2020, the carrying value of the Company's accounts receivable were RMB83,881,695 thousand and RMB69,436,480 thousand, respectively, representing a year-on-year increase of 20.80%, which was mainly due to an increase in accounts receivable related to engineering contracting services.

Inventories

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

As at 31 December 2021 and 31 December 2020, the Company's net inventories were RMB61,847,522 thousand and RMB60,581,435 thousand, respectively, representing a year-on-year increase of 2.09%.

Contract assets

Contract assets of the Company are mainly completed and unsettled inventories and construction quality guarantee deposits with regard to the engineering contracting service contracts. As at 31 December 2021 and 31 December 2020, the net contract assets of the Company amounted to RMB91,185,630 thousand and RMB83,199,483 thousand, respectively, representing a year-on-year increase of 9.60%, which was mainly due to an increase in contract assets related to engineering contracting services.

Intangible assets

As at 31 December 2021 and 31 December 2020, the aggregated carrying value of the Company's intangible assets were RMB20,878,147 thousand and RMB17,491,859 thousand respectively, representing a year-on-year increase of 19.36%. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc.

(2) Analysis on the structure of liabilities

Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, pledge loans and guaranteed loans from commercial banks and other financial organizations. As at 31 December 2021 and 31 December 2020, the carrying value of the Company's short term borrowings were RMB21,395,848 thousand and RMB29,252,171 thousand, respectively, representing a year-on-year decrease of 26.86%. As at 31 December 2021 and 31 December 2020, the carrying value of the Company's long-term borrowings were RMB25,332,533 thousand and RMB25,631,067 thousand, respectively, representing a year-on-year decrease of 1.16%.

During the Reporting Period, the long-term loans and short-term loans repaid by the Company amounted to RMB16,127,535 thousand and RMB100,580,102 thousand, respectively. As at the end of the Reporting Period, the balances of fixed-rate short-term borrowings and fixed-rate long-term borrowings amounted to RMB13,441,913 thousand and RMB19,807,116 thousand, respectively.

Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 31 December 2021 and 31 December 2020, the Company's carrying value of accounts payable were RMB155,265,041 thousand and RMB133,722,043 thousand, respectively, representing a year-on-year increase of 16.11%.

Contract liabilities

Contract liabilities mainly comprises contract liabilities related to engineering contracting services and sales contracts. As at 31 December 2021 and 31 December 2020, the Company's carrying value of contract liabilities amounted to RMB87,092,166 thousand and RMB85,653,732 thousand, respectively, representing a year-on-year increase of 1.68%.

(III) Analysis on the Operational Information in the Industry

Analysis on the operational information in the construction industry

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

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	2,821	840	2,447	678	6,786
Total amount	25,410,547	8,758,397	14,640,315	6,898,269	55,707,528

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Domestic	6,627	54,356,775
Overseas	159	1,350,753
Total	6,786	55,707,528

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

2. *Projects under construction during the Reporting Period*

Unit: RMB'000

Sub-segment	Housing construction	Infrastructure construction	Metallurgical engineering	Others	Total
Number of projects (Unit)	4,896	2,688	4,387	1,811	13,782
Total amount	202,809,961	79,579,923	100,616,150	23,576,591	406,582,625

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Domestic	12,190	393,684,644
Overseas	1,592	12,897,981
Total	13,782	406,582,625

3. *Overseas projects during the Reporting Period*

Unit: RMB'000

Project location	Number of projects (Unit)	Total amount
Asia	1,266	12,587,119
Africa	206	475,881
South America	102	419,180
Europe	102	718,285
Oceania	58	35,441
North America	17	12,828
Total	1,751	14,248,734

4. Significant projects under construction

Applicable Not applicable

5. Accumulated number of newly signed projects during the Reporting Period

During the Reporting Period, the accumulated number of newly signed projects amounting to over RMB50 million was 2,675, and the total amount was RMB1,120.996 billion.

6. Orders in hand as at the end of the Reporting Period

As at the end of the Reporting Period, the outstanding contractual value of construction orders with an amount of over RMB50 million amounted to RMB1,599.116 billion. In particular, the outstanding contract value of the projects that have been signed but yet to be commenced amounted to RMB497.935 billion, and the amount of the outstanding portion of the projects under construction was RMB1,101.181 billion.

7. Competency for construction projects of the Company

As at the end of the Reporting Period, the Company and its subsidiaries together held over 700 qualifications and permits of construction enterprises, covering construction investigation, construction design, construction work, construction supervision, property development etc.

In 2021, the Company has added two enterprises with four special qualifications. The total number of special qualifications for construction general contracting of the Company and its subsidiaries reached 41, in which five subsidiaries held four special qualifications, three subsidiaries held three special qualifications and four subsidiaries held two special qualifications. In addition, five of the subsidiaries have the construction engineering design integrated qualification of Grade A.

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

In 2021, the operation of the quality control system of the Company was normal and the overall construction quality was under control without occurrence of any significant quality accident. The quality control system of the Company, which comprises three core levels, namely the headquarters, the subsidiaries and the project management departments, operated smoothly. Each of the levels stringently executes the national, industrial and local standards of quality. The Company introduced new inspection approaches such as the “Four Don’ts and Two Directs” (“四不兩直”), and “Looking Back” (“回頭看”). The Company implemented effective quality control on projects under construction by various measures such as self-check by subsidiaries, regional quality check, special inspection, and quality assessment which focused on promoting standardization of quality management and building quality constructions, and commenced publicity and educational activities such as “quality month” activities as safeguard measures.

In 2021, the Company’s safety management system operated effectively and the production safety situation was basically stable. The Company conscientiously implemented the arrangements of the Party Central Committee, the State Council, the Ministry of Emergency Management, the Ministry of Ecology and Environment, the State-owned Assets Supervision and Administration Commission and China Minmetals for work safety, firmly established the concept of safe development, solidly promoted the national three-year action for special rectification of production safety. Following the principles of problem-oriented and targeted efforts, and with the theme of “Strengthening the foundation and eliminating hidden dangers, preventing scientifically and ensuring development”, the Company will carry out a year-long production safety campaign, pay close attention to the investigation of hidden dangers, vigorously promote standardization construction and fully implement the main responsibility of enterprises.

The Company continues to improve safety inspection methods, increase safety inspection efforts, give full play to the role of experts in various businesses, create a system linkage inspection model, and conduct “Four Don’ts and Two Directs” inspections on key areas such as Xiong’an, Chengdu and Guangdong, key projects such as Shandong Linyi Steel and Zenith Green and Premium Steel Metallurgy, as well as key industries such as highway and municipal affairs involving tunnels and bridges. Such inspections were carried out to improve the effectiveness of hidden danger management, and the outstanding problems found in the inspections were severely dealt with and dared to be exposed and punished. Among them, the main responsible persons of 37 subsidiaries led teams to the front line 921 times and inspected 949 projects, playing an exemplary role. Strengthening the construction of safety teams, 1,068 new safety management personnel were recruited in all subsidiaries throughout the year, and 253 new registered safety engineers were added, thus improving both the quantity and quality of safety teams. Training on the new Work Safety Law was comprehensively carried out, with more than 15,000 training courses organized and a total of 840,000 people trained, so that the principle of “people first, life first” was strictly followed and practiced. The Group has secured the standardization of safety and civilisation with the guidance of “today’s site is tomorrow’s market”. 15 projects have won the honorary title of “standardized construction sites for safe production in national construction project”, 187 projects have obtained provincial-level safety and civilized standard chemical sites, and 225 projects have obtained provincial-level safety and civilized standard chemical sites, setting benchmarks for MCC.

9. *Financing arrangements of the Company*

(1) Debt financing and financing by other equity instruments 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 RMB94.349 billion, representing a decrease of 4.32% 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 RMB60.285 billion and RMB34.064 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 RMB34.263 billion and RMB60.086 billion, respectively.

(2) Overseas perpetual bonds issuance

In 2021, the Company issued USD500 million of perpetual bonds overseas at an interest rate of 2.95%.

(IV) Investment analysis

1. Overall analysis on external equity investments

As at 31 December 2021 and 31 December 2020, the net assets of the Company's trading financial assets were RMB1,107 thousand and RMB2,250,940 thousand, respectively, representing a decrease of 99.95% as compared to the beginning of the year. As at 31 December 2021 and 31 December 2020, the net long-term equity investments of the Company were RMB30,328,766 thousand and RMB25,676,955 thousand, respectively, representing an increase of 18.12% compared to the beginning of the year. As at 31 December 2021 and 31 December 2020, the net investment in other equity instruments of the Company amounted to RMB786,855 thousand and RMB1,964,664 thousand, respectively, representing a decrease of 59.95% as compared to the beginning of the year. As at 31 December 2021 and 31 December 2020, the Company's other net investment in non-current financial assets amounted to RMB4,711,041 thousand and RMB4,418,546 thousand, respectively, representing an increase of 6.62% as compared with the beginning of the year.

2. Financial assets measured at fair value

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

No.	Stock variety	Stock code	Stock abbreviation	Initial investment amount (RMB)	Number of shares held (share)	Carrying amount at the end of the period (RMB)	Percentage to total securities investment at the end of the period (%)	Gain or loss incurred during the Reporting Period (RMB)
1	Shares	601005	Chongqing Iron and Steel (重慶鋼鐵)	360,600	167,720	350,537	31.66	129,556
2	Shares	600787	CMST Development Corp (中儲股份)	498,768	57,528	717,949	64.83	187,541
3	Shares	000539	GED (粵電力A)	23,955	6,371	38,863	3.51	14,908
Total				883,323	/	1,107,349	100.00	332,005

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

Unit: RMB'000

Stock code	Stock abbreviation	Initial investment cost	Percentage of shareholding at the beginning of the period (%)	Percentage of shareholding at the end of the period (%)	Carrying amount at the end of the period	Gain or loss incurred during the Reporting Period	Changes in owners' equity during the Reporting Period	Account category
000709	Hesteel	4,600	0.020	0.018	4,667	190	417	Investments in other equity instruments
601328	Bank of Communications	89,697	0.040	0.108	195,641	13,453	5,517	Investments in other equity instruments
000939	Kaidi Ecological	2,502	1.100	1.100	-	-	-	Investments in other equity instruments
600642	Shenergy	188	0.010	0.001	332	13	97	Investments in other equity instruments
000005	Fountain	420	0.040	0.035	858	-	-86	Investments in other equity instruments
600665	Tande	1,122	0.020	0.018	491	24	-3	Investments in other equity instruments
601005	Chongqing Iron and Steel	170,080	0.650	0.568	99,468	-	29,031	Investments in other equity instruments
Total		268,609	/	/	301,457	13,680	34,973	/

Equity interests in non-listed financial companies held

Name of investee	Initial investment amount (RMB)	Number of shares held (share)	Percentage of shareholding to the Company (%)	Carrying amount at the end of the period (RMB)	Gain or loss incurred during the Reporting Period (RMB)	Change in owners' equity during the Reporting Period (RMB)	Account category	Source of shares
Changcheng Life Insurance Co., Ltd. (長城人壽保險股份有限公司)	30,000,000	-	0.54	30,000,000	-	-	Investments in other equity instruments	By acquisition
Hankou Bank Company Limited (漢口銀行股份有限公司)	27,696,000	-	0.63	27,696,000	3,026,870	-	Investments in other equity instruments	By acquisition
Total	<u>57,696,000</u>	<u>-</u>	<u>/</u>	<u>57,696,000</u>	<u>3,026,870</u>	<u>-</u>	<u>/</u>	<u>/</u>

VII. CONSOLIDATED AND THE COMPANY'S BALANCE SHEETS

CONSOLIDATED BALANCE SHEET

31 December 2021

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Current Assets:		
Cash and bank balances	41,824,464	53,095,827
Financial assets held for trading	1,107	2,250,940
Derivative financial assets	114,790	46,412
Bills receivable	3,425,229	6,646,606
Accounts receivable	83,881,695	69,436,480
Receivables at FVTOCI	11,857,791	11,759,582
Prepayments	46,111,033	34,369,714
Other receivables	67,766,635	64,225,288
Inventories	61,847,522	60,581,435
Contract assets	91,185,630	83,199,483
Non-current assets due within one year	2,241,185	1,499,007
Other current assets	2,058,563	2,142,781
	<hr/>	<hr/>
Total Current Assets	412,315,644	389,253,555
	<hr/> <hr/>	<hr/> <hr/>
Non-current Assets:		
Long-term receivables	30,386,163	25,576,642
Long-term equity investments	30,328,766	25,676,955
Investments in other equity instruments	786,855	1,964,664
Other non-current financial assets	4,711,041	4,418,546
Investment properties	7,327,797	5,641,674
Fixed assets	25,117,809	24,684,160
Construction in progress	4,379,190	4,915,570
Right-of-use assets	591,878	473,971
Intangible assets	20,878,147	17,491,859
Goodwill	55,896	160,928
Long-term prepayments	293,791	295,584
Deferred tax assets	6,056,805	5,637,114
Other non-current assets	240,365	201,741
	<hr/>	<hr/>
Total Non-current Assets	131,154,503	117,139,408
	<hr/> <hr/>	<hr/> <hr/>
TOTAL ASSETS	543,470,147	506,392,963
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET

31 December 2021

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	21,395,848	29,252,171
Derivative financial liabilities	4,413	–
Bills payable	37,616,532	30,472,634
Accounts payable	155,265,041	133,722,043
Receipts in advance	135,118	238,753
Contract liabilities	87,092,166	85,653,732
Employee benefits payable	2,055,773	2,020,325
Taxes payable	5,097,306	3,984,563
Other payables	27,582,380	26,710,566
Non-current liabilities due within one year	13,218,552	12,238,104
Other current liabilities	9,426,537	7,498,360
Total Current Liabilities	358,889,666	331,791,251
Non-current Liabilities:		
Long-term borrowings	25,332,533	25,631,067
Bonds payable	220,000	790,000
Lease liabilities	369,145	237,042
Long-term payables	1,050,081	1,047,205
Long-term employee benefits payable	3,887,979	4,103,656
Provisions	811,797	777,275
Deferred income	1,465,004	1,584,325
Deferred tax liabilities	56,183	61,235
Other non-current liabilities	–	14,600
Total Non-current Liabilities	33,192,722	34,246,405
TOTAL LIABILITIES	392,082,388	366,037,656

Items	31 December 2021	31 December 2020
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	23,700,000	20,500,000
Including: Perpetual bond	23,700,000	20,500,000
Capital reserve	22,612,919	22,461,602
Other comprehensive income	(201,624)	(284,396)
Special reserve	12,550	12,550
Surplus reserve	2,692,992	2,016,768
Retained earnings	37,954,521	32,461,495
Total shareholders' equity attributable to shareholders of the Company	107,494,977	97,891,638
Non-controlling interests	43,892,782	42,463,669
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	151,387,759	140,355,307
	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	543,470,147	506,392,963
	<hr/> <hr/>	<hr/> <hr/>

THE COMPANY'S BALANCE SHEET

31 December 2021

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Current Assets:		
Cash and bank balances	5,017,042	9,618,084
Derivative financial assets	114,325	38,524
Accounts receivable	173,325	228,188
Prepayments	717,175	1,797,943
Other receivables	60,379,167	43,536,273
Inventories	1,107	1,016
Contract assets	1,482,927	944,863
Non-current assets due within one year	2,037	2,037
Other current assets	1,481	1,481
Total Current Assets	67,888,586	56,168,409
Non-current Assets:		
Long-term receivables	632,590	2,082,190
Long-term equity investments	97,647,601	94,532,711
Other equity instrument investments	553	454
Fixed assets	11,947	12,478
Right-of-use assets	691	21,360
Intangible assets	3,758	5,445
Total Non-current Assets	98,297,140	96,654,638
TOTAL ASSETS	166,185,726	152,823,047

Items	31 December 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	16,032,447	20,932,888
Accounts payable	1,734,094	1,407,149
Contract liabilities	973,037	2,114,560
Employee benefits payable	16,219	15,407
Taxes payable	54,690	46,768
Other payables	32,902,591	18,485,432
Non-current liabilities due within one year	2,830,724	3,152,522
Total Current Liabilities	54,543,802	46,154,726
Non-current Liabilities:		
Long-term borrowings	–	2,000,000
Bonds payable	220,000	790,000
Lease liabilities	138	695
Long-term payables	20,456,990	20,444,550
Long-term employee benefits payable	62,011	61,513
Provisions	–	99,806
Deferred income	3,598	3,598
Total Non-current Liabilities	20,742,737	23,400,162
TOTAL LIABILITIES	75,286,539	69,554,888
Shareholders' Equity:		
Share capital	20,723,619	20,723,619
Other equity instruments	23,700,000	20,500,000
Including: Perpetual bond	23,700,000	20,500,000
Capital reserve	37,925,332	37,925,332
Other comprehensive income	(1,554)	(355)
Special reserve	12,550	12,550
Surplus reserve	2,692,992	2,016,768
Retained earnings	5,846,248	2,090,245
TOTAL SHAREHOLDERS' EQUITY	90,899,187	83,268,159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	166,185,726	152,823,047

VIII. CONSOLIDATED AND THE COMPANY'S INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	2021	2020
I. Total operating revenue	500,571,647	400,114,623
Including: Operating revenue	500,571,647	400,114,623
II. Total operating costs	480,571,671	384,200,258
Including: Operating costs	447,435,146	354,685,571
Taxes and levies	2,515,554	1,967,862
Selling expenses	2,742,789	2,441,204
Administrative expenses	10,921,869	11,011,320
Research and development expenses	15,901,198	12,326,903
Financial expenses	1,055,115	1,767,398
Including: Interest expenses	2,140,452	2,509,970
Interest income	2,667,996	1,738,474
Add: Other income	428,034	451,602
Investment (loss) income	(1,793,422)	(1,139,662)
Including: (Losses) gains from investments in associates and joint ventures	(131,052)	(177,587)
(Losses) gains from derecognition of financial assets at amortized cost	(1,491,538)	(870,347)
Gains from changes in fair values	177,934	33,823
Impairment losses of credit	(3,714,814)	(3,086,669)
Impairment losses of assets	(1,624,422)	(593,338)
Gains on disposal of assets	689,228	232,899
III. Operating profit	14,162,514	11,813,020
Add: Non-operating income	299,559	475,004
Less: Non-operating expenses	449,894	370,754
IV. Total profit	14,012,179	11,917,270
Less: Income tax expenses	2,404,985	2,534,913

Items	2021	2020
V. Net profit	11,607,194	9,382,357
(I) Net profit classified by operating continuity		
Net profit from continuing operations	11,607,194	9,382,357
Net profit from discontinued operations	–	–
(II) Net profit classified by ownership ascription		
Net profit attributable to shareholders of the Company	8,374,970	7,862,185
Profit or loss attributable to non-controlling interests	3,232,224	1,520,172
VI. Other comprehensive income, net of income tax	(73,012)	(570,934)
Other comprehensive income attributable to shareholders of the Company, net of income tax	207,063	(240,002)
(I) Items that will not be reclassified to profit or loss	(4,416)	190,591
1. Re-measurement of defined benefit obligations	3,333	158,075
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method	55	–
3. Changes in fair values of investments in other equity instruments	(7,804)	32,516
(II) Items that may be reclassified to profit or loss	211,479	(430,593)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	30,346	23,780
2. Changes of fair value of receivables at FVTOCI	(12,449)	(15,986)
3. Exchange differences on translating financial statements in foreign currencies	193,582	(438,387)
Other comprehensive income attributable to non-controlling interests, net of income tax	(280,075)	(330,932)
VII. Total comprehensive income	11,534,182	8,811,423
Total comprehensive income attributable to shareholders of the Company	8,582,033	7,622,183
Total comprehensive income attributable to non-controlling interests	2,952,149	1,189,240
VIII. Earnings per share		
(I) Basic earnings per share (<i>RMB/share</i>)	0.35	0.32
(II) Diluted earnings per share (<i>RMB/share</i>)	N/A	N/A

THE COMPANY'S INCOME STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	2021	2020
I. Total operating revenue	3,552,768	2,359,983
Less: Operating costs	3,249,717	2,224,072
Taxes and levies	3,612	5,051
Administrative expenses	273,575	281,682
Financial expenses	179,015	95,846
Including: Interest expenses	2,119,621	1,909,236
Interest income	1,895,214	1,613,230
Add: Other income	676	951
Investment income	6,713,361	2,818,991
Including: (Losses) gains from investments in associates and joint ventures	17,701	(16,069)
Gains from changes in fair values	140,960	38,524
Impairment losses of credit	68,561	67,525
Impairment losses of assets	(3,672)	–
(Losses) gains from disposal of assets	–	(24)
II. Operating profit	6,766,735	2,679,299
Add: Non-operating income	2	417
Less: Non-operating expenses	317	23
III. Total profit	6,766,420	2,679,693
Less: Income tax expenses	4,182	1,391
IV. Net profit	6,762,238	2,678,302
Net profit from continuing operations	6,762,238	2,678,302
Net profit from discontinued operations	–	–
V. Other comprehensive income, net of income tax	(1,199)	(1,339)
(I) Items that will not be reclassified to profit or loss	(1,219)	(1,370)
1. Changes in re-measurement of defined benefit obligations	(1,318)	(1,576)
2. Changes in fair values of investments in other equity instruments	99	206
(II) Items that will be reclassified to profit or loss	20	31
1. Items that may be reclassified to profit or loss in equity method	20	31
VI. Total comprehensive income	<u>6,761,039</u>	<u>2,676,963</u>

IX. CONSOLIDATED AND THE COMPANY'S CASH FLOWS STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	2021	2020
I Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	469,930,650	416,368,849
Receipts of tax refunds	573,918	354,583
Other cash receipts relating to operating activities	5,555,846	5,340,090
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	476,060,414	422,063,522
	<hr/>	<hr/>
Cash payments for goods purchased and services received	399,596,402	340,872,351
Cash payments to and on behalf of employees	29,261,065	25,296,206
Payments of various types of taxes	11,429,292	10,236,827
Other cash payments relating to operating activities	18,133,647	17,626,433
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	458,420,406	394,031,817
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	17,640,008	28,031,705
	<hr/>	<hr/>
II Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	3,135,749	199,798
Cash receipts from investment income	424,781	327,537
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	548,126	152,769
Net cash receipts from disposal of subsidiaries and other business units	88,266	58,568
Other cash receipts relating to investing activities	801,548	1,071,994
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	4,998,470	1,810,666
	<hr/>	<hr/>

Items	2021	2020
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	3,551,383	3,743,025
Cash payments to acquire investments	4,971,778	4,120,134
Other cash payments relating to investing activities	9,042,539	6,234,940
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	17,565,700	14,098,099
	<hr/>	<hr/>
Net Cash Flows from Investing Activities	(12,567,230)	(12,287,433)
	<hr/>	<hr/>
III Cash Flows from Financing Activities:		
Cash receipts from capital contributions	11,048,169	31,464,045
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries	3,348,169	23,964,045
Cash receipts from issue of perpetual bond	7,700,000	7,500,000
Cash receipts from borrowings	106,816,090	101,155,602
Other cash receipts relating to financing activities	322,886	932,237
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	118,187,145	133,551,884
	<hr/>	<hr/>
Cash repayments of borrowings	117,884,912	117,429,893
Cash payments for distribution of dividends or profits or settlement of interest expenses	8,489,370	8,107,723
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries	1,934,726	899,891
Other cash payments relating to financing activities	8,049,346	13,325,548
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	134,423,628	138,863,164
	<hr/>	<hr/>
Net Cash Flows from Financing Activities	(16,236,483)	(5,311,280)
	<hr/>	<hr/>
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	215,227	(82,590)
	<hr/>	<hr/>
V Net Increase in Cash and Cash Equivalents	(10,948,478)	10,350,402
Add: Opening balance of Cash and Cash equivalents	42,165,302	31,814,900
	<hr/>	<hr/>
VI Closing Balance of Cash and Cash Equivalents	31,216,824	42,165,302
	<hr/> <hr/>	<hr/> <hr/>

THE COMPANY'S CASH FLOW STATEMENT
For the year ended 31 December 2021

All amounts in RMB'000

Items	2021	2020
I Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	1,479,193	2,484,498
Receipts of tax refunds	–	951
Other cash receipts relating to operating activities	619,518	412,698
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	2,098,711	2,898,147
	<hr/>	<hr/>
Cash payments for goods purchased and services received	1,547,900	2,429,988
Cash payments to and on behalf of employees	183,255	158,539
Payments of various types of taxes	5,359	21,061
Other cash payments relating to operating activities	863,627	231,413
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	2,600,141	2,841,001
	<hr/>	<hr/>
Net Cash Flows from Operating Activities	(501,430)	57,146
	<hr/>	<hr/>
II Cash Flows from Investing Activities:		
Cash receipts from investment income	5,371,439	2,201,950
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	–	21
Other cash receipts relating to investing activities	2,864,952	4,070,698
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	8,236,391	6,272,669
	<hr/>	<hr/>

Items	2021	2020
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	1,659	2,347
Cash payments to acquire investments	2,923,814	4,707,949
Other cash payments relating to investing activities	99,952	–
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	3,025,425	4,710,296
	<hr/>	<hr/>
Net Cash Flows from Investing Activities	5,210,966	1,562,373
	<hr/>	<hr/>
III Cash Flows from Financing Activities:		
Cash receipts from investments	7,700,000	7,500,000
Including: Cash receipts from issue of perpetual bond	7,700,000	7,500,000
Cash receipts from borrowings	78,012,556	89,223,195
Other cash receipts relating to financing activities	103,050	444,550
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	85,815,606	97,167,745
	<hr/>	<hr/>
Cash repayments of borrowings	86,119,183	73,821,239
Cash payments for distribution of dividends or profits or settlement of interest expenses	4,504,147	4,752,421
Other cash payments relating to financing activities	4,500,000	13,021,025
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	95,123,330	91,594,685
	<hr/>	<hr/>
Net Cash Flows from Financing Activities	(9,307,724)	5,573,060
	<hr/>	<hr/>
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(1,872)	(42,392)
V Net Increase in Cash and Cash Equivalents	(4,600,060)	7,150,187
Add: Opening balance of Cash and Cash equivalents	9,606,574	2,456,387
VI Closing Balance of Cash and Cash Equivalents	5,006,514	9,606,574
	<hr/> <hr/>	<hr/> <hr/>

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

For the year ended 31 December 2021									
Attributable to shareholders of the Company									
Items	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interest	Total shareholders' equity
I Closing balance of the preceding year	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior years' errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II Opening balance of the current year	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
III Changes for the year	-	3,200,000	151,317	82,772	-	676,224	5,493,026	1,429,113	11,032,452
(I) Total comprehensive income	-	-	-	207,063	-	-	8,374,970	2,952,149	11,534,182
(II) Shareholders' contributions and reduction in capital	-	3,200,000	151,317	-	-	-	-	226,515	3,577,832
1. Capital contribution from owners	-	-	-	-	-	-	-	122,166	122,166
2. Capital contribution from holders of other equity instruments and reduction in capital	-	3,200,000	-	-	-	-	-	74,661	3,274,661
3. Others	-	-	151,317	-	-	-	-	29,688	181,005
(III) Profit distribution	-	-	-	-	-	676,224	(3,006,235)	(1,749,551)	(4,079,562)
1. Transfer to surplus reserve	-	-	-	-	-	676,224	(676,224)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,330,011)	(1,749,551)	(4,079,562)
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	(124,291)	-	-	124,291	-	-
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	-	-	-	(124,291)	-	-	124,291	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current year	-	-	-	-	7,189,775	-	-	606,714	7,796,489
2. Amount utilized in the current year	-	-	-	-	(7,189,775)	-	-	(606,714)	(7,796,489)
(VI) Others	-	-	-	-	-	-	-	-	-
IV Closing balance of the current year	<u>20,723,619</u>	<u>23,700,000</u>	<u>22,612,919</u>	<u>(201,624)</u>	<u>12,550</u>	<u>2,692,992</u>	<u>37,954,521</u>	<u>43,892,782</u>	<u>151,387,759</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

		For the year ended 31 December 2020							
		Attributable to shareholders of the Company							
Items	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Non-controlling interest	Total shareholders' equity
I Closing balance of the preceding year	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 years' errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II Opening balance of the current year	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 year	-	(5,424,290)	(14,846)	(224,778)	-	267,830	5,337,997	23,507,886	23,449,799
(I) Total comprehensive income	-	-	-	(240,002)	-	-	7,862,185	1,189,240	8,811,423
(II) Shareholders' contributions and reduction in capital	-	(5,424,290)	(14,846)	-	-	-	-	23,139,761	17,700,625
1. Capital contribution from owners	-	-	-	-	-	-	-	16,024,065	16,024,065
2. Capital contribution from holders of other equity instruments and reduction in capital	-	(5,424,290)	-	-	-	-	-	7,692,172	2,267,882
3. Others	-	-	(14,846)	-	-	-	-	(576,476)	(591,322)
(III) Profit distribution	-	-	-	-	-	267,830	(2,508,964)	(821,115)	(3,062,249)
1. Transfer to surplus reserve	-	-	-	-	-	267,830	(267,830)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,241,134)	(821,115)	(3,062,249)
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	15,224	-	-	(15,224)	-	-
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	-	-	-	15,224	-	-	(15,224)	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current year	-	-	-	-	5,712,378	-	-	462,644	6,175,022
2. Amount utilized in the current year	-	-	-	-	(5,712,378)	-	-	(462,644)	(6,175,022)
(VI) Others	-	-	-	-	-	-	-	-	-
IV Closing balance of the current year	<u>20,723,619</u>	<u>20,500,000</u>	<u>22,461,602</u>	<u>(284,396)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>32,461,495</u>	<u>42,463,669</u>	<u>140,355,307</u>

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

For the year ended 31 December 2021								
Items	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Closing balance of the preceding year	20,723,619	20,500,000	37,925,332	(355)	12,550	2,016,768	2,090,245	83,268,159
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior years' errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II Opening balance of the current year	20,723,619	20,500,000	37,925,332	(355)	12,550	2,016,768	2,090,245	83,268,159
III Changes for the year	-	3,200,000	-	(1,199)	-	676,224	3,756,003	7,631,028
(I) Total comprehensive income	-	-	-	(1,199)	-	-	6,762,238	6,761,039
(II) Shareholders' contributions and reduction in capital	-	3,200,000	-	-	-	-	-	3,200,000
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments and reduction in capital	-	3,200,000	-	-	-	-	-	3,200,000
3. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	676,224	(3,006,235)	(2,330,011)
1. Transfer to surplus reserve	-	-	-	-	-	676,224	(676,224)	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,330,011)	(2,330,011)
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 year	-	-	-	-	-	-	-	-
2. Amount utilized in the current year	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
IV Closing balance of the current year	<u>20,723,619</u>	<u>23,700,000</u>	<u>37,925,332</u>	<u>(1,554)</u>	<u>12,550</u>	<u>2,692,992</u>	<u>5,846,248</u>	<u>90,899,187</u>

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

For the year ended 31 December 2020								
Items	Share capital	Other equity instrument (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Closing balance of the preceding year	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 years' errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II Opening balance of the current year	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 year	-	(5,424,290)	(75,710)	(1,339)	-	267,830	169,339	(5,064,170)
(I) Total comprehensive income	-	-	-	(1,339)	-	-	2,678,302	2,676,963
(II) Shareholders' contributions and reduction in capital	-	(5,424,290)	(75,710)	-	-	-	-	(5,500,000)
1. Capital contribution from owners	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments and reduction in capital	-	(5,424,290)	-	-	-	-	-	(5,424,290)
3. Others	-	-	(75,710)	-	-	-	-	(75,710)
(III) Profit distribution	-	-	-	-	-	267,830	(2,508,963)	(2,241,133)
1. Transfer to surplus reserve	-	-	-	-	-	267,830	(267,830)	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,241,133)	(2,241,133)
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 year	-	-	-	-	-	-	-	-
2. Amount utilized in the current year	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
IV Closing balance of the current year	<u>20,723,619</u>	<u>20,500,000</u>	<u>37,925,332</u>	<u>(355)</u>	<u>12,550</u>	<u>2,016,768</u>	<u>2,090,245</u>	<u>83,268,159</u>

XI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

(I) Basic information of the Company

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

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

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 October 2018, CMGC purchased the structure adjusting funds for central enterprises with the 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.

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.

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

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

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

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

The Company’s and consolidated financial statements had been approved by the Board on 29 March 2022.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

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

According to the 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 in the general meeting of Shareholders 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 the Shareholders of the A Shares and H Shares. Instead, the Company provides the financial statements prepared in accordance with the CASBE to all Shareholders, taking the relevant disclosure standards of Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

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

2. Statement of compliance

These financial statements are in compliance with the CASBE to truly and completely reflect consolidated and the Company’s financial position as at 31 December 2021 and consolidated and the Company’s operating results and cash flows for the year then ended.

3. Accounting period

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

4. Reporting currency

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

(III) Changes in significant accounting policies

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

(IV) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Cash	11,136	11,441
Bank deposits	30,905,299	41,409,099
Other cash and bank balances	10,908,029	11,675,287
Total	41,824,464	53,095,827
Including: Total amount of deposits abroad	2,333,195	1,333,900

2. Bills receivable

All amounts in RMB'000

Items	31 December 2021			31 December 2020		
	Book value	Provisions for credit losses	Carrying amount	Book value	Provisions for credit losses	Carrying amount
Bank acceptance bills	1,085,427	-	1,085,427	1,970,938	-	1,970,938
Commercial acceptance bills	2,736,162	396,360	2,339,802	4,691,068	15,400	4,675,668
Total	3,821,589	396,360	3,425,229	6,662,006	15,400	6,646,606

3. *Accounts receivable*

All amounts in RMB'000

Aging	31 December	31 December
	2021	2020
Within 1 year	62,442,338	51,208,541
1 to 2 years	13,893,734	11,838,375
2 to 3 years	6,350,925	4,659,742
3 to 4 years	3,921,082	3,688,508
4 to 5 years	3,027,452	1,952,971
Over 5 years	9,219,754	9,065,390
Total book value	98,855,285	82,413,527
Less: provisions for credit losses	14,973,590	12,977,047
Carrying amount	83,881,695	69,436,480

4. *Prepayments*

All amounts in RMB'000

Aging	31 December 2021		31 December 2020	
	Amount	Ratio	Amount	Ratio
		(%)		(%)
Within 1 year	38,785,762	84.12	27,856,345	81.05
1 to 2 years	4,146,628	8.99	4,051,565	11.79
2 to 3 years	1,703,716	3.69	1,154,752	3.36
Over 3 years	1,474,927	3.20	1,307,052	3.80
Total	46,111,033	100.00	34,369,714	100.00

5. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Interest receivables	1,038	5,580
Dividends receivable	579,445	487,993
Other receivables	67,186,152	63,731,715
Total	67,766,635	64,225,288

(2) Other receivables

(a) Aging analysis of other receivables

All amounts in RMB'000

Aging	31 December 2021	31 December 2020
Within 1 year	44,830,051	42,650,722
1 to 2 years	9,813,773	6,427,608
2 to 3 years	4,197,192	6,499,351
3 to 4 years	3,810,157	5,517,987
4 to 5 years	3,903,880	2,471,062
Over 5 years	9,392,287	7,506,735
Total book value	75,947,340	71,073,465
Less: provisions for credit losses	8,761,188	7,341,750
Carrying amount	67,186,152	63,731,715

(b) Other receivables categorized by nature

All amounts in RMB'000

Nature of other receivables	31	31
	December 2021	December 2020
Guarantee deposits	31,827,031	30,561,019
Loan receivables from related parties	34,363,346	31,781,493
Advance to employees	284,175	316,054
Receivables on disposal of investments	2,702,393	2,702,393
Others	6,770,395	5,712,506
Total	<u>75,947,340</u>	<u>71,073,465</u>

6. Inventories*(1) Categories of inventories**All amounts in RMB'000*

Items	31 December 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw materials	4,867,187	19,609	4,847,578	5,003,298	18,604	4,984,694
Materials procurement	352,585	-	352,585	86,422	-	86,422
Outsourced processing materials	8,339	105	8,234	10,065	330	9,735
Work in progress	3,056,724	503,637	2,553,087	3,002,146	334,043	2,668,103
Finished goods	3,190,278	199,283	2,990,995	2,540,229	136,238	2,403,991
Other materials	635,843	4,469	631,374	640,615	1,060	639,555
Performance costs of contract	142,430	-	142,430	73,814	-	73,814
Properties under development	26,552,312	19,763	26,532,549	31,327,122	10,169	31,316,953
Completed properties held for sale	24,141,037	352,347	23,788,690	18,901,009	502,841	18,398,168
Total	<u>62,946,735</u>	<u>1,099,213</u>	<u>61,847,522</u>	<u>61,584,720</u>	<u>1,003,285</u>	<u>60,581,435</u>

(2) *Provision for impairment*

All amounts in RMB'000

Items	Balance at	Increase		Decrease			Balance
	31 December 2020	Provision	Others	Reversals	Write-offs	Others	at 31 December 2021
Raw materials	18,604	1,019	-	14	-	-	19,609
Outsourced processing materials	330	(225)	-	-	-	-	105
Work in progress	334,043	181,427	-	-	11,833	-	503,637
Finished goods	136,238	78,384	-	642	14,697	-	199,283
Other materials	1,060	3,491	-	-	82	-	4,469
Properties under development	10,169	81,950	-	72,356	-	-	19,763
Completed properties held for sale	502,841	4,836	-	152,190	3,140	-	352,347
Total	<u>1,003,285</u>	<u>350,882</u>	<u>-</u>	<u>225,202</u>	<u>29,752</u>	<u>-</u>	<u>1,099,213</u>

7. *Contract assets*

(1) *Presentation of contract assets*

All amounts in RMB'000

Items	31 December 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Contract assets interrelated with engineering contracting services	91,584,943	4,226,123	87,358,820	82,659,393	3,366,039	79,293,354
Contract assets interrelated with quality guarantee deposit	<u>4,110,334</u>	<u>283,524</u>	<u>3,826,810</u>	<u>4,201,728</u>	<u>295,599</u>	<u>3,906,129</u>
Total	<u>95,695,277</u>	<u>4,509,647</u>	<u>91,185,630</u>	<u>86,861,121</u>	<u>3,661,638</u>	<u>83,199,483</u>

(2) *West Australia SINO Iron Mining Project*

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

As of 31 December 2013, the first and the second production lines of the project were completed and put into operation. Western Australia and Sino Iron Pty Ltd. (a wholly owned subsidiary of CITIC Limited) signed the Fourth Supplementary Agreement of SINO Iron Project in Western Australia dated 24 December 2013 for the handing over of the first and the second production lines of the project to CITIC Group at the end of 2013. As such, the construction, installation and trial running work set out in the EPC contract for the project entered into by Western Australia were completed. For the third to sixth production lines of the project, Western Australia and Northern Engineering & Technology Corporation, a subsidiary of the Company, have entered into the Project Management Service Agreement and Engineering Design and Equipment Procurement Management Technology Service Agreement, respectively, with CITIC Group for the provision of follow-up technology management services to CITIC Group. In addition, both the Group and CITIC Group have agreed to engage an independent third party to perform an audit of the total construction costs incurred for the project, the reasonableness of the construction costs incurred, the reasons 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 31 December 2021.

On 31 December 2021, the contract assets of the project mentioned above amounted to RMB3,411,065,000. After the completion of the audit mentioned above, the Group will actively negotiate and discuss with CITIC Group to determine the final project construction costs and carry out relevant accounting treatments.

8. Long-term receivables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Long-term receivables on project	33,284,178	27,489,727
Loans to related parties	319,333	773,176
Receivables on disposal of equity investments	333,485	333,485
Others	891,877	1,224,025
Total carrying amount	<u>34,828,873</u>	<u>29,820,413</u>
Less: provisions for credit losses of long-term receivables	2,201,525	2,744,764
Total book value	<u>32,627,348</u>	<u>27,075,649</u>
Including: Long-term receivables due within 1 year, net	2,241,185	1,499,007
Long-term receivables due over 1 year, net	<u>30,386,163</u>	<u>25,576,642</u>

9. Bills payable

All amounts in RMB'000

Categories	31 December 2021	31 December 2020
Bank acceptance bills	34,781,032	27,496,190
Commercial acceptance bills	<u>2,835,500</u>	<u>2,976,444</u>
Total	<u><u>37,616,532</u></u>	<u><u>30,472,634</u></u>

10. Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Project fees	95,991,899	84,040,670
Purchases	43,764,628	36,962,900
Design fees	354,893	797,224
Labor fees	11,633,071	9,264,773
Retention money	1,395,095	916,344
Others	<u>2,125,455</u>	<u>1,740,132</u>
Total	<u><u>155,265,041</u></u>	<u><u>133,722,043</u></u>

(2) *Aging analysis of accounts payable*

All amounts in RMB'000

Aging	31 December 2021	31 December 2020
Within 1 year	116,689,113	100,720,202
1 to 2 years	20,849,638	16,921,797
2 to 3 years	7,486,816	6,104,507
Over 3 years	10,239,474	9,975,537
Total	<u>155,265,041</u>	<u>133,722,043</u>

11. *Contract liabilities*

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Contract liabilities relating to engineering contracting service contracts	73,477,762	69,859,483
Contract liabilities relating to building-sales receipts in advance	9,067,067	10,666,095
Contract liabilities relating to sales contracts	2,602,022	2,584,146
Contract liabilities relating to other customers' contracts	1,945,315	2,544,008
Total	<u>87,092,166</u>	<u>85,653,732</u>

12. Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

Categories	31 December 2021	31 December 2020
Interest payable	8,609	12,868
Dividends payable	495,521	916,864
Other payables	27,078,250	25,780,834
Total	<u>27,582,380</u>	<u>26,710,566</u>

(2) Dividends payable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Dividend declared on perpetual bonds classified as equity instrument	165,567	401,733
Other dividends	329,954	515,131
Total	<u>495,521</u>	<u>916,864</u>

(3) *Other payables*

All amounts in RMB'000

Items	31 December	31 December
	2021	2020
Guarantees and deposits	22,179,275	19,448,018
Rents	116,824	108,418
Utilities	95,739	101,949
Repair and maintenance expenses	323,782	320,477
Others	4,362,630	5,801,972
Total	<u>27,078,250</u>	<u>25,780,834</u>

13. *Operating revenue and operating costs*

All amounts in RMB'000

Items	Amount for the current year		Amount for the prior year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	499,163,634	446,531,020	398,896,668	354,190,985
Other business	1,408,013	904,126	1,217,955	494,586
Total	<u>500,571,647</u>	<u>447,435,146</u>	<u>400,114,623</u>	<u>354,685,571</u>

14. Taxes and levies

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
City construction and maintenance tax	347,777	302,187
Education surcharges	160,123	144,349
Land appreciation tax	971,133	579,183
Property tax	237,192	210,431
Land use tax	111,075	116,794
Stamp duty	334,605	271,862
Other	353,649	343,056
Total	<u>2,515,554</u>	<u>1,967,862</u>

15. Selling expenses

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Packing charges	9,611	4,539
Employee benefits	1,249,215	1,085,168
Depreciation of fixed assets	16,967	15,993
Travelling expenses	230,777	185,584
Office expenses	220,036	191,205
Transportation expenses	87,973	227,775
Advertising and sales service expenses	602,009	422,797
Other expenses	326,201	308,143
Total	<u>2,742,789</u>	<u>2,441,204</u>

16. Administrative expenses

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Employee benefits	7,384,071	7,711,314
Depreciation of fixed assets	512,248	498,235
Travelling expenses	364,543	324,284
Office expenses	742,442	710,720
Lease rentals	173,362	140,988
Repairs and maintenance expenses	106,061	106,549
Amortization of intangible assets	180,462	175,942
Professional service fees	497,395	379,702
Others	961,285	963,586
Total	<u>10,921,869</u>	<u>11,011,320</u>

17. Research and development expenditure

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Research and development material expenditure	10,768,976	8,039,380
Employee benefits	4,460,189	3,483,127
Depreciation of fixed assets	102,255	114,595
Amortization of intangible assets	34,912	16,701
Others	534,866	673,100
Total	<u>15,901,198</u>	<u>12,326,903</u>

18. Financial expenses

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Interest expenses	4,053,429	4,371,078
Less: Capitalized interests	1,912,977	1,861,108
Less: Interest income	2,667,996	1,738,474
Exchange losses	356,153	191,682
Bank charges	962,234	582,884
Interest expenses of lease liabilities	27,667	21,664
Others	236,605	199,672
Total	<u>1,055,115</u>	<u>1,767,398</u>

19. Impairment losses of credit

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Credit losses of bills receivable	(380,960)	(6,030)
Credit losses of accounts receivable	(1,843,968)	(1,082,688)
Credit losses of other receivables	(1,530,642)	(1,277,466)
Credit losses of long-term receivables	40,756	(720,485)
Total	<u>(3,714,814)</u>	<u>(3,086,669)</u>

20. Impairment losses of assets

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
I. Impairment losses of contract assets	(824,007)	(215,820)
II. Impairment of inventories	(125,680)	(130,108)
III. Impairment of long-term equity investments	(553,808)	–
IV. Impairment of investment properties	–	(5,371)
V. Impairment of fixed assets	(15,895)	(131,335)
VI. Impairment of construction in progress	–	(107,507)
VII. Impairment of intangible assets	–	(2,602)
VIII. Impairment of goodwill	(105,032)	(595)
Total	<u>(1,624,422)</u>	<u>(593,338)</u>

21. Investment gains (losses)

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Gains (losses) from long-term equity investments under the equity method	(131,052)	(177,587)
Investment income from disposal of long- term equity investments	148,070	9,511
Investment income from disposal of financial assets held-for-trading	9,344	59,822
Investment income from disposal of other non-current financial assets	6,716	(53)
Investment income from disposal of derivative financial instruments	6,211	13,271
Investment loss from disposal of receivables at FVTOCI	(457,765)	(344,568)
Investment income from holding investment in other equity instrument	23,338	61,359
Investment income from holding other non-current financial assets	54,110	77,015
Losses from derecognition of financial assets at amortized cost	(1,491,538)	(870,347)
Others	39,144	31,915
Total	<u>(1,793,422)</u>	<u>(1,139,662)</u>

22. Non-operating income

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year	Amount recognized in non- recurring profit or loss for the current period
Income from penalty	31,187	38,412	31,187
Government grants irrelevant to routine activities	133,718	193,031	133,718
Unpayable balances	75,064	64,778	75,064
Others	59,590	178,783	59,590
Total	299,559	475,004	299,559

23. Non-operating expenses

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year	Amount recognized in non- recurring profit or loss for the current period
Fines and surcharges for overdue payments	32,109	24,833	32,109
Compensation and default Payments	294,544	156,474	294,544
Others	123,241	189,447	123,241
Total	449,894	370,754	449,894

24. Income tax expenses

(1) Income tax expenses

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Current year tax expenses	2,923,906	2,516,511
Deferred tax expenses	(518,921)	18,402
Total	<u>2,404,985</u>	<u>2,534,913</u>

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

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Total profit	14,012,179	11,917,270
Income tax expenses calculated at the statutory/applicable tax rate (25%)	3,503,045	2,979,317
Effect of difference between applicable tax rate and statutory tax rate	(856,452)	(936,189)
Income not subject to tax	(265,424)	(185,232)
Expenses not deductible for tax purposes	209,898	401,762
Utilization of tax losses and other temporary differences for which no deferred income tax assets were recognized previously	(327,912)	(9,306)
Tax losses and other temporary differences for which no deferred income tax assets were recognized	1,036,861	854,593
Others	(895,031)	(570,032)
Income tax expense	<u>2,404,985</u>	<u>2,534,913</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 rates.*

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

25. Other comprehensive income

<i>All amounts in RMB'000</i>		
Items	Amount for the current year	Amount for the prior year
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligations	6,651	130,122
Less: Income tax effects on changes in re-measurement of defined benefit obligations	(410)	(28,195)
Sub-total	<u>7,061</u>	<u>158,317</u>
2. Share of other comprehensive income of the investee not to be reclassified into profit or loss under the equity method	55	–
Less: The income tax effect arising from the Share of other comprehensive income of the investee not to be reclassified into profit or loss under the equity method	–	–
Sub-total	<u>55</u>	<u>–</u>

Items	Amount for the current year	Amount for the prior year
3. Fair value changes of investments in other equity instruments	29,388	26,635
Less: Income tax effects arising from fair value changes of investments in other equity instruments	<u>28,934</u>	<u>(10,714)</u>
Sub-total	<u>454</u>	<u>37,349</u>
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		
1. Other comprehensive income that may be converted to profit or loss under equity method	41,705	(54)
Less: Effect of income tax incurred by other comprehensive income under equity method	<u>—</u>	<u>—</u>
Sub-total	<u>41,705</u>	<u>(54)</u>
2. Changes in fair value of receivables at FVTOCI	(15,831)	(34,187)
Less: Effect of changes in fair value of receivables at FVTOCI on income tax	<u>(2,613)</u>	<u>(8,824)</u>
Sub-total	<u>(13,218)</u>	<u>(25,363)</u>
3. Exchange differences on translating foreign operations	<u>(109,069)</u>	<u>(741,183)</u>
Total	<u><u>(73,012)</u></u>	<u><u>(570,934)</u></u>

(V) EVENTS AFTER THE BALANCE SHEET DATE

Profit distribution

According to the decision of the 37th meeting of the third term of the Board of Directors of the Company, the Company proposed to distribute cash dividend of RMB0.78 (tax inclusive) for every 10 shares held by the Shareholders, which amounted to RMB1,616,442,000. The total number of shares of the Company was 20,723,619,170 as at 31 December 2021. The dividend distribution is subject to the approval by the Shareholders at the upcoming annual general meeting.

(VI) OTHER SIGNIFICANT ITEMS

Segment information

(1) Accounting policies of the segment

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

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

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

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

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

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

(2) *Summarized financial information of reporting segment*

(a) Segment information for the year ended 31 December 2021 and as at 31 December 2021

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Offsets between segments	Total
Operating revenue	462,290,153	21,416,034	11,623,127	6,669,327	6,161,917	-	(7,588,911)	500,571,647
Including: Revenue from external customers	458,550,611	21,409,733	11,435,613	6,656,964	2,518,726	-	-	500,571,647
Revenue between segments	3,739,542	6,301	187,514	12,363	3,643,191	-	(7,588,911)	-
Operating costs	419,814,524	16,386,721	9,865,876	3,823,828	5,047,671	-	(7,503,474)	447,435,146
Including: External costs	416,176,090	16,386,721	9,710,241	3,731,517	1,430,577	-	-	447,435,146
Costs between segments	3,638,434	-	155,635	92,311	3,617,094	-	(7,503,474)	-
Operating profit/(loss)	11,577,094	213,371	304,456	1,846,167	551,768	(249,246)	(81,096)	14,162,514
Including: Interest income	1,659,185	1,570,718	32,264	13,306	222,476	-	(829,953)	2,667,996
Interest expenses	605,677	1,685,937	143,716	228,611	306,464	-	(829,953)	2,140,452
Gains/(losses) on investments in associates and joint ventures	383,388	(522,498)	-	-	8,058	-	-	(131,052)
Non-operating income	253,584	16,372	22,951	3,526	3,126	-	-	299,559
Non-operating expenses	219,998	214,928	7,566	4,121	3,281	-	-	449,894
Total profit/(loss)	11,610,680	14,815	319,841	1,845,572	551,613	(249,246)	(81,096)	14,012,179
Income tax expense	1,333,597	750,939	81,102	27,320	212,027	-	-	2,404,985
Net profit/(net loss)	10,277,083	(736,124)	238,739	1,818,252	339,586	(249,246)	(81,096)	11,607,194
Assets	424,197,724	131,264,586	21,252,536	18,314,799	66,824,909	3,245,450	(121,629,857)	543,470,147

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Offsets between segments	Total
Including: Long-term equity investments in associates and joint ventures	26,051,931	3,818,578	222	64	457,971	-	-	30,328,766
Non-current assets	43,646,621	21,958,563	4,285,700	10,484,190	43,726,777	-	(34,888,212)	89,213,639
Liabilities	330,972,715	99,619,235	17,832,369	13,893,544	29,119,912	79,243	(99,434,630)	392,082,388
Depreciation and amortization expenses	1,984,728	178,442	268,131	866,400	247,991	-	-	3,545,692
Impairment losses of assets and impairment of credit losses	(3,446,972)	(1,706,049)	(115,201)	(65,460)	(5,554)	-	-	(5,339,236)
Increase in other non-current assets other than long-term equity investments	<u>8,805,932</u>	<u>2,475,717</u>	<u>481,196</u>	<u>123,023</u>	<u>115,624</u>	<u>-</u>	<u>-</u>	<u>12,001,492</u>

(b) Segment information for the year ended 31 December 2020 and as at 31 December 2020

All amounts in RMB '000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Offsets between segments	Total
Operating revenue	363,965,127	24,114,286	11,056,954	4,383,658	3,702,253	-	(7,107,655)	400,114,623
Including: Revenue from external customers	359,072,735	23,362,271	10,821,329	4,374,376	2,483,912	-	-	400,114,623
Revenue between segments	4,892,392	752,015	235,625	9,282	1,218,341	-	(7,107,655)	-
Operating costs	326,948,449	19,132,860	9,518,033	3,145,663	2,931,727	-	(6,991,161)	354,685,571
Including: External costs	322,388,234	18,494,609	9,282,409	3,136,381	1,383,938	-	-	354,685,571
Costs between segments	4,560,215	638,251	235,624	9,282	1,547,789	-	(6,991,161)	-
Operating profit/(loss)	7,342,525	3,493,882	354,051	357,028	646,999	(281,682)	(99,783)	11,813,020
Including: Interest income	1,528,292	838,474	39,395	15,158	(121,814)	-	(561,031)	1,738,474
Interest expenses	2,435,609	640,594	126,408	306,901	(438,511)	-	(561,031)	2,509,970
Gains/(losses) on investments in associates and joint ventures	(378,401)	200,814	-	-	-	-	-	(177,587)
Non-operating income	411,009	26,350	18,601	15,422	3,622	-	-	475,004
Non-operating expenses	310,547	54,106	678	4,746	677	-	-	370,754
Total profit/(loss)	7,442,987	3,466,126	371,974	367,704	649,944	(281,682)	(99,783)	11,917,270
Income tax expense	1,413,544	962,269	8,249	21,060	129,791	-	-	2,534,913
Net profit/(net loss)	6,029,443	2,503,857	363,725	346,644	520,153	(281,682)	(99,783)	9,382,357
Assets	386,798,200	117,595,745	19,019,747	16,794,091	78,035,494	5,637,114	(117,487,428)	506,392,963
Including: Long-term equity investments in associates and joint ventures	20,628,156	4,991,282	-	65	57,452	-	-	25,676,955
Non-current assets	64,402,189	6,819,194	1,615,990	8,796,372	36,853,858	-	(38,945,161)	79,542,442
Liabilities	322,468,532	90,383,382	15,976,893	16,605,464	36,631,912	61,235	(116,089,762)	366,037,656
Depreciation and amortization expenses	1,933,270	195,663	277,731	253,229	154,794	-	-	2,814,687
Impairment losses of assets and impairment of credit losses	(3,365,948)	(58,859)	(79,915)	(127,234)	(48,051)	-	-	(3,680,007)
Increase in other non-current assets other than long-term equity investments	<u>4,728,736</u>	<u>3,602</u>	<u>345,972</u>	<u>79,062</u>	<u>50,428</u>	<u>-</u>	<u>-</u>	<u>5,207,800</u>

XII. DIVIDENDS

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2021 amounted to RMB8,374,970 thousand and the undistributed profit of MCC headquarters amounted to RMB5,846,248 thousand. Based on the total share capital of 20,723,619,170 shares, the Company proposed to distribute a cash dividend of RMB0.78 (tax inclusive) for every 10 shares and the total cash dividend is RMB1,616,442 thousand, the remaining undistributed profit of RMB4,229,806 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 19.30% of the net profit attributable to the Shareholders of the Company in the consolidated statement of MCC in 2021. The above preliminary scheme for profit distribution will be implemented subject to consideration and approval of the Shareholders at the general meeting of the Company. The Company will pay dividends on or before 31 August 2022 subject to approval. Details of the arrangement for the distribution of dividends to Shareholders will be notified by the Company separately.

XIII. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in share capital

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

(II) Particulars of Shareholders and de facto controller

1. Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)	431,879
Total number of holders of ordinary shares as at the end of the last month prior to the publication of annual report (Person)	425,204
Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (Person)	0
Total number of holders of preference shares with voting rights restored as at the end of the last month prior to the publication of annual report (Person)	<u>0</u>

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

Unit: share

Name of Shareholder (full name)	Shareholding of the top 10 Shareholders			Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)		Status of Shares	Amount	
China Metallurgical Group Corporation	0	10,190,955,300	49.18	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ⁽²⁾	315,500	2,841,867,551	13.71	0	Nil	0	Others
China National Petroleum Corporation	0	1,227,760,000	5.92	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	-31,157,215	589,038,427	2.84	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	133,748,845	372,793,247	1.80	0	Nil	0	Others
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	69,659,900	69,659,900	0.34	0	Nil	0	Others
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others

Shareholding of the top 10 Shareholders not subject to selling restrictions

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
China Metallurgical Group Corporation	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited ⁽²⁾	2,841,867,551	Overseas-listed foreign shares	2,841,867,551
China National Petroleum Corporation	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited	589,038,427	RMB-denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited	372,793,247	RMB-denominated ordinary shares	372,793,247
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	69,659,900	RMB-denominated ordinary shares	69,659,900
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on the special account for repurchase of the top ten shareholders		Not applicable	
Explanations on the aforesaid shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights		Not applicable	
Explanations on the connections or parties acting in concert among the aforesaid Shareholders		The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders	
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held		Not applicable	

Note (1): Figures in the table were extracted from the Company's register of Shareholders as at 31 December 2021.

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

(III) Changes in controlling shareholder and de facto controllers

1. Controlling Shareholder

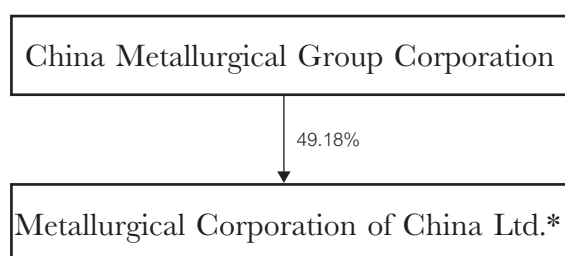
(1) Legal person

Name	China Metallurgical Group Corporation
Person in charge	Chen Jianguang
Date of incorporation	1982-12-18
Principal business operations	General contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technological development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; property development and operation; bidding agent; undertaking various types of international industrial and civilian construction, engineering consulting, surveying, design and leasing of equipment; import and export business; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, surveying, design, supervision and services for construction and installation projects of mechanical and electrical equipment and its related technology; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services. (The Company independently selects operational projects and carries out operational activities in accordance with laws; for projects subject to approval according to laws, operational activities shall be carried out according to the approved contents upon approval by related authorities; and the Company shall not engage in operational activities of projects prohibited or restricted by the municipal industrial policies.)

Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	As at the end of the Reporting Period, CMGC held 27% equity interest in MCC Huludao Nonferrous Metals Group Co., Ltd., which in turn had a shareholding of 23.59% in Huludao Zinc Industry Co., Ltd. (000751). CMGC had a shareholding of 0.31% in PetroChina Company Limited (601857).
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Other explanations	Nil
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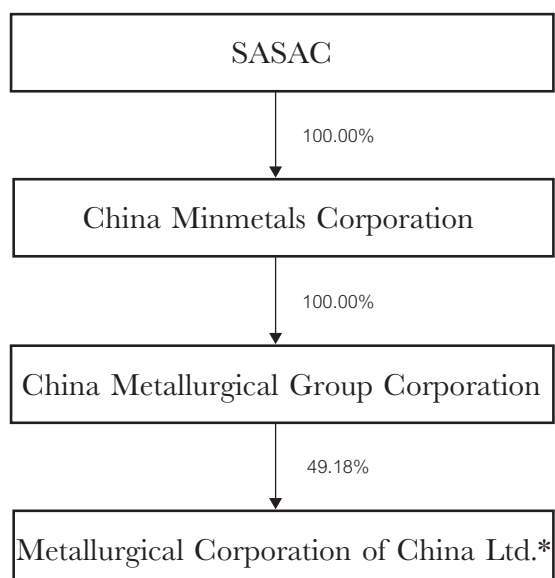
(2) *A diagram showing the equity and relationship between the Company and the Controlling Shareholder*



2. *De Facto Controller*

The de facto controller of the Company is the SASAC.

A diagram showing the equity and relationship between the Company and the de facto controller



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

Save as disclosed in the section headed “15. Corporate Bonds” in this announcement, neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

XV. CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bonds	Abbreviation	Stock code	Issue date	Value date	Expiry date	Outstanding bonds	Interest rate	Method to pay principal and interests	Stock exchange	Investor suitability arrangements (if any)	Trading mechanism	Is there
												any risk of termination of listing and trading
2017 Corporate Bonds (First Tranche) under the Public Issuance	17 MCC 01	144361	24 October 2017 to 25 October 2017	25 October 2017	25 October 2022	570,000,000	4.99	This tranche of bonds adopts simple interest on a yearly basis rather than compound rate and interest shall be paid once a year. Upon expiry 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	SSE	-	Bidding transaction	No
2018 Corporate Bonds (First Tranche) under the Public Issuance	18 MCC 02	143635	7 May 2018 to 8 May 2018	8 May 2018	8 May 2023	220,000,000	4.98	This tranche of bonds adopts simple interest on a yearly basis rather than compound rate and interest shall be paid once a year. Upon expiry 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	SSE	-	Bidding transaction	No

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

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Payment of bond interest during the Reporting Period

Name of bonds	Explanations on bond interest payment
2017 Corporate Bonds (First Tranche) under the Public Issuance	Interest payment has been completed on 25 October 2021
2018 Corporate Bonds (First Tranche) under the Public Issuance	Principal and interest payment has been completed on 10 May 2021 (18 MCC 01) Interest payment has been completed on 10 May 2021 (18 MCC 02)

Other information on corporate bonds

The 2017 Corporate Bonds (First Tranche) issued under the Public Issuance and the 2018 Corporate Bonds (First Tranche) issued under the Public Issuance are all targeted at qualified investors through public issuance.

XVI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the corporate governance report of the Company. The Board is of the view that during the Reporting Period, the Company has complied with the requirements of the Corporate Governance Code, and adopted recommended best practices as appropriate, except for the code provision 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 then chairman of the Company, was not able to attend the 2020 annual general meeting of the Company due to other business engagements. Pursuant to the relevant requirements, through joint election of more than half of the Directors, Mr. Zhang Mengxing, an executive Director and the president of the Company, presided over the meeting.

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

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

XVIII. REVIEW 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 audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

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

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

XX. AUDITOR

With the approval of the Shareholders in the 2020 annual general meeting of the Company, WUYIGE Certified Public Accountants LLP (Special General Partnership) was re-appointed as the Company's auditor for the 2021 financial report, review auditor of the interim financial report and the Company's 2021 internal control audit accounting firm. The audit and review fee of the financial statements for the year was RMB7,880,000 and the internal control audit fee was RMB1,500,000. WUYIGE Certified Public Accountants LLP (Special General Partnership) provided annual audit services for the Company for the second consecutive year. The certified public accountants who signed the 2021 audit report of the Company are Wang Jin and Cai Jinliang, who have provided audit services to the Company for the two consecutive years as the signing certified public accountants.

XXI. PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 will be available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (<http://www.mccchina.com>) on or before 29 April 2022 for inspection by the Shareholders of the Company.

XXII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“A Share(s)”	the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“China Minmetals”	China Minmetals Corporation
“Related/connected party(ies)/ person(s)”	Related party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including all executive, Non-executive and Independent Non-executive Directors

“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“HKEx Listing Rules”, “H Share Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director” or “Independent Non-executive Director”	a Director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company’s affairs
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	from 1 January 2021 to 31 December 2021
“Rules of Procedures for Board Meetings”	Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“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

“Shareholder(s)”	holder(s) of share(s) of the Company
“Shareholders’ Meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the People’s Republic of China
“Supervisor(s)”	the supervisor(s) of the Company
The “Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“USD”	United States dollars, the lawful currency of the United States

The forward-looking statements contained in this report regarding the Company’s future plans and others do not constitute any substantive commitment to investors and investors are advised to pay attention to investment risks.

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

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

Beijing, the PRC
29 March 2022

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

* For identification purpose only