



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

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

Stock Code: 1618

# 2023

## Annual Report

\* For identification purpose only

# IMPORTANT NOTICE

- I. The Board and the Supervisory Committee of the Company and its Directors, Supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in the information set out in this annual report, and they severally and jointly accept legal liability for the truthfulness, accuracy and completeness of its contents.
- II. The report was deliberated and approved at the 57th meeting of the third session of the Board on 28 March 2024. All Directors of the Company attended the meeting.
- III. Ernst & Young Hua Ming LLP issued an audit report with standard unqualified opinions to the Company.
- IV. Chen Jianguang, the Chairman of the Company, Zou Hongying, the Vice President and the Chief Accountant of the Company, and Fan Wanzhu, the Assistant to President, the Deputy Chief Accountant and the Head of the Financial Department, have declared that they warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.
- V. The proposal for profit distribution or transfer of capital reserve to share capital for the Reporting Period was considered and approved by the Board

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2023 amounted to RMB 8,670,405 thousand and the undistributed profit of MCC headquarters amounted to RMB 5,973,377 thousand. Based on the total share capital of 20,723,620,000 shares, the Company proposed to distribute a cash dividend of RMB 0.72 (tax inclusive) for every 10 shares and the total cash dividend is RMB 1,492,101 thousand, and the remaining undistributed profit of RMB 4,481,276 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 17.21% of the net profit attributable to Shareholders of the Company in the consolidated statement of MCC in 2023, increased by 0.47 percentage point as compared to that in the previous year.

- VI. Statement for the risks involved in the forward-looking statements

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

- VII. Is there any misappropriation of non-operating funds by the Controlling Shareholder and other related parties

No

- VIII. Is there any external guarantee made in violation of the required decision-making procedures

No

- IX. Are there more than half of the Directors unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company

No

- X. Warning of major risks

During the Reporting Period, no material risk matter existed in the Company.

The Company has described the relevant potential risks in this annual report in detail. Please refer to the section "Report of Board of Directors, Management Discussion and Analysis" of this report.

- XI. Others

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

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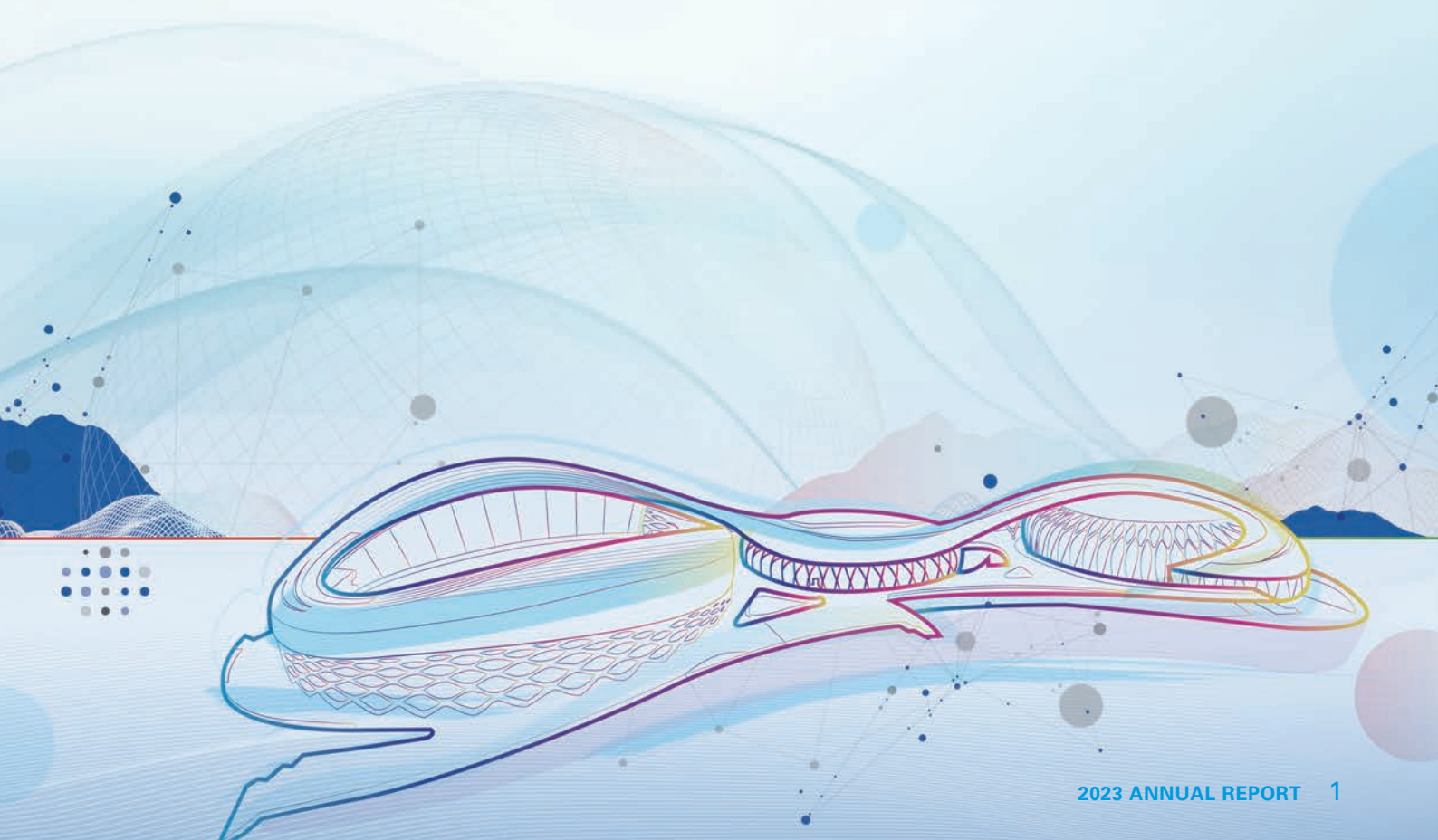
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CONTENTS FOR DOCUMENTS AVAILABLE FOR INSPECTION	Financial statements signed and sealed by the person-in-charge of the Company, the person-in-charge of accounting and the head of accounting firm
	The original auditor’s report sealed with the corporate seal of the accounting firm and signed and sealed by the certified public accountant
	Original of all documents and announcements of the Company were publicly disclosed on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period
	2023 annual report and 2023 annual results announcement published on the Hong Kong Stock Exchange



## ABOUT THE COVER OF 2023 ANNUAL REPORT

The design pattern on the front cover of this report is the Olympic Sports Center project in Chuzhou City, Anhui Province (安徽省滁州市奧體中心項目), and the design pattern on the back cover is the Six-batch Design-construction General Contracting Project of the Unicorn Island Park in Chengdu City, Sichuan Province (四川省成都市獨角獸島園區六批次設計—施工總承包項目).



# DEFINITIONS

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

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

# DEFINITIONS

“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“MCC Ecological Environmental Protection”	MCC Ecological Environmental Protection Group Co., Ltd.
“Shareholders’ Meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*
“Shareholder(s)”	holder(s) of share(s) of the Company
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“Director(s)”	the director(s) of the Company, including all executive, Non-executive and Independent Non-executive Directors
“Independent Director” or “Independent Non-executive Director”	A Director who does not hold any position other than that of Director in the Company and does not have any direct or indirect interest in the Company, its major shareholders or de facto controllers, or any other Director who may influence him/her to render independent and objective judgement
“Supervisory Committee”	the supervisory committee of Metallurgical Corporation of China Ltd.*
“Supervisor(s)”	the supervisor(s) of the Company
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Rules of Procedures for Board Meetings”	Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*
“Reporting Period”	from 1 January 2023 to 31 December 2023
“A Share(s)”	the domestic shares with a nominal value of RMB 1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB 1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Connected person(s)”	Connected party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

# DEFINITIONS

“USD”	United States dollars, the lawful currency of the United States
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules
“181 research plan” or “‘181’ key research plan”	181 core technology breakthrough targets developed by the Company comprising advanced technological processes, green development, intelligent manufacturing and cutting-edge key technologies
“Goals for ‘one building, two most, five strong’”	the goals established by the Company refers to creating a world-class enterprise with global competitiveness as the guiding principle; building the best full-service solution provider for metallurgical construction and operation with super core competitiveness, the most reliable general contractor in infrastructure with global reputation and domestic leading position as the target; its efforts to build a world-class investment and construction group with strong value creation, market competitiveness, innovative driving force, resource allocation and cultural soft power
“‘2358’ Hierarchy Development Framework for Subsidiaries”	the goal of building a tier-2 hierarchical subsidiaries to be formulated by the Company refers to its efforts to build two subsidiaries with a revenue scale of RMB 100.0 billion, three subsidiaries with a revenue scale of RMB 70.0 billion, five subsidiaries with a revenue scale of RMB 50.0 billion, and eight subsidiaries with a revenue scale of RMB 30.0 billion, so as to contribute to the goal of “revenue over 1 trillion” of the Company
“‘5 one’ system”	measures taken by the Company to improve the engineering fulfillment system, including “one” concept to address cognitive issues; enhancement of “one” comprehensive project management system to strengthen the management foundation; development of “one” project management manual to provide standardized guidelines; formulation of “one” target management responsibility letter to improve incentive mechanisms; establishment of “one” informatization platform of project management and control
“1+M+N regional market layout”	the Company’s regional market layout focusing on “1” province where the headquarters of a subsidiary is located (including municipalities directly under the central government, the same below) + “M” key provinces + “N” cultivated provinces

\* For identification purposes only

# CHAIRMAN'S STATEMENT



**Chen Jianguang**

Chairman



# CHAIRMAN'S STATEMENT

Dear Shareholders,

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

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

**In 2023, we carefully evaluated the current circumstances, planned accordingly and took decisive and determined actions to achieve success.** In the face of the complex domestic and international macroeconomic environment and the arduous and heavy operation and management tasks, the Company insisted on planning globally with strategic thinking and facing challenges with strategic determination, unified its thoughts and actions with the Party Central Committee's important judgment on the economic situation, calmly responded to changes in the world, the times, history, and the industry, and guided all employees to move forward under the Goals for "one building, two most, five strong (一創兩最五強)". The Company maintained a steady development trend of main business indicators. During the Reporting Period, the Company achieved operating revenue of RMB 633.870 billion, a total profit of RMB 13.765 billion, of which the net profit attributable to Shareholders of the listed company was RMB 1,424.779 billion. The value of newly signed contracts reached RMB 8.670 billion. With excellent results, the Company has delivered a qualified answer to its Shareholders and investors, and shared the value achievements of steady development of the enterprise.

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

# CHAIRMAN'S STATEMENT

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

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

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



# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

As a mega construction central enterprise under China Minmetals, MCC is the world's largest and strongest metallurgical construction contractor and operation service provider, one of the state-recognized major resource enterprises, one of the China's largest steel structure producer with the largest capacity, one of the first 16 central enterprises designated by the SASAC with main business in real estate development, and the main force for China's infrastructure construction. In the early stages of China's reform and opening-up, MCC created the world-renowned "Shenzhen Speed", which ranked 5th in ENR's "Top 250 Global Contractors" in 2023 and ranked 20th among top 500 listed companies in China in 2023 by "Fortune".

As a super conglomerate, MCC is the longest-running construction force in New China's iron and steel industry, serving as the pioneer and main force in this field. From 1948, when it participated in the construction of Ansteel, the "cradle of China's iron & steel industry", to the construction of WISCO, Baogang Group, TISCO, Pangang Group, and Baosteel etc., MCC has undertaken the planning, investigation, design and construction of major production facilities of nearly all large and medium iron and steel enterprises in China, hence becoming the founder of the "iron and steel backbones" of New China. In recent years, the Company has accelerated the pace of transformation and upgrading by leveraging on the technological and qualification advantages that have been accumulated for more than 70 years in the field of iron and steel metallurgy whole process and whole industrial chain, and continued to consolidate and enhance the metallurgy business, optimize and enhance the housing construction business, expand and enhance the infrastructure business, and accumulated rich construction experience in the fields of housing construction, municipal infrastructure, rail transit, urban renewal etc., and gradually formed the diversified business structure of "One Core, Two Main Bodies and Five Features" with the metallurgy construction as the "Core", the housing construction and municipal infrastructure as the "Main Bodies", and the mineral resources, inspection and test, metallurgical equipment manufacturing, new energy materials and water and environmental protection as the "Features".

The Company upholds science and technology as the primary productivity, talent as the primary resource, and innovation as the primary driving force. As a national innovation-oriented enterprise, it owns 12 Class A research and design institutes, 15 large-scale construction enterprises and has 5 comprehensive Class A design qualifications and 46 special-grade construction qualifications for general contracting. The number of enterprises rated with fourth, third and second special-grade construction qualifications stands at five, three and four, respectively, ranking forefront in China. The Company has 28 national-level scientific research and development platforms and over 51,000 effective patents. Since 2009, it has won 88 China Patent Awards. Since 2000, it has won 55 National Science & Technology Awards and published 72 international standards and 643 national standards. The Company has received the Luban Prize for Construction Projects for 149 projects (including participation), the National Quality Engineering Award for 318 projects (including participation), the Tien-yow Jeme Civil Engineering Prize for 32 projects (including participation), and Metallurgy Industry Quality Engineering Excellent Achievement Award for 1,053 projects (including participation). MCC has over 60,000 engineering technicians, 2 academicians of the Chinese Academy of Engineering, 13 national exploration and design masters, 5 experts listed on the "National Hundred, Thousand and Ten Thousand Talent Project", 3 winners of the Grand Skill Award of China, 3 gold medalists of the World Skills Competition, 93 National Technical Experts and 9 national skill master studios.

MCC was listed on the main board of the SSE and the Hong Kong Stock Exchange on 21 September 2009 and 24 September 2009. At present, the A Shares of the Company have been selected to be a constituent stock of the SSE Central State-owned Enterprises Index, MSCI Concept Index, SSE 180 Constituent Index and 300 Innovation Index, etc.; while the H Shares have been selected to be a constituent stock of Hang Seng Composite Index, Hang Seng Stock Connect Index, Bloomberg ESG Data Index, etc.

## I. CORPORATE INFORMATION

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

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## II. CONTACT PERSONS AND CONTACT METHOD

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

## III. BASIC INFORMATION

Registered address of the Company	28 Shuguang Xili, Chaoyang District, Beijing
The historical change of the registered address of the Company	On 29 June 2010, the 2009 annual general meeting of the Company considered and approved the resolution regarding the Amendments to the Articles of Association of Metallurgical Corporation of China Ltd.*, and approved the change of the registered address of the Company from “No. 11, Gaoliangqiao Xie Jie, Haidian District, Beijing” to “28 Shuguang Xili, Chaoyang District, Beijing”.
Business address of the Company in the PRC	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing
Postal code of the business address of the Company in the PRC	100028
Place of business of the Company in Hong Kong	Room 3205, 32/F Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
Address of H Share registrar and transfer office	17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Website address of the Company	<a href="http://www.mccchina.com">http://www.mccchina.com</a>
E-mail	ir@mccchina.com

## IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of media and websites designated by the Company for the disclosure of A share annual report	China Securities Journal: <a href="http://www.cs.com.cn">http://www.cs.com.cn</a> Shanghai Securities News: <a href="http://www.cnstock.com">http://www.cnstock.com</a> Securities Times: <a href="http://www.stcn.com">http://www.stcn.com</a> Securities Daily: <a href="http://www.zqrb.cn">www.zqrb.cn</a>
Website of Shanghai Stock Exchange where the Company discloses the annual report of A shares	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Website of the Hong Kong Stock Exchange where the Company discloses the annual report of H shares	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place where an annual report of the Company is available for inspection	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, the PRC

## V. SHARES OF THE COMPANY

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



# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company	Name	Ernst & Young Hua Ming LLP
	Office address	Level 17, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Ave., Dongcheng District, Beijing
	Signing auditors	Zhang Ningning, Zhao Ning
Sponsor performing continuous supervisory duty during the Reporting Period	Name	CITIC Securities Company Limited
	Office address	23/F, CITIC Securities Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing
	Signing representatives of sponsor	Yang Bin, Chen Shumian
	Period of continuous supervision	CITIC Securities Company Limited was the sponsor for the initial public offering of A Shares of MCC on 21 September 2009 and the private issuance of A Shares of MCC in 2016. As the A Shares proceeds raised by MCC have not been fully utilized, CITIC Securities Company Limited continues to supervise MCC on the use of A Shares proceeds, and performs the relevant continuous supervisory duties after the expiry of continuous supervisory period.
Domestic legal advisor appointed by the Company	Name	Beijing Jia Yuan Law Offices
	Office address	F408 Ocean Plaza, 158 Fu Xing Men Nei Avenue, Xicheng District, Beijing
Overseas legal advisor appointed by the Company	Name	Eric Chow & Co. in Association with Commerce & Finance Law Offices
	Office address	Unit 3401, Alexandra House, 18 Chater Road, Central, Hong Kong

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE RECENT THREE YEARS

### (I) Major accounting data

Unit: RMB'000

Major accounting data	2023	2022		Increase/ decrease for the period as compared to the corresponding period of the previous year (%)	2021
		After adjustment	Before adjustment		
Operating revenue	<b>633,870,422</b>	592,669,072	592,669,072	6.95	500,571,647
Net profit attributable to Shareholders of the listed Company	<b>8,670,405</b>	10,276,187	10,272,357	-15.63	8,374,970
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	<b>7,553,793</b>	9,672,021	9,668,191	-21.90	7,032,235
Net cash flow generated from operating activities	<b>5,891,801</b>	18,153,061	18,153,061	-67.54	17,640,008

	At the end of 2023	At the end of 2022		Increase/ decrease at the end of the period as compared to the corresponding period of the previous year (%)	At the end of 2021
		After adjustment	Before adjustment		
Net assets attributable to Shareholders of the listed company	<b>145,480,182</b>	121,116,261	121,108,334	20.12	107,494,977
Total assets	<b>661,602,236</b>	585,392,827	585,384,390	13.02	543,470,147

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## (II) Major financial indicators

Major financial indicators	2023	2022		Increase/ decrease for the period as compared to the corresponding period of the previous year	2021
		After adjustment	Before adjustment		
Basic earnings per share (RMB/share)	0.33	0.45	0.45	-0.12	0.35
Diluted earnings per share (RMB/share)	0.33	0.45	0.45	-0.12	0.35
Basic earnings per share after deducting non-recurring profits and losses (RMB/share)	0.28	0.42	0.42	-0.14	0.29
Weighted average return on net assets (%)	7.23	10.47	10.47	Decreased by 3.24 percentage points	9.05
Weighted average return on net assets after deducting non- recurring profits and losses (%)	6.06	9.79	9.79	Decreased by 3.73 percentage points	7.38

## (III) Financial highlights

### 1. Overview

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

- Operating revenue amounted to RMB 633,870 million, representing an increase of RMB 41,201 million or 6.95% from RMB 592,669 million in 2022.
- Net profit amounted to RMB 11,406 million, representing a decrease of RMB 1,526 million or 11.80% from RMB 12,932 million in 2022.
- Net profit attributable to Shareholders of the listed Company amounted to RMB 8,670 million, representing a decrease of RMB 1,606 million or 15.63% from RMB 10,276 million in 2022.
- Basic earnings per Share amounted to RMB 0.33, and the basic earnings per Share in 2022 amounted to RMB 0.45.
- As at 31 December 2023, total assets amounted to RMB 661,602 million, representing an increase of RMB 76,209 million or 13.02% from RMB 585,393 million as at 31 December 2022.
- As at 31 December 2023, Shareholders' equity amounted to RMB 167,991 million, representing an increase of RMB 6,073 million or 3.75% from RMB 161,918 million as at 31 December 2022.
- Value of newly signed contracts amounted to RMB 1,424,779 million, representing an increase of RMB 81,205 million or 6.04% from RMB 1,343,574 million in 2022.

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

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## 2. *Operating revenue from principal business segments*

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

(1) **Engineering Contracting Business**

Operating revenue amounted to RMB 585,482 million, representing an increase of RMB 49,967 million or 9.33% from RMB 535,515 million in 2022.

(2) **Resources Development Business**

Operating revenue amounted to RMB 6,816 million, representing a decrease of RMB 2,050 million or 23.12% from RMB 8,866 million in 2022.

(3) **Featured Segment Business**

Operating revenue amounted to RMB 31,980 million, representing an increase of RMB 50 million or 0.16% from RMB 31,930 million in 2022.

(4) **Comprehensive Real Estate Business**

Operating revenue amounted to RMB 16,519 million, representing a decrease of RMB 6,208 million or 27.31% from RMB 22,727 million in 2022.

(5) **Other Businesses**

Operating revenue amounted to RMB 905 million, representing a decrease of RMB 1,266 million or 58.32% from RMB 2,171 million in 2022.

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



# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## 3. Summary of financial statements

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

### (1) Consolidated Income Statement

Unit: RMB'000

Item	Note	2023	2022 (Restated)
I. Total operating revenue	VII 53	<b>633,870,422</b>	592,669,072
Including: Operating revenue		<b>633,870,422</b>	592,669,072
II. Total operating costs		<b>610,627,073</b>	571,218,254
Including: Operating costs	VII 53	<b>572,456,849</b>	535,516,918
Taxes and levies	VII 54	<b>1,921,074</b>	1,870,771
Selling expenses	VII 55	<b>3,169,316</b>	2,883,123
Administrative expenses	VII 56	<b>12,360,311</b>	11,273,969
Research and development expenses	VII 57	<b>19,730,402</b>	18,732,632
Financial expenses	VII 58	<b>989,121</b>	940,841
Including: Interest expenses		<b>2,643,310</b>	2,633,074
Interest income		<b>2,001,447</b>	2,423,313
Add: Other income	VII 59	<b>560,094</b>	433,224
Investment losses	VII 60	<b>(1,487,345)</b>	(1,523,214)
Including: Gains from investments in associates and joint ventures		<b>506,149</b>	177,712
Losses from derecognition of financial assets at amortized cost		<b>(1,737,172)</b>	(1,273,573)
Losses from changes in fair values	VII 61	<b>(314,223)</b>	(317,778)
Credit impairment losses	VII 62	<b>(5,994,293)</b>	(3,601,874)
Asset impairment losses	VII 63	<b>(2,954,820)</b>	(1,359,652)
Gains on disposal of assets	VII 64	<b>663,075</b>	303,355
III. Operating profit		<b>13,715,837</b>	15,384,879
Add: Non-operating income	VII 65	<b>288,789</b>	323,055
Less: Non-operating expenses	VII 66	<b>239,854</b>	315,818
IV. Total profit		<b>13,764,772</b>	15,392,116
Less: Income tax expenses	VII 67	<b>2,358,663</b>	2,460,486

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Item	Note	2023	2022 (Restated)
V. Net profit		<b>11,406,109</b>	12,931,630
(I) Net profit classified by operating continuity			
Net profit from continuing operations		<b>11,406,109</b>	12,931,630
(II) Net profit classified by ownership ascription			
Net profit attributable to Shareholders of the parent company		<b>8,670,405</b>	10,276,187
Profit or loss attributable to non-controlling interests		<b>2,735,704</b>	2,655,443
VI. Other comprehensive income, net of income tax	VII 49	<b>66,560</b>	1,502,518
Other comprehensive income attributable to shareholders of the Company, net of income tax		<b>26,576</b>	1,389,333
(I) Items that will not be reclassified to profit or loss		<b>(80,701)</b>	63,633
1. Re-measurement of defined benefit obligations		<b>(75,595)</b>	92,481
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		<b>(8)</b>	(12)
3. Changes in fair values of investments in other equity instruments		<b>(5,098)</b>	(28,836)
(II) Items that may be reclassified to profit or loss		<b>107,277</b>	1,325,700
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		<b>3,968</b>	(35,827)
2. Changes of fair value of receivables at FVTOCI		<b>(7,874)</b>	25,232
3. Exchange differences on translating financial statements in foreign currencies		<b>111,183</b>	1,336,295
Other comprehensive income attributable to non-controlling interests, net of income tax		<b>39,984</b>	113,185
VII. Total comprehensive income		<b>11,472,669</b>	14,434,148
Total comprehensive income attributable to shareholders of the Company		<b>8,696,981</b>	11,665,520
Total comprehensive income attributable to non-controlling interests		<b>2,775,688</b>	2,768,628
VIII. Earnings per share	VII 68		
(I) Basic earnings per share <i>(RMB/share)</i>		<b>0.33</b>	0.45
(II) Diluted earnings per share <i>(RMB/share)</i>		<b>0.33</b>	0.45

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

Unit: RMB'000

	31 December 2023	31 December 2022 (Restated)
Total assets	661,602,236	585,392,827
Total liabilities	493,611,071	423,475,265
Total equity	167,991,165	161,917,562

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

### (I) Differences in net profit and net asset attributable to Shareholders of the Company disclosed in financial reports under International Accounting Standards and Chinese Accounting Standards for Business Enterprises

Applicable  Not applicable

### (II) Differences in net profit and net asset attributable to Shareholders of the Company disclosed in financial reports under Overseas Accounting Standards and Chinese Accounting Standards for Business Enterprises

Applicable  Not applicable

### (III) Explanation on the differences in domestic and overseas accounting standards:

Applicable  Not applicable

## IX. MAJOR FINANCIAL DATA IN 2023 ON A QUARTERLY BASIS

Unit: RMB'000

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

Explanation on the difference between quarterly data and the data in the disclosed periodic report

Applicable  Not applicable

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

## X. NON-RECURRING PROFIT AND LOSS ITEMS AND THEIR AMOUNTS

Unit: RMB'000

<b>Non-recurring profit and loss items</b>	<b>Amount in 2023</b>	<i>Note</i>	Amount in 2022	Amount in 2021
Profit or loss on disposal of non-current assets, including the write-off of provision for impairment of assets	<b>663,075</b>	<i>Note XVIII</i>	303,355	689,228
Government grants recognized in current profit or loss (except for the government grants that are closely related to the normal operating business of the Company and, in line with national policies and in accordance with defined criteria, which have a lasting impact on the profit or loss of the Company)	<b>504,767</b>	<i>Note XVIII</i>	545,862	679,750
Profit/loss from the change of fair value of financial assets and financial liabilities held by non-financial enterprises, and profit/loss from the disposal of financial assets and financial liabilities except for those gain/loss relating to the effective hedging transactions under the Company's normal operating business	<b>(326,395)</b>	<i>Note XVIII</i>	(317,778)	200,205
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss	<b>155,616</b>	<i>Note XVIII</i>	-	-
Profit/loss from entrusted investment or asset management	-		-	-
Profit/loss from external entrusted loans	-		-	-
Provision for impairment of various assets due to force majeure, i.e. natural disaster	-		-	-
Reversal of provision for impairment of receivables individually tested for impairment	<b>495,375</b>	<i>Note XVIII</i>	125,670	159,461
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures	-		-	-
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger	-		-	-
Profit/loss of non-monetary asset swap	-		-	-
Profit/loss from debt restructuring	<b>44,177</b>	<i>Note XVIII</i>	12,476	-
One-off costs incurred by an enterprise due to the discontinuation of the relevant business activities, such as expenses for accommodating employees	-		-	-
One-off effect on current profit/loss due to adjustments in tax, accounting and other laws and regulations	-		-	-
One-off share-based payment expense recognized due to cancellation and modification of equity incentive plans	-		-	-
Profit/loss from changes in the fair value of employee compensation payable after the feasible date for cash-settled share-based payments	-		-	-



# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

<b>Non-recurring profit and loss items</b>	<b>Amount in 2023</b>	<i>Note</i>	Amount in 2022	Amount in 2021
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement	-		-	-
Gains from a transaction price with unfair consideration	-		-	-
Profit/loss from contingencies irrelevant to the ordinary business operations of the Company	-		-	-
Income of entrustment fees from entrusted operations	-		-	-
Other non-operating income and expenses other than the above items	<b>19,595</b>	<i>Note XVIII</i>	(39,924)	(222,673)
Gain arising from remeasurement of equity interests held business combination not involving enterprises under common control prior to the acquisition date at fair value	-		146,349	-
Profit or loss on disposal of long-term equity investments	<b>48,027</b>	<i>Note XVIII</i>	76,921	148,070
Less: Impact on income tax	<b>(205,233)</b>	<i>Note XVIII</i>	(164,521)	(148,396)
Impact on minority Shareholders interests (after tax)	<b>(282,392)</b>	<i>Note XVIII</i>	(84,244)	(162,910)
<b>Total</b>	<b>1,116,612</b>	<i>Note XVIII</i>	604,166	1,342,735

Reasons shall be given with respect to the Company classifying the items not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as non-recurring profit and loss items with significant amounts, and classifying the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Issuing Their Securities to the Public – Non-recurring Gain or Loss Items as recurring profit and loss items.

Applicable       Not applicable

## XI. ITEMS MEASURED UNDER FAIR VALUE

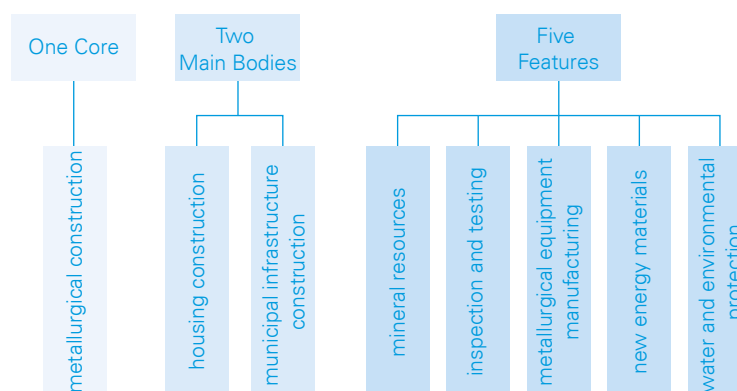
*Unit: RMB'000*

<b>Item</b>	Balance at the beginning of the period	<b>Balance at the end of the period</b>	Changes during the period	Impact on the profit of the current period
Financial assets held for trading	178,026	<b>1,951</b>	(176,075)	(2,740)
Receivables financing	10,346,388	<b>11,131,328</b>	784,940	(342,657)
Investments in other equity instruments	939,925	<b>1,126,144</b>	186,219	21,469
Other non-current financial assets	4,477,895	<b>3,992,595</b>	(485,300)	(3,953)
Derivative financial assets	-	<b>12,676</b>	12,676	12,676
Derivative financial liabilities	(200,670)	<b>(453,950)</b>	(253,280)	(323,980)
<b>Total</b>	15,741,564	<b>15,810,744</b>	69,180	(639,185)

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## I. THE OPERATION RESULT DISCUSSION AND ANALYSIS

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



**Business Structure of MCC**

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

### (I) Market expansion by various means with steady improvement in quality and scale

The Company kept highlighting its leadership position in marketing, positively establishing the concept of “big marketing”, and promoting the “dual improvements” both in quality and scale of domestic and overseas markets despite the opposite trend. During the Reporting Period, the Company focused on “high-quality market, high-quality customers, and high-quality projects”, and actively promoted the transformation and upgrading of business structure according to the work requirements of “consolidating and improving the metallurgical business, optimizing and improving the real estate business, and expanding and improving the infrastructure business”. The Company undertook a number of landmark projects, and its main operating indicators grew at a high level, realizing a newly signed contract value of RMB 1,424.779 billion, with a year-on-year increase of 6.04%. Among them, the value of the newly signed overseas contracts amounted to RMB 63.384 billion, representing a year-on-year increase of 43.72%, achieving a record-breaking high.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## **(II) Cementing a strong management with a solid and sophisticated foundation to achieve remarkable results**

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

## **(III) Focusing on reforms in a dynamic and stepwise manner, with features in key areas**

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) Centering on principal businesses to pursue innovation with the impetus backup of science and technology

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

## II. THE BUSINESS SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

### (I) Engineering Contracting Business

#### 1. Metallurgical construction

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



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 2. *Housing construction and municipal infrastructure construction*

In 2023, the total output value of the national construction industry reached RMB 31.6 trillion, representing a year-on-year increase of 5.8%. The construction industry is shifting from a growth model driven by investment to a high-quality growth model driven by domestic demand. Infrastructure investment remained an important lever for stabilizing economic growth, and with the continuous issuance of special bonds and the effective drive of special national bonds in trillion, infrastructure investment continued to maintain stability. At the policy level, efforts were made to advance “Three Major Projects” for subsidized housing construction, urban village revamping, and the construction of public infrastructure for “normal use and emergency use”. A number of significant projects that make up for shortcomings, strengthen functions, benefit long-term development, and improve people’s livelihoods have been orderly launched. The construction of new infrastructure accelerated the economic transformation and upgrade, with the market share of new types of infrastructure construction, represented by artificial intelligence, the Internet of Things, industrial internet, digital transformation of traditional infrastructure, and the upgraded industries required for new urban construction gradually expanding, creating new opportunities for the transformation and development of construction enterprises.

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

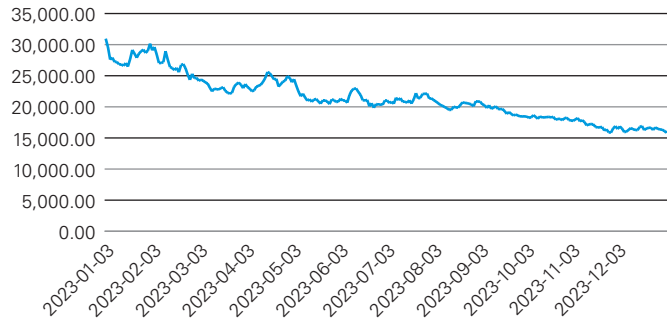
## (II) Resources Development Businesses

In respect of resources development, confronting the global economic struggle in the post-epidemic era, the global supply chain has been subjected to structural adjustments due to the ongoing impacts, with accelerated trends of regionalization and localization, which rendered an accelerated shifts in the manufacturing landscape, leading to uncertainties and imbalances facing the global development in mining industry. In terms of supply and demand, the new reserves, production and consumption of global mineral resources have continued to differentiate noticeably, with dual declines in supply and demand for iron and steel and growth in copper supply falling short of demand, while the gap between supply and demand for strategic and emerging minerals, such as lithium, cobalt and nickel etc., has been shrinking consistently. In terms of trade, the trade volume for strategic and emerging minerals will increase despite an overall decrease in the global trade volume of major minerals. In terms of price, the overall situation in 2023 was characterized by an upward trend followed by a downward and oscillating trend. However, the movements for different metal varieties were significantly differentiated, with nickel prices continuing to oscillate and decline throughout the year, while copper and lead prices oscillated in a higher price range, and zinc prices fell in the first half of the year before oscillating marginally around USD 2,500/ton in the second half of the year. The year-end prices of nickel, copper, lead and zinc on the London Metal Exchange for 2023 were USD 16,375/ton, USD 8,464/ton, USD 2,035/ton, USD 2,640/ton respectively, representing a decrease of 47%, an increase of 2%, a decrease of 13%, a decrease of 13%, respectively, compared with the beginning of the year; and the average prices for the whole year of 2023 were USD 21,487/ton, USD 8,485/ton, USD 2,137/ton, USD 2,650/ton respectively, representing a decrease of 18%, 4%, 1%, and 23%, respectively, compared with the previous year.

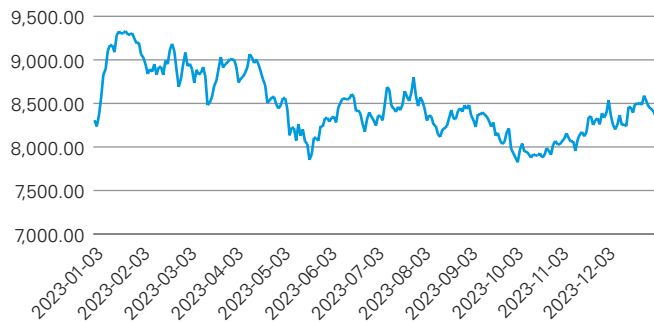
# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

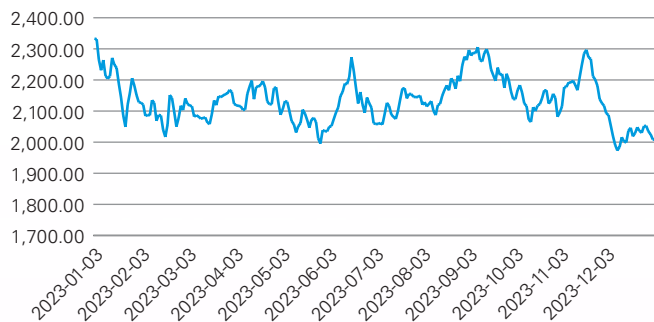
Price trend of nickel on the LME of 2023 (USD/ton)



Price trend of copper on the LME of 2023 (USD/ton)



Price trend of lead on the LME of 2023 (USD/ton)



Price trend of zinc on the LME of 2023 (USD/ton)



Source: 10jqka.com.cn

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

### (III) Featured Businesses

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

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

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

In respect of eco-environmental protection, as a typical policy-oriented industry, ecological and environmental protection industry has been expanding its market scale and accelerating the release of market space with the successive introduction and improvement of national and local supportive policies and regulations. According to the "Acceleration of High-quality Development on Ecological and Environmental Protection Industry by Undertaking In-depth Battle against the Pollution Prevention and Control War, Thus Supporting the Carbon Peak Carbon Neutral Action Program (2021–2030)" issued by the China Association of Environmental Protection Industry, it is clear that, by 2025, the compound annual growth rate of operating revenue on ecological and environmental protection industry will not be less than 10%, which the black-smell water treatment, rural wastewater treatment, solid waste pollution prevention and control, as well as environmental protection monitoring and other segments will usher in a new era of development opportunities. By 2025, the operating revenue from the industry is expected to exceed RMB 3 trillion.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) Comprehensive Real Estate Business

In 2023, the national real estate development investment was RMB 11.1 trillion, a decrease of 9.6% from 2022, among which, residential investment was RMB 8.4 trillion, a decrease of 9.3%. The housing construction area of real estate development enterprises was 8,383.64 million square meters, a decline of 7.2% from the previous year. The in-place funds for real estate enterprises decreased by 13.5% year on year. The real estate market has undergone significant changes in supply and demand, while enterprises in this industry facing a liquidity crisis. Real estate sales continued to weaken, and the industry as a whole has entered a channel of stable scale and declining leverage ratio. Under the new supply-demand relationship, the central government together with local governments continued to introduce optimised and adjusted real estate policies to promote the stable development of the real estate market. The Ministry of Housing and Urban-Rural Development and the National Financial Regulatory Administration jointly issued a notice requesting local governments to establish a coordination mechanism for urban real estate financing, proposing the implementation of a whitelisting system for real estate projects, and accurately supporting reasonable financing demands of the projects; at the same time, some cities have also issued adjusted and optimised real estate policies to increase the support for first-suite and improved housing policies. In order to adapt to the new changes in the supply-demand relationship in the real estate market, it is expected that in 2024 the policies of the real estate market will be further optimised and adjusted, and with the accelerated implementation of the relevant policies, as well as the promotion of the “Three Major Projects” to form a strong support for the investment and the commencement of the real estate industry, the favourable factors for the real estate industry are expected to gradually increase, and the real estate market is expected to gradually bottom out and stabilize.

## III. INFORMATION ON THE COMPANY'S BUSINESS DURING THE REPORTING PERIOD

### (I) Engineering Contracting Business

#### Overall operating results of the engineering contracting business in 2023

Unit: RMB' 000

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

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

#### 1. Metallurgical construction business

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

## REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

In the domestic market, the Company successfully researched and developed the gas-based direct reduction ironmaking apparatus which has completely independent intellectual property rights during the Reporting Period, filling the domestic blank for direct reduction iron hot-loading and hot-feeding technology, and succeeded in the test run of hot test at the metallurgical test base in Shanxi Jincheng Steel. The Company independently designed and manufactured the only 5,600 millimeters thick plate rolling mill complete set of equipment worldwide, which was successfully provided to the Henan Angang Wide Thick Plate Project, thereby breaking the monopoly by the overseas suppliers. The Company has succeeded in developing a national cross-industry and cross-field industrial internet platform, and built a 20.00-Million-ton Full-process Intelligent Manufacturing Demonstration Plant (2,000萬噸級全流程智能製造示範工廠) together with Rizhao Steel, and won the bidding for the largest sintering project in the world – 720m<sup>2</sup> Sintering Engineering Project for Baowu Xinyu Steel (寶武新餘鋼鐵720m<sup>2</sup>燒結機工程項目), and won the bidding for belt-type roasting pelletizing project of Dazhou Iron & Steel (達鋼帶式焙燒球團工程), which is a major breakthrough for the achievements of the Company in the industry. In the non-ferrous metal engineering sector, the Company has won the bidding for EPC Project of 0.6 Million Ton/year Metallurgy Project for Xinjiang Huoshaoyun Lead & Zinc Mine (新疆火燒雲鉛鋅礦60萬噸/年冶煉工程EPC項目) as the largest lead-zinc oxide ore smelting project worldwide in terms of annual output to date upon the completion of this project.

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

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

Unit: RMB'000

Items of revenue	2023		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	111,269,436	19.00	121,248,446	22.64

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

No.	Name of Project (Contract)	Contractual Amount (RMB 100 million)
<b>Domestic projects</b>		
1	Contract for the 600,000 Tonnes/Year Lead and Zinc Smelting Project at Huoshaoyun Lead-zinc Mine in Xinjiang (新疆火燒雲鉛鋅礦60萬噸/年鉛鋅冶煉工程合同)	66.2
2	Project of EPC for Wide and Heavy Plate Engineering of Henan Angang Zhoukou Iron & Steel Co., Ltd. (河南安鋼周口鋼鐵寬厚板工程總承包項目)	27.5
3	Contract for EPC for 450,000-ton Food-Grade High-End Ductile Iron Pipe Project for 2023 in Anyang (安陽市2023年產45萬噸食品級高端球墨鑄管工程EPC總承包合同)	26.1
4	Phase II of Lingang Advanced and High-quality Special Steel Industrial Base Project (steelmaking, steel rolling) of Shandong Iron and Steel Group Yongfeng Lingang Co., Ltd. (山東鋼鐵集團永鋒臨港有限公司臨港先進優特鋼產業基地二期項目(煉鋼、軋鋼))	23.0
5	Metallurgical Solid Waste Comprehensive Utilization Project Engineering of Liaoning Tongxin Industrial Co., Ltd. (遼寧通鑫實業有限公司冶金固廢綜合利用項目工程)	19.4
6	Special Steel Deep Processing Technology Reform Project of Zunyi Changling Special Steel Co., Ltd. (遵義長嶺特殊鋼有限公司優特鋼精深加工技改項目)	18.0
7	Engineering General Contract for 4,200 Wide and Thick Plate of Process Equipment Improvement and Product Structure Adjustment Project of Gansu Jiugang Smelting and Rolling Mill (甘肅省酒鋼煉軋廠工藝裝備提升及產品結構調整項目4,200寬厚板工程總包合同)	17.7
8	Quanzhou Minguang Steelmaking and Ancillary Engineering General Contracting Project (泉州閩光煉鋼及配套工程總承包項目)	17.2
9	Coking System EPC Project for 3.6 Million Tonnes/Year Tamping Coke Project (1.6 Million Tonnes/Year in Phase I) of Coking Company of CHN Energy Coal Coking Co., Ltd. in Inner Mongolia Autonomous Region (內蒙古自治區國家能源集團煤焦化有限責任公司焦化公司360萬噸/年搗固焦項目(一期160萬噸/年)煉焦系統EPC工程項目)	17.0
10	Industrial Silicon EPC General Contracting Project of Inner Mongolia Guangyuan Silicon-based New Materials Co., Ltd. (內蒙古廣遠硅基新材料有限公司工業硅EPC總承包項目)	15.7
<b>Overseas projects</b>		
1	1.6 Million Tons Joint Steel Plant Project of Bangladesh Anwar Integrated Steel Plant Co., Ltd. (孟加拉國安瓦爾綜合鋼廠有限公司160萬噸聯合鋼廠項目)	67.2
2	EPC Project for MMP Nickel Matte Refining in Indonesia (印尼MMP高冰鎳冶煉EPC項目)	25.1
3	General Contract for Coking and Supporting Project of SAMALAJU Industrial Park under Wen'an Iron & Steel (Malaysia) Co., Ltd. (文安鋼鐵(馬來西亞)有限公司SAMALAJU工業園區焦化及配套工程總承包合同)	23.0
4	1380M <sup>3</sup> Blast Furnace Project (Phase II) of Malaysia Donggang Group (馬來西亞東鋼二期1380M <sup>3</sup> 高爐工程)	3.8



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 2. *Housing and municipal infrastructure construction business*

In recent two years, revenue from housing construction and municipal infrastructure construction business accounted for more than 70% of the revenue of the Company, which are the two major businesses of the Company. Leveraging on the comprehensive advantages gained in the steel and metallurgical sectors, the Company has continued to increase its efforts in the investment and construction of housing and infrastructure. Focusing on excellent research, investigation, design and construction capabilities, the Company actively integrated into and served the national development strategy by centralizing its efforts in economic hotspots such as Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, the middle reaches of the Yangtze River and Chengdu-Chongqing urban cluster, and persistently gathering technical and construction strengths, achieving impressive results in housing and municipal infrastructure construction, with steady increase in the proportion of medium- and high-end projects. During the Reporting Period, in the Yangtze River Delta region, the Company won the bidding for the global flagship and first-in-China theme park project for Shanghai LEGOLAND Resort (上海樂高樂園度假區主題樂園項目), successfully realizing the “Grand Slam” of the top international theme park brands; in Central China, it contracted the largest single-furnace-size unit of domestic garbage incineration power generation project – the Project of Renewable Resources Power Generation Center of Circular Economy Park in Xinzhou District, Wuhan (武漢新洲循環經濟產業園再生資源發電中心項目), won the bidding for the Comprehensive Development Project in North Area of Xiangjiacha Lake, Wuhan (武漢項家汊湖北片區綜合開發項目), and the EOD-oriented Area Development Project in Wuhan Yangluo Wuyi Lake and Gancha Lake Basin (武漢陽邏五一湖·幹汊湖流域EOD導向片區開發項目); in the capital economic circle, it won the bidding for the Yanjiao Vehicle Base of Beijing Subway Line 22 and Shenwei Area Comprehensive Development Project (北京軌道交通22號綫燕郊車輛基地上蓋和神威片區綜合開發項目). In Xiongan New Area, it successfully signed the Guomao Center Project (國貿中心項目), the first urban commercial complex project in Xiongan; in Guangdong-Hong Kong-Macao Greater Bay Area, it successfully signed the project for the second phase of the Convention and Exhibition Center in Guangzhou Airport Central Business District (廣州空港中央商務區會展中心二期項目), and won the bidding for the third phase of the expansion project of Guangzhou Baiyun International Airport (廣州白雲國際機場三期擴建工程); in the old industrial base of Northeast China, it won the bidding for Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目) and other ten-billion-dollar projects, thereby significantly enhancing its competitive strength in hotspot regions. In the overseas markets, the Company has continued to exert strength in the market of the countries where “Belt and Road” is jointly constructed, winning the bidding for the Parliament Building Project in Guinea (幾內亞議會大廈項目), as well as signing a number of new contracts for high-end real estate projects, such as the Cambodia HUAN HAI BO LAI International Hotel (柬埔寨環海鉑萊國際酒店), which have further enhanced the influence of the Company in the overseas markets.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

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

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Housing construction projects</b>		
1	Shenyang Heping Bay Ecological Science and Innovation Demonstration Area Project (瀋陽和平灣生態科創示範區項目)	108.6
2	Investment, Construction and Operation Integration Contract for Xiong'an International Trade Center Project (雄安國貿中心項目投建運一體化合同)	89.2
3	Engineering General Contracting (EPC) for Yanjiao Vehicle Base of Beijing Subway Line 22 and Shenwei Area Comprehensive Development Project (北京軌道交通22號線燕郊車輛基地上蓋和神威片區綜合開發項目(EPC)工程總承包)	84.9
4	Comprehensive Development Project of Shenyang Heping Bay City-Industry Integration (瀋陽和平灣產城融合綜合開發項目)	71.4
5	Zhangzhou Jinshan Mining Area Ecological Governance – Huachang Large Urban Complex Project Phase I Project Contract (漳州金山礦區生態治理-華昌大型城市綜合體項目一期工程合同)	52.0
6	Construction Project for Medical Science and Industrial Park in Nanchong City (南充市醫學科學產業園建設項目)	50.4
7	EPC Contract for Wanda Neijiang Culture and Tourism City Pending Sales Property Project (萬達內江文旅城待建銷售物業項目總承包工程合同)	45.0
8	EPC Contract for Comprehensive Industrial Upgrading of Tianjin Port Free Trade Zone (天津空港保稅區產業綜合提升EPC工程總承包合同)	30.2
9	EPC Contract for Urban Renewal Project in Changjiang Road Area of Hi-tech District, Liaocheng (聊城高新區長江路片區城市更新項目(EPC))	30.0
10	Design and Build Integration Contract for Yunnan Dianzhong ASEAN International Logistics Park Project (雲南滇中東盟國際物流園建設項目設計施工一體化合同)	29.4

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
<b>Municipal infrastructure construction projects</b>		
1	Engineering General Contracting for Comprehensive Development Project in North Area of Xiangjiacha Lake, Wuhan City (武漢市項家汊湖北片區綜合開發項目工程總承包)	97.8
2	EOD-oriented Area Development Project in Wuyi Lake and Gancha Lake Basin of Yangluo Development Zone, Wuhan City (武漢市陽邏開發區五一湖、幹汊湖流域EOD導向片區開發項目)	77.1
3	Infrastructure Project for Longkou High-end Low-carbon Green New Material Industrial Park in Yantai City (煙台市龍口高端低碳綠色新材料產業園基礎設施項目)	58.9
4	Urban Renewal Project for Qingshan Future Community in Jiangyin City (江陰市青山未來社區城市更新項目)	56.0
5	Suining-Chongqing Expressway (Sichuan Section) Expansion Project (遂寧至重慶高速公路(四川境)擴容工程項目)	30.8
6	EPC Contract for Upgrading and Renovation Project (Survey and Design, Procurement and Construction) of Guangming Village Industrial Cluster in Tongqiao Town, Huizhou City (惠州市潼橋光明村工業集聚區升級改造項目(勘察設計、採購、施工)工程總承包合同(EPC))	30.2
7	Baoding City Major Water System Construction Project-EPC Contract for Water Network Protection and Water Quality Enhancement of River Flows to Baiyang Lake (保定市大水系建設項目—水網防護及入澗水質提升工程(工程總承包)合同)	29.9
8	EPC Contract for Sanhe International Agricultural Products E-commerce Logistics Park Project in Linyi, Shandong (山東臨沂三和國際農產品電商物流園工程總承包(EPC)合同)	28.3
9	G85G76 Chongqing (Sichuan-Chongqing Boundary) to Chengdu Expressway Expansion Project Contract Section ZCB1 (G85G76重慶(川渝界)至成都高速公路擴容工程項目ZCB1合同段)	27.6
10	The Project Contract of Reconstruction of Guancun-Shiqiao (Pingchang Boundary) Section of National Highway 542 in Dachuan District (國道542達川區管村至石橋(平昌界)段改建工程合同)	24.3
<b>Overseas projects</b>		
1	Energy Power Island and Supporting Project in Batam, Indonesia (印度尼西亞巴淡島能源動力島及配套項目工程)	61.4
2	Perfect Multibay Condominium Project in Kuala Lumpur, Malaysia (馬來西亞吉隆坡完美Multibay公寓項目)	5.0
3	Project PLATINUM MH (Phase III)in Kuala Lumpur, Malaysia (馬來西亞吉隆坡PLATINUM MH明興公寓項目(三期))	4.8
4	Section II Works of "Silk Road" High-grade Residence Community Project in Mongolia (蒙古國「絲綢之路」高檔住宅小區項目第二標段工程)	4.7
5	Kuala Lumpur Ampang Chancery SOHO & Hotel Project, Malaysia (馬來西亞吉隆坡安邦Chancery SOHO及酒店項目)	4.3
6	EPC Project of Norodom Business Center in Phnom Penh, Cambodia (柬埔寨金邊諾羅敦商務中心施工總承包項目)	4.1
7	EPC (II) for Xinyue City Center Project (Phase I) in Laos -Section II (老撾鑫越城市中心項目(一期)施工總承包(II)-二標段)	3.8
8	Cambodia HUAN HAI BO LAI International Hotel Project (柬埔寨環海鉑萊國際酒店工程)	2.9

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (II) Resources Development Business

Mineral resource business is one of the most important featured businesses of the “One Core, Two Main Bodies and Five Features” business system and an important featured business of the Company. As one of the key resource enterprises identified by China, the Company is currently engaged in the resource development business, which mainly centers on the exploration, ore processing and smelting etc. for nickel, cobalt, copper, lead, zinc and other metal mineral resources, and most of the products produced, such as nickel and cobalt hydroxide, crude copper, zinc concentrates, lead concentrates, and so on, are transported back to China for sale to the downstream refining and processing customers in a stable manner. In 2023, the Company firmly adhered to the development objective of “increases in resources, reserves, production, security and cost reduction”, and endeavored to improve the development and operation level regarding its mineral resources. On the one hand, the Company responded to the changes in the market environment in a positive and steady manner on the premise of ensuring zero accidents in terms of safety and environmental protection, and adhered to the operational policy that features “prompt digging with efficient sales based on best production for sales” to achieve outrun profitability, which the Company has achieved a net profit of RMB 1.214 billion attributable to the Chinese party from the three mines in production; on the other hand, by focusing on exploration and prospecting and relying on internal synergy and guaranteed by external cooperation, the Company, taking “prospecting for minerals” as the principle, has continuously increased its investment in risk exploration and side-deep prospecting for minerals, which has made significant breakthroughs in mineral searching, revealing huge potential for finding minerals.

### Overall operating results of the resources development business in 2023

Unit: RMB '000

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

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

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

#### (1) Papua New Guinea Ramu Nico Mine

During the Reporting Period, the project was estimated to retain 1.26 million tons of nickel resources and 140,000 tons of cobalt resources. The project produced nickel hydroxide, which contained 33,604 tons of nickel and 3,072 tons of cobalt, with the annual average production rate was 103%. The project sold nickel hydroxide, which contained 34,122 tons of nickel and 3,086 tons of cobalt, achieving operating revenue of RMB 3.875 billion and net profit attributable to the Chinese party of RMB 1.027 billion.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Pakistan Saindak Copper-Gold Mine

During the Reporting Period, it was estimated to extract 1.84 million tons of copper resources under the project, and the project produced 17,042 tons of crude copper in the year, which completed 106% of the annual plan, sold 17,804 tons of crude copper, and realized operating revenue of RMB 1.222 billion and net profit attributable to the Chinese party of RMB 71 million. Meanwhile, the 2.75 million tons/year mining expansion project completed construction in 11 months and commenced production on 9 January 2024 after test run and trial production. It is expected that the actual ore volume to be extracted in 2024 will hit a new level, thus to ensure the full release of the smelting capacity designed for the initial 20,000 tons of crude copper per annum production.

## (3) Pakistan Duddar Lead-Zinc Mine

During the Reporting Period, it was estimated to extract 330,000 tons of lead resources and 690,000 tons of zinc resources under the project. The project accomplished 515,000 tons of mine output for the year, with an average production rate of 103%. The project produced lead concentrate ore containing 7,838 tons of lead and zinc concentrate ore containing 41,295 tons of zinc. The project sold lead concentrate ore containing 8,737 tons of lead and zinc concentrate ore containing 41,198 tons of zinc, achieving operating revenue of RMB 603 million and net profit attributable to the Chinese party of RMB 114 million.

## (4) Pakistan Saindak Copper Mine

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

## (5) Afghanistan Aynak Copper Mine

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company regards the production of new energy materials such as polysilicon as one of the strategic emerging businesses which the Company mainly cultivates and taps into. The subsidiary of the Company, China Silicon Corporation Ltd. (“Sinosico”), takes “serving the country in silicon industry” as its mission, gives full play to decades of experience and advantages in the field of polysilicon R&D and manufacturing, and is committed to following a continuous improvement path of self-innovation, industrial development, and optimization and upgrading, aiming to become a technological innovator in the polysilicon industry. Currently, Sinosico is implementing the transformation and upgrading project of electronic information materials, which is an “import substitution” project to fill the gaps of high-end silicon-based materials in China. The technology of this project is derived from the results obtained from major specialized projects undertaken by Sinosico, such as the National Industrial Base Enhancement Project (國家工業強基工程) and Zhengluoxin Independent Innovation Demonstration Zone (鄭洛新自主創新示範區), with a number of results identified to be at the international leading level and with broad prospects for development. The main products include electronic-grade polysilicon, high-purity silicon tetrachloride, electronic-grade silicon tetrachloride, electronic-grade trichlorosilane, electronic-grade dichlorosilane, electronic-grade hexachlorodisilane, electronic-grade TEOS, as well as electronic specialty gases, precursor materials and other products. The Company will further practise the corporate mission of “assume national responsibility by fixing weaknesses in the industry”. By relying on the National Engineering Research Center for silicon-based material preparation technology, Sinosico will actively set up a composite innovation system of “independent innovation + cooperative development” to form three major product clusters, namely, zonal melting polysilicon, silicon-based electronic special gas and silicon-based functional materials, by accelerating the transformation and upgrading projects, improving the supporting capacity in the industry so as to strive to build an important innovation center and production base for electronic functional materials in China.

During the Reporting Period, Sinosico has produced an aggregate of 2,872 tons of polysilicon and sold 2,589 tons thereof, and produced and sold 14,142 tons of new silicon-based materials, with sales revenue amounting to RMB 555 million (of which the sales of new products amounted to RMB 230 million) and net profit amounting to RMB 223 million. As of the end of the Reporting Period, the construction of the first batch of 9 products in the second phase of the project has commenced, and it is expected that all of them will be completed and put into production in the first quarter of 2024.



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (III) Featured Businesses

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

### Overall operating results of the featured business in 2023

Unit: RMB '000

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

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

#### 1. Engineering consulting and technical services business

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

In particular, inspection and testing business, as an important featured business of the Company, is equipped with unique advantages in having qualifications, prominent professional characteristics, and high social recognition. Our qualification and capability in the field of inspection and testing cover various fields such as construction engineering, water conservancy, railway and highway transportation, petrochemical, electric power and coal energy, making us one of the most comprehensive and strongest inspection and testing companies in the civil engineering field in China. The Company has three national quality inspection platforms, including the National Industrial Building Quality and Safety Supervision and Inspection Center, the National Steel Structure Quality Supervision and Inspection Center, and the National Construction Steel Material Quality Supervision and Inspection Center, as well as a metallurgical environment monitoring center, with more than 6,000 testing parameters. Therefore, it successfully shaping the featured brands such as “MCC Consulting” and “MCC Inspection” etc.. During the Reporting Period, the Company contracted for a number of technical service projects such as cultural relics monitoring as well as monitoring equipment maintenance and manual inspection of the People’s Government of Beijing Municipality-Tiananmen Management Committee, building structure appraisal technology for post-disaster resumption and reconstruction project of Zhuozhou Sewage Treatment Plant, and security detection for post-earthquake buildings and structures of Hunutlu Thermal Power Plant in Turkey, as well as the inspection and evaluation projects of Beijing Rail Transit Line 22 and Changchun Rail Transit Lines 3, 5 and 7, and the engineering supervision projects such as Wuhan Rail Transit Line 11 and Nanchang Rail Transit Line 1, which have contributed to the solutions and wisdom of MCC for the major domestic and overseas projects and unexpected public events.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Core equipment and steel structure business

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

The Company's equipment manufacturing segment mainly focuses on metallurgical equipment, and operates in multiple core manufacturing bases including MCC CISDI Equipment Base, MCC Shaanxi Pressure Equipment Base, MCC Changtian Heavy Industry Base, and MCC WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, ironmaking and steel-making, casting and rolling. These products are widely used in international and domestic large steel engineering projects. The business closely keeps pace with layout adjustment and industrial upgrading of China's steel industry. By adopting energy conservation and environmental protection, green manufacturing and smart manufacturing as breakthrough points, the Company gives full play to the three functions of core equipment base in respect of R&D pilot testing, core manufacturing and final assembly integration, so as to continuously facilitate the productization and industrialization of core technologies and realize high-end supply of core equipment. During the Reporting Period, the Company secured the project of the world's thickest vertical-arc extra-thick slab caster, i.e., the EPC Contract for Longton Group's electric furnace green technology reform of No. 6 extra-thick slab caster, won the bid for EPC Project of JISCO's steelmaking and continuous casting and heavy slab, and also won the bid for the DANA Iron & Steel 1,380 six-roller mill project in UAE, the production equipment manufacturing project of Thyssen France, etc.; in addition, the 260-tonne electrically-driven iron ladle car branded with “MCC Heavy Machinery” designed and manufactured by MCC Baosteel Technology, a subsidiary of the Company, had completed the vehicle manufacturing and testing and was successfully launched, becoming a new case of green and low-carbon large logistics equipment manufacturing for metallurgy in China.

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

### 3. *Eco-environmental protection and operation business*

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

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

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

*Unit: RMB’000*

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) Comprehensive Real Estate Business

The Company is one of the first group of centralized enterprises identified by the SASAC as having real estate development as its principal business. In recent years, the Company has successfully created the “MCC Real Estate” brand with influence in the industry by constantly enhancing the core strength of its comprehensive real estate business based on the transformation and upgrading. During the Reporting Period, in order to actively cope with the risks of the real estate industry, on the one hand, the comprehensive real estate business of the Company continued to implement the decision-making and deployment of “adhering to prudent development by resolving the inventory risks”, and on the other hand, the Company has fully implemented the development concepts of “fast turnover, low cost, high quality and high profit” and control of grading and classification of “one policy for one project” to speed up development cycle. Meanwhile, the Company will conduct in-depth research and judgment on the supply and demand in the real estate market and the pattern of urbanization etc. on the major trending and structural changes, and clearly realize the opportunities and challenges facing the Company by taking the initiative in optimizing the operating mindset, focusing on the key areas for intensive cultivation, accelerating the transition to the new development pattern, and exploring the development path that combines development and operation, complements single and diversified operations, balances short-term and long-term development, matches up light assets with heavy assets, and integrates market means with policy advantages. The Company will also improve its power in product, service and brand, adapt to the attribute change from commodity to people’s livelihood in real estate development as soon as possible, balance the dual objectives of “safeguarding people’s livelihood” and “improving quality”, actively participate in safeguarding people’s livelihood and urban village revamping by leveraging the advantages of real estate as a central enterprise, and pursuing the quality development path with priority in benefits and moderation in scale.

During the Reporting Period, the Company adopted different policies according to the each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Circum-Bohai Sea Region are taken as core development areas with coverage nationwide. In 2023, the Company acquired 2 commercial housing projects with 2 land parcels in aggregate, covering a site area of 102,000 square meters and permissible gross floor area of 159,000 square meters. In 2023, the amount invested by the Company in real estate development was RMB 11.286 billion, representing a year-on-year decrease of 61.02%; the construction area was 8.1052 million square meters, representing a year-on-year decrease of 10.92%; of which the new construction area was 1.5554 million square meters, representing a year-on-year decrease of 17.71%, while completed area was 1.1333 million square meters, representing a year-on-year decrease of 69.45%; contracted gross floor area sold amounted to 0.6307 million square meters, representing a year-on-year increase of 31.36% with contracted sales of RMB 10.389 billion, representing a year-on-year increase of 11.35%.

### Overall operating results of the comprehensive real estate business in 2023

Unit: RMB '000

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## IV. ANALYSING ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

### (I) In Respect of Technology Innovation: Possessing Continuously Improving Core Technology Capability and System Integration Capability

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

The Company accumulated core technological advantages penetrating 8 major business fields and 19 business units of iron and steel construction as well as the technological advantages of the strongest mine construction, mine development and production. The Company also processes with more than a hundred leading core techniques and the ability of constant reformation and innovation. The Company extended such advantage to other fields. After years of accumulation, including the construction of expressways under complex geographic conditions, gigantic deep-foundation pit under special geographic conditions, super-high-rise building, super-large-span buildings, super-large complex high-precision electrical and mechanical systems, the Company possesses various internationally top-notch techniques in respect of construction field and reaches the leading position nationwide with respect of, among others, new materials, technologies and techniques in the construction field. In addition, the Company has also formed advanced technology advantages in emerging business sectors such as underground geotechnical engineering and hydrogen storage engineering, and energy-saving and environmental protection sectors such as wastewater treatment, river channel management, comprehensive garbage treatment, and photovoltaic power generation, as well as inspection and testing, and metallurgical equipment manufacturing and other specialty business sectors.

## **(II) In Respect of Market Development: Possessing Steadily Improving Market Development Capability and Quality of Marketing**

The Company persistently adhered to high-quality marketing as the leading factor in high-quality development, focusing on “high-quality markets, high-quality customers, high-quality projects”. It continually strengthened the management of major customers and the capacity for public investment, further enhancing its independent marketing capabilities and optimizing the market layout structure. The Company continued to closely keep pace with layout adjustments and industrial upgrading of China’s iron and steel enterprises, seized the market opportunities brought by energy conservation and environmental protection, green manufacturing and smart manufacturing in metallurgical construction, and facilitated further cooperation with key iron and steel enterprises to ensure that MCC’s control and absolute dominance in major iron and steel construction projects remain unchanged, and to continuously march towards the high-end of metallurgical value chain. With the deepening of major customer management, the Company provided customers with customized “one-to-one” high-quality services in a timely manner through a core customer database and a regular communication and visit mechanism. By continuously deepening the connections and cooperation with core customers, the Company has built a high-end cooperation platform for government and enterprises, continued to optimize its marketing system and re-innovate its marketing mode. As the big marketing construction continued to be implemented more deeply, the Company continuously reformed its marketing concepts, innovated its marketing ideas, strengthened its marketing foundation, improved its marketing system, and emphasized the synergy between market development and fulfillment, qualifications, financing, and publicity, creating a multi-dimensional marketing force. It insisted on leading by marketing, anchoring on high-quality development. By leading marketing innovation with conceptual innovation, the Company’s marketing quality continued to improve steadily, and the “1+M+N” regional market layout has achieved remarkable results.

## **(III) In Respect of Value Creation: Possessing Its Own Continuously Strengthening Profitability and Project Fulfillment Capability**

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

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

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



## REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

### **(IV) In Respect of Resource Distribution: Possessing Constantly Improving Management Innovation Ability and Resource Integration Capability**

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

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

### **(V) In Respect of Corporate Culture: Possessing Corporate Spirit and Vision with High Popularity**

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## V. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

During the Reporting Period, the operating revenue of the Company amounted to RMB633,870,422 thousand, representing a year-on-year growth of 6.95%, the total profit amounted to RMB 13,764,772 thousand, representing a year-on-year decline of 10.57%; and the net profit attributable to shareholders of parent company amounted to RMB 8,670,405 thousand, representing a year-on-year decline of 15.63%.

### (I) Analysis on major operating business

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

Unit: RMB'000

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

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

Applicable  Not applicable

#### 2. Analysis on revenue and costs

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

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

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

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

## REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

① Impact from changes in the tax policy

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

② Impact of the fluctuations in exchange rate and monetary policy

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

- 4) Overseas tax policies and their changes

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 5) Changes in major raw materials prices

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

## 6) Construction subcontracting expenses

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

## 7) Enhancement in the quality of operational management

The quality of operational management will significantly affect the results of the Company. The Company is actively committed to serving the national strategy, the Company's strategic vision, the high-quality development of the enterprise and the Goals for "one building, two most, five strong", continuing to optimize the "One Core, Two Main Bodies and Five Features" business system, and promoting the three-year action to enhance the basic management, and further improving the governance and internal control operation of the Company. We will further improve corporate governance and internal control operations, and strengthen business management and risk control, through systematic reform and innovation, as well as scientific decision-making to stimulate the Company's vitality and creativity, and achieve a simple, efficient and effective management and control system. Whether these management objectives can be effectively implemented will also influence, to quite a large extent, the improvement in the operating results of the Company.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 8) Uneven distribution of revenue

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

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

Unit: RMB'000

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

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

## 1) Explanation on Major Business by Segment

### ① Engineering contracting business

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

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

Unit: RMB '000

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

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

### ② Resources development business

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

### ③ Featured business

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



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

④ Comprehensive real estate business

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

2) Explanation on Major Business by Region

For the years of 2023 and 2022, the Company realized overseas operating revenue of RMB 26,352,055 thousand and RMB 23,019,668 thousand, respectively. The revenue was mainly derived from the engineering contracting business including the Changi East Depot of Singapore Cross Island Line, the Highway Project in Central Sri Lanka, the Wanli Rainforest Northern Park in Singapore, and the Phase II of Eastern Steel Sdn. Bhd., as well as from the resource development business including the Pakistan Duddar Lead-Zinc Mine Project and the Ramu Nico Laterite Mine Project in Papua New Guinea.

(3) Table of production and sales volume analysis

Applicable  Not applicable

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

Applicable  Not applicable

(5) Table of cost analysis

Unit: RMB'000

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB '000

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

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

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

Applicable  Not applicable

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

Applicable  Not applicable

(8) Information of major sales customers and major suppliers

A. Information of major sales customers of the Company

The sales of top five major sales customers amounted to RMB 17,756,525 thousand, accounting for 2.79% of the total annual sales; of which, the sales of top five major customers derived from the sales to related parties amounted to RMB 35,520.7 million, accounting for 0.56% of the total annual sales.

Unit: RMB '000

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable  Not applicable

## B. Information of major suppliers of the Company

The procurement of top five suppliers amounted to RMB 8,457,472 thousand, accounting for 1.48% of the total annual procurement; of which, the procurement from related parties under the procurement of top five suppliers amounted to RMB 1,367,668 thousand, accounting for 0.24% of the total annual procurement.

Unit: RMB '000

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

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

Applicable  Not applicable

## 3. Expenses

### (1) Selling expenses

The Company's selling expenses mainly include employee compensation costs, travelling expenses, advertising and sale services expenses. In 2023 and 2022, the Company's selling expenses were RMB 3,169,316 thousand and RMB 2,883,123 thousand respectively, representing a year-on-year increase of 9.93%, which was mainly due to the Company's intensified market development and an increase in related expenses.

### (2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and office expenses. In 2023 and 2022, the Company's administrative expenses were RMB 12,360,311 thousand and RMB 11,273,969 thousand respectively, representing a year-on-year increase of 9.64%, which was mainly due to the increase in labour costs.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (3) Financial expenses

The Company's financial expenses include costs of borrowing, exchange gains or losses, bank charges, etc. incurred in operating business. In 2023 and 2022, the Company's financial expenses were RMB 989,121 thousand and RMB 940,841 thousand respectively, representing a year-on-year increase of 5.13%.

## (4) Research and development expenses

The Company's research and development expenses include personnel labour costs, direct input costs, depreciation expenses and external research and development commission expenses. In 2023 and 2022, the Company's research and development expenses were RMB 19,730,402 thousand and RMB 18,732,632 thousand respectively, representing a year-on-year increase of 5.33%, which was mainly because the Company increased research and development investments.

## 4. Research and development expenditure

### (1) Table of research and development expenditure

Unit: RMB'000

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

### (2) Table of R&D personnel

Number of R&D personnel in the Company	8,947
The ratio of R&D personnel to the total number of our employee (%)	9%

#### Educational structure of R&D personnel

Education type	Number
PhD	333
Master	3,369
Undergraduate	4,740
Junior college	475
High school education or less	30

#### Age structure of R&D personnel

Age category	Number
Under 30 (excluding)	2,457
30–40 (including 30, excluding 40)	3,032
40–50 (including 40, excluding 50)	2,325
50–60 (including 50, excluding 60)	1,128
60 and above	5

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

- (3) Reasons for the major changes in the composition of R&D personnel and the impact on the future development of the Company

Applicable  Not applicable

## 5. Cash flow

The cash flows of the Company are as follows:

Unit: RMB '000

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

### (1) Operating activities

In 2023 and 2022, the Company's net cash flows generated from operating activities amounted to RMB 5,891,801 thousand and RMB 18,153,061 thousand, respectively, representing a year-on-year decrease of 67.54%. For the years 2023 and 2022, the cash inflow generated from operating activities mainly came from the cash received from sales of products and provision of services, accounting for 97.35% and 98.58% respectively with respect to the cash inflow generated from operating activities. The Company's cash outflow generated from operating activities mainly consisted of cash paid out for commodities purchased and the labour services received, cash paid to and for staff and payment for various taxes, etc. In 2023 and 2022, such cash outflow accounted for 87.08%, 6.42%, 2.34% and 87.57%, 6.13%, 2.29%, respectively with respect to the cash outflow generated from operating activities.

### (2) Investing activities

In 2023 and 2022, the Company's net cash flows generated from investing activities amounted to RMB -6,724,503 thousand and RMB -6,559,348 thousand, respectively. The investing activities of the Company mainly relate to engineering contracting and property development business. The Company's cash inflow generated from investing activities mainly consisted of recovery of related party borrowings and interests, cash receipts from recovery of investments and disposal of assets, which accounted for 56.54%, 16.78%, 13.42% and 71.45%, 12.86%, 11.02% of the cash inflow generated from investing activities in 2023 and 2022, respectively. Cash outflow mainly included cash paid for investment, as well as cash payments to acquire or construct fixed assets, intangible assets and other long-term assets. In 2023 and 2022, such cash outflow accounted for 51.40%, 48.18% and 49.14%, 38.74% respectively with respect to the cash outflow generated from investing activities.

### (3) Financing activities

In 2023 and 2022, the Company's net cash flows generated from financing activities amounted to RMB 1,156,118 thousand and RMB -9,670,175 thousand respectively. The Company's cash inflow from financing activities mainly consisted of cash receipts from borrowings which accounted for 87.86% and 95.91% respectively of the cash inflow generated from financing activities for the years 2023 and 2022. The Company's cash outflow from financing activities mainly consisted of cash repayments of borrowings and cash payments for distribution of dividends, profits or settlement of interest expenses, accounting for 84.14%, 3.18% and 90.87%, 5.33% respectively of the cash outflow from financing activities for the years 2023 and 2022.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable  Not applicable

## (III) 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 current period to total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the current period to total assets (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)
<b>Current Assets</b>	484,133,951	73.18	438,205,660	74.86	10.48
Cash and bank balances	44,440,269	6.72	45,485,413	7.77	-2.30
Accounts receivable	130,037,264	19.65	93,439,673	15.96	39.17
Inventories	80,075,514	12.10	79,948,631	13.66	0.16
Contract assets	121,833,709	18.41	106,826,600	18.25	14.05
<b>Non-current Assets</b>	177,468,285	26.82	147,187,167	25.14	20.57
Intangible assets	22,849,854	3.45	22,026,293	3.76	3.74
<b>Total Assets</b>	661,602,236	100.00	585,392,827	100.00	13.02
<b>Current Liabilities</b>	448,818,443	90.93	385,844,649	91.11	16.32
Short-term borrowings	28,220,281	5.72	20,192,878	4.77	39.75
Bills payable	31,717,090	6.43	37,186,380	8.78	-14.71
Accounts payable	240,394,139	48.70	187,160,134	44.20	28.44
Contract liabilities	64,819,382	13.13	74,016,212	17.48	-12.43
<b>Non-current Liabilities</b>	44,792,628	9.07	37,630,616	8.89	19.03
Long-term borrowings	34,168,791	6.92	28,840,673	6.81	18.47
<b>Total Liabilities</b>	493,611,071	100.00	423,475,265	100.00	16.56

#### (1) Analysis on the structure of assets

##### Cash and bank balances

As at 31 December 2023 and 31 December 2022, the balances of cash and bank balances of the Company were RMB 44,440,269 thousand and RMB 45,485,413 thousand, respectively, representing a year-on-year decrease of 2.30%.

As at 31 December 2023 and 31 December 2022, the restricted cash and bank balances of the Company were RMB 10,590,161 thousand and RMB 12,017,196 thousand, respectively, which accounted for 23.83% and 26.42% of the cash and bank balances, respectively. The restricted cash and bank balances mainly included bank deposits for issuing acceptance bills, guarantee deposits, frozen funds for lawsuit, project supervision funds and wage deposits for rural migrant workers, etc.

##### Accounts receivable

As at 31 December 2023 and 31 December 2022, the carrying value of the Company's accounts receivable were RMB 130,037,264 thousand and RMB 93,439,673 thousand, respectively, representing a year-on-year increase of 39.17%, which was mainly due to an increase in accounts receivable related to engineering contracting services.



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## Inventories

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

As at 31 December 2023 and 31 December 2022, the Company's net inventories were RMB 80,075,514 thousand and RMB 79,948,631 thousand, respectively, representing a year-on-year increase of 0.16%.

## Contract assets

Contract assets of the Company are mainly completed and unsettled inventories and construction quality guarantee deposits with regard to the engineering contracting service contracts. As at 31 December 2023 and 31 December 2022, the net contract assets of the Company amounted to RMB 121,833,709 thousand and RMB 106,826,600 thousand, respectively, representing a year-on-year increase of 14.05%, which was mainly due to an increase in contract assets related to engineering contracting services.

## Intangible assets

As at 31 December 2023 and 31 December 2022, the aggregated carrying value of the Company's intangible assets were RMB 22,849,854 thousand and RMB 22,026,293 thousand, respectively, representing a year-on-year increase of 3.74%. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc..

## (2) Analysis on the structure of liabilities

### Long-term and short-term borrowings

Long-term and short-term borrowings of the Company mainly consisted of credit loans, pledge loans and guaranteed loans from commercial banks and other financial organizations. As at 31 December 2023 and 31 December 2022, the carrying value of the Company's short-term borrowings were RMB 28,220,281 thousand and RMB 20,192,878 thousand, respectively, representing a year-on-year increase of 39.75%. As at 31 December 2023 and 31 December 2022, the carrying value of the Company's long-term borrowings were RMB 34,168,791 thousand and RMB 28,840,673 thousand, respectively, representing a year-on-year increase of 18.47%.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB 173,786,424 thousand and RMB 25,437,086 thousand, respectively. As at the end of the Reporting Period, the balances of fixed-rate short-term borrowings and fixed-rate long-term borrowings amounted to RMB 20,101,581 thousand and RMB 17,991,066 thousand, respectively.

### Accounts payable

Accounts payable mainly included material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 31 December 2023 and 31 December 2022, the Company's carrying value of accounts payable were RMB 240,394,139 thousand and RMB 187,160,134 thousand, respectively, representing a year-on-year increase of 28.44%.

### Contract liabilities

Contract liabilities mainly comprises contract liabilities related to engineering contracting services and sales contracts. As at 31 December 2023 and 31 December 2022, the Company's carrying value of contract liabilities amounted to RMB 64,819,382 thousand and RMB 74,016,212 thousand, respectively, representing a year-on-year decrease of 12.43%.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Overseas assets

### (1) Asset size

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

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

Applicable  Not applicable

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

For details, please refer to Note VII 26 of "Financial Statements" in this report.

## (IV) 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)	4,002	1,456	3,233	249	8,940
Total amount	38,239,236	13,505,382	19,286,499	1,843,375	72,874,492

Unit: RMB'000

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 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)	4,972	1,997	4,117	949	12,035
Total amount	300,032,318	106,712,480	81,707,563	7,076,040	495,528,401

Unit: RMB'000

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

## 3. Major projects under construction

Applicable       Not applicable

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

During the Reporting Period, the accumulated number of newly signed projects with a value of more than RMB50 million was 3,142, and the total amount was RMB 1,336.706 billion.

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

As at the end of the Reporting Period, the outstanding contractual value of construction orders with an amount of over RMB 50 million amounted to RMB 2,854.414 billion. In particular, the value of the projects that have been signed yet to be commenced amounted to RMB 1,022.237 billion, and the amount of the outstanding portion of the projects under construction was RMB 1,832.177 billion.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 6. *Engineering construction qualifications of the Company*

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

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

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

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

Manual Security Fascicule (《工程項目管理手冊安全分冊》)“ internalised thereto, implanted nine major contents of security system control in the systems, and continuously standardised and consolidated the security data of its subsidiaries, so as to continuously strengthen the effectiveness of digital empowerment.

## 8. Financing arrangements of the Company

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

## (V) Analysis on investment

### 1. Overall analysis on external equity investments

As at 31 December 2023 and 31 December 2022, the net assets of the Company's trading financial assets were RMB 1,951 thousand and RMB 178,026 thousand, respectively. As at 31 December 2023 and 31 December 2022, the net long-term equity investments of the Company were RMB 36,236,395 thousand and RMB 31,863,695 thousand, respectively, representing an increase of 13.72% compared to the beginning of the year. As at 31 December 2023 and 31 December 2022, the net investment in other equity instruments of the Company amounted to RMB 1,126,144 thousand and RMB 939,925 thousand, respectively, representing an increase of 19.81% as compared to the beginning of the year. As at 31 December 2023 and 31 December 2022, the Company's other net investment in non-current financial assets amounted to RMB 3,992,595 thousand and RMB 4,477,895 thousand, respectively, representing a decrease of 10.84% as compared with the beginning of the year.

### 2. Substantial equity investments

Applicable  Not applicable

### 3. Substantial non-equity investments

Applicable  Not applicable

### 4. Financial assets measured at fair value

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB '000

Stock code	Stock abbreviation	Initial investment cost	Percentage of shareholding at the beginning of the period (%)	Percentage of shareholding at the end of the period (%)	Carrying amount at the end of the period	Gain or loss incurred during the Reporting Period	Changes in owners' equity during the Reporting period	Accounting category
000709	Hesteel 河鋼股份	4,600	0.018	0.018	4,041	76	(247)	Investments in other equity instruments
601328	Bank of Communications 交通銀行	89,134	0.108	0.108	239,365	15,033	42,349	Investments in other equity instruments
000939	Kaidi Ecological 凱迪生態	2,502	1.100	1.100	-	-	-	Investments in other equity instruments
600642	Shenergy 申能股份	188	0.001	0.001	289	7	42	Investments in other equity instruments
000005	Fountain 世紀星源	420	0.035	0.035	175	-	(522)	Investments in other equity instruments
600665	Tande 天地源	1,122	0.018	0.018	626	19	13	Investments in other equity instruments
601005	Chongqing Iron and Steel 重慶鋼鐵	170,080	0.568	0.568	67,115	0	(9,568)	Investments in other equity instruments
Total		268,046	/	/	311,611	15,135	32,067	/

Equity interests in non-listed financial companies held

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



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## Stock investments

Applicable  Not applicable

## Explanation of stock investments

Applicable  Not applicable

## Private fund investments

Applicable  Not applicable

## Derivative investments

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

At the 46th meeting of the third session of the Board of the Company held on 23 February 2023, the Proposal in relation to the Foreign Exchange Hedging Business Plan of MCC for the Year 2023 was considered and approved, agreeing that MCC headquarter and its subsidiaries would carry out new foreign exchange derivatives transactions with a quota of not more than USD 5,262 million (including equivalent foreign currencies) for the year 2023, which shall be effective for a period of 12 months from the date of approval by the Board (Please refer to the relevant announcement disclosed by the Company on 23 February 2023 for details). The Company has not applied hedge accounting for its foreign exchange hedging business for the year 2023, and details of risk management are set out in the table below:

Accounting policies and specific principles of accounting for hedging operations during the Reporting Period, as well as an explanation of whether there have been any significant changes compared with the previous reporting period	No significant changes have occurred.
Explanation of actual gain or loss during the Reporting Period	The impact arising from exchange rate fluctuations on the Company's consolidated statement caliber represents a net gain.
Explanation of hedging effect	The Company's foreign exchange derivatives business is in line with the needs of the daily operations of the Company, which enables the Company to effectively avoid exchange rate risks and reduce the possible adverse impact of exchange rate fluctuations on the Company.
Sources of funds for derivative investments	Contractual receipts and payments of foreign exchange and foreign currency funds on hand arising from normal production and operation.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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Risk analysis and description of control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, and others)	(I) Transaction Risk Analysis
	<ol style="list-style-type: none"><li>1. Market risk: due to the unpredictability of changes at home and abroad in the economic environment, there is a possibility of loss in the valuation of the foreign exchange hedging business during the survival period, and the trading profit and loss at the time of maturity or selective delivery.</li><li>2. Liquidity risk: unreasonable arrangement of the foreign exchange hedging business triggers the liquidity risk of the Company's funds at the time of maturity and delivery.</li><li>3. Performance risk: the choice from the counterparty is unreasonable, and the counterparty is unable to pay corresponding amount as agreed upon at the time of the maturity and delivery of foreign exchange hedging business.</li><li>4. Internal control risk: foreign exchange hedging business is relatively professional and sophisticated, which may result in loss in the process of foreign exchange funds due to operational errors, systems and other reasons.</li><li>5. Compliance risk: subject to regulatory penalties, economic losses and negative impact on the Company's reputation for its failure to comply with policies, regulations and company systems.</li></ol>
	(II) Risk Control Measures
	<ol style="list-style-type: none"><li>1. For market risk, the Company intends to take the following measures: First, the foreign exchange hedging business to be undertaken by the Company are all foreign exchange forwards, simple exchange rate options, interest rate swaps and currency swaps products conducted for the purpose of hedging which are closely related to the actual business, and do not involve speculative arbitrage. Transaction gains and losses are also hedged against changes in the value of their corresponding risk assets; secondly, we strengthened research and analysis of exchange rates, pay attention to changes in the market environment both at home and abroad, and adjusted our operating strategies in a timely manner in conjunction with changes in the market; thirdly, following the signing of the foreign exchange contract, we follow up on the market in a timely manner for dynamic management, and set up a risk early warning line based on the transaction program. We regularly check the transaction situation with all counterparties, analyze and assess the possible risks and take prompt countermeasures.</li><li>2. For liquidity risk, the Company intends to take the following measures: First, the foreign exchange preservation business to be undertaken by the Company are based on the actual business, matching with the actual foreign exchange income and expenditure, and at the time of decision-making, the Company has reasonably planned the capital plan to ensure sufficient funds to be held at the time of delivery; secondly, the Company will select the difference in delivery at the appropriate time based on the type of products and market trends, so as to successfully satisfy the demand for funds for delivery; thirdly, the Company will reinforce its efforts in collection of the project, so as to ensure the return of the funds.</li></ol>

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# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

3. For the performance risk, the Company intends to take the following measures: first, the counterparties of the foreign exchange preservation business to be undertaken by the Company are all financial institutions with good credit, solid capital and with whom the Company has established long-term business relations, so that the performance risk is low; second, the Company will closely follow up on the operation of the counterparties in the process of holding positions, and will take countermeasures promptly in the event of any significant risk events.
4. For the internal control risk, the Company intends to take the following measures: firstly, the Company will carry out the business in strict accordance with the annual plan of foreign exchange preservation, and the specific business shall be approved by the relevant authorized personnel of the Company before processing; secondly, the Company will clearly define the responsibilities and authority of the positions of foreign exchange preservation business, and ensure the separation, constraint and supervision of incompatible positions for foreign exchange preservation business; thirdly, the Company prohibits one person from processing the whole process of foreign exchange preservation business, while the personnel for processing the business shall have the corresponding business competence; fourthly, through the foreign exchange risk management auditing and supervisory system, the Company will carry out supervision and inspection of foreign exchange preservation business norms and the effectiveness of the internal control mechanism on a regular basis.
5. For compliance risk, the Company intends to take the following measures: Firstly, the Company concludes contracts with counterparties in compliance with the Civil Code of the People's Republic of China and relevant laws and regulations; secondly, the legal compliance department shall conduct compliance audits of foreign exchange contracts; thirdly, third-party legal advisers or experts shall be consulted for the conclusion of major foreign exchange contracts.

Changes in the market price or product fair value of invested derivatives during the Reporting Period, the analysis of the fair value of derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters

The Company conducted foreign exchange forward and currency swap business with caution for the purpose of hedging, and the market price fluctuated according to the exchange rate of Renminbi against the USD during the Reporting Period.

Involvement in litigation

Not applicable

Date of disclosure of the announcement of the Board for approval of derivative investment

23 February 2023

Date of disclosure of the announcement of the shareholders' meeting for approval of derivative investment

Not applicable

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

Applicable

Not applicable

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable  Not applicable

### (VI) Disposal of material assets and equity

Applicable  Not applicable

### (VII) Analysis on holding company and joint stock company

Unit: RMB '000

No.	Name of subsidiary	Business scope	Place of establishment/ incorporation	Registered capital	Total assets	Net assets	Net profit
1	China MCC 5 Group Co., Ltd	Engineering contracting, etc	Chengdu	5,004,178	66,678,158	13,883,781	2,518,578
2	China MCC 17 Group Co., Ltd.	Engineering contracting, etc	Ma'anshan	2,050,000	36,041,785	9,769,090	1,476,046
3	Shanghai Baoye Group Co., Ltd.	Engineering contracting, etc	Shanghai	5,285,230	62,035,963	12,727,045	1,434,936
4	China First Metallurgical Group Co., Ltd.	Engineering contracting, etc	Wuhan	2,019,027	27,031,448	6,529,101	1,335,297
5	China Metallurgical Construction Engineering Group Co., Ltd.	Engineering contracting, etc	Chongqing	2,100,000	29,676,478	6,525,488	1,161,049
6	MCC-JJJ Mining Development Company Limited	Resource development, etc	Beijing	3,095,703	7,627,107	2,888,946	1,027,378
7	WISDRI Engineering & Research Incorporation Limited	Design, scientific research, EPC, etc	Wuhan	3,350,000	26,721,268	9,890,410	914,775
8	China MCC 22 Group Co., Ltd.	Engineering contracting, etc	Tangshan	2,780,000	33,651,748	5,328,395	669,019
9	CISDI Group Co., Ltd.	Design, scientific research, EPC, etc	Chongqing	2,300,000	21,294,140	5,925,367	610,180
10	MCC Capital Engineering & Research Incorporation Limited	Design, scientific research, EPC, etc	Beijing	3,283,104	28,184,894	5,182,646	534,495
11	China MCC 19 Group Corp. Ltd.	Engineering contracting, etc	Panzhuhua	3,072,098	28,037,624	4,877,834	522,946
12	China Non-ferrous Engineering Co., Ltd.	Design, scientific research, EPC, etc	Beijing	2,346,730	11,010,132	4,457,150	460,614
13	Central Research Institute of Building and Construction Co., Ltd.	Design, scientific research, EPC, etc	Beijing	2,905,110	14,758,060	4,889,035	391,330
14	MCC Ecological Environmental Protection Group Co., Ltd.	Water resource management, etc	Beijing	3,000,000	6,971,986	3,393,522	350,236
15	China Second Metallurgical Group Corporation Limited	Engineering contracting, etc	Baotou	2,000,000	21,197,633	2,971,159	348,976
16	MCC TianGong Group Corporation Limited	Engineering contracting, etc	Tianjin	2,050,000	30,306,477	4,937,911	311,822
17	China Huaye Group Co., Ltd.	Engineering contracting, etc	Beijing	1,434,900	16,127,412	2,533,468	292,900
18	MCC Communication Construction Group Co., Ltd.	Engineering contracting, etc	Beijing	9,312,258	34,313,477	8,575,447	286,337
19	China MCC 20 Group Co., Ltd.	Engineering contracting, etc	Shanghai	2,050,000	39,653,419	5,128,838	270,188
20	Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	Investigation, design, etc	Wuhan	500,000	3,882,443	1,160,494	253,646

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB '000

No.	Name of entity	Operating revenue	Operating cost	Operating profit	Net profit	Net profit attributable to the parent company
1	China MCC 5 Group Co., Ltd	90,104,864	82,098,467	3,079,580	2,518,578	2,497,369
2	China MCC 17 Group Co., Ltd.	50,648,775	46,029,516	1,639,325	1,476,046	1,476,042
3	Shanghai Baoye Group Co., Ltd.	76,382,094	70,716,511	1,607,579	1,434,936	1,415,037
4	China First Metallurgical Group Co., Ltd.	56,099,321	51,296,836	1,567,902	1,335,297	1,332,750
5	China Metallurgical Construction Engineering Group Co., Ltd	34,981,497	31,665,490	1,355,566	1,161,049	1,160,940
6	MCC-JJJ Mining Development Company Limited	3,875,117	2,472,379	1,036,977	1,027,378	1,027,378

## (VIII) Structured entities controlled by the Company

Applicable  Not applicable

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

### (I) Landscape and trend of the industry

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

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, China's economy will remain an important power source for global economic growth. From a comprehensive perspective, the favorable conditions for our nation's development are greater than the unfavorable factors, and the basic trend towards an economic upturn and long-term improvement remains unchanged. With a series of policy measures taking effect, China's macro economy is expected to further recover to stabilize.

The Company will keep on improving its situation research and judgment by fully utilizing the positive development conditions, capturing market opportunities in all efforts, and performing better in stabilizing growth and risk prevention. Meanwhile, the Company will deeply implement the "1+M+N" regional market layout, centering on economically developed regions, national strategic regions, with focus laid on the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Circle, the Xiongan New Area, and overseas key markets with focus on solid and in-depth cultivation, and closely focusing on "Three Major Projects" for the subsidized housing construction, urban village revamping, the construction of public infrastructure for "normal use and emergency use". By focusing on high-quality projects such as airports, ultra-high-rise buildings, metros, high-grade highways and large-scale photovoltaic power stations etc., the Company will continue to expand its market share. Meanwhile, we will rapidly enhance our ability to provide new products, technical services and overall solutions for the transformation and upgrading of traditional industries, integrating the transformation and upgrading of traditional industries with the cultivation and development of emerging businesses, so as to accelerate the landing and application of new technologies, products, patterns and business models, and to promote the realization of high-quality development of enterprises.

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

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

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

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

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



## REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

The “five strong” are the five aspects of the Company’s capabilities requiring improvement in the future. First, “strong value creation”, i.e., to enhance the sense of responsibility, mission and urgency, speed up the improvement of the Company’s operation quality and value creation ability, and effectively create value for the country, society and Shareholders; second, “strong market competitiveness”, i.e., to further improve the marketing system, optimize the business structure and regional distribution, strengthen the marketing concept of “three optimizations”, and strive to enhance the market competitiveness represented by the public investment ability; third, “strong innovative driving force”, i.e., to strengthen the market application of science and technology achievements, in particular, by promoting the application of “new technologies, new materials and new techniques” in the construction program, technical program and safety and quality program at the construction project site, the Company has effectively transformed the scientific research results into its technical and project advantages, thus truly realizing cost reduction and efficiency improvement as well as management enhancement; fourth, “resource allocation”, i.e., to optimize resource allocation from labor subcontracting, material procurement, professional subcontracting and other aspects, increasing the social allocation ratio, and improving the project profit level; and fifth, “cultural soft power”, i.e., to focus on enhancing the construction of the Company’s corporate culture and soft power, further review and interpret the cultural concepts scientifically, so as to form a corporate culture system that is recognized and followed throughout the Company and to further enhance the cohesion and centripetal force, and to inject vitality for the Company’s restructuring and upgrading.

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

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (III) Operational plan

In 2023, the Company expected to achieve a newly signed contract value of RMB 1,400.0 billion, achieving newly signed contract value of RMB 1,424.779 billion, surpassing the operating target; expected to achieve an operating revenue of RMB 660 billion, achieving an actual operating revenue of RMB 633.870 billion.

In 2024, the Company expects to achieve an operating revenue of RMB 660 billion, a 4.13% increase in operating revenue over 2023, and plan to achieve a newly signed contract value of RMB 1,500 billion, a 5.28% increase in newly signed contract value over 2023. The Company will focus on business management with a strong sense of responsibility and mission to fully complete the annual target, while adhering that quality comes first, efficiency takes priority, coordinating to promote the effective enhancement in quality and reasonable growth in quantity, seeking progress amidst stability and vice versa. In addition, the Company further accelerates the mode conversion and structural adjustment to improve the quality and upgrading, and coordinates the important relationship of becoming stronger, better and larger, and between the long, medium term and the current term., so as to lay a solid foundation for the long-lasting prosperity of the Company.

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

## (IV) Possible risks and measures adopted by the Company

### 1. *Risks associated with macro-economy*

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

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

### 2. *Risks associated with the traditional metallurgical engineering business segment*

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

### *3. Risks associated with the non-steel engineering segment*

Risks relating to non-steel engineering are closely related to national strategic and fixed asset investments policies. Along with the urbanization slowdown, the future added value in construction industry accounted for the share of GDP will be progressively lowered. At the same time, subject to the economic growth rate downturn, local government implied debt control, the tightening of special debt issuance quota, policy adjustments to the PPP project and other factors, non-steel engineering market appears to be excessive production capacity coupled with the intensified "Matthew effect", which will make the market competition even more intense. In the near term, in order to promote stable economic growth, China has kept on releasing new benefits by issuing special national bonds, encouraging increased investment in urban infrastructure construction, and promoting "Three Major Projects" for the subsidized housing construction, urban village revamping, and the construction of public infrastructure for "normal use and emergency use" (平急兩用), bringing opportunities for the development of construction enterprises. In terms of regional development, population and resources concentrates on relatively developed economic city clusters and metropolitan areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Xiong'an New Area, where the five major city clusters have become the main economic growth driver. In the above hotspots, the Company's share of the market remains on the low-end, with inadequate tapping of market potentials.

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

### *4. Risks associated with the real estate development business segment*

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

In order to actively adapt to the requirements of the situation and market changes, the Company will closely monitor the development opportunities brought about by the "Three Major Projects" (三大工程) in line with the spirit of the Central Financial Work Conference by adhering to the relevant policy guidelines, expanding the new mode of sale-type subsidized housing based on the original business for constructing subsidized housing to satisfy the multi-level housing needs in the market while closely tracking the implementation of policies on the urban village remodeling in 22 mega cities by responding proactively to the demand for projects for improving the people's livelihoods, and further accelerate the transformation from a "real estate developer" to a "city operator" and from focusing on "commodity attributes" to highlighting "livelihood attributes". The Company will further insist on the positioning of "houses are for living in, not for speculation", focus on rigid demand and improved demand to explore new potential, focus on product structure, service model and cash flow, further control the pace of land acquisition, improve the ability of payment collection of projects, solve the problem of existing projects, ensure the efficiency of new projects, achieve steady development, continue to do a good job to ensure the delivery of buildings, people's livelihood and stability, and improve the product, service and brand power as a whole.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 5. *Risks associated with financial segment*

Globally, the major economies in Europe and the United States sustained interest rate hikes to raise market interest rates. In view of the global economic growth slowdown, the existence of geopolitical risks coupled with the concurrent existence of cooperation and competition among countries, it is expected that the central banks of the developed markets around the world will enter into an interest rate reduction cycle in 2024, however, it is unlikely that there will be a fundamental change in the high-interest rate environment in the short term, with limited economic recovery efforts. In addition, China's short-term economic downward pressure remains relatively large, with traditional industries in urgent need of restructuring and upgrading, together with the nurturing of the new economies, which render an overlay of cyclical and structural conflicts. Besides, as the national economy remains in a critical stage of recovery featuring with strong economic resilience and sufficient potential, the fundamentals of a long-term upturn remain unchanged, with market opportunities and risks concurrently existing.

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

## 6. *Risks associated with bulk commodity prices*

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

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

## 7. *Risks associated with international operations*

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

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## 8. *Environmental and safety production risks*

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

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

## 9. *Risks associated with documents fraud or theft*

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

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

## 10. *Cyber risk and security*

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

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

## (V) Others

Applicable  Not applicable

## VII. EXPLANATION ON THE COMPANY'S FAILURE TO MAKE DISCLOSURE IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OF STANDARDS OR SPECIAL REASONS AND THE REASONS THEREOF

Applicable  Not applicable

## VIII. OTHER DISCLOSURES AS REQUIRED BY THE HONG KONG STOCK EXCHANGE

### (I) Major Customers and Suppliers

For details of the major customers and suppliers of the Company, please refer to "Information of major sales customers and major suppliers" on pages 47 to 48 of this report.

None of the Directors, their respective associates or any Shareholders (interested in 5% or more of the share capital to the best knowledge of the Board) has any interest in any of the five largest suppliers or the Company's five largest customers.

### (II) Employees

For details of the employees, please refer to "Employees of the Parent Company and Principal Subsidiaries at the end of the Reporting Period" on page 106 of this report.

### (III) Reserves and Distributable Reserves

During the Reporting Period, details of movements in the reserves of the Company are set out in the consolidated statement of changes in Shareholders' equity from pages 188 to 189 of this report and Note VII52 to the consolidated financial statements on pages 307 to 308.

Pursuant to the Company Law of the People's Republic of China, retained earnings could be distributed as dividends upon deducting statutory surplus reserve. As at 31 December 2023, the retained earnings of the Company amounted to RMB 5,973,377 thousand.



# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) Donation

During the Reporting Period, the Company's external donation amounted a total of approximately RMB 4.1477 million, including charitable funds donated to Baoshan District, Shanghai, Lu'an City, Ma'anshan City and Ningyuan County, Hunan Province; in addition, it donated relevant funds to University of Science and Technology Liaoning and Inner Mongolia University of Science & Technology; and donated disaster relief funds and charitable material to overseas project sites of companies in Afghanistan, Pakistan, Papua New Guinea, Turkey, etc. In addition, the Company allocated RMB 17.44 million in aid given gratis to the designated support targets and undertook consumption assistance totaling RMB 18.7697 million.

For details of public welfare donations and poverty alleviation donations, please refer to "II. Social Responsibility Work" and "III. The Specific Work to Consolidate and Expand the Achievements in Poverty Alleviation and to Promote Rural Revitalization" on pages 132–133 in this report.

## (V) Dividends

For the details of the cash dividend distribution proposal of the Company during the Reporting Period, please see "Proposal for Profit Distribution or Transfer of Capital Reserve to Share Capital" on pages 107 to 109 of this report.

## (VI) Properties Held for Development or Sale

Locations	Current land use	Site area (sq.m.)	Floor area (sq.m.)	Status of project	Progress towards completion	Estimated completion date	Percentage of the interest attributable to the Company in the development projects
To the west of Jiangbian Road, east of Huilong Bridge, west of Jiangbian Road, north of Yangtze River Bridge, south of Guihua Road, Xiaquan District, Nanjing City	Sales after development, planned uses are mainly residential, commercial, etc.	321,952.01	1,369,629.06	Under construction	70.15%	2025	98.52%
Nantumen Village and, Hongshila Village, Xinglong Town, Xinglong County, Chengde City, Hebei Province	Sales after development, planned uses are mainly residential, commercial, etc.	739,074.65	895,474.51	Under construction	71.51%	2027	100.00%
No. 333, Hongyanhe Yi Road, Jimo District, Qingdao City	Sales after development, planned uses are mainly residential, commercial, etc.	148,950.00	401,776.75	Under construction	87.74%	2024	100.00%
Binhai Road, Muping District, Yantai City	Sales after development, planned uses are mainly residential, commercial, etc.	711,882.00	604,732.00	Under construction	91.51%	2025	51.00%
To the south side of Jingu Street and the west side of Northwest East Road in Sanhe City; to the north side of Jingu South Street and the west side of Northwest East Road	Sales after development, planned uses are mainly residential, commercial, etc.	146,476.00	382,247.47	Under construction	57.00%	2027	100.00%
Jiangbei District, Chongqing	Commercial and residential	678,259.00	399,216.99	Under construction	53.23%	2026	100.00%

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## **(VII) Risk Factors**

For risk factors faced by the Company, please refer to “(IV) Possible risks and measures adopted by the Company” on page 65 to 69 of this report.

## **(VIII) The Company’s Environmental Policy and Performance**

The Company has thoroughly implemented Xi Jinping’s thoughts on ecological civilization, comprehensively followed the spirit of General Secretary Xi Jinping’s important speech at the National Conference on Ecological Environmental Protection, and strictly abided by the national laws and regulations, standards and guidance and policies on energy conservation and environmental protection. At the same time, the Company vigorously developed the environmental protection industry, conscientiously implemented the responsibility of ecological and environmental protection, actively promoted energy conservation and emission reduction, and promoted green construction and other related work. The level of performance indicators has been improved significantly.

First, to perfect the construction of environmental protection system and enhance risk management and control. The Company has compiled the Environmental Protection Compliance Manual for Production Enterprises (《生產企業環保合規手冊》) and the Engineering Project Management Manual (《工程項目管理手冊》), and organized a whole-process and multi-level ecological and environmental risk system in a systematic manner. Meanwhile, the contents of the manual have been fully integrated into the environmental protection business system, and an alarm and early warning mechanism has been established to provide effective support for the Company’s decision-making on environmental protection management and the improvement of the environmental protection management level of its subsidiaries.

Second, to launch environmental protection special remediation initiatives to reinforce the construction of long-term mechanism. The Company further emphasized the effectiveness of the rectification of the central environmental protection inspection problems, and comprehensively conducted the “look-back” and self-inspection and self-correction work in light of the ecological and environmental action points of the Yangtze River and the Yellow River Basin.

Third, the Company has organized national-level green construction observatory to establish the low carbon construction brand of MCC. The Company held a national-level green construction observatory to demonstrate the Company’s leapfrog development and achievements in the high-efficiency construction, green construction, smart construction and technological construction in the industrial low-carbon sector. During the year, the Company added 2 new green factories and obtained 77 national green design and construction level assessment projects, representing a year-on-year increase of 28%.

## **(Ix) Legal Liabilities Which Have Significant Impact on the Company**

During the Reporting Period, the Company was not under investigation by judicial authorities or subject to administrative penalties by relevant government authorities due to violation of laws, regulations and policies which have significant impact on the businesses of the Company. For details of the quality control system, compliance with laws and regulations in relation to production safety and operation of the production safety system of the Company, please refer to “7. The operation of the quality control system and production safety system of the Company” on pages 55 to 56 of this report.

# REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

## **(X) List of Directors**

For the list of Directors during the Reporting Period and as at the date of this report, please refer to “VIII. Particulars of Directors, Supervisors and Senior Management” on pages 81 to 83 of this report.

## **(Xi) Liability Insurance Purchased for Directors and Supervisors**

In 2023, the Company renewed the liability insurance of Directors, Supervisors and senior management with Huatai Property Insurance Co., Ltd. and People’s Insurance Company of China Limited for Directors, Supervisors, senior management and management personnel with management and supervising responsibilities, thus guaranteeing the full performance of their duties.

## **(Xii) Equity-Linked Agreements**

During the Reporting Period, no equity-linked agreement was entered into by the Company.

## **(Xiii) Information of Tax Deduction for Holders of Listed Securities**

The Shareholders of the Company are taxed and/or enjoy tax relief for the dividend income received from the Company in accordance with the Individual Income Tax Law of the People’s Republic of China, the Enterprise Income Tax Law of the People’s Republic of China, and relevant administrative rules, governmental regulations and normative documents. Please refer to the announcements published by the Company on the website of SSE on 17 July 2023 for the information on income tax in respect of the dividend distributed to the holders of A Shares and on the HKEX news website of Hong Kong Stock Exchange on 14 July 2023 for the information on income tax in respect of the dividend distributed to the holders of H Shares during the Reporting Period.

## **(Xiv) Purchase, Sale or Redemption of Securities of the Company**

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

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## I. EXPLANATION ON CORPORATE GOVERNANCE

During the Reporting Period, adhering to the “two consistent implementation principles”, the Company further promoted the unity of strengthening the Party’s overall leadership and improving corporate governance, and built a modern enterprise system with Chinese characteristics, and continued to comply strictly with the laws and regulations including the Company Law, the Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the SSE and the Hong Kong Stock Exchange, constantly optimized the establishment and operation of governance system of the general meeting, the Board, the Supervisory Committee, as well as the management and its subsidiaries. As an important part of the corporate governance structure, the Board, the Party Committee, the Supervisory Committee, and the management of the Company discharged their own duties under respective terms of reference, took full responsibility for their own responsibilities and communicate in a timely and effective manner, thus a regulatory mechanism for the co-ordination and efficient operation of all aspects of decision-making, management and supervision has been formed. During the Reporting Period, the corporate governance level of the Company has been further improved, laying a favorable foundation for promoting company development and improving shareholder value.

During the Reporting Period, the Board and its subordinate special committees discharged their duties in strict compliance with the duties and work requirements as authorized by regulatory requirements, and carried out their work pursuant to the Company Law, regulatory rules of the place where the Company’s Shares are listed, Articles of Association, Rules of Procedures for General Meeting and the Board of Directors and other relevant requirements. For the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders’ interests, the Company continued to follow the function of “making strategy, making decisions, and preventing risks”, captured the development opportunity to target strategic layout to dedicate in reform and innovation, continuously and strictly controlled the risks to facilitate sustainable, stable, and high-quality development of the Company.

As of the disclosure date of this report, the Company has five special committees, namely Strategy Committee, Finance and Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Sustainable Development Committee. The Board of the Company has attached importance to the role of special committees in professional review and assisting in decision-making, and proactively promoted the day-to-day work of the special committees. The special committees, in line with the duties and authorities, have carefully studied and submitted to the Board for consideration matters of key concerns of the regulatory bodies and small and medium-sized investors, such as connected transactions, external guarantees, use of proceeds, selection and appointment of accountants, nomination and remuneration of Directors and senior executives, and the construction of the internal control system, in compliance with the laws and regulations. The auxiliary decision-making and risk prevention and control functions of the special committees have played a crucial role in the Company’s decision-making on major matters and risk prevention, which effectively ensures that all work of the listed company is lawful, regulated and independent, and lays a good foundation for improving the professional and efficient deliberations and decision-making of the Board.

During the Reporting Period, the Company deeply implemented the spirit of General Secretary Xi Jinping’s important remarks on the reform and development of state-owned enterprises and Party building, and actively implemented the state-owned enterprise reform and the demands for enhancement. Based on the revision of the securities regulatory system, the governance systems, including the Articles of Association, the Procedural Rules of General Meeting, the Procedural Rules of the Board, the Work System for Independent Directors and the working rules for each special committee, were reorganized and revised to ensure the effective connection of the system documents. The corporate governance system has complied with the requirements of both state-owned regulatory authorities and securities regulatory authorities. Meanwhile, the Company has reasonably standardized authorization, stimulates endogenous power, continuously optimized the authorization system of the Board, improved decision-making mechanisms and decision-making processes at all levels, standardized core control matters and control methods for subsidiaries, and improved the level and efficiency of operation and management.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The Company has actively implemented the requirements of the reform and enhancement action. During the Reporting Period, the Company has promoted the tasks of the reform and enhancement action of the SASAC of State Council with high quality, and consistently launched the activity of “Special Enhancement of the Operation of Boards in Subsidiaries”; the Boards of the subsidiaries has achieved efficient operation within the scope of construction, with outside Directors performing their duties under the law, and further expanded and implemented the terms of reference of the Boards, and nearly half of the subsidiaries have realized the implementation of the powers and functions of the Board together with supporting standardized systems. The Company has guided its subsidiaries within the scope of construction to establish special committees of the Board in a stepwise manner, giving full play to the role of the special committees in supporting decision-making, with remarkable results in reform.

The Board of the Company attaches great importance to environmental, social and governance (ESG) work, implements the new development concept, and adheres to high-quality development. It continuously integrates ESG governance with operation and management, strengthens value creation, improves governance and lays the foundation for sustainable development. It adheres to promoting green development, actively fulfills environmental responsibilities, and continues to practice social responsibilities.

During the Reporting Period, The Company has received an information disclosure grade A rating from the SSE for the seventh consecutive year and been awarded “Golden Round-table • Special Contribution to Corporate Governance” for the fifth consecutive year, and honored the title of “Best Listed Company” by Golden Bauhinia, Ernst & Young 2nd Sustainability Forum Special Jury Award (安永第二屆可持續發展論壇評委會特別大獎), the Tianma Award “the Best Investor Relations Award for Listed Companies”, the Golden Bull Award “the Most Valuable Investment Award”. In addition, the Company also won five best practice case awards for “Corporate Governance”, “Board of Directors”, “ESG”, “Belt and Road” and “Annual Results Presentation” from China Association for Public Companies for 2023.

Whether the corporate governance has any discrepancies with the laws, administrative regulations and the relevant requirements of the CSRC on the governance of a listed company or not. If yes, reasons shall be explained

Applicable       Not Applicable

## II. COMPLIANCE OF CORPORATE GOVERNANCE CODE BY THE COMPANY

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.

## III. THE CORPORATE CULTURE OF THE COMPANY

As the “national team” of metallurgical construction, the Company has been growing up along with the development of New China, playing an indispensable role in the process of China’s iron and steel industry from scratch and from weak to strong, and has successively formed such cultural concepts as “building Ansteel as national propeller”, “three major lines for people and materials”, “working together to build Baosteel”, which have a deep era heritage and metallurgical features in the industry. In recent years, with the transformation and upgrading of the Company and its continuous development, the connotation of enterprise culture has been continuously enriched and improved, which has successfully promoted the Company to realize high-quality development in the new era.

**Development vision:** Centering on main businesses and building a better MCC

“Centering on main businesses” means always maintaining the international high-end level and the whole metallurgical industry, with the overwhelming world-class core technologies, continuous innovation and R&D in autonomous & controllable capabilities, and irreplaceable advantages of whole metallurgical industry consolidation and integration, and bearing the responsibility of leading China into a steel power with a metallurgical industry featuring intelligence, greenness, low carbon, and high efficiency; “Building a better MCC” is aimed at building the Company into an “ideal highland for the youth, a venture development platform for the middle-aged, and a resting and recuperating harbor for the elderly”.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

**Striving goals:** Goals for “one building, two most, five strong”

Guided by the goal of creating a world-class enterprise with global competitiveness, the Company endeavors to be the best overall solution provider for metallurgical construction and operation with super core competitiveness and the internationally renowned and domestically leading general contracting service provider for fundamental construction, so as to become a world-class investment and construction group with strong value creativity, strong market competitiveness, strong innovation driving force, strong resource allocation, and strong cultural soft power.

**Strategic positioning:** to become the world-class metallurgical construction national team, the main force and vanguard in basic construction, the frontrunner and pioneer in emerging industries, and to persistently pursue a path of high-tech, high-quality innovative development over the long term.

**Core values:** efficiency creates value, innovation drives development, and quality builds eternity

**Social responsibility concept:** continuous innovative development and jointly building the future of the world

**Motto of MCC personnel:** MCC people cast the world by heart

In 2024, the Company will further reinforce the building of the soft power in corporate culture, further review and interpret the cultural concepts in a scientific manner by constructing a corporate culture system that is more recognized and followed throughout the Company to enhance the cohesion and centripetal force, and inject vitality and vigor into the Company’s further transformation and upgrading.

## IV. SPECIFIC MEASURES TAKEN BY CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS TO ENSURE THE INDEPENDENCE OF THE COMPANY’S ASSETS, PERSONNEL, FINANCIAL, INSTITUTION AND BUSINESSES, ETC., AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP PLANS OF AFFECTING THE INDEPENDENCE OF THE COMPANY

The Company is strictly separated from its Controlling Shareholder and de facto controllers in assets, personnel, finance, corporate and businesses, etc. There is no situation in which there is no guarantee of independence or the ability to operate independently.

In order to safeguard the independence of the operation and protection of the Company and the legal rights and interests of other Shareholders of the Company, the Controlling Shareholder and the de facto controller of the Company undertake that they will continue to protect the independence of the Company in assets, personnel, finance, corporate and businesses, etc. during the period in which they are entitled to control over the Company or they have relatively material impact on MCC. They shall be liable for all losses of the Company arising from any breach of the above undertakings.

**The Controlling Shareholders, the de facto controllers and other entities under their control are engaged in the same or similar business as the Company, and the impact of horizontal competition or major changes in the horizontal competition on the Company, the measures taken, the progress of the resolution and the subsequent solution plan when horizontal competition or horizontal competition**

Applicable       Not Applicable

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## V. SUMMARY OF THE GENERAL MEETINGS

Sessions of the meeting	Convening date	Enquiry index of the designated website for the publication of the resolutions	Date of publication of the resolutions	Resolutions of the meeting
2023 Annual General Meeting	26 June 2023	<a href="http://www.see.com.cn">www.see.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>	26 June 2023	12 resolutions were considered and approved at the meeting, including the resolution in relation to the “Work Report of the Board of MCC for the Year 2022”, the resolution in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2022”, the resolution in relation to the report on final accounts of MCC for the year 2022, the resolution in relation to the profit distribution plan of MCC for the year 2022, the resolution in relation to the emoluments of Directors and Supervisors of MCC for the year 2022, the resolution in relation to the plan of guarantees to be provided by MCC for the year 2023, the resolution in relation to the appointment of auditor for financial report and internal control auditor for the year 2023, the resolution in relation to the adjustment of 2023 annual cap and the setting of 2024 annual caps for daily connected transactions/ continuing connected transactions and renewal of the agreement on mutual supply of consolidated raw materials, products and services, the resolution in relation to the closure of part of the A-share fund raising project and the use of the surplus proceeds for permanent replenishment of liquidity, the resolution in relation to the amendments to the Articles of Association, the resolution in relation to the amendments to the Rules of Procedure for the General Meetings and the resolution in relation to the amendments to the Rules of Procedure for the Board Meetings.



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Sessions of the meeting	Convening date	Enquiry index of the designated website for the publication of the resolutions	Date of publication of the resolutions	Resolutions of the meeting
2023 First Extraordinary General Meeting	11 September 2023	www.see.com.cn www.hkexnews.hk	11 September 2023	13 resolutions were considered and approved at the meeting, including the Resolution on Granting General Authorization to the Board to Issue New Shares, the Resolution on the Company's Compliance with the Conditions for the Issuance of Preferred Shares to Specific Participants, the Resolution on the 2023 Preferred Share Issuance Plan of the Company to Specific Participants, the Resolution on the Proposed Issuance of Preferred Shares to Specific Participants in 2023, the Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Issuance of Preferred Shares to Specific Participants in 2023, the Resolution on the Dilution of Immediate Returns from the Issuance of Preferred Shares to Specific Participants, Filling Measures and Commitments by Relevant Entities in 2023, the Resolution on the Plan for Shareholders' Return on Dividends for the Next Three Years (2023- 2025), the Resolution on Exemption from the Preparation of the Report on the Use of the Capital Previously Raised, the Resolution on Amending the Articles of Association of Metallurgical Corporation of China Ltd. after the Issuance of Preferred Shares, the Resolution on Amending the Rules of Procedure of the General Meeting of Metallurgical Corporation of China Ltd. after the Issuance of Preferred Shares, the Resolution on Amending the Rules of Procedure of the Board of Metallurgical Corporation of China Ltd. applicable after the Issuance of the Company's preferred shares, the Resolution on Amending the System for the Management of A-share Proceeds of Metallurgical Corporation of China Ltd. applicable after the Issuance of the Company's preferred shares, and the Resolution on Authorizing the Board and Persons Authorized by the Board to Handle Matters Relating to the Issuance of Preferred Shares to Specific Participants.

Preferred shareholders with restored voting rights request to convene an extraordinary general meeting

Applicable  Not Applicable

Explanation on General Meeting

On 26 June 2023, the Company convened the 2022 Annual General Meeting, where Mr. Chen Jianguang, being the chairman of the Company, Mr. Zhou Jichang, being the Independent Director of the Company, Mr. Yin Sisong, being the chairman of the board of supervisor of the Company, Mr. Chu Zhiqi, being the Supervisor of the Company, and Mr. Wang Zhen, being Secretary to the Board, attended the meeting.

On 11 September 2023, the Company convened the 2023 First Extraordinary General Meeting, where Mr. Chen Jianguang, being the chairman of the Company, Mr. Yin Sisong, being the chairman of the board of supervisor of the Company, Mr. Chu Zhiqi, being the Supervisor of the Company, and Mr. Wang Zhen, being Secretary to the Board, attended the meeting.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## VI. COMPOSITION OF THE BOARD

At the beginning of 2023, the members of the third session of the Board of the Company were Mr. Chen Jianguang, the executive Director and chairman, Mr. Zhang Mengxing, the executive Director and president, Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny, the Independent Non-executive Directors, and Mr. Yan Aizhong, the employee representative Director. On 7 November 2023, the Board received a written resignation report from Mr. Zhang Mengxing, the executive Director and president. Mr. Zhang Mengxing resigned from his positions of executive Director, president, relevant positions of the special committees of the Board as he had reached the statutory retirement age. The members of the third session of the Board of the Company have been changed to: Mr. Chen Jianguang, the chairman and executive Director; Mr. Zhou Jichang, the Independent Non-executive Director; Mr. Lang Jia, the Non-executive Director; Mr. Liu Li, the Independent Non-executive Director; Mr. Ng, Kar Ling Johnny, the Independent Non-executive Director; and Mr. Yan Aizhong, the employee representative Director.

None of the Independent Non-executive Directors of the Board held any position of the Company other than the Directors of the Company. Among them, Mr. Ng, Kar Ling Johnny and Mr. Liu Li have expertise in the fields of financial management and accounting, in compliance with the Hong Kong Listing Rules. Pursuant to the confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules, the Company is of the view that each of the Independent Non-executive Directors is independent. All the independent Non-executive Directors are able to give objective and independent opinions on decisions, thus ensuring the independence and fairness of the decisions made by the Board. All of the Directors have performed their duties with loyalty, integrity and diligence to serve the interests of the Company and all the Shareholders.

Save for their services to the Company, there is no financial, business or family relationship among the Directors and between them and the presidents, nor any other material relationship among them.

During the Reporting Period, the Company purchased liability insurance for all Directors.

In terms of Board member diversity, there are five mainland Directors and one Hong Kong Director on the Board; in terms of professional background, the Board comprises senior experts in corporate management as well as professionals in finance, legal and human resources; in terms of personal career experience, the Board comprises corporate executives as well as experts and scholars who have worked in government, universities and accounting firms for many years. The diversified Board brings diversified ways of thinking to the Company, forming a good complement to each other and promoting scientific decision-making of the Board.

In the next step, the Company will actively follow the requirements of the Hong Kong Stock Exchange to promote gender diversity in the Board, making “her contribution” to the scientific and effective decision-making of the Board. It is expected that the gender diversity objective will be met by December 2024, both at the Board level and at all employee levels, including senior management.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, through study and training, all Directors practically enhanced their duty performance capability and updated the professional knowledge and skills required for the performance of their duties. The specific contents of training/study participated by Directors during the Reporting Period are as follows:

<b>Name of Directors</b>	<b>Date of training</b>	<b>Contents of training/study</b>
Chen Jianguang	December 2023	Special Training on Management Measures for Independent Directors of Listed Companies under Beijing Jurisdiction organized by SSE
Zhou Jichang	October 2023	2023 Phrase III Follow-up Training for Independent Directors of Listed Companies organized by SSE
Lang Jia	December 2023	Special Training on Management Measures for Independent Directors of Listed Companies under Beijing Jurisdiction organized by SSE
Liu Li	October 2023	2023 Phrase III Follow-up Training for Independent Directors of Listed Companies organized by SSE
Yan Aizhong	December 2023	Special Training on Management Measures for Independent Directors of Listed Companies under Beijing Jurisdiction organized by SSE

## VII. DUTIES AND OPERATION OF THE BOARD

The Board is elected at, and accountable to, general meetings. In accordance with the requirements of the Articles of Association, the Board is mainly responsible for convening general meetings, reporting the work to the general meetings, implementing the resolutions of general meetings, deciding the Company's strategies and plans, deciding the Company's business and investment plans, deciding matters such as major investment and finance, asset acquisition and disposal, asset mortgage, financial support, entrusted asset management, external donation and connected transactions within the authorization of general meetings, the formulation of the Company's annual financial budgets and final accounts, the formulation of the Company's profit distribution plans and plans for making up for losses, the formulation of proposals for increase or reduction in the Company's registered capital, the formulation of plans on the issuance of bonds or other securities and the listing scheme, the preparation for the Company's material acquisitions, purchases of the Company's shares, mergers, demergers, dissolutions or changes in the Company's form, as well as the formulation of the amendment proposal for the Articles of Association. In addition, pursuant to the requirements of the Corporate Governance Code, the Board undertakes corporate governance functions such as formulating corporate governance policy and practice, monitoring trainings for Directors and senior management and supervising the Company's compliance of laws and regulations, as well as the Corporate Governance Code.

Under the leadership of the Board, the management of the Company executes the resolutions of the Board and is responsible for the daily operation and management of the Company.

The roles of chairman and president of the Company are segregated. The chairman and the president of the Company perform their respective duties in accordance with the relevant requirements regarding division of duties set out in rules such as the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for President of the Company.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The chairman is mainly responsible for presiding over general meetings and convening and presiding over Board meetings, checking and facilitating the implementation of the resolutions of the Board, nominating candidates for the secretary to the Board, supervising and examining the performance of each special committee under the Board, organizing and formulating rules for the operation of the Board, coordinating the operation of the Board, receiving regular or irregular work reports submitted by the senior officers of the Company and advising on the implementation of the resolutions of the Board, and performing other duties required by laws, administrative regulations, department regulations or the Articles of Association, and authorized by the Board.

The president is accountable to the Board and is mainly responsible for taking charge of the Company's production, operation and management and reporting his work to the Board, coordinating to implement resolutions of the Board, coordinating to implement the Company's annual business plans and investment plans formulated by the Board, drafting plans for the establishment of the Company's internal management structure, drafting the Company's basic management system, formulating specific rules and regulations of the Company; proposing to the Board to appoint or dismiss the vice president of the Company and the financial officer; appointing or dismissing other management personnel other than those who shall be appointed or dismissed by the Board; signing important legally binding documents on behalf of the Company under the authorization of the legal representative of the Company; preparing the plan of merger, demerger and restructuring of subsidiaries of the Company; preparing the plan of establishment of the branch offices of the Company; and preparing the salary, benefits and award and punishment policies and programs of the employees of the Company; entrusting by the Board to exercise special dispositive power over the affairs of the Company in compliance with the provisions of the law and the interests of the Company in the event of force majeure or major critical circumstances that render it impossible to convene a Board meeting in time in case of emergency, and to report to the Board thereafter; formulating a plan for the establishment of a legal compliance management system of the Company, and organizing the implementation thereof after approval by the Board; and other powers and functions as stipulated in the laws, administrative regulations, departmental rules and regulations, or in the Articles of Association, and as conferred by the Board.

In order to ensure that the Board receives independent views and opinions, the Company clearly stipulates in the Rules of Procedure for the Board of Directors that a Director may obtain information required for decision-making from the Company and relevant persons and organs, and may also suggest that representatives of relevant persons and organs attend the meeting to explain the relevant circumstances. If a Director needs to obtain advice from an independent professional intermediary in order to properly fulfil the Director's responsibilities and obligations to the Company, the Director may make a reasonable request to the Board to that effect, and the Board may pass a resolution to provide the Director with the advice of the professional intermediary, and the Company shall bear the relevant intermediary fees. The Company has implemented the above mechanism to effectively ensure the independence of the Directors. The Board has reviewed the implementation and effectiveness of the mechanism during the Reporting Period and concluded them to be effective.

Directors are accountable to financial reports. When preparing the financial statements for the year ended 31 December 2023, Directors have chosen and applied appropriate accounting policies and made prudent and reasonable judgments and estimations to truly and fairly reflect the position, results and cash flow of the financial year. The statement made by the auditor of the Company on their reporting responsibilities is set out in the "Auditor's Report" beginning on page 174 of this annual report.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## VIII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: share

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from Company during the Reporting Period (RMB'000)	Whether obtained remuneration from the connected parties of the Company
<b>Incumbent</b>											
Chen Jianguang	Chairman and executive Director	Male	57	2022-01-26	Till the expiry date of the fourth session of the Board	0	0	0	-	0	Yes
Zhou Jichang	Independent Non-executive Director	Male	73	2019-03-12	Till the expiry date of the fourth session of the Board	0	0	0	-	27.14	No
Lang Jia	Non-executive Director	Male	70	2022-01-26	Till the expiry date of the fourth session of the Board	0	0	0	-	26.24	No
Liu Li	Independent Non-executive Director	Male	68	2022-01-26	Till the expiry date of the fourth session of the Board	0	0	0	-	27.14	No
Ng, Kar Ling Johnny	Independent Non-executive Director	Male	63	2020-04-29	Till the expiry date of the fourth session of the Board	0	0	0	-	27.44	No
Yan Aizhong	Employee representative Director	Male	56	2020-08-31	Till the expiry date of the fourth session of the Board	0	0	0	-	142.49	No
Yin Sisong	Chairman of the Supervisory Committee	Male	60	2020-10-15	Till the expiry date of the fourth session of the Supervisory Committee	28,100	28,100	0	-	158.99	No

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from Company during the Reporting Period <i>(RMB'000)</i>	Whether obtained remuneration from the connected parties of the Company
Zhang Yandi <sup>(Note 1)</sup>	Supervisor	Female	45	2019-03-12	Till the expiry date of the fourth session of the Supervisory Committee	0	0	0	-	0	No
Chu Zhiqi	Employee Representative Supervisor	Male	53	2019-03-12	Till the expiry date of the fourth session of the Supervisory Committee	0	0	0	-	53.99	No
Zou Hongying	Vice President and Chief Accountant	Female	59	2019-03-12	Upon reappointment/dismissal by the Board	40,000	40,000	0	-	144.01	No
Qu Yang	Vice President	Male	53	2019-03-12	Upon reappointment/dismissal by the Board	70,000 <sup>(1)</sup>	70,000 <sup>(1)</sup>	0	-	142.49	No
Zeng Jianzhong	Vice President	Male	58	2019-03-12	Upon reappointment/dismissal by the Board	0	0	0	-	142.49	No
Liu Fuming	Vice President	Male	60	2019-03-12	Upon reappointment/dismissal by the Board	0	0	0	-	133.29	No
Bai Xiaohu	Vice President	Male	56	2020-08-28	Upon reappointment/dismissal by the Board	0	0	0	-	146.38	No
Zhu Guangxia	Vice President	Male	44	2020-08-28	Upon reappointment/dismissal by the Board	0	0	0	-	146.57	No
Wang Zhen	Secretary to the Board	Male	50	2022-12-16	Upon reappointment/dismissal by the Board	0	0	0	-	117.17	No

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from the Company during the Reporting Period <i>(RMB'000)</i>	Whether remuneration obtained from the connected parties of the Company
<b>Resigned</b>											
Zhang Mengxing	Executive Director and President (Resigned)	Male	60	2019-03-12	2023-11-07	60,032	60,032	0	-	155.18	No
Total	/	/	/	/	/	198,132	198,132	0	-	1,591.00	/

- Notes: 1. Ms. Zhang Yandi receives remuneration only from the relevant subsidiaries as a result of her position in the subsidiaries of the Company.
2. The shares of the Company held by Mr. Qu Yang are H shares.

## Biographical details of current Directors, Supervisors and senior management

### Name Major work experience

**Chen Jianguang** Born in April 1966, Chinese nationality with no right of abode overseas, Mr. Chen is currently the Chairman, executive Director of the Company, and concurrently serves as a member of the Communist Party Committee and a vice general manager of China Minmetals Corporation as well as the Chairman and secretary of the Communist Party Committee of CMGC. Mr. Chen previously served as Manager of Overseas Section, director of the office, Assistant to chairman, the secretary to the board of directors and deputy chief accountant of China Construction Second Engineering Bureau Co. Ltd ("CCSEB"). He served as the chief accountant, deputy director and member of the standing committee of the Communist Party Committee from January 2003 to February 2006 of CCSEB. He served as the director, general manager and deputy secretary of the Communist Party Committee of CCSEB from February 2006 to December 2007. He served as chairman of the board of directors and secretary of the Communist Party Committee of CCSEB from December 2007 to December 2019, during the period concurrently served as the chairman of the board of directors of Power Construction Corporation of China Ltd.. He served as the general manager of the investment department of China State Construction Engineering Corporation from December 2019 to October 2021. He served as the member of the Communist Party Committee and the deputy general manager of China Minmetals Corporation since October 2021, and the chairman of the board of directors and secretary of the Party Committee of CMGC since December 2021; he served as the chairman of the Company since January 2022. Mr. Chen graduated from Guangdong University of Foreign Studies, majoring in English (bachelor's degree), and University of Chinese Academy of Sciences (中國科學院大學), majoring in management science and engineering (doctoral graduate). Mr. Chen is a senior economist.



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Zhou Jichang	<p>Born in December 1950, Chinese nationality with no right of abode overseas, Mr. Zhou currently serves as an independent non-executive Director the Company, a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (英達公路再生科技(集團)有限公司), Independent non-executive Director of Zhejiang Communications Technology Co., Ltd. (浙江交通科技股份有限公司), honorary president and director of expert committee of China Highway Construction Association (中國公路建設業協會). He is a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Zhou successively served as technician, engineer, deputy officer of the bridge design workshop, personnel director and deputy director of CCCC First Highway Survey &amp; Design Institute (交通部第一公路勘察設計院) from January 1977 to May 1992. He served as vice chairman of the board of directors, deputy general manager, chairman of the board of directors and general manager of China Road and Bridge Construction Corporation (中國公路橋樑建設總公司) from May 1992 to November 1997. He served as chairman of the board of directors, president and secretary of the Communist Party Committee of China Road and Bridge Corporation (中國路橋(集團)總公司) from November 1997 to August 2005. He served as chairman of the board of directors, general manager and deputy secretary of the Communist Party Committee of China Communications Construction Group (Limited) (中國交通建設集團有限公司), and chairman of the board of directors and secretary of the Communist Party Committee of China Communications Construction Company Limited (中國交通建設股份有限公司) from August 2005 to April 2013. Mr. Zhou is a senior engineer with a master's degree.</p>
Lang Jia	<p>Born in February 1954, Chinese nationality with no permanent right of abode overseas, Mr. Lang currently serves as a non-executive Director of the Company. Mr. Lang previously served as a division-Head level cadre of Executive Office of the Liaoning Provincial Government, procurator of Supreme People's Procuratorate of the People's Republic of China and the head of the secretarial division of the general office from August 1992 to February 1996; deputy director of the discipline inspection office in the China National School of Administration from August 1996 to June 2001; Director of the discipline inspection office of China National School of Administration (Director) and the Deputy Secretary of the Council's Party Committee from June 2001 to June 2006; a member of the Communist Party Committee, Discipline Inspection Team Leader and chief legal counsel of China Electronics Corporation from June 2006 to December 2014; Chairman of the Supervisory Committee of China Greatwall Technology Group CO., LTD. from August 2006 to July 2014, director of China Electronics Corporation from March 2008 to 2014; the chairman of CRIDC from July 2013 to December 2014 and an external director of China Minmetals Corporation from April 2015 to July 2021. Mr. Lang graduated with a bachelor's degree in Chinese from Liaoning Normal University in July 1982 and participated in a one-year training course for the middle-aged and youth organized by the Central Community Party School in 2003.</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Liu Li	<p>Born in September 1955, Chinese nationality with no permanent right of abode overseas, Mr. Liu currently serves as an independent non-executive Director the Company, the Professor of Guanghua School of Management of Peking University. He is the external supervisor of Cinda Asset Management Co., Ltd.. Mr. Liu Li taught at Beijing Institute of Iron and Steel from September 1984 to December 1985, and has been teaching in Guanghua School of Management (formerly known as Economic Management Department of School of Economics) of Peking University since January 1986. Mr. Liu was an independent non-executive director of listed companies, including Bank of Communications Co., Ltd., China Machinery Engineering Corporation and Zhongyuan Special Steel Co., Ltd., CNPC Capital Company Limited and China International Capital Corporation Limited, etc. Mr. Liu served as an external director of Metallurgical Corporation of China Ltd. from December 2006 to September 2008 and an independent non-executive Director of the Company from November 2008 to November 2014. Mr. Liu obtained a master degree in physics from Peking University in July 1984 and MBA from Catholic University of Louvain in Belgium in July 1989. Mr. Liu is a professor.</p>
Ng, Kar Ling Johnny	<p>Born in December 1960, Mr. Ng is a resident of the Hong Kong Special Administrative Region, currently serves as an independent non-executive Director, independent director of China Petroleum &amp; Chemical Corporation (中國石油化工有限公司) and China Telecom Corporation Limited (中國電信股份有限公司). He is concurrently a vice director member of the second session of the Independent Director Specialized Committee of China Association for Public Companies (中國上市公司協會). Mr. Ng obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1984 and 1999, respectively. Mr. Ng joined KPMG (Hong Kong) in 1984 and became a partner in 1996. He subsequently became the vice chairman of KPMG (China). He is currently a practicing certified public accountant in Hong Kong, a practicing auditor and certified public accountant in Macau, a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Association of Chartered Certified Accountants (FCCA), and a fellow member of the Institute of Chartered Accountants in England and Wales (FCA).</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Yan Aizhong	<p>Born in June 1967, Mr. Yan is of Chinese nationality with no right of abode overseas and is currently the employee representative Director and deputy secretary of the Party Committee of the Company, and also serves as the employee representative Director and deputy secretary of the Party Committee of CMGC. Mr. Yan successively served as the deputy secretary of the Party Committee (presided over the work), the secretary of the Discipline Committee, Chairman of the Trade Union, the secretary of the Party Committee of the Machinery and Electric Branch of China Second Metallurgical Construction Corporation Limited* (subsequently renamed as China Second Metallurgical Group Corporation Limited* ("CSMGC")), and an assistant to the general manager of CSMGC. He served as the deputy general manager, the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the chairman of the labor union of CSMGC from January 2010 to September 2012, the head of the Party Committee promotion department of the Company from September 2012 to January 2013, the director of the general office of the Company from January 2013 to November 2014 (during which, he concurrently served as the director of the general office to the board of directors of the Company from May 2014 to November 2014). He served as the head of Party Committee organization department of the Company and the head of human resources department from November 2014 to May 2016. He served as the head of Party Committee organization department of the Company from May 2016 to March 2022. He has been a Supervisor of MCC from August 2016 to March 2019, and has been an assistant to the president of MCC from May 2017 to March 2018. Mr. Yan has been the vice president of the Company from March 2019 to September 2019. He served as the deputy secretary of the Company since September 2019 and the deputy secretary of the Party Committee of CMGC. Since August 2020, he has served as the employee representative Director of the Company and the employee representative Director of CMGC. Mr. Yan graduated from the mechanical and electrical engineering department of Baotou Iron &amp; Steel College, majoring in industrial electrical automation, with a bachelor's degree, and from Inner Mongolia Autonomous Region Committee Party School, majoring in economic management, with a postgraduate degree. Mr. Yan is a professorate senior engineer.</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Yin Sisong	<p>Born in March 1964, Chinese nationality with no right of abode overseas, Mr. Yin currently serves as the chairman of the Supervisory Committee of the Company and also serves as the chairman of the Supervisory Committee of CMGC. Mr. Yin joined China MCC 17 Construction Co., Ltd. (hereinafter referred to as "MCC 17") in August 1983. Since September 1991, he served successively as secretary of the Youth League Committee and director of the Chemical Plant of the Eighth Company of MCC 17. From December 1996, he served successively as deputy manager of Mechanical and Electrical Installation Company and manager of Huafeng Company of MCC 17. Since December 2002, he served successively as deputy secretary of the Party Committee, secretary of the Disciplinary Committee, chairman of the Labor Union and deputy general manager of MCC 17. From May 2010 to November 2014, he served successively as director of the Corporate Culture Department, director of the Party and Mass Work Department, director of the Human Resources Department and deputy director of the Organization Department of the Party Committee of the Company. From November 2014 to September 2016, he served as director of the General Office, director of the Office of the board of directors, director of the Work Department of the Supervisory Committee and director of the Office of the Party Committee of the Company. From September 2016 to April 2018, he served as director of the General Office of China Minmetals Corporation. From April 2018 to July 2020, he has served as director of the General Office (later renamed as Office), director of the Party Group Office, director of the Office of the board of directors, director of the Administrative Service Center of China Minmetals Corporation, chairman of the Supervisory Committee of CMGC since July 2020 and chairman of the Supervisory Committee of the Company since October 2020. Mr. Yin graduated from Chaohu Teachers College (巢湖師範專科學校), majoring in physics (diploma), and graduated from Anhui Institute of Business Administration (安徽工商管理學院), majoring in business administration (postgraduate). Mr. Yin is a senior political engineer and senior economist.</p>
Zhang Yandi	<p>Born in March 1979, Chinese nationality, with no right of abode overseas, Ms. Zhang currently serves as a Supervisor of the Company, and serves as a supervisor of CMGC. Ms. Zhang served successively as the business manager of the planning and finance department of CMGC. She served as the deputy head of the planning and finance division of the planning and finance department (head office) of the Company from June 2010 to October 2012, as the deputy head of the accounting information division and the accounting management division of the finance department of the Company from October 2012 to July 2014, as the head of the accounting management division of the planning and finance department (debt clearance office) of the Company from July 2014 to February 2017, and as the general manager of the financial accounting department of MCC Capital Engineering &amp; Research Incorporation Limited (中冶京誠工程技術有限公司) from February 2017 to March 2018. She has been serving as the deputy head of the capital department of the Company from March 2018 to June 2021, a supervisor of CMGC since August 2018 and a supervisor of the Company since March 2019; she served as the head of the capital department of the Company from June 2021 to May 2022; since May 2022, he has been a member of the Party Committee of China Non-ferrous Engineering Co., Ltd. and the assigned chief accountant and deputy general manager of China ENFI Engineering Corporation. Ms. Zhang graduated from the accounting department of the School of Economics and Management of North China University of Technology (北方工業大學) with a bachelor's degree in economics in 2000, and from the accounting department of the School of Economics and Management of Beijing Jiaotong University (北京交通大學) with a master's degree of management in 2004. Ms. Zhang is a senior accountant and certified accountant.</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Chu Zhiqi	<p>Born in December 1970, Chinese nationality with no right of abode overseas, Mr. Chu currently serves as an employee representative Supervisor of the Company, and concurrently serves as an employee representative supervisor of CMGC. Mr. Chu Zhiqi successively worked in Bureau of Materials in Dingzhou City, Hebei Province (河北省定州市物資局), CRBC International Co., Ltd. (路橋建設國際股份有限公司), CCCC Third Highway Engineering Co., Ltd. (中交三公局) and CCCC Fourth Highway Engineering Co., Ltd. (中交四公局). He joined MCC Inner Mongolia Construction &amp; Investment Co., Ltd. (中冶內蒙古建設投資有限公司) and the Command of MCC Transportation Inner Mongolia Highway Project (中冶交通內蒙古高速公路項目指揮部) in July 2015. He served as the director of the finance department of MCC Inner Mongolia Construction &amp; Investment Co., Ltd. and the Command of MCC Transportation Inner Mongolia Highway Project from October 2015 to March 2016, the director of the audit and supervisory department of MCC Inner Mongolia Construction &amp; Investment Co., Ltd. and the Command of MCC Transportation Inner Mongolia Highway Project from March 2016 to June 2016, the secretary of the Discipline Committee of MCC Inner Mongolia Construction &amp; Investment Co., Ltd. and the secretary of the discipline inspection and working commission of the Command of MCC Transportation Inner Mongolia Highway Project from June 2016 to April 2018. He served as the deputy director of the supervisory department (later renamed the discipline inspection department) of the Company from April 2018 to December 2021. He has been an employee representative supervisor of CMGC since August 2018, an employee representative Supervisor of the Company since March 2019 and the deputy director of finance department (subsequently renamed Capital Operations Center) of the Company from December 2021 to August 2023; since August 2023, he served as the member of the Party Committee and Secretary of the Discipline Inspection Committee of MCC Ecological Environmental Protection Group Co., Ltd.. Mr. Chu graduated from Hebei Material School as a secondary student majoring in material finance accounting. Mr. Chu obtained a college diploma in economic management from Correspondence College of the Party School of Hebei Province (河北省委黨校函授學院), and an undergraduate degree in accounting from Jiangxi Economic Management Cadre Institute (江西省經濟幹部管理學院). He is a certified accountant.</p>
Zou Hongying	<p>Born in September 1964, Chinese nationality with no right of abode overseas, Ms. Zou is currently a member of the standing committee of the Communist Party Committee, the vice President and the Chief Accountant of the Company. Ms. Zou once served as deputy chief and chief of the finance division, deputy chief accountant and chief accountant of the finance division, as well as deputy director of the planning and finance department of China MCC 22nd Construction Corporation, a deputy manager of the planning and finance department under the management department, deputy director (in charge of work) of the audit department, as well as director of the department of finance and asset management, director of finance department and deputy chief accountant of CMGC, and chairman of MCC Jianxin Investment Fund Management (Beijing) Co., Ltd. and the chairman of MCC Finance Corporation Ltd.. Ms. Zou graduated from East China Institute of Technology and subsequently obtained an MBA degree. She is a senior accountant.</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Qu Yang	<p>Born in May 1970, Chinese nationality with no right of abode overseas, Mr. Qu is currently a member of the Standing Committee of the Party Committee and a vice President of the Company. Mr. Qu Yang successively served as deputy director (section level), the director (deputy director level), and secretary of the Communist Party of the technology trade department of the Automation System Research and Design Institution (自動化系統研究設計所貿易部), person in charge of the server operation department, secretary of the Communist Party branch, director and secretary of the Communist Party of the Smart Device Research Institute (智慧裝備研究所) and deputy chief engineer of the Automation Research Institute (自動化研究院) of the Ministry of Metallurgy. He served as vice president (deputy general manager) of Beijing MCC Equipment Research &amp; Design Corporation Ltd. (北京中冶設備研究設計總院有限公司) from December 2009 to January 2013, and secretary of the Communist Party Committee and vice president (deputy general manager) of Beijing MCC Equipment Research &amp; Design Corporation Ltd. from January 2013 to November 2014. Mr. Qu Yang acted as an assistant to the president of the Company from November 2014 to October 2016 and served as the chairman of MCC Asset Management Co., Ltd. from November 2014 to October 2017. He has been servicing as a member of the Standing Committee of the Party Committee and a vice President of the Company since October 2016. Mr. Qu Yang graduated from the Department of Automated Control of Northeast University of Technology, majoring in industrial automation instrument, with a bachelor's degree in engineering, and the College of Information Science and Engineering of Northeastern University, majoring in control theory and control engineering, with a doctoral degree in engineering. He is a professorate senior engineer.</p>
Zeng Jianzhong	<p>Born in October 1965, Chinese nationality with no right of abode overseas, Mr. Zeng is currently the member of the Standing Committee of the Party Committee and the vice President of the Company. Mr. Zeng successively served as the deputy director and the director of the Gas Office and the director of the Gas Ventilation Office of Beijing Iron and Steel Design and Research Institute (北京鋼鐵設計研究總院) under the Ministry of Metallurgy, and the general manager of the Technical Institute of Energy and Environmental Engineering of Capital Engineering &amp; Research Incorporation Limited (中冶京誠工程技術有限公司). He served as an assistant to the president of Capital Engineering &amp; Research Incorporation Limited and concurrently served as the general manager of the Technical Institute of Energy and Environmental Engineering, the general manager of the engineering control department, the general manager of municipal and public facilities engineering department, and the general manager of the metallurgical engineering department. He served as the deputy head (at the ministry level) of the domestic engineering management department and the head of the construction project quota station of metallurgical industry of the Company and the head of the domestic engineering management department (subsequently renamed as the domestic market development department) from June 2013 to May 2017. He served as an assistant to the president of the Company from May 2017 to April 2018 and concurrently the head of the domestic market development department. He has been the vice president of the Company since April 2018. Mr. Zeng Jianzhong graduated from the chemical machinery department of Dalian Institute of Technology, majoring in chemical equipment and machinery, with a bachelor's degree. Mr. Zeng is a professorate senior engineer.</p>



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Liu Fuming	<p>Born in November 1963, Chinese nationality with no right of abode overseas, Mr. Liu currently serves as the member of the Standing Committee of the Party Committee and the vice President of the Company. He also serves as the deputy general manager of CMGC, the chairman of the board of directors, legal representative and secretary of the Communist Party Committee of MCC Real Estate. Mr. Liu served as technician, assistant engineer, deputy team leader, team leader of Anbei team, assistant to the manager, deputy manager, manager of the Pipeline and Railway Engineering Company of China MCC 22nd Construction Corporation (中國第二十二冶金建設公司), served as assistant to the general manager of China MCC 22nd Construction Corporation. From November 2004 to November 2006, he served as the deputy general manager of China MCC 22nd Construction Corporation. From November 2006 to October 2010, he served as deputy general manager of MCC Jingtang Construction Corporation Limited (中冶京唐建設有限公司) (later renamed as China 22MCC Group Co., Ltd. (中國二十二冶集團有限公司)). From October 2010 to April 2013, he successively served as director, general manager and deputy secretary of the Communist Party Committee of MCC Real Estate Co., Ltd. (中冶置業有限責任公司). He served as chairman of the board of directors, legal representative and secretary of the Communist Party Committee of MCC Real Estate since April 2013. From June 2015 to January 2019, he served as assistant to the president of the Company. He served as the vice president of the Company since January 2019. He has served as the deputy general manager of CMGC since September 2019. Mr. Liu graduated from Shenyang Metallurgical Engineering Institute (瀋陽冶金機械專科學校) majoring in welding (associate degree), Jinan University, majoring in computer science (bachelor's degree), and Northeastern University majoring in software engineering (postgraduate) and materials science (doctoral graduate). Mr. Liu is a professorate senior engineer.</p>
Bai Xiaohu	<p>Born in January 1968, Chinese nationality with no right of abode overseas, Mr. Bai is currently the member of the Standing Committee of the Party Committee and the vice President of the Company. Mr. Bai successively served as deputy chief economist of the Operation Department, deputy director of the Marketing Department (deputy division level) in Shanghai Baoye Construction Co., Ltd.; deputy manager of the Guangzhou Higher Education Mega Center Project Department of Shanghai Baoye, manager at Shanghai Baoye's Guangzhou branch and manager of the Engineering Project Department of Guangzhou Higher Education Mega Center; general manager of Shanghai Baoye's south China branch, general manager of its Guangzhou branch, and secretary of its General Party Branch; Assistant to General Manager and head of the General Contracting Department at Shanghai Baoye; deputy general manager of Shanghai Baoye and general manager of the Henan branch of the Company. From October 2015 to October 2016, he served as chairman, general manager, deputy secretary of the Party Committee and secretary of the Party Committee in China Metallurgical Oriental Holdings Co., Ltd.*, and general manager of the Henan branch of the Company. From October 2016 to March 2017, he served as director, general manager and deputy secretary of the Party Committee of Shanghai Baoye and chairman, general manager, and secretary of the Party Committee in China Metallurgical Oriental Holdings Co., Ltd. and general manager of the Henan branch of the Company. From March 2017 to October 2020, He served as chairman of the board of directors and secretary of the Party Committee of Shanghai Baoye, and he has been serving as vice president of the Company since August 2020. Mr. Bai majored in industrial electrical automation at the Automation Control Department of Xi'an University of Architecture and Technology, from which he graduated with a bachelor's degree in engineering. Currently, Mr. Bai is a professorate senior engineer and senior economist.</p>



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Name	Major work experience
Zhu Guangxia	<p>Born in July 1979, Chinese nationality with no right of abode overseas, Mr. Zhu is currently the member of the Standing Committee of the Party Committee and the vice President of the Company. Mr. Zhu successively served as deputy head and head of the First Electrical Installation Engineering Division of China MCC17 Group Co., Ltd., assistant manager of the mechanical and electrical installation company, and manager at Project Management Department of Jiuquan Iron and Steel (Group) Co., Ltd., manager of the Gansu Branch of China MCC17 Group; deputy general manager of China MCC17 Group and general manager with the Gansu Branch of the Company; from July 2016 to November 2017, he served as director, general manager and deputy Party committee secretary of China Second Metallurgy Group Corporation Limited; from November 2017 to July 2019, he served as chairman, general manager, and deputy secretary of the Party Committee at Second Metallurgy and chairman and Party secretary of Second Metallurgy from July 2019 to July 2020; from January 2020 to August 2020, he served as assistant to the president of the Company; since August 2020, he has been serving as vice president of the Company. Mr. Zhu graduated from Xi'an University of Architecture and Technology, where he majored in engineering management. Mr. Zhu is a professorate senior engineer.</p>
Wang Zhen	<p>Born in November 1973, Chinese nationality and without the right of abode overseas. Mr. Wang is currently the secretary to the Board, a joint company secretary, director of the office, director of the Party Committee office, director of the Board office (office of the board of supervisors) of the Company. Mr. Wang successively served as the deputy manager of the South Korean group of the second business department of China National Coal Industry Import and Export Group, deputy director of the office of China Coal Energy Company Limited and deputy director of the general office of China National Coal Group Corporation; and he served as a member of the Party Committee and the secretary of the Disciplinary Committee of China Nonferrous Engineering Co., Ltd. from October 2014 to January 2019, served as deputy secretary of the Party Committee and secretary of the Disciplinary Committee of China Nonferrous Engineering Co., Ltd. and the director of China ENFI Engineering Corporation from January 2019 to September 2019, and served as the director of the Company's party-mass work department (Party Committee propaganda department, corporate culture department), deputy secretary of the Party Committee of the Headquarters, and vice chairman of the labor union from September 2019 to January 2022, the Company's director of the office, director of the Party Committee office, director of the Board office (office of the board of supervisors) since January 2022, and the vice chairman of the Company's labor union, director of the office, director of the Party Committee office, director of the Board office (office of the board of supervisors), and deputy secretary of the Party Committee of the Headquarters since March 2022. Mr. Wang served as the secretary to the Board and a joint company secretary from December 2022. Mr. Wang obtained a bachelor's degree in economics majoring in English (Foreign Trade) from the Faculty of Foreign Trade and Foreign Language of Nankai University and a master's degree in economics majoring in international trade (international engineering management) from the University of International Business and Economics and is a senior idealistic mentor.</p>

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (II) Employment status of current and resigned Directors, Supervisors and senior management during the Reporting Period

### 1. Employment status at shareholder entities

Name	Name of shareholder entities	Position in shareholder entities	Commencement date of term of office	End date of term of office
<b>Incumbent</b>				
Chen Janguang	China Minmetals Corporation	Member of Communist Party Committee, Deputy general manager	October 2021	-
	China Metallurgical Group Corporation	Chairman, Secretary of the Communist Party Committee	December 2021	-
Yan Aizhong	China Metallurgical Group Corporation	Employee Representative Director	August 2020	-
		Deputy secretary of the Communist Party Committee	September 2019	-
Yin Sisong	China Metallurgical Group Corporation	Chairman of the Supervisory Committee	July 2020	-
Zhang Yandi	China Metallurgical Group Corporation	Supervisor	August 2018	-
Chu Zhiqi	China Metallurgical Group Corporation	Employee representative Supervisor	August 2018	-
Zou Hongying	China Metallurgical Group Corporation	Member of the standing committee of the Communist Party Committee	October 2016	-
Qu Yang	China Metallurgical Group Corporation	Member of the standing committee of the Communist Party Committee	October 2016	-
Zeng Jianzhong	China Metallurgical Group Corporation	Member of the standing committee of the Communist Party Committee	March 2018	-
Bai Xiaohu	China Metallurgical Group Corporation	Member of the standing committee of the Communist Party Committee	July 2020	-
Zhu Guangxia	China Metallurgical Group Corporation	Member of the standing committee of the Communist Party Committee	July 2020	-
Liu Fuming	China Metallurgical Group Corporation	Vice Deputy general manager	September 2019	-
<b>Resigned</b>				
Zhang Mengxing	China Metallurgical Group Corporation	Chairman	August 2020	November 2023
		Deputy secretary of the Communist Party Committee	October 2016	November 2023
Positions in Shareholder Entities	Nil			

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## 2. Employment status at other entities

Name	Name of other entities	Position in other entities	Commencement date of term of office	End date of term of office
Zhou Jichang	Freotech Road Recycling Technology(Holdings) Limited (英達公路再生科技(集團)有限公司)	Non-Executive Director	February 2021	–
	Zhejiang Communications Technology Co., Ltd.	Independent Non-Executive Director	December 2022	–
Ng, Kar Ling Johnny	China Petroleum & Chemical Corporation	Independent Director	May 2018	–
	China Telecom Corporation Limited	Independent Director	January 2023	–
	China Vanke Co., Ltd.*	Independent Director	July 2017	June 2023
Liu Li	Research Center of Finance & Securities of Peking University	Professor	September 1997	–
	Cinda Asset Management Co., Ltd.	External Supervisor	August 2022	–
	China International Capital Corporation Limited	Independent Non-Executive Director	June 2016	June 2023
Positions in other entities	Nil			

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (III) Remuneration of Directors, Supervisors and senior management

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Determination procedures for remuneration of Directors, Supervisors and senior management	The remuneration of Directors and Supervisors of the Company who are not representatives of employees shall be reviewed and approved by the general meeting. The remuneration of senior management is subject to the management regulations of the upper authorities and is proposed by the Remuneration and Appraisal Committee of the Board, reviewed and approved by the Board and reported to the superior management department for filing.
Whether Directors recuse themselves from the Board's discussions on their remuneration	Yes
Details of special meetings of the Remuneration and Appraisal Committee or independent Directors issuing recommendations on matters relating to the remuneration of Directors, Supervisors and senior management	On 27 March 2023, the first meeting of the Remuneration and Appraisal Committee of the third session of the Board of the Company in 2023 considered the Resolution on the Emoluments of Directors and Supervisors of the Company for the Year 2022, agreed to the resolution and submitted it to the Board for deliberation. On 27 December 2023, the second meeting of the Remuneration and Appraisal Committee of the third session of the Board of the Company in 2023 considered the Resolution on the Emoluments of Senior Management of the Company for the Year 2022, agreed to the resolution and submitted it to the Board for deliberation.
Basis for determination of remuneration of Directors, Supervisors and senior management	The remuneration of the non-executive Directors and independent non-executive Directors of the Company is determined according to the market level and the actual situation of the Company. Executive Directors do not receive remuneration for their positions as directors, but receive remuneration according to their positions in the Company and their assessments. The Supervisors of the Company obtain remuneration in accordance with the remuneration and assessment management policies of the headquarters or the positions they hold. The remuneration of the senior management of the Company shall be implemented in accordance with the management regulations of the superior department and the remuneration management policies of the senior management of the Company.
Remuneration actually paid to Directors, Supervisors and senior management	RMB 15,910,000.00
Total actual remuneration received by all Directors, Supervisors and senior management at the end of the Reporting Period	RMB 15,910,000.00

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# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The remuneration of Directors and Supervisors in office of the Company as of the end of the Reporting Period in 2023 was as follows:

Unit: RMB

Name	Total of basic salary, housing allowances and other allowances	Pension scheme contributions (pension insurance borne by the Company)	Performance remuneration	Total annual remuneration
Chen Jianguang	0	0	0	0
Zhou Jichang	271,400.00	0	0	271,400.00
Lang Jia	262,400.00	0	0	262,400.00
Liu Li	271,400.00	0	0	271,400.00
Ng, Kar Ling				
Johnny	274,400.00	0	0	274,400.00
Yan Aizhong	1,025,716.00	62,822.88	336,329.00	1,424,867.88
<b>Subtotal of Directors</b>	<b>2,105,316.00</b>	<b>62,822.88</b>	<b>336,329.00</b>	<b>2,504,467.88</b>
Yin Sisong	906,316.00	62,822.88	620,800.00	1,589,938.88
Zhang Yandi	0	0	0	0
Chu Zhiqi	272,208.00	41,132.64	226,522.00	539,862.64
<b>Subtotal of Supervisors</b>	<b>1,178,524.00</b>	<b>103,955.52</b>	<b>847,322.00</b>	<b>2,129,801.52</b>

During the Reporting Period, no Directors or Supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the Directors or Supervisors as an inducement to join or upon joining the Company or as compensation for loss of office.

## (IV) Changes of Directors, Supervisors and senior management of the Company

Name	Position	Change	Reason
Zhang Mengxing	Executive Director, Secretary of the Communist Party Committee and President	Resigned	Retired due to age

## (V) Penalties imposed by securities regulatory authorities in recent three years

Applicable  Not Applicable

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (VI) Other disclosures required by the Hong Kong Stock Exchange

### 1. *Management contracts*

Apart from the service contracts of management personnel of the Company, the Company has not entered into any contract with any individual, company or body corporate to manage or handle the whole department or any material part of the Company's business.

### 2. *Directors' and Supervisors' interests in contracts*

During the Reporting Period and as at the end of the Reporting Period, none of the Directors or Supervisors, unless disclosed in the relevant announcements, directly or indirectly had a material interest in any transaction, arrangement and contract of significance to the Company that was entered into by the Company, its subsidiaries or subsidiaries of its holding company.

### 3. *Directors' interests in business competing with the Company*

During the Reporting Period and as of the latest practicable date before the publication of this report (being 28 March 2024), none of the Directors had any interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

### 4. *Directors' and Supervisors' service contracts*

None of the Directors and Supervisors of the Company had entered into a service contract with the Company or any of its subsidiaries that is not determinable within one year without payment of compensation (other than statutory compensation).

### 5. *Directors' and Supervisors' rights regarding share acquisition*

During the Reporting Period and as at the end of the Reporting Period, there is no arrangement in which the Company or its subsidiaries or holding companies or the subsidiaries of the holding companies act as a party, and which enables any Directors or Supervisors of the Company or any of their spouses or offspring under the age of eighteen to obtain benefits by means of the acquisition of shares, or debentures of, the Company or any other corporate entity.

### 6. *Model code for securities transactions by Directors and Supervisors*

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

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## IX. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Sessions of the meeting	Convening date	Resolutions of the meeting
The forty-sixth meeting of the third session of the Board	23 February 2023	The Meeting considered and approved 8 resolutions, including the 2023 Budget Report of MCC and the 2023 Investment Plan Report of MCC.
The forty-seventh meeting of the third session of the Board	29 March 2023	The Meeting considered and approved 26 resolutions, including the Resolution on the 2022 Annual Report of MCC and the Resolution on the 2022 Financial Accounts Report of MCC.
The forty-eighth meeting of the third session of the Board	27 April 2023	The Meeting considered and approved the Resolution on the First Quarterly Report of CMC for 2023 and the Report on Updating the List of Connected Parties of MCC.
The forty-ninth meeting of the third session of the Board	21 June 2023	The Meeting considered and approved 22 resolutions, including the Resolution on Requesting the Shareholders' General Meeting to Grant the Board a General Mandate to Issue New Shares and the Resolution on the Company's Compliance with the Conditions for the Issue of Preferred Shares to Specific Participants.
The fiftieth meeting of the third session of the Board	27 July 2023	The Meeting considered and approved 5 resolutions, including the Resolution on Handling the Renewal of Liability Insurance for Directors and Supervisors and Senior Management for 2023 and the Resolution on the Special Self-Investigation Report on the Real Estate Business of Metallurgical Corporation of China Ltd. in relation to the Issue of Preferred Shares to Specific Targets for 2023.
The fifty-first meeting of the third session of the Board	30 August 2023	The Meeting considered and approved 18 resolutions, including the Resolution on the 2023 Semi-annual Report of MCC and the Resolution on the Financial Report of MCC for the First Half of 2023.
The fifty-second meeting of the third session of the Board	18 October 2023	The Meeting considered and approved the Resolution on MCC Ecological Environmental Protection's Investment in the BOT Project for the Construction and Rainwater and Sewage Diversion and Improvement Project of Sewage Plant in the Southeast of Qingzhou City.
The fifty-third meeting of the third session of the Board	26 October 2023	The Meeting considered and approved 14 resolutions, including the Resolution on the Third Quarterly Report of MCC for 2023 and the Resolution on the 2022 Profit Distribution Plan of the Subsidiary of MCC.
The fifty-fourth meeting of the third session of the Board	15 December 2023	The Meeting considered and approved 9 resolutions, including the Resolution on Updating the Content of the Authorization from the Board to the President (President's Office) and the Resolution on Matters Related to the Determination of the Auditor of the Annual Financial Report of MCC for 2023.
The fifty-fifth meeting of the third session of the Board	27 December 2023	The Meeting considered and approved the Resolution on the Proposed Plan for the Remuneration of Senior Management of MCC for 2022.



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## X. THE PERFORMANCE OF DUTIES BY DIRECTORS

### (I) Attendance of Directors at Board Meetings and General Meetings

Name of Directors	Whether they are independent Directors	Attendance at Board Meetings					Attendance at general meetings	
		Number of attendance at Board meetings required for the year	Number of meetings attended in person	Number of meetings attended via communication	Number of meetings attended by proxy	Number of absence	Whether they did not attend in person for two times consecutively	Number of general meetings attended
Chen Jianguang	No	10	10	5	0	0	No	2
Zhang Mengxing	No	8	7	3	1	0	No	0
Zhou Jichang	Yes	10	10	5	0	0	No	1
Lang Jia	No	10	10	5	0	0	No	0
Liu Li	Yes	10	10	5	0	0	No	0
Ng, Kar Ling Johnny	Yes	10	10	7	0	0	No	0
Yan Aizhong	No	10	10	5	0	0	No	0

Explanation on the absence from Board meeting for two times consecutively

Applicable  Not Applicable

Number of Board meetings held during the year	10
Including: Number of on-site meetings	3
Number of meetings convened via communication	5
Number of meeting convened by combination of on-site meeting and communication	2

### (II) Objections on Relevant Issues of the Company Raised by Directors

Applicable  Not Applicable

### (III) Others

Applicable  Not Applicable

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## XI. THE SPECIAL COMMITTEE UNDER THE BOARD

### (I) Members of the Special Committees under the Board

Category of the Special Committees	Name of the members
Finance and Audit Committee	Convener: Ng, Kar Ling Johnny (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Liu Li (Independent Non-executive Director)
Nomination Committee	Convener: Zhou Jichang (Independent Non-executive Director) Committee member: Chen Jianguang (Executive Director, Chairman of the Board), Liu Li (Independent Non-executive Director)
Remuneration and Appraisal Committee	Convener: Liu Li (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Lang Jia (Independent Non-executive Director)
Strategy Committee	Convener: Chen Jianguang (Executive Director, Chairman of the Board) Committee member: Zhang Mengxing <sup>1</sup> (Executive Director), Lang Jia (Non-executive Director)
Sustainable Development Committee	Convener: Lang Jia (Non-executive Director) Committee member: Zhang Mengxing <sup>1</sup> (Executive Director), Ng, Kar Ling Johnny (Independent Non-executive Director)

### (II) Strategy Committee

#### 1. Performance of the Strategy Committee

In accordance with the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Strategy Committee, the Strategy Committee is accountable to the Board and is mainly responsible for conducting research and giving recommendations on the Company's mid-to-long term development strategies and major investment decisions; conducting research on the Company's development strategies and establishing the basic framework of the strategies; organizing the formulation of the Group's medium- and long-term development plans, and providing guidance to and finalizing the strategic development plans of the important subsidiaries; in addition, it shall review the annual operation plan and investment plan of the Company, conduct research on and give recommendations on major investment and financing plans, capital operation and asset management projects; formulate restructuring and reorganization plans, and guide the subsidiaries to formulate restructuring and reorganization plans, providing opinions on the review; furthermore, in light of the business and management needs of the Company, it regularly assesses the Company's corporate governance structure and organization and provides opinions on adjustments; the Committee also has other powers and functions conferred by the Board.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

2. *During the Reporting Period, the Strategic Committee convened 1 meeting through communication tools. Three committee members attended the meeting. The relevant details are set out below:*

<b>Convening date</b>	<b>Meeting content</b>	<b>Important comments and suggestions</b>
21 June 2023	The first meeting of the Strategy Committee of the Third Session of the Board in 2023 considered the Resolution on the 2023 Preferred Share Issuance Plan of the Company to Specific Participants, and the Resolution on the Three-Year Rollover Plan of MCC for 2023–2025	The meeting agreed on the two resolutions and submitted them to the Board for consideration.

### (III) Finance and Audit Committee

#### 1. *Performance of the Finance and Audit Committee*

In accordance with the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Finance and Audit Committee, the Finance and Audit Committee is accountable to the Board and is mainly responsible for reviewing major financial control objectives, supervising the implementation of financial regulatory system and guiding the financial work of the Company, considering the Company's disclosure of financial information in accounting reports and regular reports; reviewing the Company's annual internal audit work plan and supervising the implementation of the Company's internal audit plan; guiding and supervising the Company's internal audit system and its implementation, and recommending the construction of the Company's internal audit system and the appointment and dismissal of the head of the audit organization; considering the construction planning, rules and regulations, work processes and major control objectives of the comprehensive risk management and internal control system; considering and submitting to the Board the annual work plan of the comprehensive risk management and the annual report; overseeing the integrity, rationality and effective implementation of the risk management and internal control system to guide the overall risk management and internal control work of the Company; considering the evaluation work plan prepared by the internal control evaluation department, and considering and submitting the internal control assessment report to the Board; considering the risk management strategy and major risk management solutions, and studying the results of important investigations on risk management and internal control matters of the Company and the feedback from the management; considering the engagement or termination of the accounting firm that performs the Company's auditing business; considering the engagement or termination of the financial officer of the Company; and guiding the effective operation of the internal auditing department. The Internal Audit Department of the Company shall report works to the Audit Committee and various audit reports, rectification plans and rectification progress related to audit matters submitted by the internal audit department shall be reported and sent to the Audit Committee; report the progress and quality of internal audit work, as well as any significant issues discovered, to the Board; be responsible for communication between internal and external audits; ensure that the work of internal and external audits is coordinated and that the internal audit function has sufficient resources and appropriate status within the Company, checking and supervising its effectiveness; deliberate accounting policy changes, accounting estimate changes or major accounting errors to be corrected, due to reasons other than changes in accounting standards; exercise other powers granted by the Board, as well as other powers that may be exercised by the Financial and Audit Committee under the listing rules of the stock exchange where the Company's shares are listed.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

2. *During the Reporting Period, the Finance and Audit Committee held a total of 6 meetings, 2 meetings held on-site, 2 meetings held by way of a mixture of on-site and communication, and 2 meeting held by communication, with all 3 Committee members attending the meetings. Details as follows:*

Convening date	Meeting content	Important comments and suggestions
23 February 2023	The first meeting of the Third Session of the Finance and Audit Committee in 2023 received the 2023 Budget Report of MCC and the 2023 Investment Plan Report of MCC, and considered the Resolution on the 2023 Foreign Exchange Preservation Business Plan of MCC, and the Resolution on the Permanent Replenishment of Liquidity from the A Share Excess Proceeds by China Academy of Building Research.	The meeting agreed to the above resolutions and reports and submitted them to the Board of the Company for consideration. The meeting considered that the preparation and arrangement of the 2023 budget, investment plan and foreign exchange preservation plan of the Company were comprehensive, scientific and reasonable, and in line with the strategic requirements and operational condition of the Company. In order to ensure the Company's successful realization of the budget target for 2023, the meeting put forward opinions and suggestions on the improvement of the "two funds" and cash flow, risk control and other aspects.
27 March 2023	The second meeting of the Third Session of the Finance and Audit Committee in 2023 communicated with Ernst & Young Hua Ming LLP on the audit of the 2022 annual financial report of MCC, listened to four reports, including the Resolution on the Special Report on the A-share Proceeds and the Special Report on the H-share Proceeds, and the Special Explanation on the Guarantees of MCC in 2022, and considered twelve resolutions, including the Resolution on the 2022 Annual Report of MCC, and the Resolution on the Financial Accounts Report of MCC for 2022.	The meeting agreed to the above resolutions and reports and submitted them to the Board of the Company for consideration. The meeting considered that the preparation of the annual report and financial accounts of the Company for 2022 complies with the relevant provisions of the regulators and the Listing Rules, and reflects the actual situation of the Company in an objective, complete and fair manner. The meeting provided comments and suggestions on matters such as the Company's ability to improve project profitability, improve the "two funds" and cash flow, and strengthen the daily management and supervision of the work of connected transactions.
26 April 2023	The third meeting of the Third Session of the Finance and Audit Committee in 2023 received the Report on Updating the List of Connected Parties of MCC and considered the Resolution on the First Quarterly Report of CMC for 2023.	The meeting agreed to the above resolutions and reports and submitted them to the Board of the Company for consideration. The meeting considered that the preparation of the Company's 2023 First Quarterly Report complies with the relevant requirements of the Ministry of Finance, the SSE and the relevant regulations of the CSRC on the disclosure of information by listed companies, which objectively reflects the economic operation and financial status of the Company in the first quarter.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

Convening date	Meeting content	Important comments and suggestions
29 August 2023	The fourth meeting of the Third Session of the Finance and Audit Committee in 2023 received the report of Ernst & Young Hua Ming LLP on the summary of the review work of the financial reports of MCC for the first half year of 2023, the Resolution on the Special Report on the A-share Proceeds and the Report on the Special Report on the H-share Proceeds, and considered five resolutions, including the Resolution on the Semi-annual Report of MCC for 2023, and the Resolution on the Decision on Specific Remuneration for the Reviewing Organization of the Semi-annual Report of MCC for 2023 and Signing of the Letter of Business Engagement.	The meeting agreed to the above resolutions and reports and submitted them to the Board of the Company for consideration. The meeting fully recognized the operating achievements of the Company in the first half of the year. In order to secure the full-year target, the meeting requested to pay high attention to the real estate policy changes and industry development trend and macro situation changes by seizing the policy window period and improving the profit level of the real estate business, while fully considering the uncertainty of the external environment by striving to conduct risk prevention and control.
26 October 2023	The fifth meeting of the Third Session of the Finance and Audit Committee in 2023 communicated with Ernst & Young Hua Ming LLP on the 2023 annual audit work plan of MCC, received the Report on the Inspection Report on Internal Control and Risk Management for 2023, and considered the Resolution on the Third Quarterly Report of MCC for 2023 and the Resolution on the Profit Distribution Plan of the Subsidiaries of MCC for 2022.	The meeting agreed to the above resolutions and reports and submitted them to the Board of the Company for consideration. The meeting considered that the annual report audit work plan formulated by Ernst & Young Hua Ming LLP was relatively structured and comprehensive, fully considering various business forms and industry features of the Company, with key attention given to risk areas and key matters.
15 December 2023	The fifth meeting of the Third Finance and Audit Committee in 2023 reviewed the proposals on “determining the relevant matters of the audit firm for the 2023 annual financial report of China MCC” and “closing the Twenty-Second Metallurgical Construction Investment Project and permanently supplementing the remaining funds raised for A shares with working capital”.	The meeting agreed to the above proposals and report content and submitted them to the Board of the Company for consideration. The meeting agreed to appoint Ernst & Young Hua Ming LLP to audit the audit fees for the Company’s 2023 annual financial report, and also agreed to hire Grant Thornton Zhitong Certified Public Accountants LLP, BDO China SHU LUN PAN Certified Public Accountants LLP, and Baker Tilly China Certified Public Accountants LLP as auditing firms for the Company’s domestic subsidiaries in 2023.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (IV) Nomination Committee

### 1. *Performance of the Nomination Committee*

Pursuant to the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Nomination Committee, the Nomination Committee is accountable to the Board and is mainly responsible for studying and preparing the standards, procedures and methodology for the election of Directors, President and other senior management of the Company and submitting the recommendations to the Board, extensively identifying qualified candidates for Directors, President and other senior management, assessing the candidates for Directors, President and other senior management and advising to the Board in this respect. The Nomination Committee shall stipulate the Board diversity policy (including gender, age, culture and education background or professional experience) in accordance with strategy, business model and specific needs of the Company, and study and examine the structure, size and composition of the Board at least once per year, evaluate the independence of independent non-executive Directors, and discharge other duties authorized by the Board.

The members of the Nomination Committee reviewed the structure, size and composition of the Board, which, in their opinion, were consistent with the Articles of Association, regulatory requirements and business requirements of the Company. The composition of the Directors of the special committees of the Board was based on the professional knowledge, expertise and previous experience of the Directors, which gave full play to the professional knowledge and skills of the Directors.

During the Reporting Period, the Nomination Committee did not convene any meetings.

## (V) Remuneration and Appraisal Committee

### 1. *Performance of the Remuneration and Appraisal Committee*

Pursuant to the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Remuneration and Appraisal Committee, the Remuneration and Appraisal Committee is accountable to the Board and is mainly responsible for studying and preparing the assessment criteria for Directors and senior management, conducting assessments and giving recommendations in respect thereof, studying and reviewing the remuneration policies and plans of Directors and senior management, and discharging other duties authorized by the Board. The remuneration plan of Directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the consent of the Board and then submitted to general meetings for consideration and approval prior to its implementation. The remuneration distribution plan of the senior management of the Company shall be submitted to the Board for approval.

### 2. *During the Reporting Period, the Remuneration and Appraisal Committee convened 2 meetings, 1 on site and 1 in means of correspondence. Three committee members attended the meeting. The relevant details are set out below:*

Convening date	Meeting content	Important comments and suggestions
27 March 2023	The first meeting of the Remuneration and Appraisal Committee of the Third Session of the Board in 2023 considered the Resolution on the Remuneration of Directors and Supervisors of MCC for 2022.	The meeting agreed on above resolution and submitted it to the Board for consideration.
27 December 2023	The second meeting of the Third Board Compensation and Assessment Committee in 2023 reviewed the proposal on "the proposed salary plan for China MCC's senior executives in 2022".	The meeting agreed on above resolution and submitted it to the Board for consideration.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (VI) Sustainable Development Committee

### 1. *Performance of the Sustainable Development Committee*

Pursuant to the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Sustainable Development Committee, the Sustainable Development Committee is accountable to the Board and is mainly responsible for studying on major decisions related to the Company's sustainable development (including environmental, social and governance) and making recommendations to the Board; overseeing the implementation and progress of the Company's sustainable development strategies and plans; overseeing the Company's commitment and performance in addressing key issues such as climate change, health and safety and social responsibility performance and making recommendations to the Board; following important information on sustainable development issues related to the Company's business, studying issues related to the Company's sustainable development and making recommendations to the Board; reviewing the Company's Environmental, Social and Governance Report (ESG Report) or Social Responsibility Report and making recommendations to the Board; other terms of reference exercisable by the Sustainable Development Committee as may be prescribed or recommended by the listing rules of the place where the Company's shares are listed (including but not limited to the terms of reference set out in the Environmental, Social and Governance Reporting Guidelines in Appendix C2 of the Hong Kong Listing Rules); and other duties authorized by the Board.

### 2. *During the Reporting Period, the Sustainable Development Committee convened 2 meetings on site, and three committee members attended the meeting. The relevant details are set out below:*

Convening date	Meeting content	Important comments and suggestions
27 March 2023	The first meeting of the Sustainable Committee of the Third Session of the Board in 2023 considered the MCC 2022 Annual Social Responsibility Report and ESG (Environmental, Social and Governance) Report, and received the Report on the Compliance Work of the Company in 2022, and the Report on the Work of the Company in 2022 in respect of Safety, Quality and Environmental Protection.	The meeting agreed on above resolutions and submitted them to the Board for consideration. The meeting noted that the key to carry out compliance management work is to put forward the legal risk prevention gate, shift from ex-post management to ex-ante prevention by effectively preventing and timely disposing of compliance risks, and taking effective measures to enhance the level of governing enterprises according to law and compliance management. The meeting put forward suggestions on the correct treatment of the relationship between safety and development, improvement of the quality management system and personnel system, and making proper disclosure and responding to public opinion while maintaining sound supervision.
29 August 2023	The second meeting of the Sustainable Committee of the Third Session of the Board in 2023 considered the Report on the Compliance Work of the Company in the First Half of 2023, and the Report on the Work of the Company in the First Half of 2023 in respect of Safety, Quality and Environmental Protection.	The meeting recognized the Company's work in the first half of the year in compliance, safety, quality and environmental protection management, and put forward opinions and suggestions on promoting the construction of the Company's rule of law and compliance system, solidifying the responsibility for safety production at all levels, strictly controlling quality risks, and strengthening environmental protection assessment.

## (VII) Explanations on Objections

Applicable

Not applicable



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## XII. EXPLANATION ON THE RISKS OF THE COMPANY IDENTIFIED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee had no objection to the supervision items during the Reporting Period.

During the Reporting Period, the Supervisory Committee of the Company held a total of 8 meetings of the Supervisory Committee with details as follows:

<b>Sessions of the meeting</b>	<b>Convening date</b>	<b>Resolutions of the meeting</b>
The nineteenth meeting of the Third Supervisory Committee	23 February 2023	The meeting considered and approved the Resolution on the Permanent Replenishment of Liquidity from the A Share Excess Proceeds by China Academy of Building Research.
The twentieth meeting of the Third Supervisory Committee	29 March 2023	The meeting considered and approved eleven resolutions, including the Resolution on the 2022 Annual Report of MCC.
The twenty-first meeting of the Third Supervisory Committee (by communication)	27 April 2023	The meeting considered and approved the Resolution on the First Quarterly Report of MCC for 2023.
The twenty-second meeting of the Third Supervisory Committee	21 June 2023	The meeting considered and approved 9 resolutions, including the Resolution on the Company's Compliance with the Conditions for the Issue of Preferred Shares to Specific Participants, the Resolution on the 2023 Preferred Share Issuance Plan of the Company to Specific Participants.
The twenty-third meeting of the Third Supervisory Committee (by communication)	27 July 2023	The meeting considered and approved the Resolution on the Special Self-Investigation Report on the Real Estate Business of Metallurgical Corporation of China Ltd. in relation to the Issue of Preferred Shares to Specific Targets for 2023.
The twenty-fourth meeting of the Third Supervisory Committee	30 August 2023	The meeting considered and approved the Resolution on the 2023 Semi-annual Report of MCC, the Resolution on the 2023 Semi-annual Report of MCC, the Resolution on the Special Report on the A-share Proceeds and the Special Report on the H-share Proceeds.
The twenty-fifth meeting of the Third Supervisory Committee	26 October 2023	The meeting considered and approved the Resolution on the Third Quarterly Report of MCC for 2023.
The twenty-sixth meeting of the Third Supervisory Committee (by communication)	15 December 2023	The meeting considered and approved the Resolution on the Closing of the Project of MCC 22 Proceed-funded Project and Permanent Supplementation of Liquidity with the Excess Proceeds from the A-share Project.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## XIII. EMPLOYEES OF THE PARENT COMPANY AND PRINCIPAL SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

### (I) Employees

Number of existing staff of the parent company	356
Number of existing staff of principal subsidiaries	98,944
Total number of existing staff	99,300
Number of resigned or retired staff to whom the parent company and principal subsidiaries are liable	116,426

#### *Composition of professions*

Type of profession	Number of professionals
Engineering contracting	81,679
Resources development	2,448
Featured business	12,533
Comprehensive real estate	2,412
Other	228
Total	99,300

#### *Educational Level*

Category of Educational Level	Number (in persons)
Above postgraduate	15,594
Undergraduate	56,852
College degree	12,799
Below college degree	14,055
Total	99,300

As of the end of the Reporting Period, the Company had a total of 99,300 employees, including 79,509 male employees and 19,791 female employees. The Company always strictly abides by the "Labor Law of the People's Republic of China" and other relevant laws and regulations, protects the legitimate rights and interests of employees, and provides equal employment opportunities for employees of different genders, insists on equal pay for equal work and puts an end to gender discrimination in accordance with the principle of equal employment.

### (II) Remuneration policies

The Company implements a market-oriented and performance-based remuneration system. In accordance with applicable regulations, the Company establishes basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund for employees. In accordance with applicable laws and regulations, the above social insurance and housing provident fund are paid in strict accordance with national, provincial and municipal regulations. The Company has also established enterprise annuities for employees in accordance with applicable regulations and with the approval of higher units.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (III) Training programs

In 2023, the Company carried out extensive education and trainings for cadres and employees in accordance with the stratified and layered management pattern, with 91,418 participants during the year, and the political capabilities of talents at all levels of operation and management, professional and technical talents, and technical talents were further reinforced, while professional capabilities and practical skills were continuously improved, which provided solid talent underpinning for the Company's production and operation, and reform and development.

## (IV) Outsourcing of labor service

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Annual average number of migrant workers ( <i>in persons</i> )	566,284
Total salaries of migrant workers ( <i>RMB0'000</i> )	5,621,711

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## XIV. PROPOSAL FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

### (I) Formulation, implementation or adjustment of cash dividend distribution policy

The profit distribution policy as required in the Articles of Association is set out as follows:

#### 1. *Basic principles of the Company's profit distribution policy:*

- (1) The Company shall take full account of return to investors and distribute dividend in the sum of stipulated proportion of the Company's distributable profit for the year concerned.
- (2) The Company's profit distribution policy shall maintain continuity and stability in the interest of the Company in the long term and that of all Shareholders as a whole and in line with the sustainable development of the Company.
- (3) The Company gives priority to profit distribution in cash. The Company shall take various factors into account, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, to propose a differentiated policy for distributing cash dividend pursuant to the procedures stipulated in the Articles of Association. The proportion of cash dividend to profits of the year shall be determined in compliance with the laws, regulations, regulatory documents and rules of the stock exchange(s).

#### 2. *The particulars of the Company's profit distribution policy are set out as follows:*

- (1) Forms of profit distribution: the Company may distribute its profit in the form of cash, shares or a combination of cash and shares. Subject to conditions, interim profit distribution may be made by the Company.
- (2) Specific conditions and ratios for distributing cash dividend by the Company:

Except under special circumstances, if the Company records profit and positive accumulated undistributed profit, the Company shall distribute dividend in cash, and the profit distributed in cash per annum shall not be less than 15% of the realized distributable profit of the Company for that year. Special circumstances refer to any of the following:

- (i) The net operating cash flow of the Company is negative for that year;
- (ii) Other circumstances where cash dividend in the sum of less than 15% of the realized distributable profit of the company is approved by the Shareholders in a General Meeting, including but not limited to no cash dividend distributed due to the needs of the Company for financing significant investments. The criterion for such significant investments is: total investment budget for the second half year exceeds 15% of the Company's net assets as stated in the consolidated financial statements.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

- (3) Specific conditions for distributing dividends in shares by the Company:

Where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its Share capital and distributing dividend in shares will be in the interest of all shareholders of the Company as a whole, the Company may propose dividend distribution in shares, provided that the above conditions for cash dividend are fulfilled.

### *3. Procedures for considering the dividend distribution plan of the Company:*

- (1) The profit distribution plan of the Company shall be drawn up by the president's office before submitting to the Board and the Supervisory Committee of the Company for consideration. The Board shall thoroughly discuss the reasonableness of the profit distribution plan and form a special resolution before submitting to the General Meeting for consideration. Before the Shareholders General Meeting is convened to consider the detailed plan on distribution of cash dividend, the Company will communicate proactively with Shareholders, especially the minority Shareholders, through a variety of channels, to learn the opinions and aspirations of the minority Shareholders, and promptly reply the questions being concerned by the minority shareholders.
- (2) The Board shall carefully review and justify the timing for the distribution of cash dividends by the Company, the conditions and minimum proportion, conditions of adjustment and decision-making procedures and other matters. Independent Directors should express explicit opinions. Independent Directors may collect the views of minority Shareholders, propose the dividend distribution proposal and submit the proposal directly to the Board for its consideration. When the Board resolves to distribute cash dividend in the sum of less than 15% of the Company's realized distributable profit and makes a profit distribution plan in respect thereof to be proposed at general meeting for consideration, the Company shall make internet voting accessible to the Shareholders, subject to compliance with applicable laws and regulations.
- (3) Where the Company resolves not to distribute cash dividend under the aforesaid special circumstances, the Board shall explain the specific reasons for not distributing cash dividend, the exact purpose for the retained profit and the estimated investment return, submit such to the General Meeting for consideration after independent Directors express their opinions thereon, and disclose the same in the designated media of the Company.

### *4. The Company's 2023 Profit Distribution Proposal*

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2023 amounted to RMB 8,670,405 thousand and the undistributed profit of MCC headquarters amounted to RMB 5,973,377 thousand. Based on the total share capital of 20,723,620,000 shares, the Company proposed to distribute a cash dividend of RMB 0.72 (tax inclusive) for every 10 shares and the total cash dividend is RMB 1,492,101 thousand, the remaining undistributed profit of RMB 4,481,276 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 17.21% of the net profit attributable to the Shareholders of the Company in the consolidated statement of MCC in 2023, increased by 0.47% as compared to last year. This proposal is subject to the consideration and approval of the general meeting of shareholders for implementation.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## (II) Special explanation of cash dividend distribution policy

- Whether to comply with the provisions of the Articles of Association or the requirements of the resolutions of general meetings  Yes  No
- Whether the standard and proportion of dividends are explicit and clear  Yes  No
- Whether relevant decision-making procedures and mechanisms are adequate  Yes  No
- Whether the independent Directors have performed their duties and played their due roles  Yes  No
- Whether small and medium shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights and interests have been fully protected  Yes  No

## (III) If no cash dividend distribution plans were proposed while the Company was profitable and there were profits of the parent company distributable to Shareholders during the Reporting Period, the Company shall disclose in detail the causes thereof as well as purpose and use plan of the undistributed profit

- Applicable  Not applicable

## (IV) Plan for Profit Distribution and Transfer of Capital Reserve to Share Capital for the Reporting Period

Unit: RMB'000

Number of bonus shares to be distributed for every ten shares ( <i>share</i> )	0
Amount to be distributed for every ten shares ( <i>RMB</i> ) (tax inclusive)	0.72
Number of shares to be converted into share capital for every ten shares ( <i>share</i> )	0
Cash dividend amounts (tax inclusive)	1,492,101
Net profit attributable to the shareholders of the Company in consolidated statements	8,670,405
Percentage of net profit attributable to the ordinary shareholders of the listed company in consolidated statements (%)	17.21%
Cash offer to repurchase shares into cash dividends	0
Total amount of dividends (tax inclusive)	1,492,101
Percentage of total amount of dividends to net profit attributable to the ordinary shareholders of the listed company in consolidated statements (%)	17.21%

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

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

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

Applicable  Not applicable

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

#### *Equity incentives*

Applicable  Not applicable

#### *Other descriptions*

Applicable  Not applicable

#### *Employee stock ownership plan*

Applicable  Not applicable

#### *Other incentive measures*

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

The Company will conscientiously learn to comprehend the “1 + N” series of documents for the reform of state-owned enterprises and the Guidelines on Implementation of Equity Incentives for Listed Companies of Central Enterprises (中央企業控股上市公司實施股權激勵工作指引) in accordance with the overall deployment and guidance requirements of the SASAC. The incentive scheme is still in the formulation stage, and the specific content and schedule of the schemes are yet to be finalized. After the relevant proposals are finalized, the SASAC and the higher authorities of the State Council are required to approve the implementation. The Company will timely fulfill its information disclosure obligations according to the progress of its work.

### (III) Equity incentives granted to Directors and Senior Management during the Reporting Period

Applicable  Not applicable

### (IV) APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

The appraisal of senior management of the Company is mainly carried out by taking into account the Company's operating results, personal capabilities, work performance and service attitude. The Board completes the appraisal of operational performance of senior management combined with annual performance appraisal results for enterprises. Meanwhile, the remunerations of senior management are determined pursuant to the appraisal.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## XVI. AUDITING INSTITUTION AND ITS REMUNERATION

The Company appoints Ernst & Young Hua Ming LLP (hereinafter referred to as (“EY Hua Ming”) as the annual auditor of the Company. In addition to the annual financial audit, EY Hua Ming also provides internal control audit services related to financial reports and financial statutory audit services for some domestic subsidiaries.

For details of the remuneration of the independent auditor in 2023, please refer to “VI. Appointment and Dismissal of Accounting Firm” on page 138 of this report.

## XVII. INFORMATION DISCLOSURE AND INVESTOR RELATIONS

During the Reporting Period, the Company attached great importance to information disclosure work, proactively adapted to the registration system reform centered on information disclosure, strictly adhered to the updated regulations and requirements of the listing rules of the place where its shares are listed, and conscientiously fulfills its information disclosure obligations. Meanwhile, the Company constantly innovated the content and form of disclosure, and streamlined and optimized the information disclosure process in an all-round way, and continued to improve the quality of its information disclosure. In 2023, the Company regulated and disclosed a total of 289 announcements in both English and Chinese, including 118 announcements on the SSE, 102 announcements in Chinese and 69 announcements in English on the Hong Kong Stock Exchange. The contents cover various aspects such as performance and operating data, business development, investor relations activities, corporate governance, connected transactions, asset securitization, external guarantees, dividend distribution, and so on, realizing the truthfulness, accuracy, completeness, timeliness and fairness regarding the disclosure of information. In 2023, the Company was rated Class A (the top class) Listed Company for SSE Information Disclosure for the seventh consecutive year.

The Company always closely follows the strategic goals to explore performance highlights and investment value, and actively communicate with and connect to the capital market, thus to further develop a unique investor relations business system and enhance the Company’s influence in the capital market. During the Reporting Period, the Company organized roadshows, participated in various brokerage strategy meetings, convened telephone communication meetings and received visiting institutional investors for a total of more than 70 times, and communicated directly with more than 300 institutional investors and more than 100 small and medium investors.

On the basis of regular performance announcement and daily communication, the Company held three periodic results presentations and performance roadshows for annual, interim and third quarterly reports, which were conducted through multi-media platforms such as video conferences, teleconferences and the SSE Roadshow Center, covering both online and offline. We made a detailed introduction around the Goals for “one building, two most, five strong”, covering performance highlights, and scientific and technological innovation, made extensive and in-depth communication with hundreds of domestic and foreign institutions and nearly 300 investors, analysts and financial medias, looked forward to its development trend, and demonstrated its excellent performance and operation highlights to the capital market. It also organized more than 20 important institutional investors and brokerage analysts to travel to Xinjiang, Shanghai and Zhejiang to conduct reverse roadshows on the themes of “Belt and Road” and “Iron and Steel Intelligent Operation and Maintenance”, and to display and exchange information on the market development and business development of the Company in the regions, as well as the Company’s development achievements in the domains of metallurgical operation services and core equipment manufacturing.

## XVIII. RIGHTS OF SHAREHOLDERS

To safeguard the statutory rights of Shareholders, Article 66 of the Articles of Association of the Company prescribes that the Shareholders holding more than 10% of the Company’s Shares either independently or collectively may request an extraordinary general meeting in writing. Article 76 of the Articles of Association of the Company prescribes that, when a general meeting is convened, the shareholders holding more than 3% of the Company’s shares, either independently or collectively, are entitled to table a proposal to the Company in writing, and the Company shall include in the agenda those matters which are within the scope of duties of the general meeting. Shareholders holding more than 3% of the Company’s shares, either independently or collectively, may submit a temporary proposal to the convener in writing 15 working days prior to the convening of the general meeting. The Company set an exclusive session for communication with Shareholders at general meeting, during which Shareholders can raise their concerns and suggestions. Shareholders can also lodge their enquiries and suggestions through three methods: investor relations hotline (+86-10-5986-8666), by investor relations fax (+86-10-5986-8999) or investor relations email (ir@mccchina.com).



# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The Board of the Company provides guidance on the investor relations management, continuously communicates with shareholders and investment institutions and regularly checks the effectiveness of investor relations. The Company carries out investor relations management through multiple platforms and channels, and communicates with investors through various means, such as the channels including the Company's official website, new media platforms, telephone, fax and e-mail, the third-party network infrastructure platforms including [www.investor.org.cn](http://www.investor.org.cn), and the Stock Exchange Roadshow Center, special investor events including general meetings, investor presentations, roadshows, reverse roadshows, analyst presentations, reception and research activities, and attending strategy meetings and forums organized by brokerages, investment institutions, financial media and other social organizations.

In compliance with the information disclosure rules, the Company makes sufficient communication and consultation with investors through various means when formulating major proposals involving Shareholders' rights and interests. The time, place and manner of the general meeting of the Company facilitate the participation of Shareholders, especially the small and medium-sized Shareholders, and provide the necessary time for investors to speak, raise questions and communicate with the Directors, Supervisors and senior management of the Company. The Company consults widely before the general meeting and collects hot issues of high concern to investors in advance, and provides the means of online voting for the general meetings. The Company adjusts and reviews the rules and procedures of the general meeting regularly in accordance with the regulatory rules to ensure that they meet the needs of Shareholders.

The Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy during the Reporting Period and has considered it to be effective.

## XIX. COMPANY SECRETARIES

Mr. Wang Zhen is the current secretary to the Board of the Company. Mr. Wang Zhen and Ms. Ng Sau Mei are the current joint company secretaries of the Company and the main internal contact persons of the Company.

For details of profile of Mr. Wang Zhen, please refer to page 91 of this report.

The profile of Ms. Ng Sau Mei is set as below:

Ms. Ng Sau Mei is a director and head of the listing services department of TMF Hong Kong Limited, with over 20 years of professional and in-house working experience in the company secretarial field. Ms. Ng Sau Mei is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly known as "The Institute of Chartered Secretaries and Administrators") in United Kingdom.

For the purpose of complying with Rule 3.29 of the Hong Kong Listing Rules, the company secretaries attended relevant professional training for not less than 15 hours for the year ended 31 December 2023.

## XX. THE ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

### 1. Construction and implementation of internal control system

During the Reporting Period, the Company has more than 410 rules and regulations, which are divided into three levels including fundamental management system, specific regulations/administrative measures and implementation guidelines pursuant to the established main body, levels involved and the scope of limitations. The effectiveness of the regulations and systems are evaluated annually and the list of establishment, amendment and abolishment of rules and regulations would be arranged pursuant to the evaluation results and according to the regulatory requirements and development needs of the Company to formulate the annual development plan of the system. Meanwhile, comparing the logical relationship between the requirements in the framework of internal control and the system of the Company, the regulations and systems of the Company are divided according to business categories in order to program and standardize the management of the regulations and systems of the Company, thus safeguarding the compliance operation and strategic development of the Company.

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Meanwhile, the Company further conducted the optimization and enhancement of the internal control system and the system of rules and regulations during the Reporting Period, and compiled and issued the Internal Control Standard System (《内部控制標準體系》). From the perspective of the Company as a whole, control requirements from the perspective of risk control were put forward for headquarter departments, wholly-owned and controlled subsidiaries in all business areas involved by the Company, such as engineering contracting, resource development, specialty business and comprehensive real estate, so as to manage predictable and controllable risks within the Company. The Internal Control Standard System serves as one of the bases for the overall internal control evaluation of the Company on a regular basis, whereby internal control self-inspection is carried out. Meanwhile, the Company has revised the Rules and Regulations Management Provisions (《規章制度管理規定》), formulated standardized templates for systems at all levels, improved the requirements of PDCA closed-loop management in the contents, further streamlined the system contents, increased the compliance and accountability-related contents, which enhanced the applicability of the system and the management of the whole life cycle, among other things. By constantly optimizing and upgrading the internal control system and rules and regulations, the Company creates a good foundation for the ongoing improvement of its basic management level, and promotes the Company's rapid and sustainable development.

## 2. Procedures used to identify, assess and manage significant risks

The Company regularly conducts identification, evaluation and corresponding actions for risks. The Company seriously analyzes its situation within the industry on the basis of the study and judgement of the general domestic and international macro-economic situation annually and conducts relevant risk management actions by phases according to the strategic objectives and control requirements. Risk identification stage: pursuant to the requirements of the Guideline on Comprehensive Risk Management for State Enterprises (《中央企業全面風險管理指引》), the Company organized all departments and subsidiaries to collect relevant information on risks systematically on an on-going basis. In accordance with the risk categorization framework of the SASAC and the normative requirements of internal guidance on risk management, the Company conducted risk identification and reorganization procedures to identify internal and external risks affecting operating targets, analyzed the cause of risks and possible impacts case by case, and specified the departments-in-charge. Risk evaluation stage: pursuant to the actual situation of risk management, quantitative assessments and qualitative assessments, the Company classified risks into three levels based on the "importance and urgency of risk management", namely highly important (red), close attention (yellow) and controllable risks (green). The Company organized each of the department-in-charge to evaluate the impact of different types of risks on the realization of the overall objectives of the Company and preliminarily determined the classification of risk management, with extra attention paid to material risks. Risk responding stage: the Company duly formulated risks responding measures in response to routine risks, which specifically include: risk prevention, risk confrontation, risk mitigation and risk transformation. In terms of material risks, by preparing control measures to material risks, the Company had assigned respective departments-in-charge; effective and practicable risk management and control measures have been duly formulated upon thorough analysis on the source, cause, possible impact and corresponding strategies of material risks. Material risks tracking stage: by regularly carrying out the follow-up work of material risk changes and the implementation of response plan, the Company paid timely attention to the implementation and practicability of the solutions to material risks or contingency plans on crisis management, allocated resources accordingly, specified work procedures, assigned persons-in-charge and set deadline, so as to ensure the effective implementation of such solutions or plans.

## 3. The main features of the risk management and internal control system

The Company implements a hierarchical classification of risks, standardizes the establishment of a risk management and internal control organization system. Based on the Guideline on Comprehensive Risk Management for State Enterprises (《中央企業全面風險管理指引》) published by the SASAC, the Company starts from the top-level design, follows the principle of "hierarchy and classification", clarifies the boundaries of risk management responsibilities at each level, strengthens the main responsibilities of risk management, promotes internal control work, and unites the evaluation and supervision forces to form a risk management system that is "horizontal to the edge and vertical to the end". The Company focuses on strengthening the top-level design of risk management, enhances the monitoring of major risks and special risks, and formulates annual guidance on comprehensive risk and internal control management at the beginning of the year to clarify annual work objectives, refine work requirements and implementation

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

paths. Based on the business characteristics of the main business segment, the Company monitors the disposal progress of various special risks on a monthly basis, tracks the annual changes in major risks and the implementation of countermeasures on a quarterly basis, and evaluates the overall risks of the Company in combination with the control of major risks of its subsidiaries, and forms corresponding risk management reports to ensure that the risks are identifiable, controllable and tolerable. The Company strengthens the dynamic assessment of risks and carries out dynamic and special risk assessment in a timely manner according to the changes in the internal and external environment, and identifies and evaluates the impact of changes in the internal and external environment on the achievement of the Company's business objectives in a timely manner and formulates targeted countermeasures. In order to effectively cope with the impact of the external environment, the Company promptly arranges relevant departments to carry out a dynamic assessment of special risks with comprehensive analysis, rapid evaluation, detailed measures, and clarification of responsibilities, and studies and formulates risk prevention and control plans and relevant risk contingency plans in advance. Meanwhile, the Company strengthens risk process monitoring, pays close attention to abnormal risk signs related to its business, and activates emergency procedures promptly for unexpected risk signs or risk events to ensure that risks are under control.

#### **4. Procedures for reviewing the efficiency of risk management and internal control systems and for addressing material internal control deficiencies**

The Board of the Company is responsible for the risk management and internal control system, and assesses the effectiveness of the risk management and internal monitoring and control systems of the Company at least once a year, and comes to a complete inspection conclusion. The procedures of reviewing the effectiveness of risk management and internal control systems includes: formulating the plan for evaluation of work, forming evaluation team, implementing on-site testing, identifying control defects, aggregating evaluation results and compiling evaluation reports, etc. The Company authorizes the audit department to be responsible for specific implementation of the evaluation of internal control. After a comprehensive analysis of internal control defects, the Company gives opinions, and makes a final confirmation in accordance with the scope of authority and procedures after review, and classifies the defects as significant defects, important defects and general defects based on the level of impact. The confirmation proposed will be presented to the Board and operation meeting in the form of written report, and the significant defects will be finally confirmed by the Board.

#### **5. Procedures and internal control measures for managing and releasing insider information**

The Company strictly performs information gathering, studying, preparation of announcements and disclosure approval procedures to ensure the compliance of information disclosure based on laws in accordance with the regulatory requirements and corporate system such as the Management System of Information Disclosure of MCC (《中國中冶信息披露管理制度》) and Measures for the Administration of Information Disclosure of MCC in the Stock Market (《中國中冶股票市場信息披露管理辦法》). Meanwhile, the Company also formulated Measures for Managing Insider Information of MCC (《中國中冶內幕信息管理辦法》), and established the inside information insider registration, filling and reporting system, requiring the inside information insider to truthfully and completely record the inside information at the stage of deliberation planning, demonstration consultation, contract conclusion, reporting, transmission, preparation, review, resolution, disclosure for prompt registration, filling and reporting, and supervise the confidentiality obligation to be strictly fulfilled by the insiders.

#### **6. Establishment of internal review function**

The Company has established an internal audit function which analyzes and independently evaluates the adequacy and effectiveness of the risk management and internal monitoring and control systems of the Company and reports to the Board the results at least once a year. MCC has, in practice, started the supervision and evaluation as well as defect rectification inspection of internal control and risk management pursuant to the plan on evaluation of work and standard of evaluation in order to ensure the defects are rectified properly. Meanwhile, the subsidiaries are required to conduct half-year and annual self-evaluation and special evaluation work in order to provide the base for the issue of internal control evaluation report. The review period of risk management and internal control system covered is from 1 January 2023 to 31 December 2023.

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

The Board considers that the current risk management and internal monitoring and control systems are adequate and effective, in particular, with respect of financial reporting and compliance with the Listing Rules.

Explanation on material defects in internal control during the Reporting Period

Applicable  Not applicable

No material defect has been discovered in the internal control of the Company during the Reporting Period.

## XXI. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company has set up secondary subsidiaries in a standard manner to establish a centralized and efficient management and control mode, and required subsidiaries to form a headquarter with mutual restriction and efficient operation in accordance with the requirements of “closely connecting with superior functions, improving the establishment of the main platform of project management and control, and conforming to the development of main business”.

## XXII. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL

The type of the internal control audit report disclosed is standard unqualified opinion. Ernst & Young Hua Ming LLP has issued the internal control audit report for the Company and is of the opinion that as at 31 December 2023, the Company maintained an effective internal control over its financial report in all material aspects pursuant to the Basic Standards for Enterprise Internal Control (《企業內部控制基本規範》) and relevant requirements. The full text of the “Internal Control Evaluation Report” is published on the websites of the SSE (<http://www.sse.com.cn>), the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.mccchina.com>).

According to the audit report of internal control issued by Ernst & Young Hua Ming LLP, the Board has inspected the risk management and internal monitoring and control systems of the Company and its subsidiaries, and is of the view that they are still effective.

The internal control audit report issued by the accounting firm is consistent with the internal control evaluation report of the Company.

Whether the Company had disclosed its internal control audit report: Yes

Type of opinion of the audit report of internal control: Standard unqualified opinion

## XXIII. RECTIFICATION OF SELF-INSPECTION PROBLEMS IN THE SPECIAL ACTION ON GOVERNANCE OF LISTED COMPANIES

In April 2021, the Company has completed the special governance self-inspection for in accordance with the requirements of the Announcement of Special Action on Governance of Listed Companies issued by CSRC, and carefully inspected its corporate governance against the list. Self-inspection reflects that the corporate governance structure of the Company is perfect, and each governance mechanisms is under normal operation except for two items that need to be rectified. As at the end of the Reporting Period, the two matters have been completely rectified. Details are as follows:

- 1. Independent Directors having served for a term of more than 6 consecutive years (rectification completed in 2022).**

# CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE REPORT

## 2. Senior management personnel of listed companies who are part-time in controlling shareholder's entities (partial rectification completed).

Zeng Gang, then Secretary to the Board of the Company, holds an executive position with China Minmetals, an indirect controlling shareholder of the Company, due to work requirements. On 16 December 2022, Mr. Zeng Gang resigned as the Secretary to the Board of the Company and the Board of the Company appointed Mr. Wang Zhen as the new Secretary to the Board, and the rectification of the matter regarding dual part-time job was completed to this point.

Liu Fuming, Vice President of the Company, holds an executive position with CMGC, a director controlling shareholder of the Company, and the matter is still in the process of rectification. The Company will continue to actively communicate with its controlling shareholders to complete the rectification of this matter as soon as possible.

## XXIV. CHANGES IN ARTICLES OF ASSOCIATION

Based on the actual situation of the Company, the 2022 Annual General Meeting of MCC held on 26 June 2023 considered and approved the resolution regarding the Articles of Association of Metallurgical Corporation of China Ltd.. The Company made amendments to certain content of the Articles of Association of Metallurgical Corporation of China Ltd. pursuant to the updated provisions of the Administrative Measures for the Formulation of the Articles of Association of State-owned Enterprises (《國有企業公司章程制定管理辦法》) issued by SASAC, the Guidelines on Articles of Association of Central State-owned Enterprises (for Trial Implementation) (《中央企業公司章程指引(試行)》), the Opinions on Strengthening Party Leadership by Central Enterprises in Improving Corporate Governance (《關於中央企業在完善公司治理中加強黨的領導的意見》), the Sample List of Matters for the Communist Party Committee (Party Groups) of Central State-owned Enterprises for Discussion of Major Operation and Management Issues in Advance (for Trial Implementation) (《中央企業黨委(黨組)前置研究討論重大經營管理事項清單示範文本(試行)》), the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) (revised in 2022) issued by CSRC, the Rules Governing Shareholders' General Meetings of Listed Companies (《上市公司股東大會規則》) (revised in 2022) issued by CSRC and the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》) and according to the actual operational and management needs of the Company (See the relevant announcements disclosed by the Company on 20 July 2022 and 26 June 2023 respectively).

The 2023 First Extraordinary General Meeting of MCC held on 11 September 2023 considered and approved the Articles of Association of Metallurgical Corporation of China Ltd. (applicable upon the issuance of the preferred shares). The Company made amendments to certain content of the Articles of Association of Metallurgical Corporation of China Ltd. pursuant to the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Guiding Opinions of the State Council on the Pilot Scheme for Preferred Shares (《國務院關於開展優先股試點的指導意見》), the Measures for Registration of Listed Companies on Securities Issues (《上市公司證券發行註冊管理辦法》), the Measures for the Pilot Scheme for Preferred Shares (優先股試點管理辦法) and the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and other laws, regulations and regulatory documents in conjunction with the preferred share issuance proposal of the Company. (See the relevant announcements disclosed by the Company on 21 June 2023 and 11 September 2023 respectively)

Other contents remain unchanged.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

Whether an environmental protection related mechanism is established	Yes
Funds invested in environmental protection during the Reporting Period (Unit: RMB 100 million)	14.19

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

In accordance with the List of Enterprises under Special Supervision and Enterprises with Significant Waste Disposal in 2023 published by the state, provincial and municipal environmental protection departments, among all subsidiaries of the Company, 8 enterprises were included in the list of enterprises under special supervision of exhaust gas; 2 enterprises were included in the list of enterprises under special supervision of wastewater treatment plants; and 35 sewage treatment plants were included in the list of enterprises under special supervision of sewage treatment. During the Reporting Period, each environmental protection facility of all units under the List of Enterprises with Significant Waste Disposal operated normally, and the emission of key pollutants reached the emission standard without excessive emission, achieving the objective of total emission reduction. In 2023, MCC Ecological Environmental Protection, a subsidiary of the Company, has processed a total of 611 million tons of sewage, achieving 131,900 tons of COD reduction and 15,300 tons of ammonia nitrogen reduction.

#### 1. Information about pollution discharge

(1) Enterprises under special supervision of sewage treatment

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard <sup>(Note)</sup> (mg/L)	Actual emission (mg/L)	Total Discharge emission rate (10,000t/day)	Discharge flow
1	Chuzhou Water Corporation MCC (滁州市中冶水务有限公司)	Main vent from Qingliu Sewage Treatment Plant WS-01904	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	22 0.244	13.94	Qingliu River (清流河)
2	Lai'an Water Corporation MCC (Lai'an Wastewater Treatment Plant) (来安縣中冶水务有限公司(来安污水处理廠))	Vent from Lai'an Water Corporation MCC Wastewater Treatment Plant WS-06998	COD Ammoniacal nitrogen	Implementing the Level IV water standards of Environmental Quality Standard for Surface Water (GB3838-2002) for COD, ammonia nitrogen, and the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A for the rest of the water indicators	30 1.5	22.53 0.44	7.54	Lai River (來河)
3	MCC Qinhuangdao Water Co., Ltd. (中冶秦皇島水务有限公司)	Vent from Shanhaiguan Water Treatment Plant (山海關污水處理廠出水口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	15.12 0.21	3.44	Chao River (潮河)
4	Shouguang North Water Corporation MCC (壽光市城北中冶水务有限公司)	Vent outside Shouguang North Water Corporation MCC WS-37078304	COD Ammoniacal nitrogen	The main indicators of effluent (CODCr and ammoniacal nitrogen) were raised to the class IV standard of surface water. Other indicators were in accordance with the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	30 1.5	20.82 0.42	7.90	Zhangseng River (張僧河)



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard <sup>(Note)</sup> (mg/L)	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
5	Tianchang Water Corporation MCC (Tianchang Wastewater Treatment Plant) (天長市中冶水務有限公司(天長市污水處理廠))	Vent No. WS-009	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	40 2(3)	12.40 0.26	6.19	Chuanqiao River (川橋河)
6	Qinlan Wastewater Treatment Plant of Tianchang Water Corporation MCC (天長市中冶水務有限公司(秦欄鎮污水處理廠))	Mixed inflow of sewage emission in Qinlan Town and Jiangwei County of Tianchang City	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	16.99 0.41	0.6	Qinlan River (秦欄河)
7	Yangcun Water Treatment Plant of Tianchang Water Corporation MCC (天長市中冶水務有限公司(楊村鎮污水處理廠))	Mixed inflow of sewage emission in Yangcun Wastewater Treatment Plant of Tianchang City	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	20.66 0.78	0.79	Yangcun River (楊村河)
8	Wastewater Treatment Plant of Tianchang Economic Development Zone of Tianchang Water Corporation MCC (天長市中冶水務有限公司(天長市經濟開發區污水處理廠))	Vent No. WS-04303	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 2(3)	19.43 0.32	2.82	Chuanqiao River (川橋河)
9	Tongcheng Water Treatment Plant of Tianchang Water Corporation MCC (天長市中冶水務有限公司(銅城鎮污水處理廠))	Vent No. WS-04305	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	19.13 0.20	0.59	Tonglong River (銅龍河)
10	MCC Xinglong Water Co., Ltd. (興隆縣中冶水務有限公司)	Vent of disinfecting tank WS-001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	204.33 21.6	2.149	Liu River (柳河)
11	MCC Dingyuan Water Co., Ltd. (定遠縣中冶水務有限公司)	Wastewater discharge vent WS-50004	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	16.7 0.14	5.47	Maqiao River (馬橋河)
12	Lai'an Water Corporation MCC (Cha He Water Treatment Plant) (來安縣中冶水務有限公司(汊河污水處理廠))	Vent from Cha He Water Treatment Plant (汊河污水處理廠污水排放口) WS-06902	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	29.78 0.32	2	Chu River (滁河)
13	Ma'anshan Water Corporation MCC (馬鞍山市中冶水務有限公司)	Ma'anshan Water Corporation MCC (馬鞍山市中冶華天水務有限公司) WS-090801	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	12.53 0.28	1.99	Xiangcheng River (襄城河)
14	Huangshi Water Corporation MCC (黃石市中冶水務有限公司)	Vent from Huangshi Water Corporation MCC (黃石市中冶水務有限公司) DW001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	11.6 1.58	3.62	Ci-hu Lake (磁湖)



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard <sup>(Note)</sup> (mg/L)	Actual emission (mg/L)	Total Discharge emission rate (10,000t/day)	Discharge flow
15	Shouguang MCC Water Co., Ltd. (壽光市中冶水務有限公司)	Vent from Shouguang MCC Water Co., Ltd. WS37078309	COD	The main indicators of effluent (CODCr and ammoniacal nitrogen) were raised to the class IV standard of surface water. Other indicators were in accordance with the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	30	25.75	11.76	Xiaoqing River (小清河)
			Ammoniacal nitrogen		1.5	0.43		
16	Qinhuangdao Funing District MCC Water Co., Ltd. Wastewater (秦皇島市撫寧區中冶水務有限公司)	Vent from Qinhuangdao Funing District MCC Water Co., Ltd. Wastewater (秦皇島市撫寧區中冶水務有限公司) No.: DW001	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	29.85	4.99	Discharged into artificial river
			Ammoniacal nitrogen		5(8)	0.16		
17	Fuzhou MCC Changle District Water Co., Ltd. (福州市長樂區中冶水務有限公司)	Vent from Fuzhou MCC Changle District Water Co., Ltd. (福州市長樂區中冶水務有限公司) 排放口) WS26616	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	23.0	4.75	Min River (閩江)
			Ammoniacal nitrogen		5(8)	0.186		
18	MCC Xuancheng Water Co., Ltd. (宣城市中冶水務有限公司)	Mixed inflow of sewage emission in Xuancheng Shuangqiao Sewage Treatment Plant No.: 341802022	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	13.45	1.36	Shuiyang River (水陽江)
			Ammoniacal nitrogen		5(8)	0.19		
19	Beijing Zhongshe Water Treatment Co., Ltd. (北京中設水處理有限公司)	Main vent (Phase I)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level I Standard A of current wastewater plant) DB11/890-2012	20	13.37	6.30	Ciwei River (刺渭河)
			Ammoniacal nitrogen		1.0(1.5)	0.12		
		Main vent (Phase II)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level I Standard A of current wastewater plant) DB11/890-2012	20	13.47	4.16	
			Ammoniacal nitrogen		1.0(1.5)	0.18		
20	Lanzhou Zhongtuo Water Corporation (蘭州中投水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard B	50	18.02	23.48	Yellow River
			Ammoniacal nitrogen		5(8)	0.54		
21	Xiaogan Zhongshe Water Co., Ltd. (孝感中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	17.82	12.44	Gunzi River (滾子河)
			Ammoniacal nitrogen		5(8)	0.7		
22	Wenxian Zhongtuo Water Co., Ltd. (No. 1 Wastewater Treatment Plant) (溫縣中投水務有限公司(第一污水廠))	Main vent of the First Wastewater Treatment Plant	COD	Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province (Level I Standard) DB41/2087-2021	50	13.4	3.21	Rongqu River (榮鰲河)
			Ammoniacal nitrogen		5(8)	0.31		
23	Wenxian Zhongtuo Water Co., Ltd. (No. 2 Wastewater Treatment Plant) (溫縣中投水務有限公司(第二污水廠))	Main vent of the Second Wastewater Treatment Plant	COD	Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province (Level I Standard) DB41/2087-2021	50	24.3	2.59	Xinmang River (新蟒河)
			Ammoniacal nitrogen		5(8)	0.41		
24	Changzhou Enfi Water Co., Ltd. (常州恩菲水務有限公司)	Main vent	COD	Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu (DB32/1072-2018)	60	41.44	2.26	Cailing Port (採菱港)
			Ammoniacal nitrogen		5	0.32		

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard <sup>(Note)</sup> (mg/L)	Actual emission (mg/L)	Total Discharge emission rate (10,000t/day)	Discharge flow
25	Wuzhi County Zhongshe Water Co., Ltd. (武陟縣中設水務有限公司)	Main vent	COD Ammoniacal nitrogen	Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province DB41/2087-2021 (Level II Standard)	50 5(8)	39.578 0.529	1.61	Lao River in District 2 and 4 (二四區澆河)
26	Pingyuan Zhongshe Water Co., Ltd. (平原中設水務有限公司)	Main vent	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	36.7 0.438	4.21	Ma Hong Trunk Sewers (馬洪幹渠)
27	Zhuozhou Zhongshe Water Treatment Co., Ltd. (涿州中設水處理有限公司)	Main vent	COD Ammoniacal nitrogen	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30 1.5(2.5)	14.26 0.119	0.79	North Juma River South Branch (北拒馬河南支)
28	Zhuozhou Zhongshe Environmental Protection Co., Ltd. (Western Plant) (涿州中設環保有限公司(西廠))	Main vent of the West Plant	COD Ammoniacal nitrogen	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30 1.5(2.5)	9.65 0.078	2.91	North Juma River (北拒馬河)
29	Zhuozhou Zhongshe Environmental Protection Co., Ltd. (Eastern Plant) (涿州中設環保有限公司(東廠))	Main vent of the East Plant	COD Ammoniacal nitrogen	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30 1.5(2.5)	9.14 0.095	3.48	North Drainage Channel into Baigou River (北排幹渠進入白溝河)
30	Zhongshe Environmental Protection Co., Ltd. (Development Zone Plant) (涿州中設環保有限公司(開發區廠))	Main vent of the Development Zone Plant	COD Ammoniacal nitrogen	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30 1.5(2.5)	10.17 0.08	2.04	North Drainage Channel into Baigou River (北排幹渠進入白溝河)
31	MCC Water (Wuhan) Co., Ltd. (Bao Xie Plant) (中冶水務(武漢)有限公司(豹澥廠))	Vent from Baoxie Wastewater Treatment Plant (豹澥污水處理廠廢水排放口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	12.9 0.038	6.84	Yangtze River (長江)
32	MCC Water (Wuhan) Co., Ltd. (Zuoling Plant) (中冶水務(武漢)有限公司(左嶺廠))	Main vent of Zuoling Wastewater Treatment Plant (左嶺污水處理廠廢水總排口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	8.53 0.17	8.52	
33	MCC Water (Zhuxi) Co., Ltd. (中冶水務(竹溪)有限公司)	Vent from Zhuxi Dongcheng District Wastewater Treatment Plant (竹溪縣東城新區污水處理廠排放口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	10.5 0.45	0.73	Zhuxi River (竹溪河)
34	MCC Water (Macheng) Co., Ltd. (中冶水務(麻城)有限公司)	Vent from Macheng Urban Environmental Wastewater Treatment Plant (都市環保麻城污水處理廠廢水排放口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	13.81 0.61	1.18	Jushui River (舉水河)

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard <sup>(Note)</sup> (mg/L)	Actual emission (mg/L)	Total Discharge emission rate flow (10,000t/day)	
35	Lai'an MCC Huatian Water Environment Investment Co., Ltd. (Second Wastewater Treatment Plant) (來安縣中冶華天水環境投資有限公司(第二污水處理廠))	Main vent of wastewater DW001 (廢水總排口DW001)	COD	Level II of Integrated Wastewater Discharge Standards (《污水綜合排放標準》) (GB8978-1996)	120	83.09	1.42	Lai'an County Wastewater Treatment Plant(來安縣污水處理廠)
			Ammoniacal nitrogen	Level II of Integrated Wastewater Discharge Standards (《污水綜合排放標準》) (GB8978-1996)	25	0.41		

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

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## (2) Enterprises under special supervision of exhaust gas

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Executive standard	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
1	Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司) (new exhaust vent #4)	Xiangyang Enfi Municipal Solid Waste Incineration Power Plant (sewage vent)	COD	Integrated wastewater discharge standard (GB8978-1996) Level III Emission limit	500mg/L	35.00	0.71	Yujiahu Wastewater Treatment Plant (余家湖污水處理廠)
			PH	Integrated wastewater discharge standard (GB8978-1996) Level III Emission limit	6~9	7.21	/	
		Exhaust vent #1 from Xiangyang Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	31.01	2.98	Atmosphere
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	156.50	13.06	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	1.51	0.03	
		Exhaust vent #2 from Xiangyang Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	25.82	2.04	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	146.25	11.60	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	2.09	0.06	
		Exhaust vent #3 from Xiangyang Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	27.95	1.66	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	166.50	12.46	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	0.96	0.03	
		Exhaust vent #4 from Xiangyang Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	18.39	1.25	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	144.50	10.69	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	1.66	0.06	

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Executive standard	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
2	Ganzhou Enfi Environmental Protection Energy Co., Ltd. (贛州恩菲環保能源有限公司)	Exhaust vent #1 from Ganzhou Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	26.21	1.84	Atmosphere
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	229.24	16.09	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	7.00	0.49	
		Exhaust vent #2 from Ganzhou Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	30.86	1.89	
			NO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	239.36	14.92	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	4.57	0.33	
		Exhaust vent #3 from Ganzhou Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	19.92	1.58	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	174.11	13.05	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	5.57	0.43	
3	Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司)	Exhaust vent #1 from Gu'an Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	48.92	4.32	Atmosphere
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	64.92	6.84	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	0.98	0.11	
		Exhaust vent #2 from Gu'an Enfi Waste Incineration Power Plant	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	55.07	4.58	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	60.84	5.48	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	1.67	0.13	
4	Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司)	Exhaust vent of Xiaogan Enfi	SO <sub>2</sub>	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	100mg/Nm <sup>3</sup>	12.15mg/Nm <sup>3</sup>	0.05	Atmosphere
			NO <sub>x</sub>	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	300mg/Nm <sup>3</sup>	134.95mg/Nm <sup>3</sup>	0.56	
			Smoke and dust	Standard for pollution control on the hazardous waste incineration (GB18484-2020)	30mg/Nm <sup>3</sup>	6.80mg/Nm <sup>3</sup>	0.03	

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Executive standard	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
5	Ganzhou Nankang Enfi Environmental Protection Energy Co., Ltd. (贛州南康區恩菲環保能源有限公司)	1# Exhaust vent of incinerator	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	60.49	5.94	Atmosphere
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	209.29	20.60	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	2.73	0.26	
		2# Exhaust vent of incinerator	SO <sub>2</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm <sup>3</sup>	63.80	6.16	
			NO <sub>x</sub>	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm <sup>3</sup>	208.15	20.10	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm <sup>3</sup>	1.78	0.17	
6	China City New Energy Development Dafeng Co., Ltd. (都市環保新能源開發大豐有限公司)	China City #2 gas exhaust gas	SO <sub>2</sub>	Discharge Standard of Pollutants for Thermal Power Plant (GB13223-2011)	50mg/m <sup>3</sup>	8.2	0.16	Atmosphere
			NO <sub>x</sub>		100mg/m <sup>3</sup>	65.1	2.19	

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Executive standard	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
7	MCC-SFRE Heavy Industry Equipment Co., Ltd. (中冶陝重重工設備有限公司)	5t electric furnace exhaust pipe	Particulate matter	Discharge Standard of Pollutants for Foundry Industry GB39726-2020	30mg/m <sup>3</sup>	1.46mg/m <sup>3</sup>	Real-time monitoring of dynamic data on the automatic monitoring platform for key sewage discharging units	Atmosphere
		60t refining furnace	Particulate matter	Discharge Standard of Pollutants for Foundry Industry GB39726-2020	30mg/m <sup>3</sup>	0.83mg/m <sup>3</sup>	Real-time monitoring of dynamic data on the automatic monitoring platform for key sewage discharging units	
		Exhaust pipe of heating furnace in heat treatment workshop of old plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry GB39726-2020	30mg/m <sup>3</sup>	2.1mg/m <sup>3</sup>	<0.022kg/h	
			NO <sub>x</sub>		300mg/m <sup>3</sup>	3mg/m <sup>3</sup>	<0.064kg/h	
			SO <sub>2</sub>		100mg/m <sup>3</sup>	3mg/m <sup>3</sup>	<0.064kg/h	
		Boiler exhaust pipe of boiler room	Particulate matter	《Boiler Pollutants》(DB61/941-2018)	30mg/m <sup>3</sup>	1.3mg/m <sup>3</sup>	0.035kg/h	
			NO <sub>x</sub>		80mg/m <sup>3</sup>	48mg/m <sup>3</sup>	0.071kg/h	
			SO <sub>2</sub>		20mg/m <sup>3</sup>	4mg/m <sup>3</sup>	<0.067kg/h	
		1# exhaust pipe of heating furnace in forging workshop of new plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry GB39726-2020	30mg/m <sup>3</sup>	1.2mg/m <sup>3</sup>	<0.2kg/h	
			NO <sub>x</sub>		300mg/m <sup>3</sup>	3mg/m <sup>3</sup>	3.9kg/h	
			SO <sub>2</sub>		100mg/m <sup>3</sup>	3mg/m <sup>3</sup>	<0.59kg/h	
		2# exhaust pipe of heating furnace in forging workshop of new plant	Particulate matter	Discharge Standard of Pollutants for Foundry Industry GB39726-2020	30mg/m <sup>3</sup>	2.4mg/m <sup>3</sup>	<0.18kg/h	
			NO <sub>x</sub>		300mg/m <sup>3</sup>	197mg/m <sup>3</sup>	35kg/h	
SO <sub>2</sub>			100mg/m <sup>3</sup>	3mg/m <sup>3</sup>	<0.54kg/h			
8	MCC (Shanghai) Steel Structure Technology Co., Ltd. (中冶(上海)鋼結構科技有限公司)	Exhaust vent from structured 10A workshop	Non-methane hydrocarbons	Integrated Emission Standards of Air Pollutants DB 31/199-2015	70mg/Nm <sup>3</sup>	3.13	0.0597	Atmosphere
		Exhaust vent from structured workshop door No. 9	Non-methane hydrocarbons		70mg/Nm <sup>3</sup>	4.48	0.0856	
		Vent from fitting workshop east paint shop	Non-methane hydrocarbons		70mg/Nm <sup>3</sup>	3.38	0.0699	



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant	Executive standard	Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
1	Gu'an Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司)	Main vent of wastewater	COD	Table 4 of Integrated Wastewater Discharge Standard (GB8978-1996) (Level III) and requirements for influent water quality of Gu'an Lv Yuan Urban Sewage Treatment Co., Ltd.	500mg/L	128.34	5.60	Gu'an Lv Yuan Urban Sewage Treatment Co., Ltd. (固安綠源城區污水處理有限公司)
			Ammoniacal nitrogen		45mg/L	1.18	0.85	
			PH		6~9	7.03	/	
2	Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司)	Main vent of wastewater	COD	Integrated Wastewater Discharge Standard (GB8978-1996) (Level III) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan	400mg/L	35.94mg/L	0.06	Sewage treatment plant of Dengjiahe, Xiaogan
			Ammoniacal nitrogen	Integrated Wastewater Discharge Standard (GB8978-1996) (Level III) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan	40mg/L	2.33mg/L	0.00	

## 2. Construction and operation of pollution prevention facilities

The Company's various key emission discharging enterprises have continuously strengthened the management and control of environmental protection facilities, operations and other aspects, and pollution prevention and control facilities were running normally and steadily, with standard pollutant emissions.

- (1) All waste incineration power plants kept increasing control over percolate, fly ash, flue gas purification system, etc., in order to guarantee waste water treatment and smoke and dust emission compliant with requirements.
- (2) Wastewater treatment process used mainly adopted primary treatment (physical and chemical treatment process) + secondary treatment (biochemical treatment process) + tertiary treatment (advanced treatment process), in which the plants mainly executed the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level 1 Standard A) (GB18918-2002) for effluent quality.
- (3) As a key enterprise in Shanghai, MCC Steel Manufacturing Plant I has three VOC vents and five particulate matter vents, with activated carbon adsorption for the VOC vents and cartridge filtration for the particulate matter vents for dust removal, with facilities running normally throughout the year. The annual environmental monitoring is consistently qualified, achieving full compliance with the emission standards.

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

All construction projects of each of the key emission discharging enterprises of the Company have been approved by the Environmental Impact Assessment (EIA), with the environmental protection requirements in the EIA and acceptance approval documents having been implemented.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## 4. *Contingency plans for environmental emergencies*

Each of the key emission discharging enterprise of the Company has worked out contingency plans for environmental emergencies and filed them with the local Ecological Environment Bureau.

## 5. *Environmental self-monitoring plans*

Each of the key emission discharging enterprise of the Company has formulated environmental self-monitoring plans to ensure that monitoring data is transmitted and monitored in real time by local environmental protection authorities via the Internet.

## 6. *Administrative punishment for environmental problems during the Reporting Period*

Applicable  Not applicable

During the Reporting Period, none of the Company's key emission discharging enterprises were subject to administrative punishment due to environmental problems.

## 7. *Other information about environmental protection that should be made public*

Applicable  Not applicable

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

### 1. *Administrative punishment due to environmental problems*

During the Reporting Period, the subsidiaries of the Company were subject to 18 administrative penalties for environmental problems such as noise and dust etc., with fines of RMB 982,400 in total. The rectifications of such issues have been completed so far.

### 2. *Disclosure of other environmental information with reference to the enterprises with significant waste disposal*

#### (1) Information about pollution discharge

① CISDI Equipment Co., Ltd. (中冶赛迪装备有限公司): The main pollutants are exhaust gas and waste water, and the main air pollutants include volatile organic compounds, particulate matter, nitrogen oxides and sulfur dioxide. The emission concentrations of such air pollutants meet the emission standard. The main water pollutants include ammonia nitrogen, suspended solids and chemical oxygen demand. The discharge concentrations of such water pollutants meet the discharge standard after waste water is treated in the biochemical tank and then discharged to the sewage treatment plant in the Park.

② WISDRI (Wuhan) Heavy Machinery Co., Ltd (中冶南方(武汉)重工製造有限公司): The main pollutant is exhaust gas, and the main air pollutant is volatile organic compounds. The emission concentration meets the emission standards after being treated by pollution prevention and control facilities.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

- ③ Zhengzhou Baoye Steel Structure Co., Ltd. (鄭州寶冶鋼結構有限公司): The main pollutants are exhaust gas, general industrial solid waste and household waste water, and the main air pollutants include particulate matter, benzene, toluene, xylene, non-methane hydrocarbons, nitrogen oxides and sulfur dioxide, the emission concentrations of which all meet the emission standards. The main water pollutants include ammonia nitrogen, suspended solids, chemical oxygen demand, five-day BOD, total nitrogen, total phosphorus and petroleum, the discharge concentration of which meets the discharge standards. The major kinds of general industrial solid waste are scrap steel, scrap copper, wire reel, iron powder, iron scraps and oxidizing slag, which are collected, stored and disposed of in compliance with regulations.
  - ④ Engineering projects: The main pollutants include dust, wastewater, noise, solid waste, etc.
- (2) Construction and operation of pollution prevention and control facilities

Each production enterprise of the Company has built various pollution control facilities for wastewater, exhaust gas, solid waste and noise in accordance with the EIA report and approval requirements; each project is equipped with mist cannon trucks, spraying cars, car washing stations, garbage stations and other facilities; in addition, bare soil is covered with dense mesh and noise reduction measures are taken for high-noise operations. The specific construction contents are as follows:

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

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

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

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

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

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

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

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

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Exhaust gas pollution control measures: three sets of smoke and dust purification and treatment devices (filter cartridge dust collector and three 20m-high exhaust pipes) are equipped for treating smoke and dust as a result of cutting. Five sets of central smoke and dust purification and treatment systems and five 20m-high exhaust pipes are equipped for treating smoke and dust as a result of welding (Each welding station is provided with suction hood). Two sets of spraying-drying integrated spraying rooms, including two sets of paint mist filtration systems (including glass fiber filter felt and two stage paint mist filtration devices), two sets of activated carbon adsorption devices, one set of desorption catalytic combustion devices, one 20m-high exhaust pipe are equipped for treating organic gases such as paint mist, xylene and non-methane hydrocarbons. Three 20m-high exhaust pipes (for treating natural gas, combustion exhaust gas, smoke and dust, SO<sub>2</sub>, NO<sub>x</sub>, etc.) are equipped in the drying burner.

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

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

## ④ Engineering projects

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

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

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

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

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## 3. Reasons for non-disclosure of other environmental information

Applicable  Not applicable

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

During the Reporting Period, the Company further implemented the major strategic plan of the 20th National Congress of the CPC on “Promoting Green Development and Harmonious Coexistence of Human and Nature”, and pushed forward the green and low-carbon development of the engineering and construction industry, with emphasis on upgrading the level of green design of the projects by grasping the low-carbon emission in the construction process and promoting the utilization of green building materials, so as to effectively enhance the self-awareness and resilience in pushing forward the green and low-carbon development.

The Company aims to focus on green building materials technology and application by firmly holding the “green threshold” on building materials, enabling the steel structure, photovoltaic system, thermal insulation wall panels to be integrated with the building, effectively reducing the energy consumption of the building, and promoting the in-depth carbon reduction and energy saving of the building. The Company also actively practices green construction, constantly strengthens the management of various elements such as personnel, machines, goods and materials, and effectively realizes energy saving and emission reduction, carbon reduction and efficiency enhancement by assembly construction, use of energy-saving equipment and devices, combining the construction with “permanent and temporary” and other means.

With the goal of driving the green development of the iron and steel industry, the Company concentrates on the “pain points” of environmental protection elements such as water, gas, noise, slag, among others, and actively builds the core technologies and products of the metallurgical industry in the entire life cycle of energy-saving, solid waste, hazardous waste disposal, high-efficiency energy, ultra-low emission, and high-difficulty wastewater treatment, so as to contribute to the energy-saving and environmental protection of the iron and steel industry in China.

The Company has been positively implementing the national “dual carbon” strategy, optimizing manufacturing processes and energy-saving technologies in line with the action roadmap of “Carbon Peak and Carbon Reduction Action Plan for the Iron and Steel Industry” (《鋼鐵行業碳達峰及降碳行動方案》), establishing an all-around and all-process low-carbon technology system by relying on the low-carbon technology research institute enterprises under the Company, and vigorously pushing forward the development of metallurgy in a green and low-carbon manner.

The Company, relying on its strong science and research strength and abundant engineering experience, has developed a series of leading core expertise in the sectors of wastewater treatment, soil remediation and solid waste treatment, and has been successfully applied to a number of major projects, which laid a solid technological guarantee for the national construction of a “scenic home” and “lucid waters and lush mountains”.

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

Whether carbon reduction measures are adopted	Yes
Reduction in CO <sub>2</sub> equivalent emissions ( <i>in tons</i> )	Not Applicable
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in production processes, research and development of new products that contribute to carbon reduction, etc.)	Use of clean energy for power generation, technological innovation, etc.

*Note:* The Company’s carbon dioxide emissions (comparable price) in terms of RMB 10,000 output value (operating revenue) declined by 10.37% year-on-year during the Reporting Period.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## *Detailed description*

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

The Company actively optimizes the energy structure and improves the energy efficiency. We strengthen the assessment of energy consumption in the construction industry, strictly control the intensity of energy consumption, gradually reduce the proportion of fossil fuel energy consumption, strengthen the control of electricity consumption, and vigorously implement solar energy and other clean energy, and the application of air energy heat pump technology, inverter technology and other technologies to reduce consumption, and promote low-carbon energy to replace high-carbon energy, and renewable energy to replace fossil energy.

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

During the Reporting Period, the engineering demonstration of “Green and Low Carbon Hydrogen Metallurgical Technology and Key Equipment Research and Development” led by the subsidiary of the Company, MCC Capital – hydrogen metallurgy gas-based direct reduction test base was successfully conducted in hot test, and at the same time, it has focused on the projects such as sintered material surface blowing of hydrogen-enriched gas, hydrogen metallurgy reduction gas heating furnace, and so on; the project of Guangxi Shenglong supercritical gas generating unit constructed by the subsidiary of the Company, WISDRI, has successfully applied the independently developed small-scale supercritical safe and clean gas power generation technology, with power generation parameter of 24.2MPa/600°C and the power generation efficiency of 43–45%, which pioneered in the international market. At present, this technology has been popularized and used in provinces such as Guangxi, Hebei, Shandong, Henan, Liaoning and other places, with a total installed capacity of 1,855MW, and an annual equivalent CO<sub>2</sub> emission reduction of about 8.70 million tons; the subsidiary of the Company, MCC Huatian, has developed and completed the key technology of smart sintering high-efficiency waste heat recycling, which realizes the tracking and controlling of the energy flow of the sintered waste heat in its whole life cycle, and maximizes the recycling and use of the waste heat resources while stabilizing and optimizing the production of sinter ore; the subsidiary of the Company, MCC Ecological Environmental Protection, concentrates on key core technology research and development, and conducts green and low-carbon science and technology innovation researches. In addition, the Company gives full play to its traditional advantages in the iron and steel and non-ferrous metallurgy wastewater treatment sector, and undertakes low-carbon technological innovation research in nine aspects, with remarkable results in carbon reduction technology.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## II. SOCIAL RESPONSIBILITY WORK

### (i) Whether the social responsibility report, sustainable development report or ESG report are disclosed separately

For details of the social responsibility report separately disclosed by Company, please refer to the MCC 2023 Social Responsibility and ESG (Environmental, Social and Governance) Report.

### (ii) Details of social responsibility work

External donations, public welfare projects	Number/content	Explanation
Total investment (RMB'0,000)	414.77	In 2023, the Company made a total of 27 external donations with a total donation amount of RMB 4.1477 million.
Including: funds (RMB'0,000)	347.39	The Company has donated charitable funds totaling RMB 0.8194 million to Baoshan District, Shanghai, Lu'an City, Ma'anshan City, Ningyuan County, Hunan Province and other regions; in addition, it donated RMB 480,000 to University of Science and Technology Liaoning and Inner Mongolia University of Science & Technology; and donated disaster relief funds and charitable funds of RMB 2.1745 million to overseas project sites in Herat Province, Afghanistan, Baluchistan Province, Pakistan, Madang Province, and Papua New Guinea.
Value of materials (RMB'0,000)	67.38	Donated relief materials to the Disaster Relief Center in Adiyaman Province, Turkey, across Pakistan, to families in difficulties around the Aynak mining area in Afghanistan, and to the Health Department in Madang Province, Papua New Guinea. The above donations totaled RMB 673,800.
Number of beneficiaries (persons)	Approximately 70,420	–

In addition, as a listed company of central state-owned enterprise, the Company has always been mindful of "People First, Life First", and undertakes the mission of fulfilling social responsibility with practical actions. During the Reporting Period, under the circumstance of flooding caused by heavy rainfall in Zhuozhou, Hebei Province, the Company urgently mobilized excellent teams to rescue and repair 3 wastewater treatment plants for restoration and production, and successfully fought the battle against flood prevention and conducted disaster relief in Zhuozhou. Following the earthquake disaster in Gansu and Qinghai Provinces, the Company quickly deployed and urgently assembled engineers and technicians to complete the construction of more than 100 sets of portable dwellings in 7 resettlement sites in about 23 and a half hours, and at the same time provided a large number of urgently needed living materials and heating equipment for the affected people, which greatly manifested its spirit of responsibility as a central state-owned enterprise.



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

### Poverty alleviation and rural revitalization projects

Poverty alleviation and rural revitalization projects	Number/content	Explanation
Total investment (RMB'0,000)	RMB 36,209,700	–
Including: funds (RMB'0,000)	RMB 17,440,000 was allocated as non-reimbursable assistance; a total of RMB 18,769,700 was carried out as consumer assistance.	The non-reimbursable assistance funds for targeted assistance and counterpart support undertaken by the Company in 2023 amounted to RMB 17,440,000, including: RMB 5,800,000 allocated to Dejiang County for seven industrial supporting projects; RMB 4,610,000 allocated to Yanhe County for nine supporting projects; RMB 4,900,000 allocated to Zhenxiong County for 3 supporting projects; and RMB 2,130,000 allocated to Panzhihua Technician College for the “Mining Heart (礦心)” vocational education programme. In 2023, we organized our subsidiaries to participate in the 2nd Central state-owned Enterprise Consumption Support Week, with a total purchase of RMB 2,996,900 for agricultural products; during the year, the Company directly purchased agricultural products of RMB 106,675,00 from seven counties under assistance, and sold agricultural products for assistance of RMB 728,500 in seven poverty-stricken counties; and spent RMB 4,376,800 on direct purchase from the former 832 national-level poverty-stricken counties outside the seven counties under assistance.
Value of materials (RMB'0,000)	–	–
Number of beneficiaries (persons)	Approximately 23,000 persons	Over 12,000 people benefited from industrial and employment poverty alleviation, over 5,300 people from education poverty alleviation and over 5,700 people from consumption poverty alleviation.
Forms of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, etc.)	Industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, consumption poverty alleviation	Relying on the Heishui Peach and Pear Base (黑水桃梨基地) and the Xinjing Collective Economy Citrus Industrial Park (新景集體經濟柑橘產業園), the industrial poverty alleviation and employment poverty alleviation were carried out; relying on the Cuijia Village Shantytowns Transformation Project (崔家村棚改項目), the employment poverty alleviation was carried out; education poverty alleviation was carried out by Panzhihua Vocational and Technical College; and the consumption poverty alleviation was carried out through purchasing agricultural specialties from the counties under assistance.

# SIGNIFICANT EVENTS

## I. PERFORMANCE OF UNDERTAKINGS

### (I) Events of undertakings made by relevant parties such as de facto controllers, Shareholders, related parties and acquirers of the Company and the Company during the Reporting Period or subsisting during the Reporting Period

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date of undertaking	Whether there is a time limit for performance	Duration of undertaking	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
Undertakings in relation to the restructuring of major assets	Solution to and prevention of horizontal competition	China Minmetals	<ol style="list-style-type: none"> <li>In respect of businesses carried out by China Minmetals and other controlled companies which overlap with those of MCC, China Minmetals will, according to its actual situations and the characteristics and development trend of the industry in which it operates, actively adopts different methods such as entrusted management, asset restructuring, equity swap and business adjustment to minimize the business overlap between the two parties.</li> <li>Upon the completion of the acquisition, China Minmetals and its other controlled companies will not, in whatever form, directly or indirectly, engage in new businesses competing with MCC, and will not establish controlling subsidiaries which engage in the same or similar businesses that will constitute substantial horizontal competition with MCC. China Minmetals will supervise its controlled companies and adopt certain measures when necessary.</li> <li>Subject to the above principles 1 and 2 and upon the completion of the acquisition, if the products or services that will be operated by the unlisted subsidiaries controlled by or other unlisted related enterprises of China Minmetals are likely to compete with the main products or services of MCC, China Minmetals will agree that MCC shall be entitled to preferentially acquire the assets in relation to these products or services or 100% equity of China Minmetals in the subsidiaries. MCC shall be entitled to determine the time to request China Minmetals to sell the abovementioned competing businesses at its discretion.</li> <li>China Minmetals will abstain from voting at the Board meeting or general meeting at which MCC reviews whether its new businesses constitute horizontal competition with China Minmetals and whether to exercise the above option right and pre-emptive rights.</li> </ol>	17 February 2016	No	-	Yes	-	-

# SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date of undertaking	Whether there is a time limit for performance	Duration of undertaking	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
			5. China Minmetals undertook that it will strictly comply with the relevant regulations of the CSRC and the SSE, and the Articles of Association and other rules and regulations of MCC, and equally exercise the shareholder's rights and perform the shareholder's obligations. It also undertook not to take advantage of its privileged positions as the substantial shareholder nor impair the legal interests of MCC or other shareholders. The commitments continue to be valid, cannot be altered and are irrevocable during the period in which China Minmetals has control over MCC or there is relatively material impact. If there is any breach of the above commitments, China Minmetals shall assume all losses to MCC.						
Undertakings in relation to the initial public offering	Solution to and prevention of horizontal competition	CMGC	CMGC, the Controlling Shareholder of MCC, undertook to avoid being engaged in or taking part in any business which may compete horizontally with the principal business of MCC.	5 December 2008	No	-	Yes	-	-
Undertakings in relation to the corporate bonds	Others	MCC	During the term of Corporate Bonds (First Tranche) for 2018 under the Public Issuance by Metallurgical Corporation of China Ltd.* ("2018 Corporate Bonds"), if the Company does not expect to pay the principal and interest for this tranche of bonds on time or fails to pay the principal and interest on time on the maturity date of this tranche of bonds, at least the following measures will be taken: 1. no distribution of profits to the ordinary Shareholders; 2. no reduction in registered capital. The funds raised from the bonds are used only for production and operating activities of enterprises that comply with national laws, regulations and policies. Such raised funds will be used strictly in accordance with the agreed purpose mentioned in the prospectus. Such funds will not be used by others and will not be used as non-production expenditures and real estate business. A practical and effective monitoring mechanism and isolation mechanism for raised funds will be established.	8 May 2018	Yes	8 May 2018 to 8 May 2023	Yes	-	-
Undertakings in relation to non-financial corporate debt financing instruments	Others	MCC	The funds raised from the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	22 June 2020, 24 June 2020	Yes	The issuance dates to redemption dates of the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	-	-

# SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date of undertaking	Whether there is a time limit for performance	Duration of undertaking	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
	Others	MCC	The funds raised from the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	26 July 2021, 17 August 2021, 24 August 2021, 28 December 2021	Yes	The issuance dates to redemption dates of the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	-	-
	Others	MCC	The funds raised from the 2022 First Tranche, the Second Tranche and the Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	7 December 2022, 14 December 2022, 21 December 2022	Yes	The issuance dates to redemption dates of the 2022 First Tranche, the Second Tranche and the Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	-	-
	Others	MCC	The funds raised from the 2023 First Tranche to Thirteen Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	8 February 2023, 10 February 2023, 15 February 2023, 17 February 2023, 8 March 2023, 10 March 2023, 15 March 2023, 17 March 2023, 22 March 2023, 18 August 2023, 23 August 2023, 31 August 2023, 1 September 2023	Yes	The issuance dates to redemption dates of the 2023 First Tranche to the Thirteen Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	-	-
	Others	MCC	The funds raised from the 2024 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	21 February 2024, 23 February 2024, 12 March 2024, 14 March 2024	Yes	The issuance dates to redemption dates of the 2024 First Tranche to the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	-	-

# SIGNIFICANT EVENTS

(II) **When there is profit forecast regarding assets or projects of the Company, and if the Reporting Period remains in the profit forecast period, the Company shall give an explanation of whether such assets or projects have realized the original profit forecast and its reasons**

Realized  Not Realized  Not applicable

(III) **Fulfilment of performance undertakings and its impact on goodwill impairment test**

Applicable  Not applicable

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

Applicable  Not applicable

## III. BREACH OF GUARANTEES

Applicable  Not applicable

## IV. EXPLANATION ON THE "NON-STANDARD AUDIT REPORT" ISSUED BY THE ACCOUNTING FIRM OF THE BOARD OF DIRECTORS

Applicable  Not applicable

## V. ANALYSIS OF REASONS AND IMPACT OF ACCOUNTING POLICY, CHANGES TO ACCOUNTING ESTIMATE OR CORRECTION TO MATERIAL ACCOUNTING ERRORS OF THE COMPANY

(I) **Analysis of reasons and impact of accounting policy and changes to accounting estimate of the Company**

Applicable  Not applicable

(II) **Analysis of reasons and impact of correction to material accounting errors of the Company**

Applicable  Not applicable

(III) **Communication with former accounting firm**

Applicable  Not applicable

(IV) **Approval process and other explanations**

Applicable  Not applicable

# SIGNIFICANT EVENTS

## VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit: RMB0'000

<b>Current Appointment</b>	
Name of domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of domestic accounting firm	1,600
Term of audit by domestic accounting firm	2 years
Name of certified public accountant of domestic accounting firm	Zhang Ningning, Zhao Ning
Term of accumulative audit services by certified public accountant of domestic accounting firm	Each for 2 years

Name	Remuneration
Accounting firm for internal control audit	Ernst & Young Hua Ming LLP
	150

Description of appointment and dismissal of accounting firm

As approved by the 2022 Annual General Meeting of the Company, the Company has renewed its appointment to Ernst & Young Hua Ming LLP as the auditor of the financial reports of the Company for the year 2023, the auditor of the semi-annual financial report review and the auditor of the internal control of the Company for the year 2023 for the annual audits and interim review of the financial statements of the Company prepared in accordance with PRC GAAP (for details, please refer to the relevant announcements disclosed by the Company on 30 March 2023 and 27 June 2023).

Explanation on change in appointment of accounting firm during the audit period

Applicable  Not applicable

Explanation on the reduction of audit fees by 20% or more (inclusive) compared to the previous year

Applicable  Not applicable

## VII. RISK EXPOSURES TO SUSPENSION OF LISTING

### (I) Reasons for suspension of listing risk warning

Applicable  Not applicable

### (II) Measures proposed by the Company in response to risks

Applicable  Not applicable

### (III) Situation of and reasons for delisting

Applicable  Not applicable

# SIGNIFICANT EVENTS

## VIII. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable  Not applicable

## IX. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the year  The Company had no material litigation and arbitration during the year

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

Applicable  Not applicable

## XI. EXPLANATION ON INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, the Company and its Controlling Shareholder, CMGC, did not fail to fulfill the obligations specified in the effective legal documents of the court or any overdue liability with a relatively significant outstanding amount and was not otherwise involved in any.

## XII. MATERIAL CONNECTED TRANSACTIONS

### (I) Connected transactions related to day-to-day operation

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

#### Overview of the Matter

At the 47th meeting of the third session of the Board of Directors convened on 29 March 2023, the Resolution on Adjusting Annual Caps for Daily Related Party Transactions/Continuing Connected Transactions in 2023 and 2024 were considered and approved. It was agreed that the Company would adjust and estimate the relevant caps and sign the relevant agreements, and submit the resolutions to the general meeting of the Company for consideration after the prior review of Hong Kong Stock Exchange in accordance with the relevant regulations.

#### Query Indexes

For details, please refer to the relevant announcement published by the Company on 29 March 2023.



# SIGNIFICANT EVENTS

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

Applicable  Not applicable

## 3. Events not disclosed in interim announcements

Unit: RMB'000

Party to connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Annual caps for 2023	Price of connected transaction	Amount of connected transaction	Percentage to similar transactions	Payment Method for connected transaction	Market price	Reason for significant difference between transaction price and reference market price
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Sales of commodities	Purchase and sales of materials – income	Agreed price	6,274,780	-	3,869,054	16.60%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Purchase of commodities	Purchase and sales of materials – expense	Agreed price	25,307,130	-	12,620,361	6.99%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of services	Engineering construction – income	Agreed price	13,447,080	-	5,277,779	0.93%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of services	Engineering construction – expense	Agreed price	1,131,140	-	280,368	0.10%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of services	Metallurgy and management services – income	Agreed price	313,770	-	129,046	0.60%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of services	Metallurgy and management services – expenses	Agreed price	1,160,000	-	250,234	11.95%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Other outflow	Property leasing – expenses	Agreed price	460,000	-	98,534	6.36%	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Borrowings from related parties	Daily maximum balance of provision of comprehensive credit granting to the Company and its subsidiaries by CMC Finance Co., Ltd. <sup>Note 1</sup>	Agreed price	30,000,000	-	3,187,901	-	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Deposits	Daily deposits balance by the Company and its subsidiaries with CMC Finance Co., Ltd. <sup>Note 2</sup>	Agreed price	12,000,000	-	5,548,744	-	-	-	-
CMC Finance Co., Ltd.	Subsidiary of shareholder	Expenditures	Total charges for provision of financial services to the Company and its subsidiaries by CMC Finance Co., Ltd. <sup>Note 2</sup>	Agreed price	70,000	-	804	0.15%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Interest expenses	Industrial and financial Services – financing costs – financial assistance	Agreed price	1,600,000	-	98,846	3.74%	-	-	-
Total	/	/	/	/	91,763,900	/	31,361,661	/	/	/	/
Details of return of sold goods in large quantities	Not Applicable										
Description of connected transaction	Not Applicable										

# SIGNIFICANT EVENTS

*Notes:*

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

In respect of the abovementioned continuing connected transactions, the Company has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, in conducting the abovementioned continuing connected transactions, the Company has followed the pricing policies and guidelines determined at the time of entering into transactions.

The Company's Independent Non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

- (a) in the ordinary course of business of the Company;
- (b) either on normal commercial terms or on terms no less favourable to the Company than those available to or provided from (as appropriate) independent third parties as the Company is concerned; and
- (c) in accordance with the terms of the agreements governing them that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

The Company's auditors were engaged to report on the aforementioned continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their conclusions in respect of the aforementioned continuing connected transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules, stating that, during the Reporting Period:

- (a) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;
- (b) for transactions involving the provision of goods or services by the Company, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (c) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) nothing has come to the auditor's attention that causes the auditor to believe that the amount of such continuing connected transactions have exceeded the total annual caps set by the Company.

# SIGNIFICANT EVENTS

## (II) Connected transactions in relation to acquisition of assets or acquisition or disposal of equity

1. *Events disclosed in an interim announcement, yet with no progress or changes in subsequent implementation*

Applicable  Not applicable

2. *Events disclosed in an interim announcement with progress or changes in subsequent implementation*

Applicable  Not applicable

3. *Events undisclosed in an interim announcement*

Applicable  Not applicable

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

Applicable  Not applicable

## (III) Material connected transactions in relation to joint investment in external parties

1. *Events disclosed in an interim announcement, yet with no progress or changes in subsequent implementation*

Applicable  Not applicable

2. *Events disclosed in an interim announcement and with progress or changes in subsequent implementation*

Applicable  Not applicable

3. *Events undisclosed in an interim announcement*

Applicable  Not applicable

## (IV) Related creditors' rights and debt transactions

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

Applicable  Not applicable

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

Applicable  Not applicable

3. *Events not disclosed in interim announcements*

Applicable  Not applicable

# SIGNIFICANT EVENTS

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

### 1. Deposits

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

Unit: RMB

Connection	Daily maximum deposit limit	Interest rate range of deposits	Balance at the beginning of the period	Connection	Amount for the period		Balance at the end of the period
					Total deposits for the period	Total withdrawal amount for the period	
Minmetals Finance Company	Under common control of China Minmetals	12,000,000,000	0.35%-1.15%	219,984.51	52,608,813,152.22	49,497,684,904.90	3,111,348,231.83
Total	/	12,000,000,000	0.35%-1.15%	219,984.51	52,608,813,152.22	49,497,684,904.90	3,111,348,231.83

### 2. Loan business

During the Reporting Period, the loan provided by Minmetals Finance Company (a related party of the Company) to the Company and the member units under the Company are as follows:

Unit: RMB

Related party	Connection	Loan facility	Interest rate Range of loans	Balance at The beginning of the period	Amount for the period		Balance at the end of the period
					Total loans for The period	Total repayment for the period	
Minmetals Finance Company	Under common control of China Minmetals	30,000,000,000	2.4%	0	3,000,000,000	0	3,000,000,000
Total	/	/	/	0	3,000,000,000	0	3,000,000,000

### 3. Credit granting or other financial business

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

Unit: RMB

Related party	Connection	Business types	Total	Actual amount
Minmetals Finance Company	Under common control of China Minmetals	Credit granting	30,000,000,000	3,187,901,454.31

# SIGNIFICANT EVENTS

## 4. Other explanations

During the Reporting Period, the handling fees, consulting fees or other service fees charged by Minmetals Finance Company (a related party of the Company) for providing financial services to the Company and the member units under the Company are as follows:

Unit: RMB

Related party	Connection	Business types	Total	Actual amount
Minmetals Finance Company	Under common control of China Minmetals Corporation	Service expenses	70,000,000	803,770.97

## XIII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

### (I) Custody, contracting and leasing

#### 1. Custody

Applicable  Not applicable

#### 2. Contracting

Applicable  Not applicable

#### 3. Leasing

Applicable  Not applicable

### (II) Guarantees

Unit: RMB

External guarantees provided by the Company (excluding guarantees provided to subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee			Type of guarantee	Security (if any)	Whether execution of guarantee has been completed		Expired amount of the guarantee	Counter guarantee	Whether guarantee is provided to related parties	
				(Signing date of agreement)	Inception date of guarantee	Expiration date of guarantee			Is the guarantee expired	Connected relationship				
MCC Real Estate	Wholly-owned subsidiary	Zhuhai Hengqin Headquarter Building Development Co., Ltd.	509,366,654.17	2023-9-4	2023-9-5	2027-9-5	Joint liability guarantee	Nil	No	No	0	0	No	No
MCC 20	Holding subsidiary	Zhuhai Hengqin Headquarter Building Development Co., Ltd.	328,623,647.85	2023-9-4	2023-9-5	2027-9-5	Joint liability guarantee	Nil	No	No	0	0	No	No

# SIGNIFICANT EVENTS

Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)	-107,100,000.00
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)	837,990,302.02

## Guarantees provided by the Company and its subsidiaries to their subsidiaries

Total amount of guarantees provided to its subsidiaries during the Reporting Period	-7,676,683,104.00
Total balance of guarantees provided to its subsidiaries as at the end of the Reporting Period (B)	8,947,992,973.79

## Total guarantees provided by the Company (including guarantees to subsidiaries)

Total amount of guarantees (A+B)	9,785,983,275.81
Total amount of guarantees as a percentage in the net assets of the Company (%)	6.73%
Including:	
Amount of guarantees provided to Shareholders, the de facto controllers and their related parties (C)	0
Debt guarantees directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)	5,863,293,702.02
Guarantees with the total amount exceeding 50% of the net assets (E)	0
Total amount of guarantees of the three above items (C+D+E)	5,863,293,702.02
Explanation on the potential joint repaying liability arising from outstanding guarantees	Nil
Explanation on guarantees	See below

### Explanations on guarantees:

- Zhuhai Hengqin Headquarters Building Development Co., Ltd. (珠海橫琴總部大廈發展有限公司) is 31% owned by MCC Real Estate, a subsidiary of the Company, 20% owned by another subsidiary of the Company, MCC20, 30% owned by Zhuhai Da Hengqin Real Estate Co., Ltd. (珠海大橫琴置業有限公司), and 19% owned by Hong Kong Jimei Property Development Co., Ltd. (香港集美地產發展有限公司). In July 2016, Zhuhai Da Hengqin Real Estate Co., Ltd. agreed to act in concert with MCC Real Estate on voting at the Board meeting, and issued an Acting in Concert Letter. The control of Zhuhai Hengqin Headquarters Building Development Co., Ltd. acquired by MCC Real Estate was included in the scope of consolidation in August 2016. On 5 September 2019, MCC Real Estate and MCC20 provided guarantees in the amount of up to RMB 930 million and RMB 600 million respectively, on a pro-rata basis, for Zhuhai Hengqin Headquarters Building Development Co., Ltd. (for details, please refer to the announcement of the Company dated 30 August 2019 in relation to the provision of guarantees for its subsidiaries). In March 2020, Zhuhai Da Hengqin Real Estate Co., Ltd. cancelled the Letter of Acting in Concert with MCC Real Estate, and Zhuhai Hengqin Headquarters Building Development Co., Ltd. cease to be included in the scope of MCC Real Estate Group Co., Ltd. The guarantee provided by MCC Real Estate and MCC20 then became a guarantee provided for an external company (excluding the guarantee provided for the subsidiaries). On 30 August 2023, due to the change of the main conditions of the financing, MCC Real Estate and MCC20 provided guarantees in the amount of up to RMB 806 million and RMB 520 million respectively, on a pro-rata basis, for Zhuhai Hengqin Headquarters Building Development Co., Ltd., with a guarantee term of 4 years (for details, please refer to the announcement of the Company dated 30 August 2023 in relation to the provision of guarantees for participating companies by its subsidiaries).
- As at the end of the Reporting Period, the wholly-owned and controlled subsidiaries of the Company had provided mortgage guarantees for commercial property purchasers totaling RMB 8,535 million. Such guarantees are provided by the wholly-owned and controlled subsidiaries of the Company for the commercial property purchasers to secure loans from banks, with the purchasers using the commercial properties purchased as collateral, and such guarantees are required for the normal production and operation of the Company, and the provision of such guarantees poses a relatively small risk to the Company.

# SIGNIFICANT EVENTS

## (III) Entrusting third parties with cash asset management

### 1. Entrusted financial management

- (1) Overall entrusted wealth management  
 Applicable  Not applicable
- (2) Individual entrusted wealth management  
 Applicable  Not applicable
- (3) Provisions for impairment of entrusted wealth management  
 Applicable  Not applicable

### 2. Entrusted loans

- (1) Overall entrusted loans  
 Applicable  Not applicable
- (2) Individual entrusted loans  
 Applicable  Not applicable
- (3) Provisions for impairment of entrusted wealth management  
 Applicable  Not applicable

## (IV) Other material contracts

For details of material contracts entered into by the Company during the Reporting Period, please refer to “Report of Board of Directors, Management Discussion and Analysis”.

## XIV. EXPLANATION ON PROCESS IN USE OF PROCEEDS

### (I) Overall Use of Proceeds

Unit: RMB0'000

Source of proceeds	Proceeds availability	Total proceeds	Including: amount of excess proceeds	Net proceeds after deduction of issuance expenses	Total promised investment amounts out of proceeds	Total promised investment amounts out of proceeds after adjustments <sup>(1)</sup>	Accumulated investment amount out of proceeds as of the end of the Reporting Period <sup>(2)</sup>	Process of accumulated investment as of the end of the Reporting Period <sup>(3)=(2)/(1)</sup>	Investment amount for the year <sup>(4)</sup>	Proportion of investment amount for the year <sup>(5)=(4)/(1)</sup>	Total proceeds for change of use
								(%)		(%)	
Initial Public Offering	14 September 2009	1,897,000	151,097.24	1,835,897.24	1,684,800.00	1,835,897.24	1,756,284.41	95.66%	13,966.87	0.76%	483,739.89

Note: With the approval of the CSRC, the Company issued 1,613.62 million ordinary shares (A shares) domestically in non-public offering to specific investors in December 2016. The issuance price was RMB 3.86 per share, with total funds raised amounting to RMB 6,228.57 million. After deducting underwriting and sponsorship fees and other expenses relating to issuance, the net amount of actual proceeds raised was RMB 6,173.49 million. As of the end of 2022, the proceeds raised from the above-mentioned non-public issuance of A shares, totaling RMB 6,187.79 million, including interest incurred from proceeds deposited in bank, had been fully utilized.



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## (II) Details of the Investment Project

Unit: RMB'000

Project name	Project nature	Whether the change is involved	Source of proceeds	Proceeds availability	Whether to use excess proceeds	Total promised investment amounts out of project proceeds	Total investment amounts out of proceeds after adjustments <sup>(1)</sup>	Investment amount for the year	Process of accumulated investment as of the end of the Reporting Period <sup>(2)</sup>	Process of accumulated investment as of the end of the Reporting Period <sup>(3)</sup> (%)	Date on which project reached expected available status	Closed or not	Whether process of investment is in line with plan process	Specific reason for process of investment not achieved as planned	Efficiency achieved for the year	Efficiency or R&D results achieved of this project	Whether feasibility of project changes significantly, if yes, please specify	Amount of balance
Afghanistan Ayrak Copper Mine Project	Production and construction	No	IPO	14 September 2009	No	65,000.00	65,000.00	0	0	0	On the premise of reaching an agreement with the interim government of Afghanistan, efforts will be made to initiate the preliminary work of mining road construction and other projects by mid-2024.	No	No	Refer to Note 1 for details	-	None	No	0
Ramu nickel laterite mine project	Production and construction	No	IPO	14 September 2009	No	250,000.00	250,000.00	0	250,000.04 <sup>(4)</sup>	100.00%	It was completed and put into operation in December 2012, achieved monthly production in September 2016, and achieved annual production in 2017.	Yes	No	Refer to Note 3 for details	102,737.78	Designed production capacity of 32,601 tons of nickel and 3,300 tons of cobalt in hydroxide per year has been achieved	No	0
Innovation base project of the National Steel Structures Engineering Technology Research Center	R&D	Yes <sup>(5)</sup>	IPO	14 September 2009	No	150,000.00	41,487.95	0	42,826.56 <sup>(6)</sup>	100.00%	July 2022	Yes	Yes	-	-	Refer to Note 3 for details	Yes <sup>(5)</sup>	13,968.15
Acquisition of equipment for engineering and construction and research and development	Others	Yes <sup>(5)</sup>	IPO	14 September 2009	No	500,000.00	167,036.12	0	199,304.73 <sup>(6)</sup>	100.00%	-	Yes	Yes	-	-	None	No	312,963.68
The new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province	Production and construction	No	IPO	14 September 2009	No	64,300.00	64,300.00	0	64,308.53 <sup>(6)</sup>	100.00%	December 2009	Yes	No	Refer to Note 7 for details	-	The supporting capacity was increased in phases	No	0
Project in Carbidan, Tangshan in relation to the production of 500,000 tons of cold bend steel and steel structures	Production and construction	No	IPO	14 September 2009	No	44,000.00	44,000.00	0	44,044.10 <sup>(6)</sup>	100.00%	November 2008	Yes	No	Refer to Note 8 for details	59.34	The project has realized a cumulative economic benefit of RMB 24,782 million, and won five gold awards in the field of steel structure and one ministerial-level work method in the metallurgical industry, which has increased the influence of the Company in the industry	No	0
Project in relation to an annual production of 400,000 tons of ERW welded pipes by MCC Liaoning Dragon Pipe Industries Co., Ltd. (中冶龙钢钢管有限公司)	Production and construction	Yes <sup>(5)</sup>	IPO	14 September 2009	No	34,500.00	20,436.04	0	20,667.54 <sup>(6)</sup>	100.00%	October 2011	Yes	No	Refer to Note 10 for details	-	None	No	14,063.96
Project in relation to the production base in Anshan, Liaoning for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tubes)	Production and construction	Yes <sup>(5)</sup>	-	-	-	48,200.00	-	0	-	-	-	-	-	-	-	-	Yes <sup>(5)</sup>	-
Large multi-ram die forgings and heavy equipment automation industrial base construction project	Production and construction	No	IPO	14 September 2009	No	<sup>(6)</sup>	48,200.00	0	39,001.18	80.92%	September 2011	Yes	No	Refer to Note 12 for details	2.39	The project has obtained a total of 58 invention patents, and was awarded the honorary title of "National Intellectual Property Advantage" enterprise and successfully obtained the honorary title of "Hebei Province Specialized, Specialized and New Small and Medium-sized Enterprises" and "National Intellectual Property Advantageous Enterprises" in 2023, and the applied Tangshan Design Center and Tangshan Technology Innovation Demonstration Enterprises have passed the experts' evaluation, and as of the end of December 2023, there were a total of 13 research and development platforms.	No	9,346.65

# SIGNIFICANT EVENTS

Project name	Project nature	Whether the change is involved	Source of proceeds	Proceeds availability	Whether to use excess proceeds	Total promised investment amounts out of project proceeds	Total investment amounts out of proceeds after adjustments <sup>1)</sup>	Investment amount for the year	Process of accumulated investment as of the end of the Reporting Period <sup>2)</sup>	Process of accumulated investment as of the end of the Reporting Period <sup>3)-2023</sup> (%)	Date on which project reached expected available status	Whether process of investment is closed or not	Whether process of investment is in line with plan process	Specific reason for process of investment not achieved as planned	Efficiency achieved for the year	Efficiency or R&D results achieved of this project	Whether feasibility of project changes significantly, if yes, please specify	Amount of balance	
Property development project in Gaochang Town, Pudong	Others	No	IPO	14 September 2009	No	58,800.00	58,800.00	0	58,800.00	100.00%	August 2010	Yes	Yes	-	0	The project achieved a cumulative profit of RMB 683,325,400	No	0	
Property development project of old town area renovation work (Phase II) in Yuan Yang Town, Jing Kai Yuan, North New District, Chongqing	Others	No	IPO	14 September 2009	No	50,000.00	50,000.00	0	50,683.73 <sup>(Note 2)</sup>	100.00%	August 2013	Yes	Yes	-	588.97	It received the Chinese Civil Engineering Zhan Tianyou Award and the Excellent Residential Community Gold Award, achieving expected economic benefits	No	0	
Replenishment of working capital and repayment of bank loans	Replenishment of working capital and repayment of loans	No	IPO	14 September 2009	No	400,000.00	835,538.89	13,966.87	835,540.76 <sup>(Note 2)</sup>	-	-	-	-	-	-	-	-	-	-
Replenishment of working capital and repayment of bank loans by over-subscription proceeds	Replenishment of working capital and repayment of loans	No	IPO	14 September 2009	Yes	150,528.24	151,087.24	-	151,087.24	-	-	-	-	-	-	-	-	-	-

## Notes:

- The progress of the Aynak project is still affected by delays in the Afghan government's archaeological excavation and land transfer. The Company will further communicate and negotiate with the interim government of Afghanistan on matters such as cultural heritage protection and project development plans, plan to accelerate the feasibility study, and early-stage preparations such as road construction, actively create favorable conditions, improve project investment results, and ensure early progress made jointly with the interim government of Afghanistan.
- The portion that the actual investment amount exceeds the planned investment amount of the project is the interest generated by the project's corresponding capital raising account.
- The Ramu nickel laterite mine project has maintained stable and high production since achieving annual production target in 2017, and continued to generate profits from 2018 to 2023, accumulative gain achieving turnaround.
- As approved at the 2010 Annual General Meeting, the Innovation base project of the National Steel Structures Engineering Technology Research Center will change the usage of RMB 750 million out of the RMB 1.5 billion raised in A shares from investing in the project to permanent replenishment to the Company's working capital (For details, please refer to the relevant announcement disclosed by the Company on 17 June 2011); as approved at the first extraordinary general meeting in 2013, the principal and interest amounting to RMB 195 million out of the raised funds to be used after 2014 for the project will be changed to a permanent replenishment to working capital, the usage of an amount of RMB 945 million change (For details, please refer to the relevant announcement disclosed by the Company on 22 November 2013); as approved at the 2022 Annual General Meeting, the usage of the remaining balance of the raised funds and the interest thereof amounting to RMB 140 million for the project will be changed to permanent replenishment to working capital (For details, please refer to the relevant announcement disclosed by the Company on 26 June 2023).
- The Innovation base project of the National Steel Structures Engineering Technology Research Center has comprehensively upgraded the equipment of five laboratories, including the structural testing laboratory, steel material laboratory, material laboratory, welding laboratory, and testing laboratory. It has also improved the evaluation and testing methods, providing a good platform for conducting basic research, laboratory testing, and inspection analysis, and laying a solid foundation for the successful completion of the establishment and acceptance of the "National Steel Structure Engineering Technology Research Center" and the "National Steel Structure Quality Supervision and Inspection Center". The project has carried out research on the application technology of high-strength and high-efficiency steel for steel structures, steel structure design and software technology, energy-saving

# SIGNIFICANT EVENTS

and environmentally friendly new steel structure enclosure systems, steel structure construction technology, welding application technology for high-efficiency steel, and steel structure engineering testing and health monitoring technology. It has led and undertaken national key research and development projects such as “Key Technologies and Demonstrations for Industrialization of Steel Structure Construction” and “Key Technologies and Demonstrations for the Application of High-performance Structural Steel in Buildings”.

6. As approved at the first extraordinary general meeting in 2013 held on 22 November 2013, the usage of the remaining balance of the raised funds and interest thereof amounting to RMB 3.121 billion for the “Equipment Purchase for Engineering and Construction Business and R&D” will be changed to permanent replenishment to working capital of the relevant subsidiaries (For details, please refer to the relevant announcement disclosed by the Company on 22 November 2013; actual amount of funds whose usage had changed was RMB 3.13 billion, with the difference being interest generated after 23 August 2013).
7. The new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province has been successfully debugged and the trial production process is smooth, but it has not yet reached production target, the revenue cannot be confirmed for the time being.
8. Due to the low threshold and fierce competition in the steel structure market, low profits, saturation of metallurgical projects, and insufficient technical reserves in entering new fields, the release of production capacity for the Project in Caofeidian, Tangshan in relation to the production of 500,000 tons of cold bend steel and steel structures has been affected, affecting expected profitability.
9. As approved at the first extraordinary general meeting in 2013, the usage of the remaining balance of the raised funds and interest of RMB 141 million for the Project in relation to an annual production of 400,000 tons of ERW welded pipes by MCC Liaoning Dragon Pipe Industries Co., Ltd. (中冶遼寧德龍鋼管有限公司) will be changed to permanent replenishment to working capital.
10. The steel pipe production of the Project in relation to an annual production of 400,000 tons of ERW welded pipes by MCC Liaoning Dragon Pipe Industries Co., Ltd. (中冶遼寧德龍鋼管有限公司) has not reached the break-even point for many years, and the sales volume is below the break-even point. The high processing costs such as labor fees and maintenance fees have led to a total loss of profit for the company. Dragon Pipe Industries Company officially entered the bankruptcy liquidation process on 29 May 2023. The court’s bankruptcy liquidation management team has entered and is waiting for the completion of the liquidation process before entering the subsequent bankruptcy procedures.
11. The Project in relation to the production base in Anshan, Liaoning for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tubes) was approved at the 2010 Annual General Meeting, which has been changed to the “Large multi-ram die forgings and heavy equipment automation industrial base construction project”(For details, please refer to the relevant announcement disclosed by the company on 17 June 2011).
12. As of December 2023, the construction of the Large multi-ram die forgings and heavy equipment automation industrial base construction project had been completed in accordance with the feasibility study plan, including the construction and acceptance of the heavy workshop, mold workshop, heat treatment workshop, power station building, multiple-use building, and research and development building. The construction of 40MN and 120MN multi-directional forging production lines had been completed, and the design of a 300MN multi-directional forging hydraulic press production line had been completed. However, due to the lack of implementation of relevant specifications for forged valves in China, the actual application scope of and market demand for multi-directional forging valve bodies cannot reach the expected level in the feasibility study, and the 300MN multi-directional forging hydraulic press production line was not feasible. On 15 December 2023, the 54th meeting of the third session of the Board of the Company approved the termination of this project and agreed to use the remaining balance of the raised funds and the interest thereof amounting to RMB 93.4685 million for permanent replenishment to working capital. This matter is yet to be submitted to the Company’s general meeting for review (For details, please refer to the relevant announcement disclosed by the Company on 15 December 2023).

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## (III) Changes in or Termination of Proceeds during the Reporting Period

Unit: RMB0'000

Name of the project before change	Total investment amounts out of project proceeds before change/ termination	Total project proceeds invested before change/ termination	Name of the project after the change	Reason for change/ termination	Reason for change/ termination Amount of proceeds used to supplement liquidity after change/ termination	Explanation of decision-making procedures and information disclosure
National Steel Structure Engineering Technology Research Centre Innovation Base Project	55,453.95	42,826.56	Permanent replenishment of Liquidity	Project completed	13,966.87	Has been considered and approved at the Company's 2022 AGM

## (IV) Other Circumstances of Use of Proceeds during the Reporting Period

### 1. Initial investment and replacement of projects with proceeds

Applicable  Not applicable

### 2. Temporarily supplement working capital with idle proceeds

In March 2023, the Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of A Shares as Supplementary Working Capital, with a total amount of not more than RMB 1,053.2 million and for a use period of not more than one year, was considered and approved at the 47th meeting of the third session of the board of directors of the Company (Please refer to the relevant announcement disclosed by the Company on 29 March 2023 for details). Pursuant to the aforesaid resolution, as of the end of the Reporting Period, the Company and its subsidiaries had used the idle A-Share raised funds in the aggregate amount of RMB 1,053.2 million as replenishment to working capital.

### 3. Cash management against idle proceeds to invest in relevant products

Applicable  Not applicable

### 4. Permanently supplement liquidity or repay bank loans with over-raised proceeds

Applicable  Not applicable

## XV. OTHER IMPORTANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGEMENT AND INVESTMENT DECISION

On 21 June 2023, the 49th meeting of the 3rd session of the Board of Directors of the Company considered and approved the resolution relating to the issuance of preferred shares by the Company to specific parties (please refer to the relevant announcement published by the Company on 21 June 2023 for details). On 11 September 2023, the first extraordinary general meeting considered and approved the proposals in relation to the issue of preferred shares (please refer to the relevant announcement published by the Company on 11 September 2023 for details). As at the date of approval of this report, the Company has received the "Reply to the Approval of the State-owned Assets Supervision and Administration Commission of the State Council on Matters Relating to the Non-public Issue of Preferred Shares by Metallurgical Corporation of China Limited" (Guo Zi Chan Quan No. [2023] 363 (國資產權[2023]363號)), which stated that the SASAC had given its approval in principle of the issuance plan of preferred shares of the Company (please refer to the relevant announcement published by the Company on 14 August 2023 for details).

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### (I) Changes in shares

#### 1. Changes in shares

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

#### 2. Explanation on the changes in shares

Applicable  Not applicable

#### 3. Impacts on financial indicators including earnings per share, net assets per share, etc. from changes in shares in the latest year and period (if any)

Applicable  Not applicable

#### 4. Other information the disclosure of which is deemed necessary by the Company or is required by securities regulatory authorities

Applicable  Not applicable

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

Applicable  Not applicable

## II. ISSUANCE AND LISTING OF SECURITIES

### (I) Issuance of securities for the Reporting Period

Unit: 0'000 share Currency: RMB

Types of shares and their derivative securities	Issue date	Issue price (or interest rate)	Issue Amount	Listing date	Amount of shares permitted to be listed for trading	Termination date of transaction
<b>Bonds (including enterprise bonds, corporate bonds and non-financial corporate debt financing instruments)</b>						
2023 First Tranche of medium-term notes	8 February 2023–9 February 2023	3.57%	200,000	13 February 2023	200,000	2+N(2)
2023 Second Tranche of medium-term notes	10 February 2023, 13 February 2023	3.52%	200,000	15 February 2023	200,000	2+N(2)
2023 Third Tranche of medium-term notes	15 February 2023–16 February 2023	3.45%	200,000	20 February 2023	200,000	2+N(2)
2023 Fourth Tranche of medium-term notes	17 February 2023, 20 February 2023	3.52%	200,000	22 February 2023	200,000	2+N(2)
2023 Fifth Tranche of medium-term notes	8 March 2023–9 March 2023	3.37%	200,000	13 March 2023	200,000	2+N(2)

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Types of shares and their derivative securities	Issue date	Issue price (or interest rate)	Issue Amount	Listing date	Amount of shares permitted to be listed for trading	Termination date of transaction
2023 Sixth Tranche of medium-term notes	10 March 2023, 13 March 2023	3.36%	200,000	15 March 2023	200,000	2+N(2)
2023 Seventh Tranche of medium-term notes	15 March 2023–16 March 2023	3.37%	200,000	20 March 2023	200,000	2+N(2)
2023 Eighth Tranche of medium-term notes	17 March 2023, 20 March 2023	3.36%	200,000	22 March 2023	200,000	2+N(2)
2023 Ninth Tranche of medium-term notes	22 March 2023–23 March 2023	3.35%	200,000	27 March 2023	200,000	2+N(2)
2023 Tenth Tranche of medium-term notes	18 August 2023, 21 August 2023	3.05%	200,000	23 August 2023	200,000	3+N(3)
2023 Eleventh Tranche of medium-term notes	23 August 2023–24 August 2023	3.04%	140,000	28 August 2023	140,000	3+N(3)
2023 Twelfth Tranche of medium-term notes	31 August 2023–1 September 2023	3.10%	100,000	5 September 2023	100,000	3+N(3)
2023 Thirteenth Tranche of medium-term notes	1 September 2023, 4 September 2023	3.22%	100,000	6 September 2023	100,000	3+N(3)
2023 First ultra-short-term financing bonds	17 January 2023	2.13%	200,000	19 January 2023	200,000	19 March 2023
2023 Second ultra-short-term financing bonds	10 February 2023	1.99%	200,000	14 February 2023	200,000	25 March 2023
2023 Third Ultra-short-term Financing Bonds	26 July 2023	2.20%	200,000	28 July 2023	200,000	29 December 2023
2023 Fourth Ultra-short-term Financing Bonds	27 July 2023	2.20%	200,000	31 July 2023	200,000	29 December 2023
2023 Fifth Ultra-short-term Financing Bonds	22 August 2023	2.07%	200,000	24 August 2023	200,000	29 December 2023
2023 Sixth Ultra-short-term Financing Bonds	22 November 2023	2.12%	100,000	24 November 2023	100,000	29 December 2023
2023 Seventh Ultra-short-term Financing Bonds	23 November 2023	2.15%	200,000	27 November 2023	200,000	29 December 2023
2023 Eighth Ultra-short-term Financing Bonds	24 November 2023	2.23%	100,000	28 November 2023	100,000	29 December 2023

Explanations on the securities issuance during the Reporting Period (please explain the bonds with different interest rates during the lifetime separately):

Applicable       Not applicable

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## (II) Changes in the total number of shares and Shareholder structures of the Company and changes in the asset and liability structures of the Company

Applicable  Not applicable

## (III) Existing internal employee shares

Applicable  Not applicable

## III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

### (I) Total number of Shareholders

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

### (II) 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<sup>(1)</sup>

Unit: share

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



# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholder	Shareholding of the top 10 Shareholders (excluding shares lent under the margin refinancing transfer)						
	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
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

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

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

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

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

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

Applicable  Not applicable

Change in the top ten Shareholders from the previous period

Unit: share

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

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

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

Applicable  Not applicable

## (III) Strategic investors or general legal persons becoming the top 10 Shareholders by placing of new shares

Applicable  Not applicable

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## IV. PARTICULARS OF CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

### (I) Controlling Shareholder

#### 1. Legal person

Name	China Metallurgical Group Corporation
Person in charge or legal representative	Chen Jianguang
Date of incorporation	18 December 1982
Principal business operations	General contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technological development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; property development and operation; bidding agent; undertaking various types of international industrial and civilian construction, engineering consulting, surveying, design and leasing of equipment; import and export business; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, surveying, design, supervision and services for construction and installation projects of mechanical and electrical equipment and its related technology; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services. (The Company independently selects operational projects and carries out operational activities in accordance with laws; for projects subject to approval according to laws, operational activities shall be carried out according to the approved contents upon approval by related authorities; and the Company shall not engage in operational activities of projects prohibited or restricted by the municipal industrial policies.)
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	As at the end of the Reporting Period, CMGC held 27% equity interest in MCC Huludao Nonferrous Metals Group Co., Ltd., which in turn had a shareholding of 20.59% in Huludao Zinc Industry Co., Ltd. (000751). CMGC had a shareholding of 0.31% in PetroChina Company Limited (601857).
Other explanations	Nil.

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

2. *Natural person*

Applicable  Not applicable

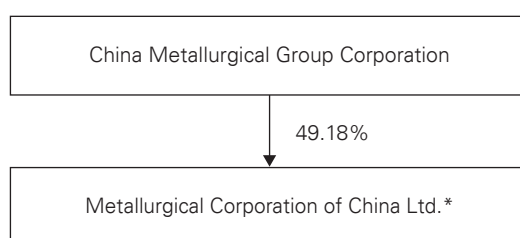
3. *Special explanation on the Company not having any controlling shareholder*

Applicable  Not applicable

4. *Explanations on changes in Controlling Shareholder during the Reporting Period*

Applicable  Not applicable

5. *A diagram showing the equity and relationship between the Company and the Controlling Shareholder*



## (II) De Facto Controller

1. *Legal person*

Applicable  Not applicable

The de facto controller of the Company is the SASAC.

2. *Natural person*

Applicable  Not applicable

3. *Special explanation on the Company not having any de facto controller*

Applicable  Not applicable

4. *Explanations on changes of control rights of the Company during the Reporting Period*

Applicable  Not applicable

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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



6. *Control of the Company by de facto controller by way of trust or other means of asset management*

Applicable  Not applicable

**(III) Other explanation regarding the controlling shareholder and the de facto controller**

Applicable  Not applicable

**V. THE CUMULATIVE NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND THE PERSONS ACTING IN CONCERT ACCOUNTS FOR MORE THAN 80% OF SHARES OF THE COMPANY HELD BY THEM**

Applicable  Not applicable

**VI. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% OF THE COMPANY'S SHARES**

Applicable  Not applicable

**VII. RESTRICTION ON REDUCTION IN SHAREHOLDING**

Applicable  Not applicable

**VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD**

Applicable  Not applicable

# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## IX. DISCLOSURE OF INTERESTS

### (I) Directors', Supervisors' and chief executive's interests and short positions in the Shares, underlying share(s) and debentures of the Company and its associated corporations

As at 31 December 2023, as far as the Company is aware, interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code or the rights granted for the purchase of shares or debentures of the Company or any of its associated corporations are as follows:

*Unit: share*

Name	Position	Class of shares	Long/short position	Capacity	Number of shares	Percentage of the relevant class of shares in issue (%)	Percentage of the total number of shares in issue (%)
Yin Sisong	Chairman of Supervisory Committee	A Shares	Long position	Beneficial owner	28,100	0	0

Save as disclosed above, as at 31 December 2023, as far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

### (II) Other senior management's interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2023, as far as the Company is aware, interests of other senior management of the Company in the shares of the Company are as follows:

*Unit: share*

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



# CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

## (III) Interests and short positions of substantial Shareholders and other persons in the shares and underlying shares of the Company

As at 31 December 2023, the Company was informed that the following persons had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### Holders of A Shares

Unit: share

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

Save as disclosed above, as far as the Directors, Supervisors and chief executives of the Company are aware, as at 31 December 2023, in accordance with the register required to be kept under Section 336 of the SFO, no other person or corporation has an interest or short position in the Company's share capital that would require disclosure to the Company under Divisions 2 and 3 of Part XV of the SFO.

## X. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable  Not applicable

## XI. MINIMUM PUBLIC FLOAT

During the Reporting Period and as of the latest practicable date prior to the publication of this report (i.e. 28 March 2024), the Company has maintained sufficient public float, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

## XII. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the PRC, which would oblige the Company to issue new shares to its existing Shareholders in proportion to their current equity ratio. Subject to the Hong Kong Listing Rules and pursuant to the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing bonus shares to the existing Shareholders, converting capital reserve to share capital or using other methods as required by applicable laws and administrative regulations or approved by relevant authorities.

Meanwhile, the Company does not have any share option arrangements.

# BONDS

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

### (I) Enterprise bonds

Applicable  Not applicable

### (II) Corporate bonds

Applicable  Not applicable

### (III) Non-financial corporate debt financing instruments in interbank bond market

#### 1. Basic information of non-financial corporate debt financing instruments

Unit: RMB 100 million

Name of bonds	Short name	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
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN001	102101395	26 July 2021 to 27 July 2021	28 July 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 28 July 2024	20	3.55	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN002	102101593	17 August 2021 to 18 August 2021	19 August 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 19 August 2024	20	3.47	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN003	102101685	24 August 2021 to 25 August 2021	26 August 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 26 August 2024	20	3.50	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN004	102103353	28 December 2021 to 29 December 2021	30 December 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 30 December 2024	5	3.30	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2022 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	22 MCC MTN001	102282664	7 December 2022 to 8 December 2022	9 December 2022	Exercise Date of Options redeemed by the issuer, with the first exercise date on 9 December 2025	20	4.18	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No

# BONDS

Name of bonds	Short name	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
2022 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	22 MCC MTN002	102282722	14 December 2022 to 15 December 2022	16 December 2022	Exercise Date of Options redeemed by the issuer, with the first exercise date on 16 December 2025	20	4.23	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2022 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	22 MCC MTN003	102282771	21 December 2022 to 22 December 2022	23 December 2022	Exercise Date of Options redeemed by the issuer, with the first exercise date on 23 December 2025	13	4.12	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN001	102380165	8 February 2023 to 9 February 2023	10 February 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 10 February 2025	20	3.57	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN002	102380190	10 February 2023, 13 February 2023	14 February 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 14 February 2025	20	3.52	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN003	102380222	15 February 2023 to 16 February 2023	17 February 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 17 February 2025	20	3.45	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Four Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN004	102380244	17 February 2023, 20 February 2023	21 February 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 21 February 2025	20	3.52	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No

# BONDS

Name of bonds	Short name	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
2023 Fifth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN005	102380443	8 March 2023 to 9 March 2023	10 March 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 10 March 2025	20	3.37	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Sixth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN006	102380488	10 March 2023, 13 March 2023	14 March 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 14 March 2025	20	3.36	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Seventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN007	102380546	15 March 2023 to 16 March 2023	17 March 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 17 March 2025	20	3.37	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Eighth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN008	102380610	17 March 2023, 20 March 2023	21 March 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 21 March 2025	20	3.36	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Ninth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN009	102380657	22 March 2023 to 23 March 2023	24 March 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 24 March 2025	20	3.35	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Tenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN010	102382163	18 August 2023, 21 August 2023	22 August 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 22 August 2026	20	3.05	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN011	102382240	23 August 2023 to 24 August 2023	25 August 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 25 August 2026	14	3.04	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No

# BONDS

Name of bonds	Short name	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
2023 Twelfth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN012	102382348	31 August 2023 to 1 September 2023	4 September 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 4 September 2026	10	3.1	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2023 Thirteenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	23 MCC MTN013	102382364	1 September 2023, 4 September 2023	5 September 2023	Exercise Date of Options redeemed by the issuer, with the first exercise date on 5 September 2026	10	3.22	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2024 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	24 MCC MTN001	102480524	21 February -22 February 2024	23 February 2024	23 February 2034	10	2.94	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2024 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	24 MCC MTN002	102480538	23 February and 26 February 2024	27 February 2024	27 February 2034	10	2.92	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2024 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	24 MCC MTN003	102480930	14 March 2024 to 15 March 2024	18 March 2024	18 March 2027	20	2.79	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No
2024 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	24 MCC MTN004	102480974	18 March 2024 to 19 March 2024	20 March 2024	20 March 2027	20	2.74	Interests payable per annum, and principal and interest payable upon maturity	China Interbank Bond Market	-	Bidding transaction	No

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

Applicable  Not applicable

Overdue bonds

Applicable  Not applicable

# BONDS

Bond interest payment during the Reporting Period

Name of bonds	Explanations on bond interest payment
2020 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment and redemption
2020 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment and redemption
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2022 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2022 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment
2022 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Normal interest payment

## 2. *Trigger and implementation of option clauses of issuer or investor and investor protection clauses*

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

## 3. *The intermediaries providing services for bond issuance and effective period business*

Name of the intermediaries	Office address	Contact persons	Contact No.
Bank of Shanghai Co., Ltd.	No. 168, Yincheng Central Road, Pudong New District, Shanghai	Yan Yijia	021-68476439
China CITIC Bank Co., Ltd.	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing	Yuan Shanchao	010-66635929
Shanghai Pudong Development Bank Co., Ltd.	No. 12, Zhongshan East 1st Road, Shanghai	Yang Shifeng	010-57395551
Postal Savings Bank of China Co., Ltd.	Jinding Building, No. 3, Financial Street, Xicheng District, Beijing	Li Na, Zhang Jialu	010-68858049
China Chengxin International Credit Rating Co., Ltd.	Galaxy SOHO 5, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing, PRC	Du Peishan, Ma Han	010-66428877
Bank of China Limited	No. 1 Fuxingmen Inner Street, Beijing	Xun Yamei	010-66592749

Changes in the aforesaid intermediaries

Applicable  Not applicable

# BONDS

## 4. Use of proceeds at the end of the Reporting Period

Unit: RMB'00 million

Name of bonds	Total amount of proceeds	Amount used	Amount unused	Operation of special account for proceeds (if any)	Rectification of unauthorized use of proceeds (if any)	Is it in line with the intended use, plan of use and other purposes as stipulated in the prospectuses
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	5	5	-	-	-	Yes
2022 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2022 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2022 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	13	13	-	-	-	Yes
2023 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Fifth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Sixth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes



# BONDS

Name of bonds	Total amount of proceeds	Amount used	Amount unused	Operation of special account for proceeds (if any)	Rectification of unauthorized use of proceeds (if any)	Is it in line with the intended use, plan of use and other purposes as stipulated in the prospectuses
2023 Seventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Eighth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Ninth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Tenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2023 Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	14	14	-	-	-	Yes
2023 Twelfth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	10	10	-	-	-	Yes
2023 Thirteenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	10	10	-	-	-	Yes
2024 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	10	10	-	-	-	Yes
2024 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	10	10	-	-	-	Yes
2024 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes
2024 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20	20	-	-	-	Yes

Progress and operational efficiency of the construction projects in which the proceeds are used

Applicable  Not applicable

Explanations on changes in the use of aforesaid proceeds during the Reporting Period

Applicable  Not applicable

Other explanations

Applicable  Not applicable

5. *Adjustment of credit rating results*

Applicable  Not applicable

6. *Implementation, change and impact of guarantee, debt repayment plan and other debt repayment guarantee measures during the Reporting Period*

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

7. *Other explanations on non-financial corporate debt financing instruments*

The medium-term notes issued by Metallurgical Corporation of China Ltd. are all targeted at institutional investors in national interbank bond market through public issuance.

**(IV) The Company's loss within the scope of consolidated statements during the Reporting Period exceeded 10% of the net assets at the end of the previous year**

Applicable  Not applicable

# BONDS

**(V) Overdue interest-bearing debts other than bonds at the end of the Reporting Period**

Applicable  Not applicable

**(VI) Violations of laws and regulations, Articles of Association and provisions of information disclosure management system during the Reporting Period, and the impacts of agreements or commitments in the prospectuses for bond offering on the rights and interests of bond investors**

Applicable  Not applicable

**(VII) Accounting data and financial indicators of the Company for the latest two years as at the end of the Reporting Period**

Unit: RMB'000

Major indicators	2023	2022	Increase/decrease as compared to the same period of last year (%)
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company	7,553,793	9,672,021	-21.90
Current Ratio	1.08	1.14	Decline 0.06 percentage points
Quick Ratio	0.63	0.65	Decline 0.02 percentage points
Asset-liability Ratio (%)	74.61	72.34	Decline 2.27 percentage points
EBITDA/Total Liabilities	0.04	0.05	Decline 0.01 percentage points
Interest Protection Multiples	4.44	4.76	Decline 0.32 percentage points
Cash Dividend Protection Multiples	2.23	5.45	Decline 3.22 percentage points
EBITDA Interest Coverage Ratio	5.54	5.80	Decline 0.26 percentage points
Loan Repayment Ratio (%)	100.00	100.00	-
Interest Payment Ratio (%)	100.00	100.00	-

## II. CONVERTIBLE CORPORATE BONDS

Applicable  Not applicable

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## I. AUDITOR'S REPORT

Ernst & Young Hua Ming (2024) Shen Zi No. 70062026\_A01  
Metallurgical Corporation of China Ltd.

### TO THE SHAREHOLDERS OF METALLURGICAL CORPORATION OF CHINA LTD.:

#### (I) Opinion

We have audited the financial statements of Metallurgical Corporation of China Ltd. (hereinafter the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2023, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2023, and their financial performance and cash flows for the year ended in accordance with the requirements of Accounting Standards for Business Enterprises ("ASBEs").

#### (II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### (III) Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## I. AUDITOR'S REPORT (CONTINUED)

### (III) Key audit matters (Continued)

#### Key audit matter

##### *Revenue recognition from construction contracts*

The revenue of the Company is mainly derived from construction contracts and recognised based on the performance progress over the period of the contract. Determined by input method, the performance progress is measured by reference to the percentage of actual contract costs incurred to the total budgeted costs.

Management makes estimates on the revenue and budgeted costs at the inception of each contract. Management shall continuously review and revise financial impacts arising from the changes in the estimated total revenue and budgeted costs based on factors such as scope changes and cost to completion throughout the contract period, which involves management's use of significant estimates and judgements.

The accounting policies and disclosures are included in notes V. 24 and V. 28 and note VII. 53 to the financial statements.

#### How our audit addressed the key audit matter

We evaluated and tested the relevant controls over revenue recognition from construction contracts, including the key internal control of preparation of revenue and budgeted costs and the determination of performance progress.

We obtained the list of construction contracts and selected significant contracts to perform the following procedures:

- Reviewed the key terms of the construction contracts and the revenue and budgeted costs prepared by the management;
- Tested the accuracy of actual costs incurred during the year by reviewing supporting documents and verifying whether the actual costs were recorded in the appropriate accounting period;
- Recalculated performance progress based on contract costs of incurred and total projected costs of contracts and revenue recognised for the current period based on projected total revenue and performance progress;
- Visiting selected samples of sites of construction projects to observe the progress, discussing with the site project management, comparing the performance progress with ledger record, and evaluating the reasonableness of the performance progress of the construction projects.
- Performed analytical procedure based on gross margins.

We evaluated the adequacy of disclosure of revenue recognition from construction contracts.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## I. AUDITOR'S REPORT (CONTINUED)

### (III) Key audit matters (Continued)

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Impairment allowance of accounts receivable and contract assets*

The impairment allowance of accounts receivable, contract assets was recognised based on expected credit losses (ECLs). The management determines the ECLs based on information analysis of past records of settlement of contract assets and collection of accounts receivable, the counter parties' credit ratings and forecasts of future economic conditions etc., which involves significant management's judgements and estimates.

The accounting policies and disclosures are included in notes V. 11 and V. 28 and note VII. 5, VII. 10 to the financial statements.

We evaluated and tested the relevant controls over the impairment allowance test of accounts receivable and contract assets.

For accounts receivable and contract assets which the management assesses the ECLs individually, we assessed the historical settlement of the contract assets, the historical payment of accounts receivable and the customers' payment ability on a sample basis. Taking into consideration the project progress and forecasted future economic situation, we evaluated the rationality and sufficiency of the management's provision of ECLs.

For accounts receivable and contract assets which the management assesses the ECLs collectively by reference to the credit risk characteristics, we obtained the ECL provision matrix from the management, and evaluated the appropriateness of the inputs that management used, such as historical loss ratio and forward-looking adjustments, and then recalculated the expected loss. We tested the accuracy of ageing on a sample basis over the billing and collection cycle.

We evaluated the adequacy of disclosure of impairment of accounts receivable and contract assets.

### (IV) Other information

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## I. AUDITOR'S REPORT (CONTINUED)

### (V) Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### (VI) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## I. AUDITOR'S REPORT (CONTINUED)

### (VI) Auditor's responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Continued)

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide statements to the governance regarding compliance with ethical requirements relating to independence, communicating with them all relationships and other matters that may reasonably be considered to affect the independence, as well as the relevant precautions (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Beijing, China

Chinese Certified Public Accountant:

**Zhang Ningning**  
(Engagement Partner)

Chinese Certified Public Accountant:

**Zhao Ning**  
(Engagement Partner)

28 March 2024

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

31 December 2023

All amounts in RMB'000

Items	Notes	31 December 2023	31 December 2022 (Restated)
<b>Current Assets:</b>			
Cash and bank balances	VII 1	44,440,269	45,485,413
Financial assets held for trading	VII 2	1,951	178,026
Derivative financial assets	VII 3	12,676	–
Bills receivable	VII 4	5,583,704	5,127,425
Accounts receivable	VII 5	130,037,264	93,439,673
Receivables at FVTOCI	VII 6	11,131,328	10,346,388
Prepayments	VII 7	33,120,920	36,352,532
Other receivables	VII 8	40,436,304	48,071,717
Inventories	VII 9	80,075,514	79,948,631
Contract assets	VII 10	121,833,709	106,826,600
Non-current assets due within one year	VII 11	7,087,526	4,896,108
Other current assets	VII 12	10,372,786	7,533,147
<b>Total Current Assets</b>		<b>484,133,951</b>	438,205,660
<b>Non-current Assets:</b>			
Long-term receivables	VII 13	50,825,135	35,841,643
Long-term equity investments	VII 14	36,236,395	31,863,695
Investments in other equity instruments	VII 15	1,126,144	939,925
Other non-current financial assets	VII 16	3,992,595	4,477,895
Investment properties	VII 17	8,020,390	7,871,895
Fixed assets	VII 18	27,725,928	25,411,113
Construction in progress	VII 19	3,830,579	4,077,347
Right-of-use assets	VII 20	767,798	860,236
Intangible assets	VII 21	22,849,854	22,026,293
Goodwill	VII 22	50,075	54,315
Long-term prepayments	VII 23	351,699	396,200
Deferred tax assets	VII 24	6,949,230	6,268,552
Other non-current assets	VII 25	14,742,463	7,098,058
<b>Total Non-current Assets</b>		<b>177,468,285</b>	147,187,167
<b>TOTAL ASSETS</b>		<b>661,602,236</b>	585,392,827

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

All amounts in RMB'000

Items	Notes	31 December 2023	31 December 2022 (Restated)
<b>Current Liabilities:</b>			
Short-term borrowings	VII 27	28,220,281	20,192,878
Derivative financial liabilities	VII 28	453,950	200,670
Bills payable	VII 29	31,717,090	37,186,380
Accounts payable	VII 30	240,394,139	187,160,134
Receipts in advance	VII 31	104,034	92,382
Contract liabilities	VII 32	64,819,382	74,016,212
Employee benefits payable	VII 33	2,624,077	2,254,726
Taxes payable	VII 34	5,308,635	5,525,953
Other payables	VII 35	40,269,691	28,228,858
Non-current liabilities due within one year	VII 36	8,044,599	11,981,744
Other current liabilities	VII 37	26,862,565	19,004,712
<b>Total Current Liabilities</b>		<b>448,818,443</b>	385,844,649
<b>Non-current Liabilities:</b>			
Long-term borrowings	VII 38	34,168,791	28,840,673
Bonds payable	VII 39	3,300,000	1,300,000
Lease liabilities	VII 40	501,345	569,000
Long-term payables	VII 41	736,736	615,009
Long-term employee benefits payable	VII 42	3,397,953	3,506,754
Provisions	VII 43	1,077,238	1,081,743
Deferred income	VII 44	1,058,582	1,078,553
Deferred tax liabilities	VII 24	171,983	178,523
Other non-current Liabilities	VII 45	380,000	460,361
<b>Total Non-current Liabilities</b>		<b>44,792,628</b>	37,630,616
<b>TOTAL LIABILITIES</b>		<b>493,611,071</b>	423,475,265

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

All amounts in RMB'000

Items	Notes	31 December 2023	31 December 2022 (Restated)
<b>Shareholders' Equity:</b>			
Share capital	VII 46	20,723,619	20,723,619
Other equity instruments	VII 47	47,400,000	28,500,000
Including: Perpetual bonds		47,400,000	28,500,000
Capital reserve	VII 48	22,582,222	22,601,592
Other comprehensive income	VII 49	1,111,475	1,084,471
Special reserve	VII 50	411,766	119,813
Surplus reserve	VII 51	3,391,294	2,976,424
Retained earnings	VII 52	49,859,806	45,110,342
<b>Total shareholders' equity attributable to shareholders of the Company</b>		<b>145,480,182</b>	121,116,261
Non-controlling interests		22,510,983	40,801,301
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>167,991,165</b>	161,917,562
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>661,602,236</b>	585,392,827

This financial statement is signed by the following person:

*Chairman:*  
**Chen Jianguang**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S BALANCE SHEET

31 December 2023

All amounts in RMB'000

Items	Notes	31 December 2023	31 December 2022
<b>Current Assets:</b>			
Cash and bank balances		993,899	4,562,014
Derivative financial assets		12,676	–
Accounts receivable	XVII 1	524,199	390,950
Prepayments		236,918	241,723
Other receivables	XVII 2	72,266,469	69,564,542
Inventories		873	877
Contract assets		1,029,318	829,494
Non-current assets due within one year		2,041	2,037
Other current assets		281	–
<b>Total Current Assets</b>		<b>75,066,674</b>	75,591,637
<b>Non-current Assets:</b>			
Long-term receivables	XVII 3	251,531	241,531
Long-term equity investments	XVII 4	95,704,384	97,969,791
Investments in other equity instrument		757	687
Fixed assets		18,742	18,393
Right-of-use assets		20,787	40,474
Intangible assets		9,398	2,416
Other non-current assets		612,532	431,393
<b>Total Non-current Assets</b>		<b>96,618,131</b>	98,704,685
<b>TOTAL ASSETS</b>		<b>171,684,805</b>	174,296,322

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

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

31 December 2023

All amounts in RMB'000

Items	Notes	31 December 2023	31 December 2022
<b>Current Liabilities:</b>			
Short-term borrowings	XVII 5	9,729,089	8,540,913
Derivative financial liabilities		435,537	166,454
Accounts payable		2,119,305	1,851,774
Contract liabilities		549,679	519,069
Employee benefits payable		17,098	17,278
Taxes payable		45,298	56,526
Other payables	XVII 6	42,863,636	46,269,575
Non-current liabilities due within one year	XVII 7	26,334	20,498,188
<b>Total Current Liabilities</b>		<b>55,785,976</b>	77,919,777
<b>Non-current Liabilities:</b>			
Long-term borrowings	XVII 8	449,080	439,080
Bonds payable		–	–
Lease liabilities		227	19,819
Long-term payables		–	–
Long-term employee benefits payable		60,451	56,406
Deferred income		3,598	3,598
<b>Total Non-current Liabilities</b>		<b>513,356</b>	518,903
<b>TOTAL LIABILITIES</b>		<b>56,299,332</b>	78,438,680
<b>Shareholders' Equity:</b>			
Share capital		20,723,619	20,723,619
Other equity instruments		47,400,000	28,500,000
Including: Perpetual bonds		47,400,000	28,500,000
Capital reserve		37,888,131	37,907,129
Other comprehensive income		(3,498)	(4,125)
Special reserve		12,550	12,550
Surplus reserve		3,391,294	2,976,424
Retained earnings		5,973,377	5,742,045
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>115,385,473</b>	95,857,642
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>171,684,805</b>	174,296,322

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED INCOME STATEMENT

For the year ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022 (Restated)
<b>I. Total operating revenue</b>		<b>633,870,422</b>	592,669,072
Including: Operating revenue	VII 53	<b>633,870,422</b>	592,669,072
<b>II. Total operating costs</b>		<b>610,627,073</b>	571,218,254
Including: Operating costs	VII 53	<b>572,456,849</b>	535,516,918
Taxes and levies	VII 54	<b>1,921,074</b>	1,870,771
Selling expenses	VII 55	<b>3,169,316</b>	2,883,123
Administrative expenses	VII 56	<b>12,360,311</b>	11,273,969
Research and development expenses	VII 57	<b>19,730,402</b>	18,732,632
Financial expenses	VII 58	<b>989,121</b>	940,841
Including: Interest expenses		<b>2,643,310</b>	2,633,074
Interest income		<b>2,001,447</b>	2,423,313
Add: Other income	VII 59	<b>560,094</b>	433,224
Investment losses	VII 60	<b>(1,487,345)</b>	(1,523,214)
Including: Gains from investments in associates and joint ventures		<b>506,149</b>	177,712
Losses from derecognition of financial assets at amortized cost		<b>(1,737,172)</b>	(1,273,573)
Losses from changes in fair values	VII 61	<b>(314,223)</b>	(317,778)
Credit impairment losses	VII 62	<b>(5,994,293)</b>	(3,601,874)
Impairment losses of assets	VII 63	<b>(2,954,820)</b>	(1,359,652)
Gains on disposal of assets	VII 64	<b>663,075</b>	303,355
<b>III. Operating profit</b>		<b>13,715,837</b>	15,384,879
Add: Non-operating income	VII 65	<b>288,789</b>	323,055
Less: Non-operating expenses	VII 66	<b>239,854</b>	315,818
<b>IV. Total profit</b>		<b>13,764,772</b>	15,392,116
Less: Income tax expenses	VII 67	<b>2,358,663</b>	2,460,486
<b>V. Net profit</b>		<b>11,406,109</b>	12,931,630
(I) Net profit classified by operating continuity			
Net profit from continuing operations		<b>11,406,109</b>	12,931,630
(II) Net profit classified by ownership ascription			
Net profit attributable to shareholders of the Company		<b>8,670,405</b>	10,276,187
Net profit attributable to non-controlling interests		<b>2,735,704</b>	2,655,443



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022 (Restated)
<b>VI. Other comprehensive income, net of income tax</b>	VII 49	<b>66,560</b>	1,502,518
Other comprehensive income attributable to shareholders of the Company, net of income tax		<b>26,576</b>	1,389,333
(I) Items that will not be reclassified to profit or loss		<b>(80,701)</b>	63,633
1. Re-measurement of defined benefit obligations		<b>(75,595)</b>	92,481
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		<b>(8)</b>	(12)
3. Changes in fair values of investments in other equity instruments		<b>(5,098)</b>	(28,836)
(II) Items that may be reclassified to profit or loss		<b>107,277</b>	1,325,700
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		<b>3,968</b>	(35,827)
2. Changes of fair value of receivables at FVTOCI		<b>(7,874)</b>	25,232
3. Exchange differences on translating financial statements in foreign currencies		<b>111,183</b>	1,336,295
Other comprehensive income attributable to non-controlling interests, net of income tax		<b>39,984</b>	113,185
<b>VII. Total comprehensive income</b>		<b>11,472,669</b>	14,434,148
Total comprehensive income attributable to shareholders of the Company		<b>8,696,981</b>	11,665,520
Total comprehensive income attributable to non-controlling interests		<b>2,775,688</b>	2,768,628
<b>VIII. Earnings per share</b>	VII 68		
(I) Basic earnings per share (RMB/share)		<b>0.33</b>	0.45
(II) Diluted earnings per share (RMB/share)		<b>0.33</b>	0.45

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S INCOME STATEMENT

For the year period ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022
<b>I. Total operating revenue</b>	XVII 9	<b>1,413,954</b>	1,999,796
Less: Operating costs	XVII 9	<b>1,288,057</b>	1,812,142
Taxes and levies		<b>6,026</b>	3,727
Administrative expenses		<b>317,063</b>	311,035
Financial expenses		<b>(564,049)</b>	729,482
Including: Interest expenses		<b>1,802,835</b>	2,408,207
Interest income		<b>2,171,786</b>	2,289,658
Add: Other income		<b>662</b>	1,886
Investment income	XVII 10	<b>4,060,812</b>	4,524,923
Including: Gains from investments in associates and joint ventures		<b>4,229</b>	17,122
Losses from changes in fair values		<b>(256,407)</b>	(280,779)
Credit impairment losses	XVII 11	<b>(6,311)</b>	(541,441)
Impairment losses of assets		<b>(10,040)</b>	(1,128)
<b>II. Operating profit</b>		<b>4,155,573</b>	2,846,871
Add: Non-operating income		<b>1</b>	91
Less: Non-operating expenses		<b>54</b>	10
<b>III. Total profit</b>		<b>4,155,520</b>	2,846,952
Less: Income tax expenses		<b>6,815</b>	12,631
<b>IV. Net profit</b>		<b>4,148,705</b>	2,834,321
Net profit from continuing operations		<b>4,148,705</b>	2,834,321
<b>V. Other comprehensive income, net of income tax</b>		<b>627</b>	(2,571)
(I) Items that will not be reclassified to profit or loss		<b>(993)</b>	1,705
1. Changes in re-measurement of defined benefit obligations		<b>(1,063)</b>	1,571
2. Changes in fair values of investments in other equity instruments		<b>70</b>	134
(II) Items that will be reclassified to profit or loss		<b>1,620</b>	(4,276)
1. Items that may be reclassified to profit or loss in equity method		<b>1,620</b>	(4,276)
<b>VI. Total comprehensive income</b>		<b>4,149,332</b>	2,831,750

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED CASH FLOW STATEMENT

For the year ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022
<b>I Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		486,794,527	521,602,191
Receipts of tax refunds		1,017,607	1,799,701
Other cash receipts relating to operating activities	VII 69(1)	12,211,167	5,713,694
Sub-total of cash inflows from operating activities		500,023,301	529,115,586
Cash payments for goods purchased and services received		430,279,213	447,439,021
Cash payments to and on behalf of employees		31,705,046	31,296,525
Payments of various types of taxes		11,558,476	11,719,249
Other cash payments relating to operating activities	VII 69(1)	20,588,765	20,507,730
Sub-total of cash outflows from operating activities		494,131,500	510,962,525
<b>Net Cash Flows from Operating Activities</b>	VII 70(1)	<b>5,891,801</b>	18,153,061
<b>II Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		471,917	588,310
Cash receipts from investment income		361,424	210,340
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		377,563	504,261
Net cash receipts from disposal of subsidiaries and other business units	VII 70(3)	11,584	3,656
Other cash receipts relating to investing activities	VII 69(2)	1,590,393	3,269,801
Sub-total of cash inflows from investing activities		2,812,881	4,576,368
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		4,595,332	4,313,922
Cash payments to acquire investments		4,901,815	5,472,246
Net cash payments to acquire subsidiaries and other business units		–	356,403
Other cash payments relating to investing activities	VII 69(2)	40,237	993,145
Sub-total of cash outflows from investing activities		9,537,384	11,135,716
<b>Net Cash Flows used in Investing Activities</b>		<b>(6,724,503)</b>	(6,559,348)

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022
<b>III Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		27,482,081	5,413,645
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		4,098,725	113,645
Cash receipts from issue of perpetual bond		23,383,356	5,300,000
Cash receipts from borrowings		211,958,809	135,665,962
Other cash receipts relating to financing activities	VII 69(3)	1,791,552	371,220
Sub-total of cash inflows from financing activities		241,232,442	141,450,827
Cash repayments of borrowings		202,004,995	137,329,627
Cash payments for distribution of dividends or profits or settlement of interest expenses		7,628,969	8,056,220
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		1,236,675	1,600,555
Other cash payments relating to financing activities	VII 69(3)	30,442,360	5,735,155
Sub-total of cash outflows from financing activities		240,076,324	151,121,002
<b>Net Cash Flows from/(used in) Financing Activities</b>		<b>1,156,118</b>	(9,670,175)
<b>IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>58,475</b>	327,855
<b>V Net Increase in Cash and Cash Equivalents</b>		<b>381,891</b>	2,251,393
Add: Opening balance of Cash and Cash equivalents		33,468,217	31,216,824
<b>VI Closing Balance of Cash and Cash Equivalents</b>	VII 70(4)	<b>33,850,108</b>	33,468,217

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S CASH FLOW STATEMENT

For the year period ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022
<b>I Cash Flows from Operating Activities:</b>			
Cash receipts from the sale of goods and the rendering of services		1,012,051	1,578,273
Other cash receipts relating to operating activities		1,319,187	1,208,074
Sub-total of cash inflows from operating activities		2,331,238	2,786,347
Cash payments for goods purchased and services received		931,099	1,205,120
Cash payments to and on behalf of employees		208,217	216,170
Payments of various types of taxes		37,157	23,431
Other cash payments relating to operating activities		1,254,812	1,112,971
Sub-total of cash outflows from operating activities		2,431,285	2,557,692
<b>Net Cash Flows (used in)/from Operating Activities</b>	XVII 12(1)	<b>(100,047)</b>	228,655
<b>II Cash Flows from Investing Activities:</b>			
Cash receipts from returns on investments		4,247,500	20,246
Cash receipts from investment income		3,574,826	3,717,372
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1	–
Other cash receipts relating to investing activities		34,097,688	22,003,282
Sub-total of cash inflows from investing activities		41,920,015	25,740,900
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		26,516	14,659
Cash payments to acquire investments		1,982,207	337,794
Other cash payments relating to investing activities		34,218,488	28,860,464
Sub-total of cash outflows from investing activities		36,227,211	29,212,917
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>5,692,804</b>	(3,472,017)

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the year period ended  
31 December 2023

All amounts in RMB'000

Items	Notes	2023	2022
<b>III Cash Flows from Financing Activities:</b>			
Cash receipts from investments		23,383,356	5,300,000
Including: Cash receipts from issue of perpetual bond		23,383,356	5,300,000
Cash receipts from borrowings		151,360,159	76,965,339
Other cash receipts relating to financing activities		382,091,331	363,640,755
Sub-total of cash inflows from financing activities		556,834,846	445,906,094
Cash repayments of borrowings		150,395,829	87,416,468
Cash payments for distribution of dividends or profits or settlement of interest expenses		3,577,903	3,503,019
Other cash payments relating to financing activities		412,062,732	352,236,683
Sub-total of cash outflows from financing activities		566,036,464	443,156,170
<b>Net Cash Flows (used in)/from Financing Activities</b>		<b>(9,201,618)</b>	2,749,924
<b>IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>26,664</b>	38,076
<b>V Net Decrease in Cash and Cash Equivalents</b>		<b>(3,582,197)</b>	(455,362)
Add: Opening balance of Cash and Cash equivalents		4,551,152	5,006,514
<b>VI Closing Balance of Cash and Cash Equivalents</b>	XVII 12(2)	<b>968,955</b>	4,551,152

This financial statement is signed by the following person:

Chairman:  
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General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	2023									
	Attributable to shareholders of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total		
<b>I Closing balance of the preceding year</b>	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,102,415	121,108,334	40,800,791	161,909,125
Add: Changes in accounting policies	-	-	-	-	-	-	7,927	7,927	510	8,437
<b>II Opening balance of the current year</b>	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,110,342	121,116,261	40,801,301	161,917,562
<b>III Changes for the year</b>	-	18,900,000	(19,370)	27,004	291,953	414,870	4,749,464	24,363,921	(18,290,318)	6,073,603
(I) Total comprehensive income	-	-	-	26,576	-	-	8,670,405	8,696,981	2,775,688	11,472,669
(II) Shareholders' contributions and reduction in capital	-	18,900,000	(19,370)	-	-	-	(3,140)	18,877,490	(19,582,156)	(704,666)
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	99,130	99,130
2. Capital reduction from shareholders	-	-	-	-	-	-	-	-	(16,738,191)	(16,738,191)
3. Capital contribution from other equity instruments' holders (Note VIII 47)	-	23,400,000	(22,214)	-	-	-	-	23,377,786	3,999,596	27,377,382
4. Capital reduction from other equity instruments' holders (Note VIII 47)	-	(4,500,000)	-	-	-	-	(26,531)	(4,526,531)	(6,892,172)	(11,418,703)
5. Acquisition of subsidiaries (Note VIII 1)	-	-	-	-	-	-	-	-	26,540	26,540
6. Transaction with non-controlling interests	-	-	308	-	-	-	22,888	23,196	(77,415)	(54,219)
7. Others	-	-	2,536	-	-	-	503	3,039	356	3,395
(III) Profit distribution	-	-	-	-	-	414,870	(3,917,373)	(3,502,503)	(1,475,124)	(4,977,627)
1. Transfer to surplus reserve	-	-	-	-	-	414,870	(414,870)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(1,720,060)	(1,198,891)	(2,918,951)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,782,443)	(1,782,443)	(276,233)	(2,058,676)
(IV) Transfers within shareholders' equity	-	-	-	428	-	-	(428)	-	-	-
1. Other comprehensive income carried forward to retained earnings	-	-	-	428	-	-	(428)	-	-	-
(V) Special reserve	-	-	-	-	291,953	-	-	291,953	(8,726)	283,227
1. Transfer to special reserve in the current period	-	-	-	-	11,639,390	-	-	11,639,390	792,489	12,431,879
2. Amount utilized in the current period	-	-	-	-	(11,347,437)	-	-	(11,347,437)	(801,215)	(12,148,652)
<b>IV Closing balance of the current year</b>	20,723,619	47,400,000	22,582,222	1,111,475	411,766	3,391,294	49,859,806	145,480,182	22,510,983	167,991,165



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

Items	2022 (Restated)										
	Attributable to shareholders of the Company									Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total			
<b>I Closing balance of the preceding year</b>	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,954,521	107,494,977	43,892,782	151,387,759	
Add: Changes in accounting policies	-	-	-	-	-	-	4,097	4,097	182	4,279	
<b>II Opening balance of the current year</b>	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,958,618	107,499,074	43,892,964	151,392,038	
<b>III Changes for the year</b>	-	4,800,000	(11,327)	1,286,095	107,263	283,432	7,151,724	13,617,187	(3,091,663)	10,525,524	
(I) Total comprehensive income	-	-	-	1,389,333	-	-	10,276,187	11,665,520	2,768,628	14,434,148	
(II) Shareholders' contributions and reduction in capital	-	4,800,000	(11,327)	-	-	-	-	4,788,673	(4,560,901)	227,772	
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	167,902	167,902	
2. Capital reduction from shareholders	-	-	-	-	-	-	-	-	(3,980,000)	(3,980,000)	
3. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	5,281,797	-	5,281,797	
4. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(500,000)	(800,000)	(1,300,000)	
5. Others	-	-	6,876	-	-	-	-	6,876	51,197	58,073	
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(2,655,092)	(1,600,555)	(4,255,647)	
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)	(1,233,724)	(2,850,166)	
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(1,038,650)	(366,831)	(1,405,481)	
(IV) Transfers within shareholders' equity	-	-	-	(5,595)	-	-	5,595	-	-	-	
1. Other comprehensive income carried forward to retained earnings	-	-	-	(5,595)	-	-	5,595	-	-	-	
(V) Special reserve	-	-	-	-	107,263	-	-	107,263	11,988	119,251	
1. Transfer to special reserve in the current period	-	-	-	-	9,253,421	-	-	9,253,421	709,371	9,962,792	
2. Amount utilized in the current period	-	-	-	-	(9,146,158)	-	-	(9,146,158)	(697,383)	(9,843,541)	
(VI) Others	-	-	-	(97,643)	-	-	(191,534)	(289,177)	289,177	-	
<b>IV Closing balance of the current year</b>	20,723,619	28,500,000	22,601,592	1,084,471	119,813	2,976,424	45,110,342	121,116,261	40,801,301	161,917,562	

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

Items	2023							Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	
I Opening balance of the current year	20,723,619	28,500,000	37,907,129	(4,125)	12,550	2,976,424	5,742,045	95,857,642
II Changes for the year	-	18,900,000	(18,998)	627	-	414,870	231,332	19,527,831
(I) Total comprehensive income	-	-	-	627	-	-	4,148,705	4,149,332
(II) Shareholders' contributions and reduction in capital	-	18,900,000	(18,998)	-	-	-	-	18,881,002
1. Capital contribution from other equity instruments' holders	-	23,400,000	(18,998)	-	-	-	-	23,381,002
2. Capital reduction from other equity instruments' holders	-	(4,500,000)	-	-	-	-	-	(4,500,000)
(III) Profit distribution	-	-	-	-	-	414,870	(3,917,373)	(3,502,503)
1. Transfer to surplus reserve	-	-	-	-	-	414,870	(414,870)	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,720,060)	(1,720,060)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,782,443)	(1,782,443)
III Closing balance of the current year	20,723,619	47,400,000	37,888,131	(3,498)	12,550	3,391,294	5,973,377	115,385,473

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

Items	2022							
	Share capital	Other equity instruments (Perpetual bonds)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
<b>I Opening balance of the current year</b>	20,723,619	23,700,000	37,925,332	(1,554)	12,550	2,692,992	5,846,248	90,899,187
<b>II Changes for the year</b>	-	4,800,000	(18,203)	(2,571)	-	283,432	(104,203)	4,958,455
(I) Total comprehensive income	-	-	-	(2,571)	-	-	2,834,321	2,831,750
(II) Shareholders' contributions and reduction in capital	-	4,800,000	(18,203)	-	-	-	-	4,781,797
1. Capital contribution from other equity instruments' holders	-	5,300,000	(18,203)	-	-	-	-	5,281,797
2. Capital reduction from other equity instruments' holders	-	(500,000)	-	-	-	-	-	(500,000)
(III) Profit distribution	-	-	-	-	-	283,432	(2,938,524)	(2,655,092)
1. Transfer to surplus reserve	-	-	-	-	-	283,432	(283,432)	-
2. Distributions to shareholders	-	-	-	-	-	-	(1,616,442)	(1,616,442)
3. Distributions of perpetual bond interest	-	-	-	-	-	-	(1,038,650)	(1,038,650)
<b>III Closing balance of the current year</b>	20,723,619	28,500,000	37,907,129	(4,125)	12,550	2,976,424	5,742,045	95,857,642

This financial statement is signed by the following person:

*Chairman:*  
**Chen Jianguang**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Fan Wanzhu**

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## III. BASIC INFORMATION

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 RMB 13 billion, representing 13 billion ordinary shares of RMB 1.0 each. On 14 September 2009, the Company issued 3,500 million A shares of the Company to domestic investors and these A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H shares of the Company were issued on 16 September 2009 and listed on the Main Board of The Stock Exchange of Hong Kong Ltd. (the “Hong Kong Stock Exchange”) on 24 September 2009. During the course of the issue of A shares and H shares of the Company, CMGC and CBSGC transferred a total amount of 350 million shares of the Company to National Council for State Security Fund (“NSSF”) of the PRC and converted 261 million domestic shares into H shares which were transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB 19.11 billion.

Pursuant to the special mandate granted by the shareholders at the 2016 First Extraordinary General Meeting, the 2016 First A Shareholders’ Class Meeting and the 2016 First H Shareholders’ Class Meeting, having received the Approval in relation to the Non-public Issuance of Shares by Metallurgical Corporation of China Ltd. (Zheng Jian Xu Ke [2016] No. 1794) from the China Securities Regulatory Commission (the “CSRC”), the Company performed the non-public issuance of 1,613,619,000 A Shares of the Company (the “Non-Public Issuance”) to certain specific investors on 26 December 2016. Upon completion of the Non-Public Issuance, the share capital of the Company increased to RMB 20,723,619,000, and CMGC remains as the controlling shareholder of the Company.

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## III. BASIC INFORMATION (CONTINUED)

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

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

During the reporting period, the Group did not have material changes on principal its business activities.

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

## IV. BASIS OF PREPARATION

### 1. Basis of preparation

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

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

### 2. Accrual basis and measurement principle

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IV. BASIS OF PREPARATION (CONTINUED)

### 2. Accrual basis and measurement principle (Continued)

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

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

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

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

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

### 3. Going concern

The Group has performed an assessment of the going concern for the following 12 months from 31 December 2023 and does not identify any significant doubtful matter or event on the going concern. As such, these financial statements have been prepared on a going concern basis.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Statement of compliance

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

### 2. Accounting period

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

### 3. Business cycle

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

### 4. Functional currency

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 5. Methods of determining materiality criteria and selection basis

	Materiality criteria
Significant receivables for which provision for bad debts is made individually	The original value of individual provision for impairment is more than RMB 1.5 billion or the amount of provision for impairment in the current period is more than RMB 100 million
The amount of provision for bad debts of receivables recovered or reversed is significant	The amount of individual provision for impairment recovered or reversed in the current period is more than RMB 100 million
Significant receivables actually written off	The amount written off individually is more than RMB 100 million
There are significant changes in carrying amounts of contract assets	Changes in the carrying amount of contract assets account for more than 30% of the opening balance of contract assets
Significant construction in progress	Closing balance exceeds 0.05% of the Group's total assets
Significant non-wholly owned subsidiaries	Net assets of subsidiaries account for more than 5% of the Group's net assets, or the non-controlling interest of a single subsidiary accounts for more than 1% of the Group's net assets
Significant joint ventures or associates	The carrying amount of long-term equity investment in a single investee accounts for more than 5% of the Group's net assets, or the investment profit and loss under the equity method of long-term equity investment accounts for more than 10% of the Group's consolidated net profit
Significant receipts in advance/ contract liabilities aged over 1 year	The balance of receipts in advance/contract liabilities aged over 1 year individually accounts for more than 10% of the balance of receipts in advance/contract liabilities at the beginning of the year and is more than RMB 100 million
There are significant changes in the carrying amounts of receipts in advance/contract liabilities	The balance of changes in receipts in advance/contract liabilities individually accounts for more than 10% of the balance of receipts in advance/contract liabilities at the beginning of the year
Significant accounts payable/other payables aged over 1 year	The balance of accounts payable/other payables aged over 1 year individually accounts for more than 10% of the balance of accounts payable/other payables at the beginning of the year
Significant overdue accounts payable/ other payables	The balance of overdue accounts payable/other payables individually accounts for more than 5% of the balance of accounts payable/ other payables at the beginning of the year



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Business combinations

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

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

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

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

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

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

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

# FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. Subsidiary refers to the entity controlled by the company (including the divisible parts of the enterprises, the invested units, and the structured entities controlled by the company, etc). An investor is able to control the investee if and only if it has power over the investee, has variable returns for participating in the investee's activities, and has the ability to use its power over the investee to influence the amount of its returns.

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

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

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

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

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

Without loss of control, a change in minority shareholders' interests is treated as an equity transaction.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 8. Classification of joint arrangement and joint operation

There are only two types of joint arrangements – joint operations and joint ventures.

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

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

### 9. Cash and cash equivalents

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

### 10. Translation of transactions and financial statements denominated in foreign currencies

#### (1) *Transactions denominated in foreign currencies*

The Group converts the foreign currency amount into the accounting base currency amount for foreign currency transactions that occur.

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency is converted into the base currency of account using the spot exchange rate on the date of the transaction, but the capital invested by the investor in the foreign currency is converted at the spot exchange rate on the date of the transaction.

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

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

#### (1) *Transactions denominated in foreign currencies (Continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are still translated using the exchange rate used at the time of initial recognition, and the amount in the base currency of accounting remains unchanged. Non-monetary items measured at fair value in a foreign currency are translated at the spot exchange rate on the date of fair value determination, and the resulting difference is recognized in profit or loss or other comprehensive income for the current period according to the nature of the non-monetary items.

#### (2) *Translation of financial statements denominated in foreign currency*

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments

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

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

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

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

#### (1) *Classification and measurement of financial assets*

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

##### (a) **Financial assets measured at amortized cost**

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (1) Classification and measurement of financial assets (Continued)

##### (a) Financial assets measured at amortized cost (Continued)

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

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

##### (b) Financial assets at fair value through other comprehensive income ("FVTOCI")

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

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

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

##### (c) Financial assets at fair value through profit or loss ("FVTPL")

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (1) Classification and measurement of financial assets (Continued)

##### (c) Financial assets at fair value through profit or loss (“FVTPL”) (Continued)

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

##### (d) Designated as financial assets at fair value through other comprehensive income (“FVTOCI”)

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

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

#### (2) Impairment of financial instruments

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

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

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



## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (2) Impairment of financial instruments (Continued)

##### (a) Significant increase of credit risk

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (2) Impairment of financial instruments (Continued)

##### (b) Credit-impaired financial assets

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

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

##### (c) Determination of expected credit loss

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

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

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (2) *Impairment of financial instruments (Continued)*

##### (d) Write-down of financial assets

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

#### (3) *Transfer of financial assets*

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

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

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

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

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

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

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

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

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

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

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

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

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

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

##### (c) Financial guarantee contracts

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

#### (5) Derecognition of financial liabilities

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 11. Financial instruments (Continued)

#### (6) *Equity instruments*

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

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

#### (7) *Derivatives*

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

#### (8) *Offsetting financial assets and financial liabilities*

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

### 12. Inventories

#### (1) *Categories of inventories and initial measurement*

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

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

#### (2) *Valuation method of inventories upon delivery*

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 12. Inventories (Continued)

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

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

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

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

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

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

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

### 13. Long-term equity investments

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

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

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



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Long-term equity investments (Continued)

#### (1) *Determination of investment cost*

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

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

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Long-term equity investments (Continued)

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

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

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

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

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

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

If the recoverable amounts of the investments to subsidiaries, joint ventures and associates are less than their carrying amounts, an impairment loss should be recognized to reduce the carrying amounts to the recoverable amounts (Note V19).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 14. Investment properties

Investment properties refer to real estate held for rent or capital appreciation, or both,

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment real estate when the relevant economic benefits are likely to flow into the Group and the cost can be reliably measured; Otherwise, they are included in the current profit and loss when incurred.

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

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

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

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

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

If the recoverable amounts of the investment properties are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (Note V19).

### 15. Fixed assets

#### (1) Recognition criteria for fixed assets

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 15. Fixed assets (Continued)

#### (1) Recognition criteria for fixed assets (Continued)

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

#### (2) Depreciation of each category of fixed assets

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

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

#### (3) Derecognition and impairment

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

If the recoverable amounts of the fixed assets are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (Note V19).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 16. Construction in progress

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

If the recoverable amounts of the construction in progress are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (Note V19).

### 17. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred.

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

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

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

### 18. Intangible assets

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

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

## VI. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 18. Intangible assets (Continued)

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

##### (a) Land use rights

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

##### (b) Mining rights

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

##### (c) The right to use of the franchise

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

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 18. Intangible assets (Continued)

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

##### (d) Software

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

##### (e) Patent and proprietary technologies

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

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

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

##### (g) If the recoverable amounts of the intangible assets are less than the carrying amounts, the carrying amounts will be reduced to the recoverable amounts (Note V19).

#### (2) Internal research and development expenditures

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

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

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

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



## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 19. Impairment of non-current assets other than financial assets

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

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

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

### 20. Long-term prepayments

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

### 21. Employee benefits

#### (1) Short-term employee benefits

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 21. Employee benefits (Continued)

#### (2) *Post-employment benefits*

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

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

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

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

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

#### (3) *Termination benefits*

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 21. Employee benefits (Continued)

#### (3) Termination benefits (Continued)

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

### 22. Provisions

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

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

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

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

### 23. Other equity instruments

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Revenue from contracts with customers

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

#### *Construction Contract*

The construction contracts between the Group and customers usually include commitments for multiple goods and services such as construction design, equipment procurement, and construction and installation. As the Group needs to integrate the above-mentioned goods or services into a combination of outputs agreed upon in the contract and transfer them to customers, the Group will treat them as a single performance obligation as a whole.

According to contract agreements, legal provisions, etc., the Group provides quality assurance for the assets constructed. For the assurance type quality assurance to ensure that the assets constructed meet the established standards to customers, the Group conducts accounting treatment in accordance with Note V, 22.

The Group will use the expected amount of consideration to be collected for the transfer of goods to customers as the transaction price, and determine it in accordance with the contract terms and past business practices. There are arrangements for early completion rewards in some contracts between our group and customers, forming variable consideration. The Group determines the best estimate of the variable consideration based on the most likely amount to occur, and includes the variable consideration in the transaction price to the extent that the cumulative recognized income is unlikely to be significantly reversed when the relevant uncertainty is eliminated, and re estimates are made on each balance sheet date.

The Group fulfills its performance obligations by providing construction services to customers. Construction contracts between the Group and customers usually include performance obligations for housing construction and infrastructure construction. As customers can control the assets under construction during the Group's performance process, the Group considers them as performance obligations to be fulfilled within a certain period of time, and recognizes revenue based on the performance progress, except for those where the performance progress cannot be reasonably determined. The Group determines the performance progress of providing construction services based on the cost incurred using the input method. When the progress of performance cannot be reasonably determined, if the Group expects to be compensated for the costs already incurred, revenue shall be recognized based on the amount of costs already incurred until the progress of performance can be reasonably determined.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Revenue from contracts with customers (Continued)

#### *Contracts for sale of goods*

The Group will use the expected amount of consideration to be collected for the transfer of goods to customers as the transaction price, and determine it in accordance with the contract terms and past business practices.

According to contract agreements, legal provisions, etc., the Group provides quality assurance for the products sold, which belongs to the category of quality assurance to ensure that the products sold meet established standards to customers. The Group conducts accounting treatment in accordance with Note V 22.

#### *Provide service contract*

The Group fulfills its performance obligations by providing design services to customers. As the services provided by the Group during the performance process have an irreplaceable purpose, and the Group has the right to receive income from the accumulated performance portion completed so far throughout the entire contract period, the Group recognizes it as a performance obligation to be performed within a certain period of time, and recognizes income based on the performance progress, except for cases where the performance progress cannot be reasonably determined. The Group determines the performance progress of services provided based on completed or delivered products using the output method. When the progress of performance cannot be reasonably determined, if the Group expects to be compensated for the costs already incurred, revenue shall be recognized based on the amount of costs already incurred until the progress of performance can be reasonably determined.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 25. Government grants

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

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

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

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

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

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 26. Deferred tax

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

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

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

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

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

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



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 27. Lease

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

#### (1) *The Group as the lessee*

##### (a) Separation of the lease

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

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

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

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

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

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

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 27. Lease (Continued)

#### (1) The Group as the lessee (Continued)

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

The Group determines whether the right of use assets are impaired and accounts for the identified impairment loss based on the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets. If the recoverable amount of the right-of-use asset is estimated to be less than its carrying amount, the carrying amount of the asset will be reduced to its recoverable amount (Note V19).

##### (c) Refundable rental deposit

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

##### (d) Lease liabilities

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

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 27. Lease (Continued)

#### (1) The Group as the lessee (Continued)

##### (d) Lease liabilities (Continued)

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The lease payments change due to changes in expected payment under a guaranteed residual value or a change in an index or a rate used to determine those payments, in which cases the related lease liabilities are remeasured by discounting the revised lease payments using the initial discount rate.

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

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

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

#### (2) The Group as the lessor

##### (a) Separation of the lease

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

##### (b) Classification of the lease

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 27. Lease (Continued)

#### (2) *The Group as the lessor (Continued)*

##### (b) Classification of the lease (Continued)

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

##### (c) Rental deposit to be refunded

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

##### (d) Operating leases recorded by the Group as lessor

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

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Other significant accounting policies and accounting estimates

#### (1) *Distribution of dividends*

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

#### (2) *Safety production expenses*

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

#### (3) *Segment information*

The accounting policies of segment information are listed in Note XVI1 (1).

#### (4) *Significant accounting estimates and judgments*

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

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

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Other significant accounting policies and accounting estimates (Continued)

#### (4) Significant accounting estimates and judgments (Continued)

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

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

##### (i) Equity instrument

The issued perpetual bond has no maturity date. Since the Group has the right to defer interest payment and the option for redemption of perpetual bond. The Group has no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer, the perpetual bond is classified as an equity instrument, which meets the qualifying to be recorded in Note V23 as equity instrument.

##### (ii) Business models

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

##### (iii) Contractual cash flow characteristics

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VI. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Other significant accounting policies and accounting estimates (Continued)

#### (4) Significant accounting estimates and judgments (Continued)

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

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

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

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

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

###### (i) Progress of performance of engineering construction contracts

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

###### (ii) Impairment of financial instruments and contract assets

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



## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Other significant accounting policies and accounting estimates (Continued)

#### (4) Significant accounting estimates and judgments (Continued)

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

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

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, the management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note V 19.

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Other significant accounting policies and accounting estimates (Continued)

#### (4) Significant accounting estimates and judgments (Continued)

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

###### (v) Tax

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

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

###### (vi) Retirement benefits

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 29. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

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

#### The Group

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 29. Changes in significant accounting policies and accounting estimates (Continued)

#### (1) Changes in significant accounting policies (Continued)

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

#### The Company

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

#### (2) Changes in significant accounting estimates

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

## VI. TAXATION

### 1. Major categories of taxes and respective tax rates

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VI. TAXATION (CONTINUED)

### 1. Major categories of taxes and respective tax rates (Continued)

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

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

### 2. Tax incentive

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

Company name	Preferential tax rate		Preferential policies on corporate income tax
	Amount for the year ended 31 December 2023	Amount for the year ended 31 December 2022	
Shanghai Baoye Group Corp. Lt	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China First Metallurgical Group Co. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China Second Metallurgy Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China MCC3 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China MCC5 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China MCC17 Group Co. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China MCC19 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
China MCC20 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
China MCC22 Group Corp. Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
Central Research Institute of Building and Construction Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VI. TAXATION (CONTINUED)

### 2. Tax incentive (Continued)

Company name	Preferential tax rate		Preferential policies on corporate income tax
	Amount for the year ended 31 December 2023	Amount for the year ended 31 December 2022	
MCC Capital Engineering & Research Incorporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises
WISDRI Engineering & Research Incorporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
Huatian Engineering & Technology Corporation, MCC	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
ZHONGYE Chang Tian International Engineering Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
Shen Kan Engineering & Technology Corporation, MCC	15%	15%	Tax preferential policy for high-new technology enterprises
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	15%	15%	Tax preferential policy for high-new technology enterprises
MCC TianGong Group Corporation Limited	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
MCC Baosteel Technology Services Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses, additional deduction for payroll expenses of disabled employees
MCC Communication Construction Group Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises
China Huaye Group Company Limited	15%	15%	Tax preferential policy for high-new technology enterprises
MCC (Shanghai) Steel Structure Technology Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC Urban Investment Holding Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC-SFRE Heavy Industry Equipment Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
MCC (Guizhou) Construction Investment Development Co., Ltd.	15%	15%	Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses
China Metallurgical Construction Engineering Group Co., Ltd	15%	15%	Preferential taxation policies for the western development, additional deduction for R&D expenses

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

All amounts in RMB'000

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

As at 31 December 2023, restricted cash and bank balances of the Group were RMB 10,590,161,000 (As at 31 December 2022: RMB 12,017,196,000) (Note VII 26) which mainly included bank deposits for issuing acceptance bills, guarantee deposits, frozen funds for lawsuit, funds under supervision for projects and deposits on wages for rural migrant workers, etc.

The Group's certain cash and bank balances deposited overseas are subject to the exchange control in relevant countries or regions and cannot be converted to foreign currencies freely or remitted out from these countries or regions. As at 31 December 2023, the proportion of the Group's cash and bank balances denominated in foreign currency deposited in these countries or regions to the balance of cash and bank balances in the Group's consolidated balance sheet was less than 1% (As at 31 December 2022: less than 2%).

### 2. Financial assets held for trading

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Financial assets at FVTPL		
Equity instrument investment	1,951	178,026
Including: Investment in listed stocks	1,313	1,514
Investment in unlisted equities	638	176,512



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Derivative financial assets

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Currency swap contracts	12,676	–
Total	12,676	–

### 4. Bills receivable

#### (1) Bills receivable analyzed by category

All amounts in RMB'000

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

#### (2) The Group's pledged bills receivable

All amounts in RMB'000

Items	Pledged amount as at 31 December 2023
Bank acceptance bills	126,888
Commercial acceptance bills	35,246
Total	162,134

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Bills receivable (Continued)

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

All amounts in RMB'000

Items	31 December 2023 Derecognized	31 December 2023 Not derecognized
Bank acceptance bills	–	2,066,840
Commercial acceptance bills	–	1,101,769
Total	–	3,168,609

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

All amounts in RMB'000

Item	31 December 2022	Reversal for the current period	Transfer out for the current period	31 December 2023
Provisions for credit losses of bank acceptance bills	5,823	13,025	–	18,848
Provisions for credit losses of commercial acceptance bills	41,836	12,395	(903)	53,328
Total	47,659	25,420	(903)	72,176

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Accounts receivable

#### (1) Aging analysis of accounts receivable

The Group's accounts receivables are mainly receivables for engineering contracting business. The aging analysis is as follows:

All amounts in RMB'000

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

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

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

All amounts in RMB'000

Category	31 December 2023					31 December 2022				
	Book value		Provision for credit losses		Carrying amount	Book value		Provision for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable for which provision for credit losses is individually assessed (a)	26,494,516	17.53	10,417,272	39.32	16,077,244	25,438,047	22.92	9,280,662	36.48	16,157,385
Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis (b)	124,658,856	82.47	10,698,836	8.58	113,960,020	85,538,581	77.08	8,256,293	9.65	77,282,288
Total	151,153,372	100.00	21,116,108	/	130,037,264	110,976,628	100.00	17,536,955	/	93,439,673

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Accounts receivable (Continued)

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

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

All amounts in RMB'000

Name of entity	2023 31 December 2023 Provision			Reasons	2022 31 December 2022 Provision	
	Accounts receivable	for credit losses	Proportion of provision (%)		Accounts receivable	for credit losses (%)
Party 1	1,709,906	-	-	The Group considered the reasonable and supported information related to other party (including forward-looking information), then evaluated the anticipated credit losses and made provision for credit losses.	1,682,517	-
Party 2	1,514,999	566,940	37.42		1,465,841	566,940
Party 3	589,981	365,788	62.00		611,101	244,441
Party 4	480,058	297,636	62.00		472,777	189,111
Others	22,199,572	9,186,908	41.38		21,205,811	8,280,170
Total	26,494,516	10,417,272	39.32		25,438,047	9,280,662

Note: For the evaluation on Party 1's expected credit losses, please refer to Note VII 10.(4).

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

All amounts in RMB'000

Aging	31 December 2023		
	Estimated gross carrying amount at default	Expected lifetime credit losses	Proportion of provision (%)
Within 1 year	91,530,436	2,040,835	2.23
1 to 2 years	17,541,162	1,323,097	7.54
2 to 3 years	6,504,009	1,060,456	16.30
3 to 4 years	3,080,958	1,118,922	36.32
4 to 5 years	1,928,107	1,165,273	60.44
Over 5 years	4,074,184	3,990,253	97.94
Total	124,658,856	10,698,836	8.58

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Accounts receivable (Continued)

#### (3) Provision for credit losses of accounts receivable

All amounts in RMB'000

Item	31 December 2022	Changes for the year						Other movements	31 December 2023
		Provision	Reversal	Transfer-in	Write-off	Transfer	Transfer-out		
Provision for credit losses	17,536,955	4,665,206	(672,092)	903	(159,122)	(14,715)	(113,163)	(127,864)	21,116,108

The actual write-off amount during the year is RMB 159,122 thousand.

#### (4) The five largest accounts receivable, contract assets, other non-current assets and long-term receivables collected by arrears at the end of the year:

All amounts in RMB'000

Name of entity	Balance of accounts receivable as at 31 December 2023	Balance of Contract assets as at 31 December 2023	Balance of Other non-current assets as at 31 December 2023	Balance of Long-term receivables as at 31 December 2023	Balance of accounts receivable, Contract assets, Other non-current assets and Long-term receivables as at 31 December 2023	As a percentage of accounts receivable, Contract assets and Long-term receivables (%)	Provision for bad debts of accounts receivable, Contract assets, Other non-current assets and Long-term receivables as at 31 December 2023
Party 2	3,896,283	2,562,472	42,371	85,945	6,587,071	1.86	491,744
Party 3	1,709,906	3,789,318	-	-	5,499,224	1.55	-
Party 4	1,514,999	-	-	-	1,514,999	0.43	566,940
Party 5	261,098	1,014,113	33,611	-	1,308,822	0.37	31,377
Total	10,352,736	9,537,264	185,554	2,442,316	22,517,870	6.35	1,890,941

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Receivables at FVTOCI

(1) *Classification and presentation of receivables at FVTOCI*

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Bank acceptance bills	9,076,735	9,091,179
Other credit instruments at fair value through other comprehensive income	2,054,593	1,255,209
Total	11,131,328	10,346,388

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

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

All amounts in RMB'000

Items	31 December 2023		31 December 2022	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	15,533,344	-	18,420,996	-
Other credit instruments at fair value through other comprehensive income	5,419,163	-	2,629,979	-
Total	20,952,507	-	21,050,975	-

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Prepayments

#### (1) Analysis by aging

All amounts in RMB'000

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

As at 31 December 2023, prepayments aged over one year were RMB 9,062,030,000 (As at 31 December 2022: RMB 8,254,663,000), mainly including prepaid construction payments and payments for goods to sub-contractors.

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

All amounts in RMB'000

Name of entity	Relationship with the Group	31 December 2023	As a percentage of total prepayments (%)
Party 1	Third party	1,008,500	3.04
Party 2	Third party	759,938	2.29
Party 3	Third party	478,954	1.45
Party 4	Third party	475,431	1.44
Party 5	Third party	272,377	0.82
Total	/	2,995,200	9.04



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables

#### (1) Other receivables analyzed by category

All amounts in RMB'000

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

#### (2) Interest receivables

All amounts in RMB'000

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

#### (3) Dividend receivables

All amounts in RMB'000

The name of investee	31 December 2023	31 December 2022
Hebei Steel Luan County Sijiaying Iron Ore Co., Ltd.	42,734	95,804
Beijing New Century Hotel Co., Ltd	20,210	–
Tianjin MCC Jincheng Real Estate Co., LTD	11,794	–
Suzhou Chuanglian Electric Transmission Co., LTD	8,000	–
Chongqing Qianxin International Trading Co., Ltd.	5,168	8,994
Hebei Xiongan Zhi Tong Technology Co., LTD.	4,863	18,782
Shanghai MCC Xiangqi Investment Co., LTD	989	–
Shanghai Clear Science & Technology Co. Ltd	800	–
Anhui MCC Huaihai Prefabricated Construction Co., Ltd	455	–
MCC Rong Xing Building Materials (Chengdu) Co., Ltd.	–	1,146
China Overseas Infrastructure Development and Investment Corporation	–	606
Others	17,096	17,096
Total	112,109	142,428

As at 31 December 2023, dividends receivable aged over one year were RMB 17,096,000 (31 December 2022: RMB 18,242,000).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (4) Other receivables

##### (a) aging analysis

All amounts in RMB'000

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

##### (b) Other receivables categorized by nature

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (4) Other receivables (Continued)

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

2023

All amounts in RMB'000

Category	Outstanding balance		provision for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)	
provision for credit losses is individually assessed	25,524,799	51.19	5,396,587	21.14	20,128,212
provision for credit losses is collectively assessed on a portfolio basis	24,333,775	48.81	4,137,792	17.00	20,195,983
Total	49,858,574	100.00	9,534,379	/	40,324,195

2022

All amounts in RMB'000

Category	Outstanding balance		provision for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)	
provision for credit losses is individually assessed	29,912,192	53.21	4,492,982	15.02	25,419,210
provision for credit losses is collectively assessed on a portfolio basis	26,304,667	46.79	3,806,202	14.47	22,498,465
Total	56,216,859	100.00	8,299,184	/	47,917,675

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (4) Other receivables (Continued)

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

Other receivables for which provision for credit losses is individually assessed are as follows:

All amounts in RMB'000

Company	2023			Reason for provision	2022	
	Outstanding balance	provision for credit losses	Provision ratio (%)		Outstanding balance	provision for credit losses
Company 1	2,227,807	-	/	The Group assessed expected credit losses and made provision for credit losses based on reasonable and supportable information (including forward-looking information) available in relation to the counterparty	2,242,797	-
Company 2	2,122,943	-	/		2,122,943	-
Company 3	1,915,614	760,614	39.71		1,917,204	719,151
Company 4	1,802,893	173,302	9.61		805,549	69,769
Others	17,455,542	4,462,671	25.57	/	22,823,699	3,704,062
Total	25,524,799	5,396,587	21.14	/	29,912,192	4,492,982

At 31 December 2023, other receivables for which provision for credit losses is collectively assessed on a portfolio basis are as follows:

All amounts in RMB'000

Aging	Outstanding balance	provision for credit losses	Provision ratio (%)
Within 1 year	9,209,897	349,425	3.79
1 to 2 years	4,937,385	352,270	7.13
2 to 3 years	3,072,748	330,574	10.76
3 to 4 years	2,442,880	278,010	11.38
4 to 5 years	1,776,664	537,731	30.27
Over 5 years	2,894,201	2,289,782	79.12
Total	24,333,775	4,137,792	17.00

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (4) Other receivables (Continued)

##### (d) Provision for credit losses of other receivables

2023

All amounts in RMB'000

Items	Phase 1	Phase 2	Phase 3	Total
	Future 12-month expected credit losses	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	
Provision for credit losses at 31 December 2022	1,367,869	1,606,155	5,325,160	8,299,184
Transfer of opening balance for the current year	(374,067)	325,254	48,813	-
Provision for the current year	647,006	636,468	1,058,808	2,342,282
Reversal for the current year	(410,679)	(191,371)	(327,783)	(929,833)
Transferred-out for the current year	(41,011)	(24,039)	(132,522)	(197,572)
Write-off for the current year	-	-	(1,716)	(1,716)
Changes in scope of consolidation	(1,561)	-	21,887	20,326
Change of exchange rate	61	811	836	1,708
Provision for credit losses at 31 December 2023	1,187,618	2,353,278	5,993,483	9,534,379

##### (e) The five largest other receivables at the end of the current year

All amounts in RMB'000

Name of entity	Relationship with the Group	Nature of other receivables	Aging	Balance as at 31 December	Provision for bad debts as at 31 December 2023	As a percentage of total other receivables (%)
Party 1	Joint venture	Loans to related parties	within 1 year, 1 to 2 years and 2 to 3 years	2,227,807	-	4.47
Party 2	Third party	Receivables on disposal of investments	Over 5 years	2,122,943	-	4.26
Party 3	Joint venture	Loans to related parties, Guarantee funds	1 to 5 years and over 5 years	1,915,614	760,614	3.84
Party 4	Third party	Government compensation for policy-based relocation	1 to 2 years, 3 to 5 years and over 5 years	1,802,893	173,302	3.62
Party 5	Joint venture	Loans to related parties	within 1 year, 1 to 2 years and 2 to 3 years	1,256,374	-	2.51
Total	/	/	/	9,325,631	933,916	18.70

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories

#### (1) Categories of inventories

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories (Continued)

#### (1) Categories of inventories (Continued)

##### (a) Details of the properties under development

All amounts in RMB'000

Project name	Project Commencement date	Project Completion date	Estimated total investment amount	Book value	Book value
				on 31 December 2022	on 31 December 2023
Nanjing Xiaguan Riverside Project	2011-01-01	2025-12-31	18,728,279	6,850,274	6,983,065
MCC Xinglong New City Hongshijun	2017-12-20	2027-12-31	8,812,613	3,939,352	4,179,577
Nanjing Yuhatai District G35 project	2021-11-01	2025-11-30	4,409,273	3,237,230	3,647,601
Shijiazhuang MCC Dexian Mansion	2021-08-29	2024-06-30	4,930,980	2,909,225	3,261,894
Tiantai Road (Yangqiao Street) Project	2017-04-30	2025-12-30	7,408,770	2,998,694	2,995,665
Yanjiao Headquarters Base Project	2019-10-31	2024-10-20	3,278,780	1,817,286	1,997,154
Qingdao MCC Dexian Mansion	2020-06-24	2024-06-30	4,016,260	1,441,496	1,817,113
Baotou Dexian Mansion, Huafu (Note 1)	2021-01-28	2026-12-31	4,842,990	-	1,785,936
Tangshan MCC Dexian Mansion	2022-03-15	2027-12-31	3,772,290	954,395	1,742,478
MCC Tongluo Town	2014-11-01	2026-12-31	5,523,340	1,687,397	1,718,055
MCC Changyuanli Project	2022-07-01	2028-12-01	3,629,774	1,249,874	1,544,732
Hebei Xiongan Mingzhuo Project	2022-07-29	2025-06-30	2,741,316	150,082	1,439,383
Zhongjie Mansion	2012-11-11	2024-06-30	1,605,830	1,263,598	1,276,182
Qin Hai Yun Villa Project	2011-08-08	2025-12-31	4,400,000	1,065,967	1,107,194
Changchengshili Spring Breeze Town	2018-03-03	2025-12-31	2,500,000	917,783	1,097,773
MCC Famous City Project	2022-03-10	2024-09-30	1,690,120	685,386	881,771
Qinhuangdao Yunding Dexian New City Project I	2018-12-31	2028-09-30	2,666,337	649,430	809,227
Shijiazhuang Zhaotuo Park Project	2019-03-01	2024-12-31	5,441,540	726,219	764,497
Qinhuangdao Fanhua Dexian New City Project II	2018-12-31	2030-09-30	2,823,800	711,917	733,180
Minmetals Mingda Center, Minmetals Mingxin Center, No. 33 Local projects (Note 1)	2021-04-30	2026-12-31	2,170,647	-	651,242
Hebei Qinhuangdao Yudai Bay Project	2008-12-23	2025-12-31	3,675,070	236,942	596,711
MCC Baizhishan International Holiday Resort (Project I)	2014-04-01	2024-04-01	4,000,000	432,468	533,868
MCC II Ruyijing	2024-03-01	2026-09-30	1,089,930	-	473,214
Renhe Xili	2019-03-01	2024-12-31	1,924,180	451,846	439,103
Qinhuangdao Dexian New Town Area 1	2023-07-14	2025-03-15	951,610	-	403,330
Dexian Yufu (Beijing Dongba) (Note 1)	2021-09-22	2024-05-30	3,066,545	-	403,105
Qianhai Headquarter R&D Base Commercial properties of Southern R&D Center	2019-12-12	2024-04-30	3,382,174	298,868	346,906
Wuhan City, Hubei Province – MCC Painting and Calligraphy Park	2023-06-30	2025-06-30	640,000	-	346,016
Others (Note 1)	/	/	46,757,614	10,958,014	1,216,657
Total	/	/	160,880,062	45,633,743	45,192,629



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories (Continued)

#### (1) Categories of inventories (Continued)

##### (b) Completed properties held for sale

All amounts in RMB'000

Project name	Completion date	Book value on 31 December 2022	Increase in the current year	Decrease in the current year	Book value on 31 December 2023
Guangzhou Wanbao Project	2023-06-30	-	6,036,585	923,694	5,112,891
Guangzhou Changling Residence	2022-07-15	3,079,818	-	448,308	2,631,510
Hangzhou Cuiyuan	2023-06-30	-	3,337,816	878,402	2,459,414
Hengqin Port Base Project	2019-11-08	1,825,909	43,776	-	1,869,685
Zhongye Yijing Mansion	2022-04-13	2,178,074	6,928	526,999	1,658,003
Qin Hai Yun Villa Project	2022-06-23	1,305,648	63,655	30,893	1,338,410
Shijiazhuang Zhaotuo Park Project	2022-12-31	1,539,386	-	530,736	1,008,650
Nanjing Xiaguan Riverside Project	2021-09-26	1,195,322	180,869	387,489	988,702
Beijing Dexian Mansion (Note 1)	2023-12-29	-	2,761,711	1,799,403	962,308
Baotou Dexian Mansion (Note 1)	2023-06-30	-	1,629,965	984,297	645,668
Guanhu Phase I Project	2022-08-04	440,995	167,922	2,800	606,117
Tianjin Xinbadali District Qixianli Project	2019-06-26	1,774,614	-	1,176,055	598,559
MCC Xinglong New City Hongshijun	2021-11-02	618,838	-	29,748	589,090
Hong Kong Quanwan Qinglongtou Yijing Longwan Project	2020-10-06	745,213	-	197,702	547,511
Qingdao MCC Dexian Mansion	2022-06-15	776,852	-	273,647	503,205
MCC Baizhishan International Holiday Park (Phase II)	2022-05-18	478,777	-	9,427	469,350
Tianjin Dexian Huafu	2022-03-31	581,155	-	120,163	460,992
Baotou MCC Campus South Road Community Project	2022-06-02	515,047	2,291	112,925	404,413
Shijiazhuang MCC Dexian Mansion Project	2019-06-18	1,400,246	-	1,045,140	355,106
MCC • Happy Chen	2022-06-27	333,407	4,298	17,303	320,402
Plot D-1, Gengyang New City	2021-12-31	377,150	75,196	141,000	311,346
Luanping Anxinjiayuan	2021-06-30	484,023	-	178,316	305,707
Wuhan City, Hubei Province – MCC 39th Street	2019-09-30	420,950	-	115,406	305,544
Gengyang New City 5 District II	2022-12-22	352,530	129,291	194,620	287,201
MCC Dexinyuan Project (Note 1)	2023-10-17	-	256,353	-	256,353
Xian MCC Changan Dadu	2017-09-12	216,411	46,422	9,168	253,665
Dalian International Business City	2014-12-31	308,002	-	63,614	244,388
Changchengshili Spring Breeze Town	2022-10-31	248,729	-	20,243	228,486
Shanghai Jinshan District – MCC Fengjunyuan Project II	2022-06-30	534,861	-	321,832	213,029
MCC Southern International Community	2021-12-31	196,194	17,278	5,800	207,672
Sanya Minmetals International Plaza	2022-12-26	529,143	-	325,635	203,508
Others	/	3,853,293	1,214,289	2,170,429	2,897,153
Total	/	26,310,587	15,974,645	13,041,194	29,244,038

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories (Continued)

#### (1) Categories of inventories (Continued)

*Note 1:* In the current year, MCC Real Estate Group Co., Ltd., a subsidiary of the Company, acquired Beijing MCC Mingding Real Estate Development Co., Ltd., MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd., Zhuozhou MCC Mingda Real Estate Development Co., Ltd. and Zhuozhou MCC Mingshun Real Estate Development Co., Ltd., resulting in a corresponding increase in inventory of RMB 7,037,556,000. The acquisition of Weifang Huaqing Real Estate Co., Ltd. by China Metallurgical Group Co., Ltd., a subsidiary of the Company, resulted in a corresponding increase in inventory of RMB 256,353,000.

*Note 2:* As at 31 December 2023, the capitalised amount of borrowing costs included in real estate development costs and development products was RMB 10,203,073,000 (31 December 2022: RMB 10,503,391,000), of which the capitalised amount of borrowing costs increased by RMB 651,756,000 due to asset acquisition. The amount of borrowing costs capitalized in the current year was RMB 660,252,000 (2022: RMB 670,203,000), and the capitalization rate used to determine the amount of borrowing costs capitalized was 2.75% to 5.98% (2022: 2.75% to 7.80%).

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

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets

#### (1) Presentation of contract assets

All amounts in RMB'000

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

The engineering contracting services provided by the Group normally constitute the single performance obligation, which is required to be fulfilled in a certain period. The Group shall determine the implementation progress according to the proportion of actual cost in estimated total cost. Engineering contracting services require regular settlement with the client, and the related contract consideration vests the Group the right to charge the consideration, which will be reclassified to accounts receivables, to the client unconditionally after the completion of settlement. Under normal circumstances, there are some timing differences between the implementation progress and the settlement progress in engineering contracting. As at 31 December 2023, implementation progress of part of contracts exceeded the settlement progress, thus formed related contract assets, which shall be transferred into receivables after the completion of settlement.

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets (Continued)

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

All amounts in RMB'000

Category	31 December 2023				Carrying amount	31 December 2022				Carrying amount
	Book value Amount	Ratio (%)	Provision for impairment Amount	Ratio (%)		Book value Amount	Ratio (%)	Provision for impairment Amount	Ratio (%)	
Provision for impairment is made individually (a)	12,094,321	9.51	2,398,232	19.83	9,696,089	10,175,375	9.13	2,682,198	26.36	7,493,177
Provision for impairment is made based on a combination of credit risk characteristics (b)	115,106,391	90.49	2,968,771	2.58	112,137,620	101,324,700	90.87	1,991,277	1.97	99,333,423
Total	127,200,712	100.00	5,367,003	/	121,833,709	111,500,075	100.00	4,673,475	/	106,826,600

(a) Contract assets for which provision for impairment is made individually at the end of the year are as follows:

Category	31 December 2023				Reason for provision	31 December 2022	
	Book value	Provision for impairment	Ratio (%)			Book value	Provision for impairment (%)
Item 1	3,789,318	-	-	The Group assessed expected credit losses and made provision for credit losses based on reasonable and supportable information (including forward-looking information) available in relation to the counterparty	3,726,133	-	
Others	8,305,003	2,398,232	28.88		6,449,242	2,682,198	
Total	12,094,321	2,398,232	19.83	/	10,175,375	2,682,198	

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets (Continued)

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

- (b) Contract assets for which provision for impairment is made based on a combination of credit risk characteristics at the end of the year are as follows:

All amounts in RMB '000

	Book value	Provision for impairment	Ratio (%)
Within 1 year	85,774,407	1,834,480	2.14
1 to 2 years	18,364,957	446,776	2.43
2 to 3 years	5,959,165	204,422	3.43
3 to 4 years	3,034,347	194,307	6.40
4 to 5 years	960,609	120,211	12.51
Over 5 years	1,012,906	168,575	16.64
Total	115,106,391	2,968,771	2.58

#### (3) Changes in provision for impairment of contract assets

All amounts in RMB '000

Item	31 December 2022	Provision for the current year	Reversal	Other changes	31 December 2023
Provision for impairment of assets	4,673,475	1,599,354	(472,656)	(433,170)	5,367,003

#### (4) 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 USD 4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD 481 million (equivalent to approximately RMB 3.035 billion) for the year ended 31 December 2012.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets (Continued)

#### (4) West Australia SINO Iron Mining Project (Continued)

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

The Group assessed the accounts receivable (Note VII 5(2)(a)) and the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD 4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses as at 31 December 2023.

On 31 December 2023, the accounts receivable for the above items amounted to RMB 1,709,906,000, and the contract assets of the project mentioned above amounted to RMB 3,789,318,000. After the completion of the audit mentioned above, the Group will actively follow up with CITIC Group for negotiation and discussion in reaching the final agreed project construction costs and make relevant accounting treatments accordingly.

### 11. Non-current assets due within one year

All amounts in RMB'000

Item	31 December 2023	31 December 2022
Long-term receivables due within 1 year (Note VII 13)	7,087,526	4,896,108
Total	7,087,526	4,896,108

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Other current assets

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Input VAT to be deducted	6,724,568	5,459,977
Prepayments of tax	2,374,033	2,073,170
Pending treatment of foreclosed assets	1,274,185	–
Total	10,372,786	7,533,147

### 13. Long-term receivables

#### (1) Long-term receivables

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Long-term receivables (Continued)

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

As at 31 December 2023, changes in provision for credit losses based on the 12-month expected credit losses and expected lifetime credit losses on long-term receivables are as follows:

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit-impaired)	Phase 3 Lifetime expected credit losses (Credit-impaired)	Total
Provisions for credit losses at 31 December 2022	778,965	134,675	1,572,991	2,486,631
Transfer of opening balance for the current year	(193,408)	78,351	115,057	-
Provision for the year	652,059	302,550	53,109	1,007,718
Reversal for the year	(75,715)	-	(368,693)	(444,408)
Transfer-in	31,376	-	-	31,376
Provisions for credit losses at 31 December 2023	1,193,277	515,576	1,372,464	3,081,317

### 14. Long-term equity investments

2023

All amounts in RMB'000

Name of investee	Carrying amount at 31 December 2022	Increase in investments	Decrease in investments	Movements for the current year			Declaration of cash dividends or profits	Changes in scope of consolidation	Others	Carrying amount at 31 December 2023	Provision for Impairment at 31 December 2023
				Share of profits/(losses)	Other Comprehensive Income movements	Other Equity income					
<b>I. Joint ventures</b>											
Guizhou Ziwang Highway Construction Co., Ltd.	1,538,907	-	-	32,605	-	-	-	-	-	1,571,512	-
Guizhou Sanli Highway Construction Co., Ltd.	1,486,595	-	-	31,071	-	-	-	-	-	1,517,666	-
Guizhou Sanshi Highway Construction Co., Ltd.	785,244	-	-	54,267	-	-	-	-	-	839,511	-
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	512,020	115,107	-	736	-	-	-	-	-	627,863	-
Chongqing-Hunan Double-track Highway Co., Ltd.	414,170	174,650	-	-	-	-	-	-	-	588,820	-
Shiyuan Baoye Urban Construction Co., Ltd.	307,362	-	-	359	-	-	-	-	-	307,721	-
Zhongshan Xiangshan Avenue Integrated Pipe Network Technology Co., Ltd.	300,749	-	-	(10,201)	-	-	-	-	-	290,548	-
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd.	244,809	-	-	(151)	-	-	-	-	-	244,658	-
Others	3,023,670	816,650	(4,966)	93,074	-	494	(27,910)	(21,080)	344,987	4,224,919	219,720
Sub-total	8,613,526	1,106,407	(4,966)	201,760	-	494	(27,910)	(21,080)	344,987	10,213,218	219,720



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Long-term equity investments (Continued)

2023

All amounts in RMB '000

Name of investee	Carrying amount at 31 December 2022	Increase in investments	Decrease in investments	Movements for the current year			Declaration of cash dividends or profits	Changes in scope of consolidation	Others	Carrying amount at 31 December 2023	Provision for impairment at 31 December 2023
				Share of profits/(losses)	Other Comprehensive Income movements	Other Equity income					
<b>II. Associates</b>											
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	858,576	189,658	-	22	-	-	-	-	-	1,048,256	-
Lanzhou Lianhuo Highway Qingzhong Section Construction and Development Co., Ltd	1,018,369	-	-	-	-	-	-	-	-	1,018,369	-
Hunan Xinxin Zhanguan Expressway Construction and Development Co., Ltd.	600,591	400,224	-	(255)	-	-	-	-	-	1,000,560	-
Chongqing Yunkai Expressway Co., Ltd.	745,005	161,374	-	-	-	-	-	-	-	906,379	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	858,615	-	-	13,797	-	-	-	-	-	872,412	-
Xiamen International Trade Exhibition Center Co., Ltd.	648,419	81,120	-	(20,531)	-	-	-	-	-	709,008	-
Tangshan Stainless Steel Co., Ltd.	666,198	-	-	962	-	(676)	-	-	-	665,484	-
Xiongan Xiongshang Real Estate Co., Ltd	-	603,015	-	622	-	-	-	-	-	603,637	-
MCC Baoding Development and Construction Co., Ltd	10,000	556,000	-	9,053	-	-	-	-	-	575,053	-
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	533,780	-	-	5,978	-	-	-	-	-	539,758	-
Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	475,952	-	-	155,265	-	(37)	(101,150)	-	-	530,030	-
Yunnan Lujiu Guangfu Expressway Investment Development Co., Ltd.	359,885	-	-	(6)	-	-	-	-	-	359,879	-
Gansu Gonghanglv Tongding Expressway Management Co., Ltd.	349,078	-	-	(3)	-	-	-	-	-	349,075	-
Guangzhou Chengtou Airport Exhibition Investment Development Co., Ltd	165,165	183,279	-	-	-	-	-	-	-	348,444	-
Shijiazhuang Hengxi Highway Construction Management Co., Ltd	-	340,259	-	-	-	-	-	-	-	340,259	-
Quzhou Baoye Sports Construction and Operation Co., Ltd	222,573	-	(222,573)	-	-	-	-	-	-	-	-
Shanghai United Auto Avenue Development and Construction Co., Ltd.	63,410	-	(69,554)	6,144	-	-	-	-	-	-	-
Others	16,125,335	1,011,567	(111,968)	133,341	3,771	2,796	(124,484)	-	(414,407)	16,625,951	249,657
Sub-total	23,699,951	3,526,496	(404,095)	304,389	3,771	2,083	(225,634)	-	(414,407)	26,492,554	249,657
Total	32,313,477	4,632,903	(409,061)	506,149	3,771	2,577	(253,544)	(21,080)	(69,420)	36,705,772	469,377

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Long-term equity investments (Continued)

2023

All amounts in RMB'000

Items	Provision for impairment at 31 December 2022	Increase	Decrease	Provision for impairment at 31 December 2023
<b>I. Joint ventures</b>				
Tianjin Zhongji Equipment Manufacture Co., Ltd.	154,830	-	-	154,830
Ningcheng Hongda Mining Co., Ltd.	64,890	-	-	64,890
Sub-total	219,720	-	-	219,720
<b>II. Associates</b>				
Tianjin Seri Machinery Equipment Corporation Ltd.	98,855	-	-	98,855
MCC Jingcheng (Xiangtan) Heavy Industry Equipment Co., Ltd	-	52,807	-	52,807
Qiqihar North MCC Real state Co., Ltd.	51,308	-	-	51,308
Shanghai United Auto Avenue Development and Construction Co., Ltd.	38,736	-	38,736	-
Inner Mongolia MCC Debang Real Estate Co., Ltd. Ltd.	23,168	-	-	23,168
Others	17,995	5,524	-	23,519
Sub-total	230,062	58,331	38,736	249,657
Total	449,782	58,331	38,736	469,377

As there are signs of impairment, the Company has conducted an impairment test on the related long-term equity investment. Where the recoverable amount is determined at fair value less cost to sell:

All amounts in RMB'000

Items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and cost to sell	Key parameters	Determination basis of key parameters
Party 1	126,738	73,931	52,807	Asset based approach	Realizable value or replacement cost of each asset and liability	Financial statements of the investee
Party 2	5,000	-	5,000	Liquidation value	Realizable value of each asset and liability	Financial statements of the investee
Party 3	2,982	2,458	524	Asset based approach	Realizable value of each asset and liability	Financial statements of the investee
Total	134,720	76,389	58,331	/	/	/

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Investments in other equity instruments

All amounts in RMB'000

Items	Carrying amount at 31 December 2023	Carrying amount at 31 December 2022	Cash dividends recognized for the current year
Investments in non-trading equity instruments			
Including: Stock investments of listed companies	311,611	280,999	15,135
Equity investments of unlisted companies	814,533	658,926	6,334
Total	1,126,144	939,925	21,469

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

All amounts in RMB'000

Item	Gains recognised in other comprehensive income for the year	Losses recognised in other comprehensive income for the year	Accumulated losses recognised in other comprehensive income	Dividend income for the year	Reason for designation at fair value through other comprehensive income
Investments in non-trading equity instruments					
Including: Stock investments of listed companies	42,404	(10,337)	(91,258)	15,135	Non-trading
Equity investments of unlisted companies	8,032	(40,580)	(43,046)	6,334	Non-trading
Total	50,436	(50,917)	(134,304)	21,469	/

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Investments in other equity instruments (Continued)

Other equity instruments derecognised during the year are as follows:

All amounts in RMB'000

Item	Fair value upon derecognition	Accumulated gains transferred to retained earnings upon derecognition	Accumulated losses transferred to retained earnings upon derecognition	Reason for derecognition
Investments in equity instruments not held for trading				
Including: Investments in listed stocks	3,448	507	-	Disposal
Total	3,448	507	-	

### 16. Other non-current financial assets

All amounts in RMB'000

Items	Carrying amount at 31 December 2023	Carrying amount at 31 December 2022
Financial assets at FVTPL		
Including: Investment in unquoted fund products and trust products	3,801,405	4,397,366
Others	191,190	80,529
Total	3,992,595	4,477,895

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. Investment properties

All amounts in RMB'000

Items	Buildings and structures	Land use rights	Total
<b>I. Total original book value</b>			
1. 31 December 2022	8,774,008	625,364	9,399,372
2. Increase	2,412,257	28,372	2,440,629
(1) Purchased or constructed	2,623	–	2,623
(2) Transferred from fixed assets	94,160	–	94,160
(3) Transferred from inventories	2,210,445	–	2,210,445
(4) Transferred from intangible assets	–	12,992	12,992
(5) Changes of the scope of consolidation	24,763	–	24,763
(6) Change of exchange rate	41,790	–	41,790
(7) Debt restructuring acquisition	23,134	–	23,134
(8) Others	15,342	15,380	30,722
3. Decrease	1,916,970	–	1,916,970
(1) Disposal	25,060	–	25,060
(2) Transferred to fixed assets	1,869,918	–	1,869,918
(3) Transferred to inventories	20,600	–	20,600
(4) Others	1,392	–	1,392
4. 31 December 2023	9,269,295	653,736	9,923,031
<b>II. Accumulated depreciation and amortization</b>			
1. 31 December 2022	1,331,026	172,872	1,503,898
2. Increase	269,689	28,695	298,384
(1) Provision	193,757	13,882	207,639
(2) Transferred from fixed assets	74,340	–	74,340
(3) Transferred from intangible assets	–	9,434	9,434
(4) Changes of the scope of consolidation	298	–	298
(5) Others	1,294	5,379	6,673
3. Decrease	105,782	–	105,782
(1) Disposal	11,110	–	11,110
(2) Transferred to fixed assets	88,897	–	88,897
(3) Transferred to inventories	5,108	–	5,108
(4) Others	667	–	667
4. 31 December 2023	1,494,933	201,567	1,696,500

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. Investment properties (Continued)

Items	Buildings and structures	Land use rights	Total
<b>III. Provision for impairment</b>			
1. 31 December 2022	23,579	–	23,579
2. Increase	182,562	–	182,562
(1) Provision	182,465	–	182,465
(2) Others	97	–	97
3. 31 December 2023	206,141	–	206,141
<b>IV. Total carrying amount</b>			
1. 31 December 2023	7,568,221	452,169	8,020,390
2. 31 December 2022	7,419,403	452,492	7,871,895

Investment properties of which certificates of title have not been obtained:

All amounts in RMB'000

item	Carrying amount	Reasons for title certificates outstanding
Buildings and structures	313,060	In the process

Due to the signs of impairment, the Company conducts impairment tests on MCC Real Estate Group Co. Ltd's investment properties. The recoverable amount is determined at fair value minus disposal costs:

item	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and cost to sell	Key parameters	Determination basis of key parameters
Asset 1	2,136,975	2,100,920	182,465	Market Approach	Unit price: 21,000RMB/m <sup>2</sup>	In the same business area, taking comparable real estate transactions as examples
Total	2,136,975	2,100,920	182,465	/	/	/

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Fixed assets

#### (1) Changes in fixed assets

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
<b>I. Total historical cost:</b>					
1. 31 December 2022	26,838,446	22,353,117	2,252,831	4,297,236	55,741,630
2. Increase	4,467,239	1,263,317	167,094	494,633	6,392,283
(1) Purchase	407,582	441,686	141,297	281,046	1,271,611
(2) Transferred from investment properties	1,869,918	-	-	-	1,869,918
(3) Transferred from construction in progress	1,707,196	684,308	7,898	4,379	2,403,781
(4) Transferred from Inventories	378,964	-	-	-	378,964
(5) Changes of the scope of consolidation	-	-	236	34	270
(6) Changes of exchange rates	90,789	130,832	16,031	38,513	276,165
(7) Others	12,790	6,491	1,632	170,661	191,574
3. Decrease	700,396	2,720,775	178,047	131,960	3,731,178
(1) Disposal or write-off	575,469	2,516,075	171,102	96,716	3,359,362
(2) Transferred to investment properties	94,160	-	-	-	94,160
(3) Changes of the scope of consolidation	1,008	4,993	224	25	6,250
(4) Changes of exchange rates	2,805	9,022	1,579	486	13,892
(5) Others	26,954	190,685	5,142	34,733	257,514
4. 31 December 2023	30,605,289	20,895,659	2,241,878	4,659,909	58,402,735
<b>II. Accumulated depreciation</b>					
1. 31 December 2022	9,197,513	15,112,648	1,417,174	2,052,476	27,779,811
2. Increase	1,052,594	1,086,305	182,306	427,568	2,748,773
(1) Provision	931,739	991,605	175,940	291,634	2,390,918
(2) Transferred from investment properties	88,897	-	-	-	88,897
(3) Changes of exchange rates	29,422	90,731	5,403	11,137	136,693
(4) Others	2,536	3,969	963	124,797	132,265
3. Decrease	476,869	2,186,623	163,374	110,692	2,937,558
(1) Disposal or write-off	387,039	2,041,303	157,777	90,279	2,676,398
(2) Transferred to investment properties	74,340	-	-	-	74,340
(3) Changes of exchange rates	1,664	6,792	1,884	359	10,699
(4) Others	13,826	138,528	3,713	20,054	176,121
4. 31 December 2023	9,773,238	14,012,330	1,436,106	2,369,352	27,591,026

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Fixed assets (Continued)

#### (1) Changes in fixed assets (Continued)

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
<b>III. Provision for impairment</b>					
1. 31 December 2022	1,212,479	1,193,229	27,659	117,339	2,550,706
2. Increase	623,408	6,277	228	1,923	631,836
(1) Provision	16,092	–	–	–	16,092
(2) Changes of exchange rates	4,114	6,041	228	1,923	12,306
(3) Transferred from construction in progress	603,202	–	–	–	603,202
(4) Others	–	236	–	–	236
3. Decrease	8,505	87,051	516	689	96,761
(1) Disposal or write-off	2,417	84,699	516	453	88,085
(2) Changes of exchange rates	–	723	–	–	723
(3) Others	6,088	1,629	–	236	7,953
4. 31 December 2023	1,827,382	1,112,455	27,371	118,573	3,085,781
<b>IV. Total carrying amount</b>					
1. 31 December 2023	19,004,669	5,770,874	778,401	2,171,984	27,725,928
2. 31 December 2022	16,428,454	6,047,240	807,998	2,127,421	25,411,113

#### (2) Temporary idle fixed assets

Temporary idle fixed assets as at 31 December 2023 are as follows:

All amounts in RMB'000

Items	Historical cost	Accumulated depreciation	Provision for impairment	Carrying amount	Notes
Buildings and structures	189,377	45,198	112,634	31,545	Idle or seasonal suspension
Machinery and equipment	31,623	6,684	21,140	3,799	Idle or seasonal suspension
Transportation vehicles and others	7,993	4,225	1,680	2,088	Idle or seasonal suspension



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Fixed assets (Continued)

#### (3) Fixed assets under operating leases

All amounts in RMB'000

Items	31 December 2023 Carrying amount
Machinery equipment and others	43,214

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

Fixed assets of which certificates of title have not been obtained as at 31 December 2023 are as follows:

All amounts in RMB'000

Items	31 December 2023 Carrying amount	Reasons for title certificates outstanding
Buildings and structures	435,342	In the process

#### (5) Impairment testing of fixed assets

Due to the signs of impairment, the Company conducts impairment tests on the relevant fixed assets of MCC Real Estate Group Co. Ltd and Central Research Institute of Building and Construction Co., Ltd, MCC Group. The recoverable amount is determined at fair value minus disposal costs:

All amounts in RMB'000

items	Carrying amount	Recoverable amount	Impairment amount	Determination of fair value and cost to sell	Key parameters	Determination basis of key parameters
Asset 1	49,219	43,188	6,031	Market approach	Asset unit price: 21,000 RMB/m <sup>2</sup>	Taking real estate transactions with similar uses and strong comparability within the same supply and demand circle as comparative examples
Asset 2	63,495	53,466	10,029	Market approach	Asset unit price: 160,000 RMB/m <sup>2</sup>	Taking real estate transactions with similar uses and strong comparability within the same supply and demand circle as comparative examples
Asset 3	32	–	32	Recovery by government	/	/
Total	112,746	96,654	16,092	/	/	/

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Construction in progress

#### (1) Construction in progress analysed by category

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Construction in progress	3,772,581	3,999,932
Materials for construction	57,998	77,415
Total	3,830,579	4,077,347

#### (2) Construction in progress

##### (a) Construction in progress

All amounts in RMB'000

Items	31 December 2023			31 December 2022		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	1,299,973	-	1,299,973	1,204,083	-	1,204,083
MCC Guangdong Shenzhen Qianhai Technology Building Project	792,348	-	792,348	526,727	-	526,727
Pakistan Sandak Copper and Gold Mine Expansion Project	456,373	-	456,373	2,195	-	2,195
Electronic information material transformation and upgrading project of Luoyang, Henan Province	-	-	-	499,336	-	499,336
Pakistan Mining Project	-	-	-	623,245	603,202	20,043
MCC 17 Technology Centre Building Project	-	-	-	199,523	-	199,523
Others	1,235,113	11,226	1,223,887	1,559,251	11,226	1,548,025
Total	3,783,807	11,226	3,772,581	4,614,360	614,428	3,999,932

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Construction in progress (Continued)

#### (2) Construction in progress (Continued)

##### (b) Changes of significant items of construction in progress

All amounts in RMB'000

Items	Budgeted amount	Carrying amount at 31 December 2022	Increase	Transfer to fixed assets/ Intangible assets	Other transferred out	Carrying amount at 31 December 2023	Cost incurred as a percentage of budgeted amount		Accumulated capitalized Borrowing costs	Including: Capitalized borrowing costs for the current year	Rate of borrowing costs capitalized for the current year	Sources of funds
							(%)	%				
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	23,847,800	1,204,083	95,890	-	-	1,299,973	5.64	5.64	-	-	-	Self-financing
MCC Guangdong Shenzhen Qianhai Technology Building Project	3,382,174	526,727	265,620	-	-	792,347	68.54	68.54	248,166	54,615	5.98	Self-financing and loans from financial institutions
Pakistan Sandak Copper and Gold Mine Expansion Project	658,500	2,195	455,095	-	917	456,373	77.00	77.00	-	-	-	Self-financing
Electronic information material transformation and upgrading project of Luoyang City, Henan Province	1,083,383	499,336	279,848	778,884	300	-	100.00	100.00	-	-	-	Self-financing and loans from financial institutions
Pakistan Mining Project	654,962	623,246	411	623,657	-	-	100.00	100.00	-	-	-	Self-financing and loans from financial institutions
MCC 17 Technology Centre Building Project	200,000	199,523	-	199,523	-	-	100.00	100.00	-	-	-	Self-financing
Others	9,131,147	1,559,250	916,862	806,347	434,651	1,235,114	/	/	25,355	9,879	/	
<b>Total</b>	<b>38,957,966</b>	<b>4,614,360</b>	<b>2,013,726</b>	<b>2,408,411</b>	<b>435,868</b>	<b>3,783,807</b>	<b>/</b>	<b>/</b>	<b>273,521</b>	<b>64,494</b>	<b>/</b>	

As at 31 December 2023, impairment allowance of construction in progress accrued by the Group was nil (2022: nil). The provision for impairment of construction in progress of the Group amounted to RMB 11,226,000 (As at 31 December 2022: RMB 614,428,000).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Construction in progress (Continued)

#### (3) Materials for construction

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Materials	14,346	33,400
Equipment	43,051	43,343
Tools and instruments prepared for production	576	648
Others	25	24
<b>Total</b>	<b>57,998</b>	<b>77,415</b>

### 20. Right-of-use assets

All amounts in RMB'000

Items	Buildings and structures	Transportation vehicles	Machinery and equipment	Others	Total
<b>I. Total historical cost</b>					
1. 31 December 2022	1,203,230	38,446	267,872	52,730	1,562,278
2. Increase	192,851	-	6,521	28,241	227,613
(1) New leases	184,733	-	6,518	23,086	214,337
(2) Changes of the scope of consolidation	1,775	-	-	-	1,775
(3) Changes of exchange rate	2,659	-	3	1,276	3,938
(4) Others	3,684	-	-	3,879	7,563
3. Decrease	168,990	4,932	10,647	7,362	191,931
(1) Disposal	160,612	859	1,044	3,483	165,998
(2) Others	8,378	4,073	9,603	3,879	25,933
4. 31 December 2023	1,227,091	33,514	263,746	73,609	1,597,960
<b>II. Accumulated depreciation</b>					
1. 31 December 2022	421,214	37,361	217,967	25,500	702,042
2. Increase	252,648	501	15,582	18,013	286,744
(1) Amortization	247,102	501	15,581	15,275	278,459
(2) Change of exchange rate	887	-	1	729	1,617
(3) Others	4,659	-	-	2,009	6,668
3. Decrease	137,617	4,868	10,647	5,492	158,624
(1) Disposal	130,868	277	1,044	3,483	135,672
(2) Others	6,749	4,591	9,603	2,009	22,952
4. 31 December 2023	536,245	32,994	222,902	38,021	830,162
<b>III. Carrying amount</b>					
1. 31 December 2023	690,846	520	40,844	35,588	767,798
2. 31 December 2022	782,016	1,085	49,905	27,230	860,236

For the current year, the Group's short-term leasing fee and assets with low value leasing fee, which are simplified and charged to current profits and losses, totaled RMB 1,215,348,000.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 21. Intangible assets

#### (1) Intangible assets

All amounts in RMB'000

Items	Land use rights	Mining rights	Franchise	Software	Trademark right	Patent and proprietary technology	Total
<b>I. Total historical cost</b>							
1. 31 December 2022	7,967,090	4,006,438	16,857,950	998,432	270	235,389	30,065,569
2. Increase	57,542	263,272	1,463,764	146,347	-	94,033	2,024,958
(1) Purchase	39,370	168,656	1,459,445	142,130	-	93,168	1,902,769
(2) Transferred from construction in progress	-	-	-	4,064	-	566	4,630
(3) Changes of the scope of consolidation	-	-	-	7	-	-	7
(4) Change of exchange rate	844	94,616	-	142	-	299	95,901
(5) Others	17,328	-	4,319	4	-	-	21,651
3. Decrease	61,862	-	83,849	25,885	-	137	171,733
(1) Disposal or write-off	44,439	-	83,575	25,411	-	133	153,558
(2) Transferred to investment properties	12,992	-	-	-	-	-	12,992
(3) Change of exchange rate	2,736	-	-	-	-	-	2,736
(4) Others	1,695	-	274	474	-	4	2,447
4. 31 December 2023	7,962,770	4,269,710	18,237,865	1,118,894	270	329,285	31,918,794
<b>II. Accumulated amortization</b>							
1. 31 December 2022	1,921,328	58,882	2,775,075	664,381	270	116,319	5,536,255
2. Increase	177,419	1,209	757,490	100,955	-	27,992	1,065,065
(1) Provision	171,758	1,134	757,490	100,822	-	27,837	1,059,041
(2) Change of exchange rate	-	75	-	133	-	155	363
(3) Others	5,661	-	-	-	-	-	5,661
3. Decrease	25,737	-	51,243	25,820	-	133	102,933
(1) Disposal or write-off	15,210	-	50,911	25,597	-	133	91,851
(2) Transferred to Investment properties	9,434	-	-	-	-	-	9,434
(3) Change of exchange rate	570	-	-	-	-	-	570
(4) Others	523	-	332	223	-	-	1,078
4. 31 December 2023	2,073,010	60,091	3,481,322	739,516	270	144,178	6,498,387

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 21. Intangible assets (Continued)

#### (1) Intangible assets (Continued)

Items	Land use rights	Mining rights	Franchise	Software	Trademark right	Patent and proprietary technology	Total
<b>III. Provision for impairment</b>							
1. 31 December 2022	53,608	2,444,655	-	250	-	4,508	2,503,021
2. Increase	477	69,220	-	-	-	-	69,697
(1) Change of exchange rate	477	69,220	-	-	-	-	69,697
3. Decrease	2,165	-	-	-	-	-	2,165
4. 31 December 2023	51,920	2,513,875	-	250	-	4,508	2,570,553
<b>IV. Carrying amount</b>							
1. 31 December 2023	5,837,840	1,695,744	14,756,543	379,128	-	180,599	22,849,854
2. 31 December 2022	5,992,154	1,502,901	14,082,875	333,801	-	114,562	22,026,293

As at 31 December 2023, the percentage of the internally developed intangible assets of the total intangible assets of the Group was 0.21% (as at 31 December 2022: 0.40%).

As at 31 December 2023, the accumulated impairment provision for the Cape Lambert Iron Project intangible assets amounted to RMB 2,493,377,000, including the provision for the decrease of exchange fluctuation of Australian dollars of RMB 57,600,000. The related intangible assets belong to the resource development segment.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Goodwill

#### (1) Change of original historical amount

All amounts in RMB'000

Name of investee	31 December 2022	Changes	31 December 2023
MCC Finance Corporation Ltd.	105,032	–	<b>105,032</b>
Chengde Tiangong Architectural Design Co., Ltd.	33,460	–	<b>33,460</b>
MCC Minera Sierra Grande S.A.	16,772	(3,833)	<b>12,939</b>
China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd.	18,533	–	<b>18,533</b>
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	9,779	–	<b>9,779</b>
Beijing HaiKe Real Estate Development Co., Ltd.	6,477	–	<b>6,477</b>
Beijing Tianrun Construction Co., Ltd.	5,142	–	<b>5,142</b>
Chengdu Yexingrunda New Building Materials Co., Ltd.	1,162	–	<b>1,162</b>
Shanghai WuGang Equipment Engineering Co., Ltd.	1,114	–	<b>1,114</b>
Sub-total	197,471	(3,833)	<b>193,638</b>
Less: Provision for impairment	143,156	407	<b>143,563</b>
Total	54,315	/	<b>50,075</b>

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Goodwill (Continued)

#### (2) Provision for impairment of goodwill

All amounts in RMB'000

Name of investee	31 December 2022	Changes	31 December 2023
MCC Finance Corporation Ltd.	105,032	–	<b>105,032</b>
MCC Minera Sierra Grande S.A.	16,772	(3,833)	<b>12,939</b>
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	9,779	–	<b>9,779</b>
Beijing HaiKe Real Estate Development Co., Ltd.	6,477	–	<b>6,477</b>
China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd.	5,096	4,240	<b>9,336</b>
Total	143,156	407	<b>143,563</b>

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

The recoverable value of the asset groups is calculated based on the present value of future cash flows which is approved by the management. The pre-tax discount rate of Chengde Tiangong Construction and Design Co., Ltd. is 5.10% (As at 31 December 2022: 5.07%). Cash flow projections during the forecast period for the asset groups are based on the expected growth rates and profit margins during the forecast period. Forecast growth rate is determined based on the expected growth rate of the industry. Forecast profit margin is determined based on past performance of the market and management's expectations. The recoverable value of the asset groups of the other subsidiaries is calculated based on the present value of future cash flows but is not significant to the Group.



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 23. Long-term prepayments

All amounts in RMB'000

Items	31 December 2022	Increase	Amortization	Other decreases	31 December 2023
Expenditure on improvement of leased assets	107,901	51,317	39,270	624	<b>119,324</b>
Insurance expenditures	7,445	–	2,727	(256)	<b>4,974</b>
Repair expenditures	37,620	12,126	9,172	–	<b>40,574</b>
Others	243,234	48,755	77,742	27,420	<b>186,827</b>
Total	396,200	112,198	128,911	27,788	<b>351,699</b>

### 24. Deferred tax assets/deferred tax liabilities

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

All amounts in RMB'000

Items	31 December 2023		31 December 2022 (Restated)	
	Deductible temporary difference/tax losses	Deferred tax assets	Deductible temporary differences/tax losses	Deferred tax assets
Impairment provision	<b>35,740,754</b>	<b>5,731,323</b>	30,220,123	5,137,206
Unrealized profit on inter- company transactions	<b>2,259,770</b>	<b>502,826</b>	1,842,682	425,316
Defined benefit plans	<b>799,975</b>	<b>184,304</b>	813,223	185,989
Accrued expenses	<b>798,025</b>	<b>148,416</b>	875,543	159,112
Lease liabilities	<b>773,772</b>	<b>131,483</b>	799,987	146,514
Deductible tax losses	<b>703,126</b>	<b>117,863</b>	532,428	91,548
Employee benefits payable	<b>432,731</b>	<b>69,649</b>	439,310	69,938
Changes in the fair values	<b>327,104</b>	<b>55,594</b>	364,391	58,452
Others	<b>1,119,013</b>	<b>202,604</b>	947,422	173,934
Total	<b>42,954,270</b>	<b>7,144,062</b>	36,835,109	6,448,009

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24. Deferred tax assets/Deferred tax liabilities (Continued)

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

All amounts in RMB'000

Items	31 December 2023		31 December 2022 (Restated)	
	Taxable Temporary differences	Deferred tax liabilities	Taxable Temporary differences	Deferred tax liabilities
Right-of-use assets	748,718	128,442	916,195	138,077
Fair value adjustments upon business combination not under common control	207,697	51,924	4,861	1,215
Changes in the fair value of investments of other equity instruments	170,999	26,393	173,741	24,470
Others	718,878	160,056	820,126	194,218
Total	1,846,292	366,815	1,914,923	357,980

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

All amounts in RMB'000

Items	31 December 2023		31 December 2022 (Restated)	
	The offset amount of deferred tax assets and liabilities	Deferred tax assets and liabilities after	The offset amount of deferred tax assets and liabilities	Deferred tax assets and liabilities after
Deferred tax assets	194,832	6,949,230	179,457	6,268,552
Deferred tax liabilities	194,832	171,983	179,457	178,523

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

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Deductible temporary differences	18,940,562	14,248,270
Deductible tax losses	7,645,359	6,849,549
Total	26,585,921	21,097,819

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24. Deferred tax assets/Deferred tax liabilities (Continued)

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

*All amounts in RMB'000*

<b>Year</b>	<b>31 December 2023</b>	31 December 2022
2023	–	831,677
2024	<b>1,179,816</b>	1,253,410
2025	<b>986,465</b>	1,000,863
2026	<b>1,204,886</b>	1,431,377
2027	<b>2,168,867</b>	2,332,222
2028	<b>2,105,325</b>	–
Total	<b>7,645,359</b>	6,849,549

### 25. Other non-current assets

*All amounts in RMB'000*

<b>Items</b>	<b>31 December 2023</b>	31 December 2022
Contract assets for PPP project	<b>2,378,344</b>	1,920,848
Warranty deposit	<b>9,827,335</b>	4,284,401
Pending treatment of foreclosed assets	<b>2,474,544</b>	798,988
Prepayment for acquisition of self-use assets	<b>59,851</b>	33,822
Others	<b>2,389</b>	59,999
Total	<b>14,742,463</b>	7,098,058

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Assets with title or right-of-use restrictions

2023

All amounts in RMB'000

Items	31 December 2023	Reasons
Cash and bank balances	10,590,161	Freeze/Regulated
Bills receivable	162,134	Pledge
Bills receivable	3,168,609	Endorsed or discounted
Accounts receivable	1,789,846	Pledge
Other receivables	1,802,893	Pledge
Long-term receivables	1,986,905	Pledge
Receivables at FVTOCI	1,936,999	Pledge
Inventories	16,515,826	Mortgage/Freeze
Investment properties	1,183,969	Mortgage/Freeze
Fixed assets	381,539	Mortgage/Freeze
Intangible assets	4,341,980	Mortgage/Freeze
Other non-current assets	1,444,078	Pledge
Total	45,304,939	/

2022

All amounts in RMB'000

Items	31 December 2022	Reasons
Cash and bank balances	12,017,196	Freeze/Regulated
Bills receivable	136,643	Pledge
Bills receivable	3,061,970	Endorsed or discounted
Accounts receivable	1,414,388	Pledge
Other receivables	805,549	Pledge
Long-term receivables	1,745,351	Pledge
Receivables at FVTOCI	1,944,201	Pledge
Inventories	13,044,307	Mortgage
Investment properties	1,002,002	Mortgage
Fixed assets	99,802	Mortgage/Freeze
Intangible assets	3,674,824	Mortgage/Freeze
Other non-current assets	170,028	Pledge
Total	39,116,261	/

Amortization of intangible assets used as collateral in 2023 amounted to RMB 230,809,000 thousand (December 31, 2022: RMB 227,078,000).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 27. Short-term borrowings

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Pledged loans (a)	161,316	–
Mortgaged loans (b)	700,654	635,518
Credit loans	27,358,311	19,557,360
Total	28,220,281	20,192,878

(a) As at 31 December 2023, the Pledged loans of RMB 161,316,000 (as at 31 December 2022: none) were secured by the Pledged of the Group's investment Accounts receivable in an aggregate carrying amount of RMB 224,199,000 (as at 31 December 2022: none).

(b) As at 31 December 2023, the mortgaged loans of RMB 700,654,000 (as at 31 December 2022: RMB 635,518,000) were secured by the mortgage of the Group's investment properties, intangible assets and fixed assets in an aggregate carrying amount of RMB 1,029,110,000 (as at 31 December 2022: RMB 964,014,000).

As at 31 December 2023, the Group had no significant maturity outstanding short-term borrowings.

### 28. Derivative financial liabilities

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Forward exchange contracts	18,413	34,216
Currency swap contracts	435,537	166,454
Total	453,950	200,670

### 29. Bills payable

All amounts in RMB'000

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

As at 31 December 2023, the Group had no material maturities and outstanding notes payable.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 30. Accounts payable

#### (1) Presentation of accounts payable

All amounts in RMB'000

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

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

All amounts in RMB'000

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

On 31 December 2023, accounts payable of RMB 56,486,798,000 aged over one year were mainly due to project and materials payable, as both parties remained business transactions and the amount has not been settled. On 31 December 2023, there are no significant accounts payable that are individually older than 1 year or overdue.

### 31. Receipts in advance

All amounts in RMB'000

Item	31 December 2023	31 December 2022
Lease receipts in advance	104,034	92,382
Total	104,034	92,382

In 2023, there are no significant receipts in advance that are individually older than one year and have no significant changes in carrying value.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32. Contract liabilities

#### (1) Presentation of Contract liabilities

All amounts in RMB'000

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

#### (2) Contract liabilities analyzed by category

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

- (a) As presented in Note VII 10, the engineering contracting services provided by the Group require regular settlements with the customers. Under normal circumstances, there are some time differences among the implementation and settlement progress of the engineering contracting service contracts or the progress of receipt. As at 31 December 2023, the implementation progress of some engineering contracting service contracts lagged behind the settlement progress or receipt progress, which means the Group has acquired the contract consideration or the right to gain contract consideration unconditionally, thus forming the contract liabilities relating to engineering contracting services. For the year ended 31 December 2023, the Group recognized RMB 52,306,665,000 in RMB 64,682,231,000 of contract liabilities related to the engineering contracting service on 31 December 2022 as the engineering contracting income for the current year based on the performance of engineering contracting service contracts signed with clients, and the remaining amounts will be recognized when the Group performs its obligations for its clients in subsequent years.
- (b) Property sales contracts and the sales contracts of the Group are normally satisfied at a point in time. The Group will recognize revenue at the time of acquiring the control of the related goods. As at 31 December 2023, the implementation time of performance obligation of the Group in property sales contracts and the sales contracts were later than the payment time of the customers, thus forming the related contract liabilities of property sales contracts and the sales contracts.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32. Contract liabilities (Continued)

#### (2) Contract liabilities analyzed by category (Continued)

(c) Contract liabilities formed by receipt of property sales amount in advance

All amounts in RMB'000

Items	31 December 2023	31 December 2022	Pre-sale percentage (%)	Estimated completion date
Shijiazhuang – MCC Dexian Mansion	1,037,639	277,868	26.27	2024-06-30
MCC Port Mansion	818,099	845,940	/	Completed
MCC Changyuanli Project	519,854	–	33.61	2026-04-30
Shanghai Jinshan District – MCC Fengjunyuan	319,359	659,584	/	Completed
Qinhuangdao, Hebei – Yudaiwan project	309,832	492	28.00	2025-12-31
Tangshan MCC Dexian Mansion project	291,099	9,331	6.91	2027-12-31
Baotou Dexian Mansion project	289,298	–	30.83	2026-12-31
Nanjing Yuhuatai District G35 project	280,107	11,798	45.53	2025-6-30
Wuhan, Hubei – MCC NO. 39 District	211,216	68,668	/	Completed
Huangshi, Hubei – MCC Huangshi park	172,499	162,546	/	Completed
Others	2,202,609	2,956,464		
<b>Total</b>	<b>6,451,611</b>	<b>4,992,691</b>		

In 2023, there are no significant contractual liabilities that are individually older than one year and have no significant changes in carrying value.



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable

#### (1) Employee benefits payable

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
I. Short-term employee benefits	1,913,529	25,436,685	25,041,533	<b>2,308,681</b>
II. Post-employment benefits				
– defined contribution plan	254,463	3,858,203	3,883,252	<b>229,414</b>
III. Termination benefits	22,636	51,139	45,967	<b>27,808</b>
IV. Other benefits	64,098	2,681,069	2,686,993	<b>58,174</b>
Total	2,254,726	32,027,096	31,657,745	<b>2,624,077</b>

#### (2) Short-term employee benefits

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
I. Salaries, bonuses, allowances and subsidies	617,579	19,908,236	19,577,240	<b>948,575</b>
II. Staff welfare	18,077	1,234,406	1,230,687	<b>21,796</b>
III. Social insurance premiums	30,156	1,778,458	1,775,810	<b>32,804</b>
Including: Medical insurance	27,756	1,619,151	1,616,454	<b>30,453</b>
Work-related injury insurance	2,160	117,184	117,128	<b>2,216</b>
Maternity insurance	240	42,123	42,228	<b>135</b>
IV. Housing provident funds	96,503	1,949,335	1,955,072	<b>90,766</b>
V. Labor union expenditures and employees' education expenses	1,151,214	566,250	502,724	<b>1,214,740</b>
Total	1,913,529	25,436,685	25,041,533	<b>2,308,681</b>

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable (Continued)

#### (3) Defined contribution plan

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
1. Basic retirement insurance	90,190	2,614,137	2,608,048	96,279
2. Unemployment insurance	6,901	86,571	89,064	4,408
3. Supplementary pension	157,372	1,157,495	1,186,140	128,727
Total	254,463	3,858,203	3,883,252	229,414

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

For the current year, the Group made deposits amounting to RMB 3,858,203,000 (for the year ended 31 December 2022: RMB 3,469,409,000) to the defined contribution plans. As at 31 December 2023, there was a payable amount of RMB 229,414,000 (as at 31 December 2022: RMB 254,463,000).

### 34. Taxes payable

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Value added tax	544,394	912,760
Enterprise income tax	1,954,542	1,734,309
Individual income tax	456,292	503,592
City maintenance and construction tax	59,674	70,150
Education surcharges	39,604	47,102
Land appreciation tax	1,873,115	1,805,090
Others	381,014	452,950
Total	5,308,635	5,525,953

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Other payables

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

All amounts in RMB'000

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

#### (2) Interest payable

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Interests payable on short-term borrowings	14,853	7,136
Others	915	4,003
Total	15,768	11,139

As at 31 December 2023, the Group had no material outstanding interest payable.

#### (3) Dividends payable

All amounts in RMB'000

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

Dividends aged over one year but not settled yet amounted to RMB 126,315,000, relevant subsidiaries are discussing with the relevant shareholders for the payments schedule.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Other payables (Continued)

#### (4) Other payables

All amounts in RMB'000

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

On 31 December 2023, other payables aged over one year of RMB 13,589,299,000 (31 December 2022: RMB 11,784,214,000) were mainly current accounts, security deposits and guarantees deposits payable collected by the Group. Since both parties remained business transactions, the amount has not been settled.

In 2023, there are no significant other payables with an aging of more than 1 year or overdue individually.

### 36. Non-current liabilities due within one year

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Long-term borrowings due within one year (Note VII 38)	7,266,992	10,981,364
Bonds payable due within one year (Note VII 39)	117,153	275,862
Lease liabilities due within one year (Note VII 40)	230,361	241,956
Long-term payables due within one year (Note VII 41)	100,233	119,285
Employee benefits payable due within one year (Note VII 42)	329,860	353,030
Provisions due within one year (Note VII 43)	–	10,247
Total	8,044,599	11,981,744

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 37. Other current liabilities

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Amounts to be transferred to output VAT	26,862,565	19,004,712
Total	26,862,565	19,004,712

### 38. Long-term borrowings

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Pledged loans (a)	7,078,083	8,267,993
Mortgaged loans (b)	6,374,095	7,338,285
Guaranteed loans (c)	6,860	1,375,070
Credit loans	27,976,745	22,840,689
Total	41,435,783	39,822,037
Less: Long-term borrowings due within one year (Note VII 36)	7,266,992	10,981,364
Including: Pledged loans	679,369	1,873,081
Mortgaged loans	1,612,508	2,648,802
Guaranteed loans	6,860	1,368,218
Credit loans	4,968,255	5,091,263
Long-term borrowings due over one year	34,168,791	28,840,673

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38. Long-term borrowings (Continued)

- (a) As at 31 December 2023, long-term borrowings of RMB 7,078,083,000 (as at 31 December 2022: RMB 8,267,993,000) were secured by the pledge of the Group's accounts receivable, other receivables, long-term receivables and intangible assets in amount of RMB 9,895,753,000 (as at 31 December 2022: RMB 8,428,472,000).
- (b) As at 31 December 2023, long-term borrowings of RMB 6,374,095,000 (as at 31 December 2022: RMB 7,338,285,000) were secured by the mortgage of the Group's intangible assets, fixed assets, investment properties, inventories and other assets in amount of RMB 15,282,895,000 (as at 31 December 2022: RMB 14,437,361,000).
- (c) As at 31 December 2023, long-term borrowings of RMB 6,860,000 were guaranteed by the third party (as at 31 December 2022: RMB 1,375,070,000).

All amounts in RMB'000

<b>Maturity Date of long-term borrowings due over one year</b>	<b>31 December 2023</b>	31 December 2022
1 to 2 years	<b>14,117,972</b>	8,463,854
2 to 5 years	<b>12,019,939</b>	11,590,926
Over 5 years	<b>8,030,880</b>	8,785,893
Total	<b>34,168,791</b>	28,840,673

For the year ended 31 December 2023, the weighted average interest rate of long-term borrowings was 3.90% per annum (for the year ended 31 December 2022: 4.30% per annum). As at 31 December 2023, the Group did not have any significant overdue long-term borrowings.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Bonds payable

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Corporate debentures	2,067,828	227,083
Non-public targeted bond financing instruments	1,349,325	1,348,779
Total	3,417,153	1,575,862
Less: Bonds payable due within one year (Note VII 36)	117,153	275,862
Bonds payable due over one year	3,300,000	1,300,000

For the year ended 31 December 2023, the movements of bonds payable as follows:

All amounts in RMB'000

Name of bonds	Face value	Issue date	Term	Issue amount	31 December 2022	Issued in the current year	Interest accrued based on face value	Repaid in the current year	31 December 2023
Corporate debentures publicly issued by the Company in 2018 (first tranche) (a)	220,000	2018-05-07 to 2018-05-08	5 years	220,000	227,083	-	3,873	230,956	-
2022 first tranche of target bond financing instruments of MCC Real Estate Group Co., Ltd. (b)	1,300,000	2022-03-23 to 2022-03-24	3 years	1,300,000	1,348,779	-	62,816	62,270	1,349,325
First public Corporate Bond of MCC Real Estate Group Co., Ltd. to Professional Investors in 2023 (c)	2,000,000	2023-03-16 to 2023-03-17	5 years	2,000,000	-	2,000,000	67,828	-	2,067,828
Total	3,520,000	/	/	3,520,000	1,575,862	2,000,000	134,517	293,226	3,417,153

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Bonds payable (Continued)

- (a) The Company issued corporate debentures on a public issuance basis from 7 May 2018 to 8 May 2018 at an equal price with the face value of RMB 220,000,000 with a term of five years from issuance and interest bearing at a fixed rate of 4.98%. Interest will be paid every year and principal will be paid upon maturity date. As at 31 December 2023, the corporate bonds have been repaid and no defaults have occurred.
- (b) MCC Real Estate Group Co., Ltd., one of the Company's subsidiaries, issued bond financing instruments on a non-public issuance basis from 23 March 2022 to 24 March 2022 at an equal price with the face value of RMB 1,300,000,000 with a term of three years from issuance and interest bearing at a fixed rate of 4.79%. Interest will be paid every year and principal will be paid upon maturity date. As at 31 December 2023, there was no default on the bonds.
- (c) MCC Real Estate Group Co., Ltd., one of the Company's subsidiaries, issued corporate bonds to professional investors on a public issuance basis from 16 March 2023 to 17 March 2023 at an equal price with the face value of RMB 2,000,000,000 with a term of five years from issuance and interest bearing at a fixed rate of 4.21%. Interest will be paid every year and principal will be paid upon maturity date. As at 31 December 2023, there was no default on the bonds.

### 40. Lease liabilities

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Lease of buildings and structures	665,434	643,222
Other leases	66,272	167,734
Total	731,706	810,956
Less: Lease liabilities due within one year (Note VII 36)	230,361	241,956
Lease liabilities due over one year	501,345	569,000



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 40. Lease liabilities (Continued)

All amounts in RMB'000

<b>Maturity Date of lease liabilities</b>	<b>31 December 2023</b>	31 December 2022
1st year after the balance sheet date	<b>255,715</b>	265,675
2nd year after the balance sheet date	<b>160,915</b>	198,779
3rd year after the balance sheet date	<b>109,396</b>	108,562
Subsequent years	<b>304,619</b>	331,758
Total minimum lease payments	<b>830,645</b>	904,774
Less: Unrecognized financing cost	<b>98,939</b>	93,818
Total lease liabilities	<b>731,706</b>	810,956

### 41. Long-term payables

#### (1) Presentation of long-term payables

All amounts in RMB'000

<b>Items</b>	<b>31 December 2023</b>	31 December 2022
Long-term payables	<b>798,564</b>	698,851
Special payables	<b>38,405</b>	35,443
Total	<b>836,969</b>	734,294
Less: long-term payables due within one year (Note VII 36)	<b>100,233</b>	119,285
Long-term payables due over one year	<b>736,736</b>	615,009

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 41. Long-term payables (Continued)

#### (2) Long-term payables

##### i. Long-term payables disclosed by nature

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Housing maintenance fund	41,566	42,417
Amounts due to funds	376,858	376,858
Others	380,140	279,576
Total	798,564	698,851
Less: Long-term payables due within one year	94,633	119,285
Long-term payables due over one year	703,931	579,566

##### ii. Analysis of the maturity profile of long-term payables due over one year

All amounts in RMB'000

Maturity Date	31 December 2023	31 December 2022
1 to 2 years	115,531	37,293
2 to 5 years	146,195	97,838
Over 5 years	442,205	444,435
Total	703,931	579,566

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 41. Long-term payables (Continued)

#### (3) Special payables

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023	Including: Amount due within one year
Special payables for water/ power/gas supply and property	30,637	–	3,691	<b>26,946</b>	–
Others	4,806	7,108	455	<b>11,459</b>	5,600
Total	35,443	7,108	4,146	<b>38,405</b>	5,600

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

### 42. Long-term employee benefits payable

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Post-employment benefits -Net liabilities arising from defined benefit plans	<b>3,727,813</b>	3,859,784
Total	<b>3,727,813</b>	3,859,784
Less: Long-term employee benefits payable due within one year (Note VII 36)	<b>329,860</b>	353,030
Long-term employee benefits payable due over one year	<b>3,397,953</b>	3,506,754

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 42. Long-term employee benefits payable (Continued)

#### *Movements in the defined benefit plans*

All amounts in RMB'000

Items	2023	2022
I. Opening balance	3,859,784	4,219,145
II. Defined benefit costs recognized in profit or loss	141,360	137,443
1. Past service cost	31,088	16,022
2. Net interest expense	110,272	121,421
III. Defined benefit costs recognized in other comprehensive income	84,349	(107,556)
Actuarial gains	84,349	(107,556)
IV. Other movements	(357,680)	(389,248)
Benefits paid	(357,680)	(389,248)
V. Closing balance	3,727,813	3,859,784

The balance of RMB 2,239,594,000 of defined benefit plan is a supplementary retirement benefit for employees who retired before 31 December 2007 and RMB 1,488,219,000 is a supplementary retirement benefit for employees who retire before 31 December 2023. The retirement benefits received depend on the position, seniority, salary of the staff when the staff retires. The Group's supplementary retirement benefits obligation at the balance sheet date are calculated by an external independent actuary "Towers Watson Consulting (Shanghai) Co., Ltd." using projected unit credit actuarial cost method.

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 42. Long-term employee benefits payable (Continued)

The principal assumptions used for the purposes of the actuarial valuations on the balance sheet date are as below:

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Discount rate	2.50%	3.00%
Mortality rate	CLA CL5/CL6 up 3	CLA CL5/CL6 up 3
Annual growth rate of living cost for retirement staff and survivors	4.50%	4.50%
Annual growth rate of various employee medical expense reimbursement	8.00%	8.00%

The table below is a quantitative sensitivity analysis of the significant assumptions used:

#### 2023

All amounts in RMB'000

Items	Defined benefit plan obligation increase/ (decrease)		Defined benefit plan obligation increase/ (decrease)	
	Increase (%)	(decrease)	Decrease (%)	(decrease)
Discount rate	0.25	(82,197)	0.25	85,894
Annual growth rate of living cost for retirement staff and survivors	1.00	10,600	1.00	(9,754)
Annual growth rate of various employee medical expense reimbursement	1.00	141,409	1.00	(116,450)

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 42. Long-term employee benefits payable (Continued)

#### *Movements in the defined benefit plans (Continued)*

2022

*All amounts in RMB'000*

Items	Increase (%)	Defined benefit plan obligation increase/ (decrease)	Decrease (%)	Defined benefit plan obligation increase/ (decrease)
Discount rate	0.25	(84,320)	0.25	88,065
Annual growth rate of living cost for retirement staff and survivors	1.00	21,291	1.00	(20,169)
Annual growth rate of various employee medical expense reimbursement	1.00	153,638	1.00	(128,030)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the balance sheet date. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The relevant plans recognised in profit or loss are as follows:

*All amounts in RMB'000*

Items	31 December 2023	31 December 2022
Past service cost	31,088	16,022
Net interest expense	110,272	121,421
Net post-employment benefit costs	141,360	137,443
Charge to administrative expenses	31,088	16,022
Charge to finance expense	110,272	121,421
Total	141,360	137,443

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 43. Provisions

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
Pending litigations (a)	352,205	86,984	252,617	186,572
Product quality warranties (b)	17,606	8,884	14,376	12,114
Restoration, rehabilitation and environmental provision (c)	209,971	134,855	1,072	343,754
Onerous contract to be performed (d)	313,836	76,892	115,696	275,032
The separation and hand-over cost of "Special payables for water/power/gas supply and property" (e)	123,423	–	2,858	120,565
Others	74,949	76,025	11,773	139,201
<b>Total</b>	<b>1,091,990</b>	<b>383,640</b>	<b>398,392</b>	<b>1,077,238</b>
Less: Provisions due within one year (Note VII 36)	10,247	–	10,247	–
Provisions due over one year	1,081,743	383,640	388,145	1,077,238

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Deferred Income

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
Government grants	970,079	136,663	158,570	948,172
Others	108,474	20,450	18,514	110,410
Total	1,078,553	157,113	177,084	1,058,582

### 45. Other non-current liabilities

All amounts in RMB'000

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

### 46. Share Capital

All amounts in RMB'000

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



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments (Continued)

All amounts in RMB'000

Name of outstanding financial instruments	31 December 2022		Increase		Decrease		31 December 2023	
	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount
2022 MCC MTN001	2,000	2,000,000	-	-	-	-	2,000	2,000,000
2022 MCC MTN002	2,000	2,000,000	-	-	-	-	2,000	2,000,000
2022 MCC MTN003	1,300	1,300,000	-	-	-	-	1,300	1,300,000
2023 MCC MTN001	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN002	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN003	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN004	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN005	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN006	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN007	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN008	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN009	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN0010	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2023 MCC MTN0011	-	-	1,400	1,400,000	-	-	1,400	1,400,000
2023 MCC MTN0012	-	-	1,000	1,000,000	-	-	1,000	1,000,000
2023 MCC MTN0013	-	-	1,000	1,000,000	-	-	1,000	1,000,000
Total	/	28,500,000	/	23,400,000	/	4,500,000	/	47,400,000

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments (Continued)

All amounts in RMB'000

Name of outstanding financial instruments	Issue date	Dividend rate or interest rate	Issue amount	Maturity date or renewal	Condition for share conversion	Conversion
Renewable Financing Instruments of Generali China Asset Management in 2019	2019-06-28, 2019-07-09	5.30%	3,000,000	Not yet due	None	No
Renewable Financing Instruments of Kunlun Trust in 2019	2019-09-05	5.20%	8,000,000	Not yet due	None	No
Renewable Financing Instruments of Zhongyuan Wealth Growth No. 1152 Tranche in 2021	2021-12-29	4.95%	500,000	Not yet due	None	No
No. 778 Renewable Financing Instruments of Barry Hengyi in 2021	2021-12-17	4.90%	500,000	Not yet due	None	No
No. 778 (02) Renewable Financing Instruments of Barry Hengyi in 2021	2021-12-30	4.90%	200,000	Not yet due	None	No
2021 MCC MTN001	2021-07-26 to 2021-07-27	3.55%	2,000,000	Not yet due	None	No
2021 MCC MTN002	2021-08-17 to 2021-08-18	3.47%	2,000,000	Not yet due	None	No
2021 MCC MTN003	2021-08-24 to 2021-08-25	3.50%	2,000,000	Not yet due	None	No
2021 MCC MTN004	2021-12-28 to 2021-12-29	3.30%	500,000	Not yet due	None	No
2022 MCC MTN001	2022-12-7 to 2022-12-8	4.18%	2,000,000	Not yet due	None	No
2022 MCC MTN002	2022-12-14 to 2022-12-15	4.23%	2,000,000	Not yet due	None	No
2022 MCC MTN003	2022-12-21 to 2022-12-22	4.12%	1,300,000	Not yet due	None	No

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments (Continued)

All amounts in RMB'000

Name of outstanding financial instruments	Issue date	Dividend rate or interest rate	Issue amount	Maturity date or renewal	Condition for share conversion	Conversion
2023 MCC MTN001	2023-02-08 to 2023-02-09	3.57%	2,000,000	Not yet due	None	No
2023 MCC MTN002	2023-02-10 to 2023-02-13	3.52%	2,000,000	Not yet due	None	No
2023 MCC MTN003	2023-02-15 to 2023-02-16	3.45%	2,000,000	Not yet due	None	No
2023 MCC MTN004	2023-02-17 to 2023-02-20	3.52%	2,000,000	Not yet due	None	No
2023 MCC MTN005	2023-03-08 to 2023-03-09	3.37%	2,000,000	Not yet due	None	No
2023 MCC MTN006	2023-03-10 to 2023-03-13	3.36%	2,000,000	Not yet due	None	No
2023 MCC MTN007	2023-03-15 to 2023-03-16	3.37%	2,000,000	Not yet due	None	No
2023 MCC MTN008	2023-03-17 to 2023-03-20	3.36%	2,000,000	Not yet due	None	No
2023 MCC MTN009	2023-03-22 to 2023-03-23	3.35%	2,000,000	Not yet due	None	No
2023 MCC MTN0010	2023-08-18 to 2023-08-21	3.05%	2,000,000	Not yet due	None	No
2023 MCC MTN0011	2023-08-23 to 2023-08-24	3.04%	1,400,000	Not yet due	None	No
2023 MCC MTN0012	2023-08-31 to 2023-09-01	3.10%	1,000,000	Not yet due	None	No
2023 MCC MTN0013	2023-09-01 to 2023-09-04	3.22%	1,000,000	Not yet due	None	No
Total	/	/	47,400,000	/	/	/

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments (Continued)

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

The Company’s subsidiaries, China MCC 5 Group Co., Ltd., China MCC 17 Group Co., Ltd. and Shanghai Baoye Group Co., Ltd., issued perpetual bonds in 2023, with amounts of RMB 1,500,000,000, RMB 1,000,000,000 and RMB 1,500,000,000 respectively. The amounts received after deducting relative transaction costs are recognized in other equity instruments and presented under the item of non-controlling interests in the consolidated financial statements.

MCC Holding (Hong Kong) Corporation Limited, one of the Company’s subsidiaries, issued overseas perpetual bonds RMB 10,138,871,000 in 2020 and 2021. The amounts received after deducting relative transaction costs are recognized in other equity instruments and presented under the item of non-controlling interests in the consolidated financial statements. In 2023, MCC Holdings (Hong Kong) Limited redeemed the perpetual bonds issued in 2020, resulting in a decrease of RMB 6,892,172,000 in non-controlling interests in the consolidated financial statements of the Group.

As at 31 December 2023, the balance of the above non-controlling interests are RMB 7,246,700,000.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 48. Capital reserve

All amounts in RMB'000

Items	31 December 2022	Increase	Decrease	31 December 2023
Share premium	22,467,142	–	–	<b>22,467,142</b>
Other capital reserve	134,450	3,663	23,033	<b>115,080</b>
Total	22,601,592	3,663	23,033	<b>22,582,222</b>

### 49. Other comprehensive income

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

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 49. Other comprehensive income (Continued)

Other comprehensive income incurred:

2023

All amounts in RMB'000

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

### 50. Special reserve

All amounts in RMB'000

Item	31 December 2022	Increase	Decrease	31 December 2023
Safety cost	119,813	11,639,390	11,347,437	411,766
Total	119,813	11,639,390	11,347,437	411,766

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 51. Surplus reserve

All amounts in RMB'000

Item	31 December 2022	Increase	Decrease	31 December 2023
Statutory surplus reserve	2,976,424	414,870	–	<b>3,391,294</b>
Total	2,976,424	414,870	–	<b>3,391,294</b>

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

### 52. Retained earnings

All amounts in RMB'000

Items	2023	2022
Retained earnings at the beginning of the year	<b>45,102,415</b>	37,954,521
Impact of changes in accounting policies	<b>7,927</b>	4,097
Retained earnings at the beginning of the year	<b>45,110,342</b>	37,958,618
Add: Net profit attributable to shareholders of the parent company	<b>8,670,405</b>	10,276,187
Other comprehensive income carried forward to retained earnings	<b>(428)</b>	5,595
Less: Appropriation to surplus reserve (a)	<b>414,870</b>	283,432
Distribution of dividends on ordinary shares (b)	<b>1,720,060</b>	1,616,442
Distribution of interest on perpetual bonds classified as equity instrument (c)	<b>1,782,443</b>	1,038,650
Other	<b>3,140</b>	191,534
Retained earnings at the end of the year	<b>49,859,806</b>	45,110,342



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 52. Retained earnings (Continued)

As at 31 December 2023, retained earnings of the Group included statutory surplus reserve of subsidiaries of the parent company amounting to RMB 18,254,505,000 (as at 31 December 2022: RMB 17,341,284,000).

- (a) In 2023, the Company appropriated 10% of the net profit to the statutory surplus reserve amounting to RMB 414,870,000 (2022: RMB 283,432,000).
- (b) In accordance with the resolution at the 2022 annual general meeting of shareholders on 26 June 2023, a final cash dividend of RMB 0.83 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB 1,720,060,000. This dividend has been paid as of 31 December 2023.
- (c) In 2023, the Company distributed interest on perpetual bonds amounting to RMB 1,782,443,000 (2022: RMB 1,038,650,000). As at 31 December 2023, retained earnings included no interest belonging to the perpetual bond holders (as at 31 December 2022: Nil).

### 53. Operating revenue and operating costs

#### (1) Operating revenue and operating costs

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 53. Operating revenue and operating costs (Continued)

#### (2) The segment information of operating revenue

2023

All amounts in RMB'000

Reporting segment	Engineering contracting	Resource development	Featured business	Comprehensive real estate	Other	Sub-total
Timing of transfer of goods						
At a certain point in time	17,575,891	6,637,897	11,030,055	10,282,085	311,652	45,837,580
Over period of time	562,850,137	-	18,508,636	5,831,562	21,093	587,211,428
Lease	419,610	-	17,916	383,888	-	821,414
Total	580,845,638	6,637,897	29,556,607	16,497,535	332,745	633,870,422

#### (3) The segment information of operating costs

2023

All amounts in RMB'000

Reporting segment	Engineering contracting	Resource development	Featured business	Comprehensive real estate	Other	Sub-total
Timing of transfer of goods						
At a certain point in time	14,746,722	4,565,658	8,588,411	9,543,630	141,356	37,585,777
Over period of time	512,943,004	-	16,109,999	5,409,073	18,560	534,480,636
Lease	141,941	-	3,897	244,598	-	390,436
Total	527,831,667	4,565,658	24,702,307	15,197,301	159,916	572,456,849

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 53. Operating revenue and operating costs (Continued)

#### (4) Information about the Group's performance obligations

	Timing of satisfaction of performance obligations	Important payment terms	Nature of the goods promised to be transferred	Whether it is the principal	Assumed amounts expected to be refunded to the customer	Types of warranties provided and related obligations
Project construction	Period of provision of project contracting services	Project settlement	Construction services	Yes	No	Project warranty, assurance-type warranty
Survey and design services	Period of provision of Survey and design services	Service progress acceptance payment	Design document	Yes	No	No
The sold goods	Time of delivery	Delivery payment, Bank mortgage loan	Metallurgical equipment, Metallic and Non-metallic minerals, Commercial properties	Yes	No	Metallurgical equipment, Commercial properties assurance-type warranty

#### (5) Operating revenue from the five largest customers of the Group

The total amount of operating revenue from the five largest customers of the Group is RMB 17,756,525,000 (for the year ended 31 December 2022: RMB 21,343,343,000), accounting for 2.80% of the total operating revenue of the Group (for the year ended 31 December 2022: 3.60%). The details are set out below:

All amounts in RMB'000

Customers	Operating revenue	As a percentage of total operating revenue of the Group (%)
Party 1	4,081,193	0.64
Party 2	3,677,358	0.58
Party 3	3,552,070	0.56
Party 4	3,384,153	0.53
Party 5	3,061,751	0.48
Total	17,756,525	2.80

The engineering contracting services provided by the Group generally constitutes a single performance obligation as a whole and is performed over time. As at 31 December 2023, some of the Group's engineering contracting service contracts were still in the process of performance, the transaction price allocated to the outstanding (or partially unperformed) performance obligations are related to the performance progress of each service contract, and will be recognized as revenue in the future performance period of each contract based on the performance progress.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 54. Taxes and levies

All amounts in RMB'000

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

### 55. Selling expenses

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 56. Administrative expenses

All amounts in RMB'000

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

For the current year, the above administrative expenses include audit fee of RMB 17,500,000 (for the year ended 31 December 2022: RMB 17,500,000), among which internal control audit fee of RMB 1,500,000 (for the year ended 31 December 2022: RMB 1,500,000).

### 57. Research and development expenditure

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Financial expenses

All amounts in RMB'000

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

### 59. Other income

All amounts in RMB'000

Items	2023	2022
Tax returns	172,013	109,479
Research subsidies	141,746	144,386
Others	246,335	179,359
Total	560,094	433,224

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 60. Investment losses

All amounts in RMB'000

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

### 61. Losses from changes in fair values

All amounts in RMB'000

Sources	2023	2022
(Losses)/gains arising on changes in fair value of financial assets held for trading	(201)	733
Gains/(Losses) arising on changes in fair value of derivative financial assets	12,676	(114,790)
Losses arising on changes in fair value of derivative financial liabilities	(286,537)	(196,257)
Losses arising on changes in fair value of other non-current financial assets	(40,161)	(7,464)
Total	(314,223)	(317,778)

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 62. Credit impairment losses

All amounts in RMB'000

Items	2023	2022
Loss from impairment of bills receivable (Note VII 4(4))	(25,420)	(21,918)
Loss from impairment of accounts receivable (Note VII 5(3))	(3,993,114)	(2,291,504)
Loss from impairment of other receivables (Note VII 8(4)(d))	(1,412,449)	(1,003,296)
Loss from impairment of long-term receivables (Note VII 13(2))	(563,310)	(285,156)
Total	(5,994,293)	(3,601,874)

### 63. Impairment losses of assets

All amounts in RMB'000

Items	2023	2022
Loss from impairment of inventories (Note VII 9(2))	(1,215,653)	(24,334)
Loss from impairment of contract assets (Note VII 10(3))	(1,126,698)	(313,950)
Loss from impairment of investment properties (Note VII 17)	(182,465)	–
Loss from impairment of long-term equity investments (Note VII 14)	(58,331)	(74,476)
Loss from impairment of fixed assets (Note VII 18(1))	(16,092)	(632,024)
Loss from impairment of goodwill (Note VII 22)	(4,240)	(2,743)
Loss from impairment of intangible assets (Note VII 21)	–	(181,293)
Loss from impairment of other current assets	(1,605)	–
Loss from impairment of other non-current assets	(349,736)	(130,832)
Total	(2,954,820)	(1,359,652)

### 64. Gains on disposal of assets

All amounts in RMB'000

Items	2023	2022
Gains on disposal of fixed assets	201,235	221,745
Gains on disposal of intangible assets	458,061	34,770
Gains on disposal of other long-term assets	3,779	46,840
Total	663,075	303,355



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 65. Non-operating income

All amounts in RMB'000

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

### 66. Non-operating expenses

All amounts in RMB'000

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

### 67. Income tax expenses

#### (1) Income tax expenses

All amounts in RMB'000

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 67. Income tax expenses (Continued)

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

All amounts in RMB'000

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

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

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 68. Earnings per share

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

All amounts in RMB'000

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

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

All amounts in thousand shares

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

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 68. Earnings per share (Continued)

#### (3) Earnings per share

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

### 69. Notes to items in the cash flow statements

#### (1) Cash flow relating to operating activities

Other cash receipts relating to operating activities

All amounts in RMB'000

Items	2023	2022
Receipts of current accounts	6,686,325	1,397,131
Receipts of deposits and warranties	1,811,318	2,489,712
Interest income	1,531,874	1,338,788
Change in restricted deposits	1,427,035	–
Government grants received	458,092	417,640
Others	296,523	70,423
Total	12,211,167	5,713,694

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 69. Notes to items in the cash flow statements (Continued)

#### (1) Cash flow relating to operating activities (Continued)

Other cash payments relating to operating activities

All amounts in RMB'000

Items	2023	2022
Research and development expenses	14,441,236	13,343,758
Travelling expenses	808,114	564,809
Professional service fees	507,938	427,076
Advertising and sales service expenses	486,520	482,661
Office expenses	460,699	393,142
Short-term lease rentals	365,614	277,935
Repair and maintenance expenses	149,305	111,783
Others	3,369,339	4,906,566
Total	20,588,765	20,507,730

#### (2) Cash flow relating to investing activities

Other cash receipts relating to investing activities

All amounts in RMB'000

Item	2023	2022
Repayment of loans from related parties	824,408	1,783,585
Interest income from loans	495,930	1,104,326
Net cash receipts from acquisition of subsidiaries and other units (Note VII 70(2))	270,055	113,323
Others	–	268,567
Total	1,590,393	3,269,801

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 69. Notes to items in the cash flow statements (Continued)

#### (2) Cash flow relating to investing activities (Continued)

Other cash payments relating to investing activities

All amounts in RMB'000

Item	2023	2022
Loans provided to related parties and others	40,237	993,145
Total	40,237	993,145

#### (3) Cash flow relating to financing activities

Other cash receipts relating to financing activities

All amounts in RMB'000

Item	2023	2022
Loans and others	1,791,552	371,220
Total	1,791,552	371,220

Other cash payments relating to financing activities

All amounts in RMB'000

Items	2023	2022
Repayment of investment funds to non-controlling shareholders	16,767,811	2,683,722
Redemption of perpetual medium-term notes and perpetual bonds	11,429,100	500,000
Repayment of loans and interests	1,947,390	2,249,920
Payments for lease liabilities	298,059	301,513
Total	30,442,360	5,735,155

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 69. Notes to items in the cash flow statements (Continued)

#### (3) Cash flow relating to financing activities (Continued)

Changes in liabilities arising from financing activities

All amounts in RMB'000

Items	Opening balance	Increasing Changes		Decreasing Changes		Closing balance
		arising from cash flow	arising from non-cash flow	arising from cash flow	arising from non-cash flow	
Short-term borrowings	20,192,878	180,768,708	36,439	172,671,744	106,000	28,220,281
Long-term borrowings (including due within one year)	39,822,037	15,190,101	1,536,896	15,113,251	-	41,435,783
Bonds payable (including due within one year)	1,575,862	2,000,000	61,291	220,000	-	3,417,153
Lease liabilities (including due within one year)	810,956	-	240,253	298,059	21,444	731,706
Dividends payable	452,635	-	4,977,627	4,238,209	179,189	1,012,864
Interest payable	11,139	-	509,046	504,417	-	15,768
Borrowing funds	617,846	1,791,552	214,003	1,947,390	-	676,011
Other interest bearing liabilities	-	14,000,000	-	14,000,000	-	-
Total	63,483,353	213,750,361	7,575,555	208,993,070	306,633	75,509,566

#### (4) Cash flows presented on a net basis

Item	Relevant facts and circumstances	Basis for presentation on a net basis
Deposits and warranties	Deposits and warranties paid to or recovered from customers for project contracting services, and deposits and warranties received from or returned to suppliers are presented on a net basis	The Group operates many engineering contracting projects; Deposits and warranties are of quick turnover and short terms

#### (5) Significant activities not involving current cash receipts and payments

During the year, the Group endorsed and derecognised receivables at FVTOCI on a non-recourse basis, with a total carrying amount of RMB 37,619,303,000 and the Group offset amounts due from suppliers with accounts receivable at amortised cost, and the total outstanding balance of the derecognised accounts receivable reached RMB 64,061,051,000.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 70. Supplementary information to the cash flow statements

(1) *Supplementary information to the cash flow statements*

All amounts in RMB'000

Supplementary information	2023	2022 (Restated)
<b>1. Reconciliation of net profit to cash flows from operating activities</b>		
Net profit	11,406,109	12,931,630
Add: Provision for impairment losses of assets and credit losses	8,949,113	4,961,526
Depreciation of fixed assets and right-of-use assets, and amortization of investment properties	2,877,016	2,961,492
Amortization of intangible assets	1,059,040	897,368
Amortization of long-term prepayments	128,911	72,584
Gains on disposal of fixed assets, intangible assets and other long-term assets	(663,075)	(303,355)
(Gains)/losses from write-off of fixed assets	(43,569)	29,083
Losses from changes in fair value	314,223	317,778
Financial expenses	1,796,166	1,775,884
Investment income	(592,484)	(82,073)
Increase in deferred tax assets	(693,836)	(186,169)
Decrease in deferred tax liabilities	(5,867)	(172,619)
Decrease in inventories	3,181,342	12,405,241
Increase in contract assets	(16,134,369)	(16,621,814)
Decrease in contract liabilities	(11,154,240)	(20,821,073)
Increase in receivables from operating activities	(46,279,850)	(15,752,292)
Increase in payables from operating activities	51,747,171	35,739,870
Net cash flows from operating activities	5,891,801	18,153,061
<b>2. Net changes in cash and cash equivalents</b>		
Closing balance of cash	33,850,108	33,468,217
Less: Opening balance of cash	33,468,217	31,216,824
Net increase in cash and cash equivalents	381,891	2,251,393



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 70. Supplementary information to the cash flow statements (Continued)

#### (2) Net cash received from acquisition of subsidiaries and other units in the current year

All amounts in RMB'000

Items	2023
Cash and cash equivalents held by subsidiaries and other units on the date of acquisition	367,723
Less: Cash and cash equivalents paid from acquisition of subsidiaries and other units in the current year	97,668
Net cash received from acquisition of subsidiaries and other units	270,055

#### (3) Net cash received from disposal of subsidiaries in the current year

All amounts in RMB'000

Items	2023
Cash and cash equivalents received from disposal of subsidiaries in the current year	11,778
Less: cash and cash equivalents held by subsidiaries on the date of loss of control	194
Net cash received from disposal of subsidiaries	11,584

#### (4) The composition of cash and cash equivalents

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Cash	33,850,108	33,468,217
Including: Cash on hand	5,675	11,004
Bank deposits without restriction	33,844,433	33,457,213
Closing balance of cash and cash equivalents	33,850,108	33,468,217
Including: Cash and cash equivalents with restricted use in the group	24,658,624	16,276,693

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 70. Supplementary information to the cash flow statements (Continued)

(5) *Circumstances where use is restricted but still presented as cash and cash equivalents*

All amounts in RMB'000

	31 December 2023	31 December 2022	Reasons
Special account funds for project agreement	15,463,058	9,019,822	Project-specific, with no substantive restrictions on withdrawal for use on this project
Special account funds for wage payment of migrant workers	7,736,508	5,170,450	Dedicated to the payment of migrant workers' wages, which can be paid at any time without substantial restrictions
Others	1,459,058	2,086,421	Special funds for exclusive use, without substantial restrictions during use
Total	<b>24,658,624</b>	16,276,693	

(6) *Cash and bank balances not classified as cash and cash equivalents*

All amounts in RMB'000

	31 December 2023	31 December 2022	Reasons
Frozen funds	4,057,706	3,186,792	Frozen, unable to withdraw at any time
Guarantee funds	2,902,329	4,641,980	Illiquid, unable to withdraw at any time
Other funds with restricted ownership or usage rights	3,630,126	4,188,424	Unable to withdraw at any time
Total	<b>10,590,161</b>	12,017,196	

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 71. Foreign currencies denominated items

(1) Foreign currencies denominated items

All amounts in RMB'000

Items	Foreign currency at 31 December 2023	Exchange rate	RMB at 31 December 2023
<b>Cash and bank balances</b>			<b>3,823,653</b>
Including: USD	296,469	7.0827	2,099,801
IDR	747,268,980	0.000461	344,491
AUD	48,087	4.8484	233,143
EUR	7,199	7.8592	56,577
HKD	157,188	0.9062	142,444
AED	408,949	0.5175	211,631
SGD	39,357	5.3772	211,630
Others	/	/	523,936
<b>Accounts receivable</b>			<b>3,413,025</b>
Including: USD	311,373	7.0827	2,205,360
GBP	461	9.0411	4,164
MYR	1,017,204	0.6487	659,860
SGD	70,288	5.3772	377,955
Others	/	/	165,686
<b>Other receivables</b>			<b>2,284,056</b>
Including: USD	60,847	7.0827	430,963
HKD	213,804	0.9062	193,749
SGD	226,936	5.3772	1,220,281
Others	/	/	439,063
<b>Short-term borrowings</b>			<b>2,283,846</b>
Including: SGD	390,000	5.3772	2,097,108
Others	/	/	186,738
<b>Accounts payable</b>			<b>4,165,974</b>
Including: USD	346,086	7.0827	2,451,223
EUR	1,381	7.8592	10,856
JPY	270,080	0.0502	13,558
GBP	1,103	9.0411	9,971
KWD	25,892	23.1078	598,306
SGD	84,936	5.3772	456,717
Others	/	/	625,343
<b>Other payables</b>			<b>1,114,016</b>
Including: USD	92,140	7.0827	652,598
HKD	5,263	0.9062	4,769
Others	/	/	456,649

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 71. Foreign currencies denominated items (Continued)

(2) *Notes for the foreign business entities*

<b>Full name of the major foreign operations</b>	<b>Place of business</b>	<b>Representation currency</b>	<b>The basis of select functional currency</b>
MCC Minera Sierra Grande S.A	Argentina	Argentine Peso	The functional currency of the overseas subsidiary is based on the primary economic environment where it operates.
MCC Western Australia Mining Ltd.	Australia	USD	
MCC Australia Holding Pty Ltd.	Australia	Australian dollar	
MCC Tongsin Resources Ltd.	Pakistan	USD	
MCC Holding (Hong Kong) Corporation Limited	Hong Kong, China	USD	
MCC Ramu NiCo Ltd.	Papua New Guinea	USD	

The functional currencies of the Group's major foreign operations have not changed during the reporting period.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VIII. CHANGES OF THE SCOPE OF CONSOLIDATION

### 1. Business combinations not involving enterprises under common control

During the reporting period, the information on the Group's business combinations not involving enterprises under common control is as follows:

All amounts in RMB'000

Absorbing entity	Target company	Purchase date	Equity acquisition cost	Equity acquisition ratio (%)	Method of equity acquisition	Basis for determining acquisition date
Shanghai Baoye Group Co., Ltd.	Baoye (Xiamen) Construction Engineering Co., Ltd	2023-01-16	1,632	100.00	Purchases	Actual obtainment of control of the acquiree
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	Dalian Qianhu Engineering Technology Co., Ltd	2023-03-01	2,576	100.00	Purchases	Actual obtainment of control of the acquiree
CISDI Group Co., Ltd.	MCC Saidi Engineering Consulting (Shenzhen) Co., Ltd	2023-03-31	2,249	100.00	Purchases	Actual obtainment of control of the acquiree
China MCC 20 Group Co., Ltd.	MCC20 Group (Anhui) Construction Co., Ltd.	2023-04-10	-	100.00	Purchases	Actual obtainment of control of the acquiree
China First Metallurgical Group Co., Ltd.	MCC1 Group Construction Engineering (Guangdong) Co., Ltd	2023-04-10	-	100.00	Purchases	Actual obtainment of control of the acquiree
China MCC 5 Group Co., Ltd.	MCC5 Group Chuanbei (Nanchong) Construction Co., Ltd	2023-06-26	79,763	70.00	Purchases	Actual obtainment of control of the acquiree
China Huaye Group Co., Ltd.	Weifang Huaqing Real Estate Co., Ltd.	2023-12-31	-	100.00	Purchases	Actual obtainment of control of the acquiree

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

### 1. Business combinations not involving enterprises under common control (Continued)

For the current year, the Group acquired the substantial control over entities listed above through cash, or through amending the partnership agreement. These entities were included in consolidation scope since the acquisition date.

The fair value and carrying amount of the identifiable assets and liabilities of companies listed above as at the dates of acquisition were as follows:

All amounts in RMB'000

Items	Fair value on the acquisition date	Carrying amount on the acquisition date
Cash and bank balances	109,208	109,208
Accounts receivable	15,665	15,665
Prepayments	354	354
Other receivables	19,179	19,179
Inventories	259,502	187,038
Contract assets	3,855	3,855
Non-current assets due within one year	22,517	22,517
Other current assets	4,231	4,231
Investment properties	24,465	24,653
Fixed assets	270	189
Intangible assets	7	5
Deferred tax assets	6,431	6,396
Accounts payable	(211,595)	(211,595)
Contract liabilities	(71,520)	(71,520)
Employee benefits payable	(466)	(466)
Taxes payable	(1,140)	(1,140)
Other payables	(28,302)	(28,302)
Other current liabilities	(3,944)	(3,944)
Long-term borrowings	(17,832)	(17,832)
Deferred tax liabilities	(18,125)	–
Fair value of net identifiable assets on the acquisition date	112,760	58,491
Less: Non-controlling interests	26,540	
Add: Goodwill from purchases	–	
Consideration of acquisition	86,220	Note 1

Note 1: Such amount includes the cash of RMB 84,588,000 paid by the Company for business combinations, and the unpaid cash consideration of RMB 1,632,000.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

### 1. Business combinations not involving enterprises under common control (Continued)

The operating results and cash flows of the above companies from the acquisition date till the end of period are listed as follows:

All amounts in RMB'000

Items	From the acquisition date till 31 December 2023
Operating revenue	1,690,231
Net profit	7,402
Net cash flows	8,013

Net cash received for acquisition of subsidiaries:

All amounts in RMB'000

Items	2023
Consideration for acquisition of subsidiaries	86,220
Cash and cash equivalents paid for acquisition of subsidiaries	84,588
Less: Cash and cash equivalents held by the acquiree	109,209
Net cash received for acquisition of subsidiaries	24,621

### 2. Change of consolidation scope for other reasons

Jianxin Trust Co., Ltd. holds 55% equity of the joint venture companies Zhuozhou MCC Mingda Real Estate Development Co., Ltd. and Zhuozhou MCC Mingshun Real Estate Development Co., Ltd., while MCC Jianxin Investment Fund Management (Beijing) Co., Ltd. holds 45% equity of the joint venture company Baotou Mingyang Real Estate Development Co., Ltd. of MCC Real Estate Group, Ningbo Yuhang Enterprise Management Partnership (Limited Partnership) holds 60% of the equity of the joint venture company Beijing MCC Mingding Real Estate Development Co., Ltd. During the reporting period, MCC Real Estate Group Co., Ltd., a subsidiary of the company, purchased the above-mentioned equity for RMB 13,080,000. After the transaction was completed, the group acquired control of four companies. The management conducted concentration testing as an asset acquisition.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## VIII. CHANGES OF THE SCOPE OF CONSOLIDATION (CONTINUED)

### 2. Change of consolidation scope for other reasons (Continued)

The financial information of the relevant assets at the dates of acquisition is listed as follows:

All amounts in RMB'000

Items	Fair value on the acquisition date
Inventories	7,037,556
Other assets	829,275
Total liabilities	(7,845,751)
Fair value of net identifiable assets on the acquisition date	21,080
Consideration of acquisition	21,080
Including: cash consideration	13,080
Book value of originally held equity	8,000

The information of asset acquisition is listed as follows:

	2023
Consideration for asset acquisition	21,080
Cash and cash equivalents paid for asset acquisition	13,080
Less: Cash and cash equivalents held by the acquiree	258,514
Net cash received for asset acquisition	245,434



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For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) The constitution of the Group

Details of subsidiaries of the Group:

All amounts in RMB'000

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest(%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
Central Research Institute of Building and Construction Co., Ltd.	China	Beijing	EPC	2,905,110	100.00	-	Invested by shareholders
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	China	Beijing	EPC	761,816	100.00	-	Invested by shareholders
China ENFI Engineering Co., Ltd.	China	Beijing	EPC	2,346,730	100.00	-	Invested by shareholders
MCC Capital Engineering & Research Incorporation Limited	China	Beijing	EPC	3,283,104	88.89	-	Invested by shareholders
CISDI Group Co., Ltd.	China	Chongqing	EPC	2,300,000	100.00	-	Invested by shareholders
WISDRI Engineering & Research Incorporation Limited	China	Wuhan	EPC	3,350,000	83.08	-	Invested by shareholders
Huatian Engineering & Technology Corporation, MCC	China	Ma'anshan	EPC	823,259	85.10	-	Invested by shareholders
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	China	Anshan	EPC	1,296,600	87.81	-	Invested by shareholders
Zhong Ye Chang Tian International Engineering Co., Ltd.	China	Changsha	EPC	677,301	92.61	-	Invested by shareholders
Northern Engineering & Technology Corporation, MCC	China	Anshan	EPC	528,511	91.26	-	Invested by shareholders
Shen Kan Engineering & Technology Corporation, MCC	China	Shenyang	Investigation, design	346,264	100.00	-	Invested by shareholders
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	China	Wuhan	Investigation, design	500,000	100.00	-	Invested by shareholders
China First Metallurgical Group Co., Ltd.	China	Wuhan	Engineering contracting	2,019,027	98.26	-	Invested by shareholders
China Second Metallurgical Group Co., Ltd.	China	Baotou	Engineering contracting	2,000,000	100.00	-	Invested by shareholders
China MCC 3 Group Co., Ltd.	China	Anshan	Engineering contracting	1,500,000	100.00	-	Invested by shareholders
China MCC 5 Group Co., Ltd.	China	Chengdu	Engineering contracting	5,004,178	98.58	-	Invested by shareholders
MCC TianGong Group Corporation Limited	China	Tianjin	Engineering contracting	2,050,000	98.53	-	Invested by shareholders
China MCC 17 Group Co., Ltd.	China	Ma'anshan	Engineering contracting	2,050,000	72.39	-	Invested by shareholders
China Metallurgical Construction Engineering Group Co., Ltd.	China	Chongqing	Engineering contracting	2,100,000	100.00	-	Invested by shareholders
China MCC 19 Group Co., Ltd.	China	Panzhuhua	Engineering contracting	3,072,098	100.00	-	Invested by shareholders
China MCC 20 Group Co., Ltd.	China	Shanghai	Engineering contracting	2,050,000	73.14	-	Invested by shareholders

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) The constitution of the Group (Continued)

Details of subsidiaries of the Group: (Continued)

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest/%		Method of obtaining interests in the subsidiary
					Direct	Indirect	
China 22MCC Group Co., Ltd.	China	Tangshan	Engineering contracting	2,780,000	100.00	-	Invested by shareholders
Shanghai Baoye Group Co., Ltd.	China	Shanghai	Engineering contracting	5,285,230	97.93	0.80	Invested by shareholders
China Huaye Group Co., Ltd.	China	Beijing	Engineering contracting	1,434,900	100.00	-	Invested by shareholders
MCC Baosteel Technology Services Co., Ltd.	China	Shanghai	Repair work	1,200,000	59.65	20.69	Invested by shareholders
MCC Communication Construction Group Co., Ltd.	China	Beijing	Infrastructure contractor	9,312,258	100.00	-	Invested by shareholders
MCC (Guizhou) Construction Investment Development Co., Ltd.	China	Guizhou	Engineering contracting	3,000,000	100.00	-	Established through investments
MCC Road&Bridge Construction Co., Ltd.	China	Inner Mongolia	Engineering contracting	2,000,000	100.00	-	Established through investments
MCC Zhongyuan Construction Investment Co., Ltd.	China	Zhengzhou	Engineering contracting	500,000	100.00	-	Established through investments
MCC Integrated Pipe Network Technology & Development Co., Ltd.	China	Baoding	Project contracting, Integrated pipe network technology development	200,000	100.00	-	Established through investments
MCC South China Construction Investment Co., Ltd.	China	Shenzhen	Engineering contracting	500,000	51.00	-	Established through investments
MCC (Hainan) Investment Development Co., Ltd.	China	Hainan	Engineering consulting, Investment management, etc.	100,000	60.00	39.30	Established through investments
MCC Urban Investment Holding Co., Ltd.	China	Guangdong	Engineering consulting, Investment management, etc.	1,000,000	60.00	-	Established through investments
MCC (Shanghai) Steel Structure Technology Co., Ltd.	China	Shanghai	Engineering contracting	1,000,000	42.56	54.79	Investment by shareholders
MCC Ecological Environmental Protection Group Co., Ltd.	China	Beijing	Water resource management	3,000,000	19.18	73.69	Established through investments
MCC Great Wall Investment Co., Ltd.	China	Beijing	Investment management	15,000,000	100.00	-	Established through investments
MCC Real Estate Group Co., Ltd. (Note 1)	China	Beijing	Property development	5,000,000	100.00	-	Investment by shareholders
MCC Tongsin Resources Ltd.	Pakistan	British Virgin Islands	Resource development	2,981,901	100.00	-	Investment by shareholders

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) The constitution of the Group (Continued)

Details of subsidiaries of the Group: (Continued)

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Registered capital	Proportion of ownership interest (%)		Method of obtaining interests in the subsidiary
					Direct	Indirect	
MCC Australia Holding Pty Ltd.	Australia	Australia	Resource development	49,016	100.00	-	Investment by shareholders
MCC-JJ Mining Development Company Limited	China	Beijing	Resource development	3,095,703	67.02	-	Investment by shareholders
Ramu NiCo Management (MCC) Ltd.	Papua New Guinea	Papua New Guinea	Nickel cobalt ore mining and smelting	3	100.00	-	Investment by shareholders
MCC Finance Corporation Ltd. <i>(Note 2)</i>	China	Beijing	Finance	1,800,000	86.13	12.48	Investment by shareholders
MCC International Incorporation Ltd.	China	Beijing	Engineering contracting	100,000	100.00	-	Investment by shareholders
MCC Overseas Ltd.	China	Beijing	Engineering contracting	429,126	100.00	-	Investment by shareholders
MCC Vietnam Engineering Technology Co., Ltd.	Vietnam	Vietnam	Engineering contracting	-	100.00	-	Established through investments
China MCC International Economic and Trade Co., Ltd.	China	Shanghai	Trading	120,000	54.58	40.89	Investment by shareholders
MCC Holding (Hong Kong) Corporation Limited	China	Hong Kong, China	Others	6,485	100.00	-	Established through investments
MCC-SFRE Heavy Industry Equipment Co., Ltd.	China	Xi'an	Manufacture of metallurgy equipment	1,286,000	71.47	-	Investment by shareholders
MCC Mining (Western Australia) Pty Ltd.	Australia	Australia	Resource development	124,382	100.00	-	Investment by shareholders
China 13th Metallurgical Construction Corporation	China	Taiyuan	Engineering contracting	111,663	100.00	-	Investment by shareholders
Tianjin Hongxin Investment Partnership (Limited Partnership)	China	Tianjin	Investment with own funds	7,500,200	20.00	-	Established through investments

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) *The constitution of the Group (Continued)*

Details of subsidiaries of the Group: (Continued)

*Note 1:* At 31 December 2023, except for the Company and MCC Real Estate Group Co., Ltd., other subsidiaries have not issued any bond. None of the subsidiaries of the Company has issued share capital.

*Note 2:* On 24 December 2021, the resolution of the dissolution and liquidation of MCC Finance Corporation Ltd was passed in the No.33 meeting of the third Board of Directors. After the dissolution in 2024, the number of subsidiaries included in the consolidated financial statements will reduce by one.

(a) The grounds for controlling the investees of which the Group is holding half or less than half of the equity interest, and the grounds for not controlling the investees of which the Group is holding more than half of the equity interest

(i) The grounds for controlling the investees of which the Group is holding half or less than half of the equity interest

The Group has several investees in which it holds half or less than half of equities, and these investees are incorporated in the scope of consolidation of the Group, mainly in accordance with shareholder agreements, the rules of procedures for the articles of association of investees or agreements of shareholding entrustment and other arrangements, the Group has the control over these investees.

(ii) The grounds for not controlling the investees in which the Group holds more than half of the equity interest

The Group has several investees in which it holds more than half of equities. As there is a consistent action arrangement between the Group and another shareholder, and that shareholder has one vote with the right to veto or can determine independently the investees' related activities, the Group has no control over the investees, but it has the joint control or can exercise significant influence over the investees, therefore the investees are accounted for and managed as joint ventures or associates.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (2) Material non-controlling interests

All amounts in RMB'000

Company name	Proportion of equity interest held by non-controlling interests (%)	Comprehensive income attributable to non-controlling interests in the current year	Declaration of cash dividends to non-controlling interests in the current year	Non-controlling interests at the end of the year
China MCC 17 Group Co., Ltd.	27.61	407,660	–	3,424,460
WISDRI Engineering & Research Incorporation Limited	16.92	239,004	91,854	2,520,073
China MCC 5 Group Corp. Ltd.	1.42	57,668	29,158	1,945,429
Shanghai Baoye Group Corp. Ltd.	1.27	38,271	12,119	1,866,827

As at 31 December 2023, the Group cancelled Tianjin United Huixin Investment Partnership (Limited Partnership) and Tianjin United Huitong Investment Partnership (Limited Partnership), the structured entities which were previously included in the scope of consolidation, and recovered the investment funds for the above two as well as Tianjin Hongxin Investment Partnership (Limited Partnership), resulting in a decrease in the non-controlling interests by a total amount of RMB 16,418,947,000.

As at 31 December 2023, the balance of perpetual bonds issued by the Company's subsidiaries totaled RMB 7,246,700,000. The perpetual bonds are classified as equity instruments and presented as minority interests in the Group's consolidated financial statements. For details of the perpetual bonds, please refer to Note VII.47.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (2) Material non-controlling interests (Continued)

The following tables provide significant financial information of significant non-wholly owned subsidiaries. All amounts are before elimination:

All amounts in RMB'000

Name of subsidiary	31 December 2023						31 December 2022 (Restated)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China MCC 17 Group Co., Ltd.	27,215,300	8,826,485	36,041,785	24,771,234	1,501,461	26,272,695	22,248,409	5,717,001	27,965,410	18,668,602	2,002,846	20,671,448
WISDRI Engineering & Research Incorporation Limited	22,147,304	4,573,964	26,721,268	16,633,401	197,458	16,830,859	23,045,904	4,799,719	27,845,623	18,168,538	228,908	18,397,446
China MCC 5 Group Corp. Ltd.	48,830,077	17,848,081	66,678,158	52,081,892	712,485	52,794,377	34,476,564	12,700,150	47,176,714	35,829,224	812,804	36,642,028
Shanghai Baoye Group Corp. Ltd.	46,906,471	15,129,492	62,035,963	48,749,440	559,478	49,308,918	39,719,208	12,233,150	51,952,358	40,980,263	747,034	41,727,297

All amounts in RMB'000

Name of subsidiary	2023				2022 (Restated)			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
China MCC 17 Group Co., Ltd.	50,648,775	1,476,046	1,476,484	(1,309,408)	48,330,569	1,405,624	1,398,855	1,262,369
WISDRI Engineering & Research Incorporation Limited	22,301,432	914,775	915,260	(961,391)	28,247,086	1,449,504	1,439,390	866,922
China MCC 5 Group Corp. Ltd.	90,104,864	2,518,578	2,588,737	1,719,226	80,090,352	2,285,000	2,338,778	1,496,101
Shanghai Baoye Group Corp. Ltd.	76,382,094	1,434,936	1,464,192	1,394,303	64,997,083	1,036,913	1,038,473	1,549,243

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in joint ventures and associates

#### (1) Details of the Group's material joint ventures and associates

All amounts in RMB'000

Name of joint ventures and associates	Principal place of operation	Place of establishment	Principal activities	Registered capital	Proportion of ownership interest held by the Group		Accounting method
					Direct (%)	Indirect (%)	
Guizhou Ziwang Highway Construction Co., Ltd.	China	Anshun	Highway investment and development	3,190,000	59.96	-	Equity method
Guizhou Sanli Highway Construction Co., Ltd.	China	Qiannan Buyei and Miao Autonomous Prefecture	Highway investment and development	2,832,800	59.95	-	Equity method
Guizhou Sanshi Highway Construction Co., Ltd.	China	Qiandongnan Miao and Dong Autonomous Prefecture	Highway investment and development	1,584,375	59.90	-	Equity method
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	China	Zhuhai	Property investment and development	1,225,700	51.00	-	Equity method
Chongqing Yuxiang Double Track Expressway Co., Ltd.	China	Chongqing	Highway investment and development	500,000	4.99	-	Equity method
Sichuan Development MCC Construction Investment Co., Ltd	China	Chengdu	Infrastructure construction	1,000,000	40.00	-	Equity method
Shiyao Baoye Urban Construction Co., Ltd.	China	Shiyao	Municipal road engineering construction	574,942	47.97	-	Equity method
Zhongshan Xiangshan Avenue Comprehensive Pipe Gallery Technology Co., Ltd	China	Zhongshan	Construction and operation of comprehensive pipe gallery	300,000	60.00	-	Equity method
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	China	Mangshi	Highway investment and development	100,000	40.00	-	Equity method
Lanzhou Lianhua Highway Qingzhong Section Construction and development Co., Ltd.	China	Lanzhou	Highway investment and development	500,000	17.00	-	Equity method
Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.	China	Changsha	Highway investment and development	500,000	16.49	-	Equity method
Chongqing Yunkai Expressway Co., Ltd.	China	Chongqing	Highway investment and development	100,000	30.00	-	Equity method
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	China	Beijing	Investment management	14,410,000	13.88	-	Equity method
Xiamen International Trade Exhibition Center Co., Ltd.	China	Xiamen	Conference and exhibition services	3,120,000	26.00	-	Equity method
Tangshan Stainless Steel Co., Ltd.	China	Tangshan	Smelting and pressing of ferrous metals	2,080,000	23.89	-	Equity method
Xiongan Xiongshang Real Estate Co., Ltd	China	Xiongan	Property investment and development	3,000,000	20.00	-	Equity method
MCC Baoding Development and Construction Co., Ltd.	China	Baoding	Civil-engineering construction	100,000	10.00	-	Equity method
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	China	Yingkou	Special steel production and equipment manufacturing	3,166,297	48.96	-	Equity method
Hebei Steel Luan County Sijiyang Iron Ore Co., Ltd.	China	Tangshan	Processing of ferrous metal ores	553,710	14.45	-	Equity method

The Group has no significant interest in any single joint venture or associate above.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in joint ventures and associates (Continued)

#### (1) Details of the Group's material joint ventures and associates (Continued)

(a) The grounds for having common control or significant influence over the investees while holding less than 20% of the voting rights, and the grounds for not having significant influence over the investees while holding 20% or more of the voting rights in the investees

(i) The grounds for having common control or significant influence over the investees while holding less than 20% of the voting rights

The Group has several investees in which it holds less than 20% of equities but has the joint control or significant influence over the investees. As the Group has assigned directors of the board of directors of the investees, the Group has the joint control or can exercise significant influence over the investees, therefore the investees are accounted for and managed as joint ventures or associates.

(ii) The grounds for not having significant influence over the investees while holding 20% or more of the voting rights in the investees

The Group has several investees in which it holds more than 20% of equities but has no joint control or significant influence over the investees. As the Group has neither assigned directors of the board of directors of the investees, nor involved in or influenced the financial and operating decisions or normal operating activities of the investees in any other forms, so these investees are not accounted for and managed as joint ventures or associates.

#### (2) Summarized financial information of material joint ventures and associates

All amounts in RMB'000

Items	31 December 2023/Amount recognized in the current year	31 December 2022/Amount recognized in the prior year
<b>Joint ventures</b>		
Total carrying amount	9,993,498	8,393,806
The Group's share of the following items		
– Net profits	201,760	24,721
– Other comprehensive income	–	(27)
– Total comprehensive income	201,760	24,694
<b>Associates</b>		
Total carrying amount	26,242,897	23,469,889
The Group's share of the following items		
– Net profits	304,389	152,991
– Other comprehensive income	3,771	(47,736)
– Total comprehensive income	308,160	105,255

(3) In the reporting period, there were no significant restrictions on the realization of long-term equity investments, or on the remittance of cash arising from the investment income in joint ventures and associates.



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 3. Equity in structured entities included in the consolidated financial statements

As at 31 December 2023, the total amount of main structured entities included in the consolidated financial statements of the Group was approximately RMB 16,275,280,000, of which the amount subscribed by the Group was approximately RMB 8,170,720,000. As at 31 December 2023, the amount paid by the Group was approximately RMB 4,379,834,000, of which approximately RMB 4,176,858,000 was accounted for in minority interests, approximately RMB 3,800,000,000 was accounted for in other payables and approximately RMB 376,858,000 was accounted for in the long-term payables. The Group has no obligation or intention to provide financial support to these structured entities.

### 4. Equity in structured entities not included in the consolidated financial statements

As at 31 December 2023, the Group has cumulatively issued asset-backed securities and asset-backed notes of RMB 26,301,000,000, and the subordinated tranches of the related asset-backed securities and asset-backed notes were RMB 1,315,050,000. For the purpose of liquidity, the Company is obligated to make up the difference between the principal and fixed income of senior asset-backed securities and asset-backed notes in the amount of RMB 24,985,950,000 and the distributable funds of the special asset-backed securities plan and asset-backed note trust in each phase. These special plans and trusts are not consolidated as the Group does not hold inferior shares and the probability of future liquidity supplement is assessed to be low.

As at 31 December 2023, the total amount of main structured entities not included in the consolidated financial statements participated by certain subsidiaries of the Group was approximately RMB 45,620,565,000, of which approximately RMB 5,343,152,000 was subscribed by the Group and approximately RMB 40,277,413,000 was subscribed by other investors. Such structured entities were not consolidated as the Group does not have control over them. As at 31 December 2023, the Group's paid-in amount was approximately RMB 3,871,729,000, of which approximately RMB 203,120,000 was accounted for in long-term equity investments and approximately RMB 3,668,609,000 was accounted for in other non-current financial assets. The Group's maximum exposure to these structured entities is the Group's paid-in capital contribution as of the balance sheet date. The Group has no obligation or intention to provide financial support to these structured entities.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## X. GOVERNMENT GRANTS

### 1. liabilities related to government grants

At 31 December 2023, liabilities related to government grants are as follows:

All amounts in RMB'000

Government grants	Opening balance	Addition	Included in non-operating income for the year	Included in other income for the year	Other changes for the year	Closing balance	Related to assets/income
Deferred income	970,079	136,663	5,500	57,821	95,249	948,172	Related to assets/income

There were no material government grants refund this year.

### 2. The government grants recognized in P/L for the current year

The government grants recognized in P/L for the current year are as follows:

All amounts in RMB'000

Category	2023	2022
Asset-related		
Recognized as other income	29,408	27,378
Recognized as non-operating income	251	251
Income-related		
Recognized as other income	392,502	355,126
Recognized as non-operating income	29,089	46,909
Deduct operating cost	8,251	49,896
Deduct research and development expenditure	41,688	36,308
Deduct administrative expenses	57,344	29,994
Total	558,533	545,862

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 1. Financial instruments by category

At 31 December 2023, financial assets at fair value through profit or loss totaled RMB 4,007,222,000 (31 December 2022: RMB 4,655,921,000), mainly presented in financial assets held for trading, derivative financial assets and other non-current financial assets; financial assets at fair value through other comprehensive income totaled RMB 12,257,472,000 (31 December 2022: RMB 11,286,313,000), mainly presented in receivables financing and other equity investments; financial assets at amortised cost totaled RMB 278,410,201,000 (31 December 2022: RMB 232,861,979,000), mainly presented in currency funds, long-term receivables and accounts receivable; financial liabilities at fair value through profit or loss totaled RMB 453,950,000 (31 December 2022: RMB 200,670,000), mainly presented in derivative financial liabilities; financial liabilities at amortised cost totaled RMB 386,333,089,000 (31 December 2022: RMB 314,900,443,000), mainly presented in short-term borrowings, accounts payable and other payables.

### 2. Financial instruments and risk management

The Group's operating activities expose to a variety of financial risks: market risk (mainly including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner to address the uncertainty of financial market and to reduce the potential negative impact on the operating results of the Group.

#### (1) Market risk

##### (a) Foreign exchange risks

The functional currency of a majority of the entities within the Group is RMB and most of the transactions are settled in RMB. However, there are also foreign currencies denominated transactions. The Group's exposure to foreign exchange risk relates principally to United States Dollars ("USD"). To monitor the impact of exchange rate fluctuations, the Group continually assesses and monitors its exposure to foreign exchange risk. Management continuously monitors foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arises. The Group uses foreign exchange forward contracts and currency swap contracts to offset part of the foreign exchange risk. The management is of the view that the reasonable fluctuation of the exchange rate in the near future will not have a significant impact on the operating results of the Group.

Details of the Group's foreign currencies denominated financial assets and financial liabilities (amount translated into RMB) as at 31 December 2023 are set out in Note VII 71.

As at 31 December 2023, for financial assets and financial liabilities in foreign currencies, mainly influenced by the exchange rate of RMB against USD, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the profit after tax of the Group would have been approximately RMB 67,630,000 higher/lower (as at 31 December 2022: approximately RMB 361,774,000 lower/higher).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 2. Financial instruments and risk management (Continued)

#### (1) Market risk (Continued)

##### (b) Interest rate risk

The interest bearing debts at fixed rates expose the Group to fair value interest-rate risk, relating to bank borrowings at fixed rates and bonds payable at fixed rates, etc.

The interest bearing debts at floating rates expose the Group to cash flow interest-rate risk. The Group chooses the relative proportion of borrowing contracts with floating rates and those with fixed rates according to current market conditions. As at 31 December 2023, short-term borrowings of the Group were RMB 28,220,281,000 (as at 31 December 2022: RMB 20,192,878,000); long-term interest bearing debts at floating rates due within one year were RMB 3,145,481,000 (as at 31 December 2022: RMB 4,436,303,000); long-term interest bearing debts at floating rates due over one year were RMB 20,299,237,000 (as at 31 December 2022: RMB 16,016,610,000); long-term interest bearing debts at fixed rates due within one year were RMB 4,316,063,000 (as at 31 December 2022: RMB 7,062,879,000); and long-term interest bearing debts at fixed rates due over one year were RMB 17,321,842,000 (as at 31 December 2022: RMB 14,693,063,000) (Notes VII 27, 36, 38, 39, 41).

The treasury department of the headquarters of the Group continually monitors the level of interest rates. Any rise in interest rate would increase the cost of new borrowings and interest installments of existing loans with floating interest arrangements and generate significant negative financial effects on the Group's overall financial performance. The management would make timely strategic adjustments according to latest market conditions; the adjustments of reducing interest rate risk may include the interest rate swap arrangement included in the Group's currency swap contracts during the reporting year.

During the current year, if the respective interest rates on RMB-denominated floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant and no interest capitalization involved, profit after income tax of the Group would have been RMB 212,136,000 lower/higher (2022: approximately RMB 212,194,000 lower/higher).

During the current year, if the interest rates on USD and other foreign currency-denominated floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant, profit after income tax of the Group would have been RMB 19,227,000 lower/higher (2022: approximately RMB 17,113,000 lower/higher).

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 2. Financial instruments and risk management (Continued)

#### (2) Credit risk

As at 31 December 2023, the Group's maximum exposure to credit risk which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from: the carrying amount of bank deposits, bills receivable and accounts receivable, contract assets, other receivables and long-term receivables recognized in the balance sheet of the Group.

To reduce credit risk, the Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers according to their financial conditions, the likelihood of obtaining guarantee from the third party, credit history and others such as the current market conditions. The Group regularly monitors its customers' credit history, and for customers with bad credit history, the Group shall issue reminder notices, shorten or cancel the credit period to make sure that the Group's overall credit risk is under control.

The credit risk on the bank deposits of the Group is limited because they are deposited with national banks and other large and medium listing banks.

In addition, external guarantees incurred by the Group may also result in financial losses. As at 31 December 2023, the Group's external guarantee refers to Note XIV 2(1)(b).

In addition to separately determining the credit loss of individual amounts with significant credit impairment incurred, the Group evaluates the expected credit loss of receivables by using an impairment matrix on a portfolio basis. The Group's accounts receivable involve a large number of customers, and the aging information can reflect the solvency of these customers. The Group divided accounts receivable into several portfolios based on the credit risk characteristics of different types of customers, calculated the historical actual loss rate of every portfolio in different ages according to the historical data, and then adjusted the expected credit loss rate after considering the current and future economic forecast, such as national GDP growth, consumer price index and other forward-looking information. For contract assets and long-term receivables, the Group reasonably evaluates the expected credit loss after considering the settlement period, the payment period of the contract, the financial position and the economic situation of the debtor and considering the above forward-looking information. For other financial assets, the Group calculates the expected credit loss rate through its default exposure and the rate of expected credit loss over the next 12 months or for the entire duration.

Please refer to Note V 11(2) in respect of the specific methods to assess whether the credit risk has been increased remarkably since initial recognition, the basis to determine whether a credit impairment has happened to the financial assets, the combination methods to divide the financial instruments in a combination as base assessment of anticipated credit risk, and the policies to write down the financial instruments directly.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 2. Financial instruments and risk management (Continued)

#### (3) Liquidity risk

Subsidiaries of the Group take responsibility of their own cash flow forecast. On the basis of summarizing cash flow forecasts from subsidiaries, the treasury department at the headquarters continuously monitors both short-term and long-term financing needs on the Group level in order to obtain adequate cash reserve and quoted securities. Meanwhile, the treasury department will constantly monitor any non-compliance of borrowings and obtain sufficient loan facilities from major financial institutions to meet both short-term and long-term financing needs.

Analysis of the maturity profile of financial liabilities and lease liabilities of the Group based on the undiscounted remaining contractual obligations as at 31 December 2023 were as follows:

All amounts in RMB'000

Items	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>Financial liabilities:</b>					
Short-term borrowings	28,546,588	–	–	–	28,546,588
Derivative financial liabilities	453,950	–	–	–	453,950
Bills payable	31,717,090	–	–	–	31,717,090
Accounts payable	240,394,139	–	–	–	240,394,139
Other payables	40,269,692	–	–	–	40,269,692
Long-term borrowings	9,621,792	15,184,855	13,407,330	10,443,426	48,657,403
Bonds payable	263,623	1,398,360	2,253,991	–	3,915,974
Lease liabilities	255,715	160,915	273,432	140,583	830,645
Long-term payables	100,598	119,435	119,227	470,036	809,296
Total	351,623,187	16,863,565	16,053,980	11,054,045	395,594,777

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 3. Transfer of financial assets

#### *Transferred financial assets that are not derecognised in their entirety*

At 31 December 2023, the carrying amount of bank acceptance bills and commercial acceptance bills endorsed and discounted by the Group was RMB 3,168,609,000 (31 December 2022: RMB 3,061,970,000). In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such endorsed and discounted bills, and accordingly, it continued to recognise the full carrying amounts of the endorsed and discounted bills, the associated accounts payable settled, or bank borrowings. Subsequent to the endorsement or discount, the Group did not retain any rights on the use of the endorsed and discounted bills, including the sale, transfer or pledge of them to any other third parties. The aggregate carrying amount of the accounts payable settled by the endorsed and discounted bills or bank borrowings obtained during the year to which the suppliers have recourse was RMB 3,168,609,000 (31 December 2022: RMB 3,061,970,000) at 31 December 2023.

#### *Transferred financial assets that are derecognised in their entirety in which continuing involvement exists*

At 31 December 2023, the carrying amount of bank acceptance bills endorsed and discounted by the Group but not yet due was RMB 15,533,344,000 (31 December 2022: RMB 18,420,996,000). The derecognised bills had a maturity of 1 to 12 months at 31 December 2023. In accordance with the *Law of Negotiable Instruments*, the holders of the derecognised bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the derecognised bills regardless of the order of precedence (the “continuing involvement”). In the opinion of the Group, the Group has transferred substantially all the risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the derecognised bills and the associated accounts payable, and recognised discounting fees. The maximum exposure to loss from the Group’s continuing involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group’s continuing involvement in the derecognised bills are not significant.

At 31 December 2023, the Group transferred accounts receivable at amortised cost to financial institutions or sold them to third parties by way of non-recourse factoring and asset securitisation. The total outstanding balance of derecognised receivables was RMB 99,206,817,000, and the loss of RMB 1,737,172,000 was recognised and included in investment losses. Under this arrangement, the Group has transferred substantially all the risks and rewards of ownership of accounts receivable to the special plan, and therefore derecognised the related accounts receivable.

During the year ended 31 December 2023, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the continuing involvement, both during the year or cumulatively. The endorsement and discounting has been made evenly throughout the year.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 4. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings (including short-term borrowings, long-term borrowings, bonds payable and lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet, plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios of the Group as at 31 December 2023 and 31 December 2022 (Restated) are as follows:

All amounts in RMB'000

Items	31 December 2023	31 December 2022 (Restated)
<b>Total borrowings:</b>		
Short-term borrowings (Note VII 27)	28,220,281	20,192,878
Long-term borrowings (inclusive of those due within one year) (Note VII 38)	41,435,783	39,822,037
Bonds payable (inclusive of those due within one year) (Note VII 39)	3,417,153	1,575,862
Lease liabilities (inclusive of those due within one year) (Note VII 40)	731,706	810,956
Less: Cash and cash equivalents (Note VII 70(4))	33,850,108	33,468,217
Net debt	39,954,815	28,933,516
Shareholders' equity	167,991,165	161,917,562
Total capital	207,945,980	190,851,078
The gearing ratio	19.21%	15.16%



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XII. FAIR VALUE DISCLOSURES

### 1. Fair value of the Group's financial assets and financial liabilities that are measured at fair value at the end of the year

All amounts in RMB'000

Items	Fair value as at 31 December 2023			Total
	Level 1 of the fair value hierarchy (a)	Level 2 of the fair value hierarchy (b)	Level 3 of the fair value hierarchy (c)(d)	
<b>Assets that are measured at fair value on a recurring basis</b>				
Financial assets held for trading				
– Investments in equity instruments	1,313	–	638	1,951
Derivative financial assets	–	12,676	–	12,676
Other non-current financial assets				
– Investments in unquoted funds and trust products	–	3,801,405	–	3,801,405
– Others	–	–	191,190	191,190
Receivables at FVTOCI	–	11,131,328	–	11,131,328
Investments in other equity instruments				
– Listed equity investments	311,611	–	–	311,611
– Unlisted equity investments	–	–	814,533	814,533
<b>TOTAL</b>	<b>312,924</b>	<b>14,945,409</b>	<b>1,006,361</b>	<b>16,264,694</b>
<b>Liabilities that are measured at fair value on a recurring basis</b>				
Derivative financial liabilities	–	453,950	–	453,950
<b>TOTAL</b>	<b>–</b>	<b>453,950</b>	<b>–</b>	<b>453,950</b>

(a) *The basis of market prices determined on level 1 of the fair value hierarchy*

Fair values of held-for-trading financial assets and non-tradable equity instruments of listed companies regarded as investments in other equity instruments are based on their closing prices of publicly traded market on the last trading day of the reporting period.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XII. FAIR VALUE DISCLOSURES (CONTINUED)

### 1. Fair value of the Group's financial assets and financial liabilities that are measured at fair value at the end of the year (Continued)

#### (b) Qualitative and quantitative information of valuation techniques and key inputs on level 2 of the fair value hierarchy

Items	Valuation techniques	Key inputs
Other non-current financial assets – Investments in unquoted funds and trust products	Discounted cash flow method	Average yield rate of similar products of the same term
Derivative financial instruments	Discounted cash flow method	The forward rate
Receivables at FVTOCI	Discounted cash flow method	Discounting rate of bank acceptance for the same

#### (c) Qualitative and quantitative information of valuation techniques and key inputs on level 3 of the fair value hierarchy

Items	Valuation techniques	Key inputs
Financial assets held for trading- Unlisted equity investments, – other equity instrument investments – Investments in non-trading equity instruments in unlisted companies, other non-current financial assets – Investments in unquoted fund and trust products and others	Cost method/ Market method/ Income method	Future cash flows, discount rate and key financial ratios of comparable listed companies of the same industry

#### (d) Reconciliation information of the opening balance and the closing balance on level 3 of the fair value hierarchy

All amounts in RMB'000

Items	31 December 2022	Additions for the period	Fair value changes for the current year	Disposal for the year	31 December 2023
Financial assets held for trading – Non listed equity investments	176,512	-	-	(175,874)	638
Other equity instrument investments – Investments in non-trading equity instruments in unlisted companies	658,926	230,955	(32,547)	(42,801)	814,533
Other non-current financial assets – Non listed equity investments	80,529	110,393	268	-	191,190

There was no transfer between any levels of the fair value hierarchy in the reporting period. There was no change in the valuation techniques in the reporting period

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XII. FAIR VALUE DISCLOSURES (CONTINUED)

### 2. Fair value of financial assets and financial liabilities that are measured at fair value on a non-recurring basis

Bills receivables, accounts receivables, other receivables, long-term receivables, non-current assets due within one year, short-term borrowings, bills payables, accounts payables, other payables, long-term borrowings, bonds payable, long-term payables and non-current liabilities due within one year included in the financial assets/liabilities are measured at fair value on a non-recurring basis.

## XIII. RELATED PARTIES AND TRANSACTIONS

### 1. Details of the parent company of the Company

All amounts in RMB'000

Parent Company Name	Place of registration	Principal activities	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
China Metallurgical Group Corporation	Beijing	Engineering contracting, property development, equipment manufacture, resource development and others	10,338,556	49.18	49.18

As stated in Note III, CMC together with its other subsidiaries other than the Company are the Group's related party.

Related party transactions between the Company and CMC together with its other subsidiaries other than the Company also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

SASAC is the ultimate controlling party of the Group.

### 2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note IX 1.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 3. Joint ventures and associates of the Group

Details of the principal joint ventures and associates of the Group are set out in Note IX 2.

Joint ventures and associates entered into transactions with the Group during the year, or during the prior year with remaining closing balances were as follows:

Name of joint ventures and associates	Relationship with the Group
MCC Jiaotou Shanzhu Chengdu Prefabricated Building Technology Development Co., Ltd	Joint venture
Baoding Juncheng Development and Construction Co., Ltd.	Joint venture
Chongqing Yuxiang Double Track Expressway Co., Ltd.	Joint venture
Zibo Chengxin Construction Investment Engineering Management Co., Ltd.	Joint venture
Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd	Joint venture
Beijing Tiancheng Guyun Property Management Co., Ltd.	Joint venture
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	Joint venture
Beijing MCC Mingying Real Estate Development Co., Ltd.	Joint venture
Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	Joint venture
MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd. <i>(Note)</i>	Joint venture
Chengdu Tianye Construction Engineering Co., Ltd.	Joint venture
Chengdu Qingye Tianshun Construction Co., Ltd.	Joint venture
Tianjin MCC Mingjin Real Estate Co., Ltd.	Joint venture
Shenyang Heping Bay Urban Development Co., Ltd	Joint venture
Zhongshan Xiangshan Avenue Comprehensive Pipe Gallery Technology Co., Ltd	Joint venture
Panzhuhua Zhongjian Municipal Infrastructure Management Co., Ltd.	Joint venture
Tangshan Fengrun District Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	Joint venture
Xichang Anmin City Construction Investment Co., Ltd.	Joint venture
Huanggang Lianlu Water Co., Ltd	Joint venture
Lanzhou New Area Pipe Gallery Operation Management Co., Ltd.	Joint venture
Cangzhou Xinbei Urban Renewal Co., Ltd	Joint venture
Shanghai Ruiyuan Urban Construction Development Co., Ltd.	Associate
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Associate
Anhui MCC Huaihai Prefabricated Construction Co., Ltd	Associate
MCC Jingcheng (Xiangtan) HEAVY Industrial Equipment Co., Ltd.	Associate
Hebei Xiong'an Rongxi Concrete Co., Ltd	Associate
Shanghai Yuepu South Concrete Co., Ltd.	Associate
Yibin Jiangye Construction Engineering Co., Ltd	Associate
Chengdu Chuanye Construction and Development Co., Ltd.	Associate
Nanyang Yuye Urban Development Co., Ltd	Associate

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 3. Joint ventures and associates of the Group (Continued)

Joint ventures and associates entered into transactions with the Group during the year, or during the prior year with remaining closing balances were as follows: (Continued)

<b>Name of joint ventures and associates</b>	<b>Relationship with the Group</b>
Puyang Guoye Urban Development Construction Co., Ltd	Associate
Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.	Associate
Yichang High Speed Railway New Town Construction Co., Ltd.	Associate
Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.	Associate
Chongqing Yunkai Expressway Co., Ltd.	Associate
Hunan Chachang Expressway Construction and Development Co., Ltd.	Associate
Xiamen International Trade Exhibition Center Co., Ltd.	Associate
Honghe Luqiu Expressway Investment and Development Co., Ltd.	Associate
Dazhou Kaiye Engineering Project Management Co., Ltd.	Associate
Jiujiang Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd	Associate
Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	Associate
Chengdu Jinyi Urban Construction Development Co., Ltd.	Associate
Yibin Dingye Highway Engineering Co., Ltd.	Associate
Ezhou Xinsheng Construction Engineering Co., Ltd.	Associate
Yunnan Mangliang Expressway Investment Development Co., Ltd.	Associate
Baoding Gongxing Pipe Corridor Project Management Co., Ltd	Associate
Yushan County Yusheng Construction Engineering Investment Co., Ltd	Associate
Handan Jinrong Development and Construction Co., Ltd	Associate
Hubei Dongye Construction Investment Co., Ltd	Associate
Huangshi Rongxin Construction Engineering Co., Ltd	Associate
Deyang Tianfu Jingye Construction Co., Ltd	Associate
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Associate
Guangxi Guoye Transportation Investment Co., Ltd	Associate
Suining Kaihong Construction Development Co., Ltd.	Associate
Sixian Siye Construction Investment Co., Ltd.	Associate
Zhengzhou Huituo Urban Rural Construction Co., Ltd.	Associate
Nanyang Jinye Real Estate Development Co., Ltd.	Associate
Binhai Shengxin Project Management Co., Ltd	Associate
MCC Baoding Development and Construction Co., Ltd.	Associate
Shanghai Libo Urban Construction and Development Co., Ltd	Associate
Anhui Hongxing Construction Engineering Co., Ltd	Associate
Guigang Guoye Pipe Gallery Construction Co., Ltd.	Associate
Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd.	Associate

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 3. Joint ventures and associates of the Group (Continued)

Joint ventures and associates entered into transactions with the Group during the year, or during the prior year with remaining closing balances were as follows: (Continued)

Name of joint ventures and associates	Relationship with the Group
Tangshan Station West Construction and Development Co., Ltd	Associate
Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	Associate
Qiqihar North MCC Real Estate Co., Ltd.	Associate
Jiaxing Wangwu Investment Co., Ltd	Associate
Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.	Associate
Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	Associate
Leshan LEGO Urban Construction Engineering Co., Ltd.	Associate
Inner Mongolia Chengye Construction Project Management Co., Ltd	Associate
Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.	Associate
Fuzhou Cangshan Zhongmin Sangcheng Water Environment Technology Co., Ltd.	Associate
Huangshi Urban Green Environment Development Co., Ltd	Associate
Luoyang Yundao Engineering Project Management Co., Ltd	Associate
Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.	Associate
Yiyang MCC Science and Industry Infrastructure Development Co., Ltd	Associate
Yancheng Chengtou Huaying Real Estate Co., Ltd.	Associate
Guizhou MCC Infrastructure Investment Co., Ltd.	Associate
Shuicheng County Blue Ocean Huaxing Education Investment and Construction Co., Ltd	Associate
Weihai Zhiye Health Care Construction Project Management Co., Ltd	Associate
Bengbu Jin'an Real Estate Co., Ltd.	Associate
Tianjin MCC Heyuan Real Estate Co., Ltd.	Associate
Handan Guorui Construction Engineering Management Co., Ltd.	Associate
Dangtu County Qingyuan Engineering Construction Co., Ltd	Associate
Xi'an Jingang Dingsheng Real Estate Co., Ltd	Associate
Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.	Associate
Chengde MCC Construction Development Co., Ltd.	Associate
Tianjin Tonghe Real Estate Co., Ltd	Associate
Handan Jinxin Xinghua Pipe Gallery Construction Co., Ltd	Associate
Jianyang Shijiu Tianshun Urban Construction Co., Ltd	Associate
Lanzhou Zhenghao Pipe Corridor Project Management Co., Ltd	Associate
Guangzhou Guanlang Construction Investment Co., Ltd.	Associate
Chongqing Taoye Yunxi Big Data Management Co., Ltd	Associate
Yuhuan Tianshang Construction and Development Co., Ltd	Associate
MCC Huaihai Construction Industry (Jiangsu) Co., Ltd.	Subsidiaries of Associate
Shanghai Libo Construction Co., Ltd	Subsidiaries of Associate
Shanghai Boweida Construction Engineering Co., Ltd	Subsidiaries of Associate
Shanghai Libo Jiacheng Construction Co., Ltd	Subsidiaries of Associate

Note: MCC Real Estate Group Baotou Mingyang Real Estate Development Co., Ltd. have been transformed into a subsidiary of the Company during this period. For more details, please refer to Note VIII 2.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 4. Other related parties of the Group

Other related parties entered into transactions with the Group during the year, or during the prior year with closing balance were as follows, such transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange:

<b>Name of other related parties</b>	<b>Relationship with the Group</b>
MCC Ruimu Amperex Technology Limited Jiuquan Iron and Steel (Group) Co., Ltd. and all its subsidiaries	Controlled by MCC group Shareholders hold more than 10% of the shares of an important subsidiary of MCC
<b>Subsidiaries of China Minmetals Corporation:</b>	
Minmetals Steel Chengdu Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Shanghai Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Tianjin Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Chongqing Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel (Wuhan) Limited Company	Under common control of China Minmetals Corporation
Minmetals Steel Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Guangzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Beijing Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Lanzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Trading Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Logistics Group Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Nonferrous Metals Co., Ltd.	Under common control of China Minmetals Corporation
The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	Under common control of China Minmetals Corporation
Minmetals 23rd Metallurgical Construction Group fourth Engineering Co., LTD	Under common control of China Minmetals Corporation
Minmetals Steel Xi'an Co., Ltd.	Under common control of China Minmetals Corporation

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 4. Other related parties of the Group (Continued)

Other related parties entered into transactions with the Group during the year, or during the prior year with closing balance were as follows, such transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange: (Continued)

<b>Name of other related parties</b>	<b>Relationship with the Group</b>
Changsha Research Institute of Mining and Metallurgy Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Qingdao Co., Ltd.	Under common control of China Minmetals Corporation
Luobei Yunshan Graphite New Material Co., Ltd.	Under common control of China Minmetals Corporation
Northern Europe Metal Minerals Co., Ltd	Under common control of China Minmetals Corporation
Minmetals Land Holding Co.,Ltd.	Under common control of China Minmetals Corporation
Minmetals Salt Lake Co., Ltd	Under common control of China Minmetals Corporation
Hunan Shuikoushan Nonferrous Metals Group Co., Ltd	Under common control of China Minmetals Corporation
Minejin Real Estate (Suzhou) Co., Ltd	Under common control of China Minmetals Corporation
Minmetals Luzhong MINING Co., Ltd.	Under common control of China Minmetals Corporation
Zhuoshen Non-Ferrous Metals Plant&Equipment Co.,Ltd.	Under common control of China Minmetals Corporation
Laiwu Laixin Iron Ore Co., Ltd	Under common control of China Minmetals Corporation
Hunan Kuangxiang Real Estate Co., Ltd	Under common control of China Minmetals Corporation
Huabei Aluminum New Material Technology Co., Ltd.	Under common control of China Minmetals Corporation
Anhui Kaifa Mining Co.,Ltd.	Under common control of China Minmetals Corporation



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For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 4. Other related parties of the Group (Continued)

Other related parties entered into transactions with the Group during the year, or during the prior year with closing balance were as follows, such transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange: (Continued)

<b>Name of other related parties</b>	<b>Relationship with the Group</b>
Beijing Dongxing Metallurgical New Technology Development Co., Ltd.	Under common control of China Minmetals Corporation
Anshan Minmetals Chentaigou Mining Co., Ltd.	Under common control of China Minmetals Corporation
Chengdu Hongqiang Property Management Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Property Services (Hunan) Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Finance Company	Under common control of China Minmetals Corporation
China National Foreign Trade Financial & Leasing Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Construction Investment Management (Beijing) Co., Ltd.	Under common control of China Minmetals Corporation
Zhuzhou Smelter Nonferrous Metals Industrial Co., Ltd.	Under common control of China Minmetals Corporation
International Engineering Technology Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Huangshaping Lead-Zinc Mine	Under common control of China Minmetals Corporation
China Minmetals Corporation Limited	Under common control of China Minmetals Corporation
Jianhe Innovation Technology (Hainan) Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals International Trust Co., Ltd.	Under common control of China Minmetals Corporation
Tangshan Runda Property Service Co., Ltd.	Minmetals holds more than 30% of the equity of a significant impact but is not consolidated
Shanghai Baoye Pension Security Service Center	Minmetals holds more than 30% of the equity of a significant impact but is not consolidated
Longnan Metallurgical Investment Construction Management Co., Ltd.	Minmetals holds more than 30% of the equity of a significant impact but is not consolidated
Yantai Tongyuan Tianfu Construction Management Co., Ltd.	Minmetals holds more than 30% of the equity of a significant impact but is not consolidated

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions

#### (1) Purchase or sales of goods, provision or receipt of services

##### (a) Purchase of goods and receipt of services

All amounts in RMB'000

Related parties	Related party transactions	2023	2022
Transactions of companies under common control by CMGC (Note 1):	/	536	19,994
China Metallurgical Group Corporation	Receipt of services	536	19,994
Transactions of companies under common control by CMC (Note 1):	/	13,150,418	11,964,957
Minmetals Steel Chengdu Co., Ltd.	Purchase of goods	4,798,994	4,366,994
Minmetals Steel Shanghai Co., Ltd.	Purchase of goods	2,213,261	2,265,024
Minmetals Steel Tianjin Co., Ltd.	Purchase of goods	957,140	1,198,211
Minmetals Steel Chongqing Co., Ltd.	Purchase of goods	799,204	321,341
Minmetals Steel (Wuhan) Limited Company	Purchase of goods	735,972	642,146
Minmetals Steel Co., Ltd.	Purchase of goods	705,132	33,642
Minmetals Steel Guangzhou Co., Ltd.	Purchase of goods	593,706	448,226
Minmetals Steel Beijing Co., Ltd.	Purchase of goods	513,745	369,257
Minmetals Steel Lanzhou Co., Ltd.	Purchase of goods	479,600	619,488
Minmetals Nonferrous Metals Co., Ltd.	Purchase of goods	311,015	99,507
Minmetals Trading Co., Ltd.	Purchase of goods	308,462	387,540
Minmetals Logistics Group Co., Ltd	Purchase of goods and receipt of services	251,911	212,136
The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	Receipt of services	91,651	115,798
Minmetals 23rd Metallurgical Construction Group fourth Engineering Co., LTD	Purchase of goods and receipt of services	85,949	150,403
Minmetals Steel Xi'an Co., Ltd.	Purchase of goods	80,387	277,560
Changsha Research Institute of Mining and Metallurgy Co., Ltd.	Purchase of goods and receipt of services	58,969	104,899
Minmetals Steel Qingdao Co., Ltd.	Purchase of goods	48,851	115,058
Others	Purchase of goods and receipt of services	116,469	237,727

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (1) Purchase or sales of goods, provision or receipt of services (Continued)

##### (a) Purchase of goods and receipt of services (Continued)

Related parties	Related party transactions	2023	2022
Transactions with joint ventures and associates ( <i>Note 2</i> ):	/	<b>3,411,777</b>	1,022,644
Shanghai Boweida Construction Engineering Co., LTD	receipt of services	<b>1,254,506</b>	–
Shanghai Ruiyuan Urban Construction Development Co., Ltd.	Purchase of goods	<b>709,503</b>	–
Shanghai Libo City Construction and Development Co., LTD	receipt of services	<b>363,091</b>	–
MCC Jiaotou Shanzhu Chengdu Prefabricated Building Technology Development Co., Ltd	Purchase of goods and receipt of services	<b>317,273</b>	289,573
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Receipt of services	<b>313,918</b>	198,459
Anhui MCC Huaihai Prefabricated Construction Co., Ltd	Receipt of services	<b>128,496</b>	–
MCC Capital (Xiangtan) Heavy Industry Equipment Co., Ltd.	Purchase of goods and receipt of services	<b>73,956</b>	86,811
MCC Huaihai Construction Industry (Jiangsu) Co., Ltd.	Purchase of goods and receipt of services	<b>72,140</b>	15,685
Hebei Xiong'an Rongxi Concrete Co., Ltd	Purchase of goods	<b>22,282</b>	45,628
Shanghai Yuepu South Concrete Co., Ltd.	Purchase of goods	<b>21,363</b>	26,065
Yibin Jiangye Construction Engineering Co., Ltd	Receipt of services	<b>18,488</b>	950
Chengdu Chuanye Construction and Development Co., Ltd.	Purchase of goods	<b>11,174</b>	124,854
Others	Purchase of goods and receipt of services	<b>105,587</b>	234,619

*Note 1:* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange. The Cap for such related transactions in 2023 is RMB 27,598,270,000.

*Note 2:* The Cap for such related transactions in 2023 does not apply.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (1) Purchase or sales of goods, provision or receipt of services (Continued)

##### (b) Sales of goods and provision of services

All amounts in RMB'000

Related parties	Related party transactions	2023	2022
Transactions with companies under common control of CMGC (Note 1):	/	<b>188,874</b>	179,679
MCC Ruimu Amperex Technology Limited	Sale of goods and provision of services	<b>188,591</b>	179,679
China Metallurgical Group Corporation	Provision of services	<b>283</b>	–
Transactions with shareholders holding more than 10% of the shares of a significant subsidiary of MCC (Note 1):	/	<b>299,749</b>	102
Jiuquan Iron and Steel (Group) Co., Ltd. and all its subsidiaries	Sale of goods and provision of services	<b>299,749</b>	102
Transactions of companies under common control by CMC (Note 1):	/	<b>6,515,379</b>	5,550,479
Minmetals Nonferrous Metals Co., Ltd	Sale of goods and provision of services	<b>3,370,746</b>	2,277,795
Minmetals Construction Investment Management (Beijing) Co., Ltd	provision of services	<b>745,404</b>	653,734
Luobei Yunshan Graphite New Material Co., Ltd.	Sale of goods and provision of services	<b>386,744</b>	688,587
Northern Europe Metal Minerals Co., Ltd	Sale of goods	<b>276,105</b>	652,441
Minmetals Land Holding Co.,Ltd.	Provision of services	<b>243,292</b>	31,469
Minmetals Salt Lake Co., Ltd.	Provision of services	<b>148,675</b>	86,374
ShuiKouShan Nonferrous Metal Co., Ltd	provision of services	<b>142,377</b>	146,953
The 23rd Metallurgical Construction Group Co.,Ltd of Minmetals	Sale of goods and provision of services	<b>106,726</b>	59,333
Minjin Real Estate (Suzhou) Co., LTD	provision of services	<b>102,740</b>	38,136
Beijing Dongxing Metallurgical New Technology Development Co., Ltd.	Provision of services	<b>84,488</b>	108
Minmetals Luzhong MINING Co., Ltd.	Provision of services	<b>84,073</b>	57,439
Zhuoshen Non-Ferrous Metals Plant & Equipment Co., Ltd.	Provision of services	<b>81,876</b>	–

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (1) Purchase or sales of goods, provision or receipt of services (Continued)

##### (b) Sales of goods and provision of services (Continued)

Related parties	Related party transactions	2023	2022
Laiwu Laixin Iron Ore Co., Ltd	Provision of services	68,776	50,572
Hunan Kuangxiang Real Estate Co., Ltd	Provision of services	60,331	15,041
Huabei Aluminum New Material Technology Co., Ltd.	Provision of services	59,904	126,585
Anhui Kaifa Mining Co.,Ltd.	Provision of services	56,920	32,511
Others	Sale of goods and provision of services	496,202	633,401
Transactions with companies in which Minmetals holds more than 30% of the equity interest but are not consolidated (Note 1):	/	2,271,878	1,033,454
Puyang Guoye Chengfa Construction Co., Ltd.	Provision of services	654,058	201,457
Longnan Metallurgical Construction Management Co., LTD	Provision of services	649,586	-
Nanyang Yuye Urban Development Co., Ltd.	Provision of services	507,066	831,997
Hubei Dongye Construction and Investment Co., LTD	Provision of services	282,945	-
Yantai Tongyuan Tianfu Construction Management Co., LTD	Provision of services	178,223	-
Transactions with joint ventures and associates (Note 2):	/	51,922,099	53,057,918
Hunan Xinxin Zhanguan Expressway Construction and Development Co., Ltd.	Provision of services	2,467,166	228,822
Yichang High Speed Railway New Town Construction Co., Ltd.	Provision of services	1,998,446	263,161
Liuzhou Guoye Road and Bridge Investment Development Co., Ltd.	Provision of services	1,409,085	1,777,092
Chongqing Yunkai Expressway Co., Ltd.	Provision of services	1,382,402	1,658,533
Hunan Chachang Expressway Construction and Development Co., Ltd.	Provision of services	1,265,984	78,724
Baoding Juncheng Development and Construction Co., Ltd.	Provision of services	1,206,922	161,150

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (1) Purchase or sales of goods, provision or receipt of services (Continued)

##### (b) Sales of goods and provision of services (Continued)

Related parties	Related party transactions	2023	2022
Xiamen International Trade Exhibition Center Co., Ltd.	Provision of services	1,152,561	740,415
Chongqing Yuxiang Double Track Expressway Co., Ltd.	Provision of services	1,116,321	742,013
Honghe Luqiu Expressway Investment and Development Co., Ltd.	Provision of services	957,981	93,730
Dazhou Kaiye Engineering Project Management Co., Ltd.	Provision of services	947,550	1,251,526
Jiujiang Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd	Provision of services	902,918	179,776
Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	Provision of services	898,427	1,856,141
Chengdu Jinyi Urban Construction Development Co., Ltd.	Provision of services	891,463	–
Yibin Dingye Highway Engineering Co., Ltd.	Provision of services	880,379	965,067
Binhai County Shengxin Enterprise Co., LTD	Provision of services	853,103	–
Ezhou Xinsheng Construction Engineering Co., Ltd.	Provision of services	852,879	392,626
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	Provision of services	829,200	1,297,634
Zibo Chengxin Construction Investment	Provision of services	813,907	1,549,143

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (1) Purchase or sales of goods, provision or receipt of services (Continued)

##### (b) Sales of goods and provision of services (Continued)

Related parties	Related party transactions	2023	2022
Baoding Gongxing Pipe Corridor Project Management Co., Ltd	Provision of services	738,647	94,840
Anhui Hongxing Construction Engineering Co., LTD	Provision of services	737,794	–
Yushan County Yusheng Construction Engineering Investment Co., Ltd	Provision of services	702,061	5,382
Handan Jinrong Development and Construction Co., Ltd	Provision of services	693,894	–
Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd	Provision of services	679,769	134,565
Huangshi Rongxin Construction Engineering Co., Ltd	Provision of services	613,127	–
Sixian Siye Construction and Investment Co., LTD	Provision of services	607,531	227,280
Deyang Tianfu Jingye Construction Co., Ltd	Provision of services	593,062	86,005
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Provision of services	587,681	880,484
Guangxi Guoye Transportation Investment Co., Ltd		583,020	6,719
Other	Sale of goods and provision of services	24,558,819	38,387,090

*Note 1:* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange. The Cap for such related transactions in 2023 is RMB 20,035,630,000.

*Note 2:* The Cap for such related transactions in 2023 does not apply.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (2) Leases

##### (a) As lessor

All amounts in RMB'000

Name of lessee	Type of leased assets	Leasing income recognized 2023	Leasing income recognized 2022
China Metallurgical Group Corporation <i>(Note)</i>	Buildings, structures	4,537	–
Beijing Dongxing Metallurgical New Technology Development Co., Ltd. <i>(Note)</i>	Buildings, structures	2,819	–
Tangshan Runda Property Management Co., Ltd. <i>(Note)</i>	Buildings, structures	2,360	–
Anshan Minmetals Chentaigou Mining Co., Ltd. <i>(Note)</i>	Buildings, structures	960	754
Shanghai MCC Hospital <i>(Note)</i>	Buildings, structures	–	160
Total	/	10,676	914

##### (b) As lessee

All amounts in RMB'000

Name of lessor	Type of leased assets	Lease liabilities at 31 December 2023	Increase of historical cost of right-of-use assets for 2023	Leasing expense recognized for 2023
China Metallurgical Group Corporation <i>(Note)</i>	Buildings, structures	55,167	–	69,473
Tangshan Runda Property Management Co., Ltd. <i>(Note)</i>	Buildings, structures	–	–	16,341
Beijing Dongxing Metallurgical New Technology Development Co., Ltd. <i>(Note)</i>	Buildings, structures	24,974	–	9,414
Beijing Tiancheng Guyun Property Management Co., Ltd.	Buildings, structures	–	–	4,849
Chengdu Hongqiang Property Management Co., Ltd. <i>(Note)</i>	Buildings, structures	–	–	1,564
Minmetals Property Services (Hunan) Co., Ltd. <i>(Note)</i>	Buildings, structures	–	–	1,045
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd. <i>(Note)</i>	Buildings, structures	–	–	696
Total	/	80,141	–	103,382

*Note:* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (3) Guarantee

##### (a) Grant guarantee

All amounts in RMB'000

Guarantor	Guaranteed Amount	Inception date of guarantee	Expiration date of guarantee	Whether the execution of guarantee has been completed
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	328,624	2019/9/5	2027/9/5	No
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	509,367	2019/9/5	2027/9/5	No

##### (b) Guarantees be granted

All amounts in RMB'000

Guarantor	Guaranteed Amount	Inception date of guarantee	Expiration date of guarantee	Whether the execution of guarantee has been completed
China Metallurgical Group Corporation (Note 1)	1,347,606	2020/5/5	2023/5/5	Yes

##### (c) Credit be granted

All amounts in RMB'000

Creditor	Types of credit	Line of credit	Credit start date	Credit maturity date	The credit line has been used
Minmetals Finance Company (Note 1) (Note 2)	Loan	10,000,000	2022/11/11	2024/11/11	5,800,000
Minmetals Finance Company (Note 1)	Acceptance	500,000	2022/11/11	2024/11/11	187,901
Minmetals Finance Company (Note 1)	Guarantee	500,000	2022/11/11	2024/11/11	-
Minmetals Finance Company (Note 1)	Bill discounting, trade financing and others	500,000	2022/11/11	2024/11/11	-
Total	/	11,500,000	/	/	5,987,901

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (4) Loans from/to related parties

All amounts in RMB'000

Related party	Amount	Inception date	Expiration date	Notes
Borrowing				
Minmetals Finance Company (Note 1)	3,000,000	2023/12/25	2024/6/25	Borrowings General
Minmetals International Trust Company Limited (Note 1)	1,534,100	2023/1/1	2023/12/31	Borrowings General
China National Foreign Trade Financial & Leasing CO., LTD. (Note 1)	190,000	2023/8/4	2026/8/4	Borrowings General
China Metallurgical Group Corporation (Note 1)	51,830	2023/7/13	2026/7/13	Borrowings General
Total	4,775,930	/	/	/

Note 1: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

Note 2: Of the RMB 5,800,000 yuan already used this year, China Metallurgical Group Corporation used 2,800,000 yuan, and China Metallurgical Corporation, Ltd used 3,000,000 yuan.

Certain of the loans from/to related parties mentioned above are interest bearing. The interest rates ranged from 2.40% to 8.50%.

#### (5) Compensation of key management personnel

Key management include director (executive director and non-executive director), supervisor, president, vice president, board secretary and chief accountant. Compensation as employee services paid or to be paid to key management personnel is as follows:

All amounts in RMB'000

Items	2023	2022
Salaries, housing benefits, other allowances and benefits in kind	10,984	10,897
Pension scheme contributions	652	605
Discretionary bonus	4,274	7,766
Total	15,910	19,268

#### (a) Directors' and supervisors' remunerations

All amounts in RMB'000

Items	2023	2022
Salaries, housing benefits, other allowances and benefits in kind	4,309	4,738
Pension scheme contributions	208	249
Discretionary bonus	1,668	3,033
Total	6,185	8,020

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (5) Compensation of key management personnel (Continued)

##### (a) Directors' and supervisors' remunerations (Continued)

Compensations for directors and supervisors respectively for the year ended 31 December 2023 were as follows:

All amounts in RMB'000

	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
<b>Executive director:</b>				
Chen Jian Guang (i)	-	-	-	-
Zhang Meng Xing (Until 7 November 2023) (ii)	1,027	41	484	1,552
<b>Independent non-executive director:</b>				
Zhou Ji Chang	271	-	-	271
Liu Li	271	-	-	271
Wu Jian ning	274	-	-	274
<b>Non-executive director:</b>				
Lang Jia	262	-	-	262
<b>Employee representative director:</b>				
Yan Ai Zhong	1,026	63	336	1,425
<b>Supervisor:</b>				
Yin Si Song	906	63	621	1,590
Zhang Yan Di (iii)	-	-	-	-
Chu Zhi Qi (iv)	272	41	227	540
<b>Total</b>	<b>4,309</b>	<b>208</b>	<b>1,668</b>	<b>6,185</b>

(i) Chen Jianguang had not received any compensation in the Group in 2023;

(ii) Executive Director Zhang Mengxing resigned in November 2023 and disclosed remuneration for the period from January to October;

(iii) Supervisor Zhang Yandi was transferred to a subsidiary of MCC in May 2022 and did not receive remuneration as a supervisor ;

(iv) Chu Zhiqi, the employee representative supervisor, did not receive remuneration as a supervisor after being transferred to a subsidiary of China Metallurgical Corporation in September 2023, and disclosed his remuneration from January to August.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (5) Compensation of key management personnel (Continued)

##### (a) Directors' and supervisors' remunerations (Continued)

Compensations for directors and supervisors respectively for the year ended 31 December 2022 were as follows:

All amounts in RMB'000

	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
<b>Executive director:</b>				
Chen Jian Guang (Starting from 26 January 2022) (i)	-	-	-	-
Guo Wen Qing (Until 26 January 2022) (i)	-	-	-	-
Zhang Meng Xing	1,129	58	843	2,030
<b>Independent non-executive director:</b>				
Zhou Ji Chang	294	-	-	294
Liu Li (Starting from 26 January 2022)	276	-	-	276
Wu Jian ning	291	-	-	291
Yu Hai Long (Until 26 January 2022)	18	-	-	18
<b>Non-executive director:</b>				
Lang Jia (Starting from 26 January 2022)	258	-	-	258
<b>Employee representative director:</b>				
Yan Ai Zhong	1,022	58	758	1,838
<b>Supervisor:</b>				
Yin Si Song	903	57	709	1,669
Zhang Yan Di (ii)	147	18	240	405
Chu Zhi Qi	400	58	483	941
<b>Total</b>	<b>4,738</b>	<b>249</b>	<b>3,033</b>	<b>8,020</b>

(i) Chen Jianguang and Guo Wenqing had not received any compensation in the Group in 2022.

(ii) The salary relationship of Zhang Yandi has been transferred out from the Group since May 2022, and only received compensation as a supervisor from January 2022 to April 2022.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (5) Compensation of key management personnel (Continued)

##### (b) Five highest paid individuals' remunerations

None of the Directors and Supervisors as disclosed in the note above was included in the five highest paid individuals of the Group. The five individuals whose remunerations were the highest in the Group during the year are as follows:

*All amounts in RMB'000*

Items	2023	2022
Salaries, housing benefits, other allowances and benefits in kind	3,396	2,343
Pension scheme contributions	476	256
Discretionary bonus	8,788	8,539
Total	12,660	11,138

	Number of individuals for 2023	Number of individuals for 2022
Nil to HK\$ 1,000,000	–	–
HK\$ 1,000,001 to HK\$ 1,500,000	–	–
HK\$ 1,500,001 to HK\$ 2,000,000	–	–
HK\$ 2,000,001 to HK\$ 2,500,000	4	3
HK\$ 2,500,001 to HK\$ 3,000,000	1	1
HK\$ 3,000,001 to HK\$ 3,500,000	–	1
Total	5	5

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (6) Other related party transactions

All amounts in RMB'000

Related party transactions	Related parties	2023	2022
Interest income	Beijing MCC Mingying Real Estate Development Co., Ltd.	113,184	244,349
Interest income	Suzhou ZhongyuanRui Real Estate Development Co., Ltd.	93,597	113,629
Interest income	Suining KaiHong Construction Development Co., Ltd.	66,650	13,330
Interest income	MCC Baotou Mingyang Real Estate Development Co., Ltd.	40,679	112,420
Interest income	Others	154,596	767,686
Total		468,706	1,251,414
Interest expense	Chengdu Tianye Construction Engineering Co., Ltd.	92,263	–
Interest expense	Minmetals International Trust Company Limited (Note)	78,192	–
Interest expense	Chengdu Qingye Tianshun Construction Co., Ltd.	35,195	–
Interest expense	China National Foreign Trade Financial & Leasing Co., Ltd. (Note)	13,400	11,949
Interest expense	Others	8,901	101,175
Total		227,951	113,124

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties

#### (1) Receivables

All amounts in RMB'000

Items	Related parties	31 December 2023		31 December 2022	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Accounts receivable	Sixian Siye Construction Investment Co., Ltd.	683,641	11,354	70,288	854
	Minmetals Investment Management (Beijing) Co., Ltd	576,795	5,778	131,669	1,613
Accounts receivable	Ezhou Xinsheng Construction Engineering Co., Ltd.	566,344	14,048	139,059	7,183
	Yunnan Mangliang Expressway Investment Development Co., Ltd.	450,818	2,254	50,557	253
Accounts receivable	Suining KaiHong Construction Development Co., Ltd.	352,137	1,761	319,869	1,599
	Zhuhai Hengqin Headquarters Development Co., Ltd.	337,365	2,209	203,049	3,472
Accounts receivable	Zhengzhou Huituo Urban Rural Construction Co., Ltd.	328,961	7,256	205,684	2,499
	Nanyang Jinye Real Estate Development Co., Ltd.	297,375	22,112	-	-
Accounts receivable	Binhai Shengxin Project Management Co., Ltd	291,068	2,911	-	-
	MCC Baoding Development and Construction Co., Ltd.	249,608	4,043	358,802	4,751
Accounts receivable	Hunan Chachang Expressway Construction and Development Co., Ltd.	226,936	154	-	-
Accounts receivable	Shanghai Libo Urban Construction and Development Co., Ltd	215,265	3,207	-	-
Accounts receivable	Anhui Hongxing Construction Engineering Co., Ltd	207,605	2,861	-	-
Accounts receivable	Guigang Guoye Pipe Gallery Construction Co., Ltd.	204,753	2,936	29,109	291
Accounts receivable	Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd.	188,465	9,164	164,749	2,709
Accounts receivable	Tangshan Station West Construction and Development Co., Ltd	181,596	1,816	-	-
Accounts receivable	Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	158,753	4,884	-	-
Accounts receivable	Yuhuan Tianshang Construction and Development Co., Ltd	150,867	1,509	-	-
Accounts receivable	Others	7,807,091	1,181,238	6,771,541	1,159,602
Total		13,475,443	1,281,495	8,444,376	1,184,826

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

Items	Related parties	31 December 2023		31 December 2022	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Other receivables	Beijing MCC Mingying Real Estate Development Co., Ltd.	2,227,807	–	2,242,797	–
Other receivables	Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.	1,915,614	760,614	1,917,214	719,159
Other receivables	Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	1,256,374	–	1,257,999	–
Other receivables	Qiqihar North MCC Real Estate Co., Ltd.	1,074,033	64,451	1,148,914	64,451
Other receivables	MCC Baoding Development and Construction Co., Ltd.	678,792	4,748	595,503	4,981
Other receivables	Jiaxing Wangwu Investment Co., Ltd	600,098	194,881	625,021	194,881
Other receivables	Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.	542,000	2,702	529,683	2,648
Other receivables	Tianjin MCC Mingjin Real Estate Co., Ltd.	458,023	–	432,509	–
Other receivables	Others	4,279,459	896,387	9,836,773	849,086
Total		13,032,200	1,923,783	18,586,413	1,835,206
Prepayments	Shanghai Libo Construction Co., Ltd	92,416	–	3,475	–
Prepayments	China 22 MCC Corporation Industrial Technology Service Co., Ltd.	60,542	–	35,357	–
Prepayments	Shanghai Boweida Construction Engineering Co., Ltd	31,148	–	–	–
Prepayments	Shanghai Libo Jiacheng Construction Co., Ltd	28,794	–	6,730	–
Prepayments	No. 5 Mine 23 Metallurgy and Construction Group Co.,Ltd.	26,679	–	7,373	–
Prepayments	Shanghai Ruiyuan Urban Construction Development Co., Ltd.	24,420	–	–	–
Prepayments	Shanghai Libo Urban Construction and Development Co., Ltd	23,329	–	2,185	–
Prepayments	Minmetals Steel Tianjin Co., Ltd.	22,490	–	20,228	–
Prepayments	Others	96,047	–	171,815	–
Total		405,865	–	247,163	–



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

Items	Related parties	31 December 2023		31 December 2022	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Contract assets	Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	588,593	10,536	981,736	9,817
Contract assets	Liuzhou Guoye Road and Bridge Investment Development Co., Ltd.	518,168	5,182	166,610	1,666
Contract assets	Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	500,749	56,470	173,268	866
Contract assets	Chongqing Yunkai Expressway Co., Ltd.	411,241	7,361	778	13
Contract assets	Yunnan Mangliang Expressway Investment Development Co., Ltd.	340,255	1,715	101,641	510
Contract assets	Leshan LEGO Urban Construction Engineering Co., Ltd.	286,867	8,739	191,517	3,237
Contract assets	Inner Mongolia Chengye Construction Project Management Co., Ltd.	217,492	5,481	93,653	1,648
Contract assets	Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.	213,072	6,094	239,263	6,221
Contract assets	Tianjin MCC Mingjin Real Estate Co., Ltd.	194,852	3,897	259,522	5,190
Contract assets	Fuzhou Cangshan Zhongmin Sangcheng Water Environment Technology Co., Ltd.	191,500	191,500	191,491	191,491
Contract assets	Huangshi Urban Green Environment Development Co., Ltd.	189,634	2,522	-	-
Contract assets	Luoyang Yundao Engineering Project Management Co., Ltd.	177,161	1,772	168,705	2,969
Contract assets	Hunan Chachang Expressway Construction and Development Co., Ltd.	159,114	3,182	58,724	1,174
Contract assets	Shenyang Heping Bay Urban Development Co., Ltd.	155,586	1,470	-	-
Contract assets	Zhongshan Xiangshan Avenue Comprehensive Pipe Gallery Technology Co., Ltd.	150,749	2,698	76,781	768
Contract assets	MCC Baoding Development and Construction Co., Ltd.	149,956	5,835	986	12
Contract assets	Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.	141,735	1,885	65	1
Contract assets	Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.	131,905	1,319	250,921	2,509
Contract assets	Yiyang MCC Science and Industry Infrastructure Development Co., Ltd.	129,394	1,294	64,188	642
Contract assets	Yancheng Chengtou Huaying Real Estate Co., Ltd.	126,886	7,613	68,898	2,756
Contract assets	Others	5,935,700	173,513	5,693,943	110,238
Total		10,910,609	500,078	8,782,690	341,728

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

Items	Related parties	31 December 2023		31 December 2022	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Long-term receivables	Guizhou MCC Infrastructure Investment Co., Ltd.	451,860	8,589	432,615	4,326
Long-term receivables	Suining KaiHong Construction Development Co., Ltd.	368,201	1,841	367,109	947
Long-term receivables	Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd	251,104	4,350	-	-
Long-term receivables	Shuicheng County Blue Ocean Huaxing Education Investment and Construction Co., Ltd	249,367	14,962	-	-
Long-term receivables	Weihai Zhiye Health Care Construction Project Management Co., Ltd	240,944	-	-	-
Long-term receivables	MCC Baoding Development and Construction Co., Ltd.	165,000	1,412	-	-
Long-term receivables	Minmetals Land Holding Co.,Ltd.	123,852	-	118,726	-
Long-term receivables	Others	244,380	26,489	236,298	313
Total		2,094,708	57,643	1,154,748	5,586

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables

All amounts in RMB'000

Items	Related parties	31 December 2023	31 December 2022
Notes payable	Minmetals Steel Shanghai Co., Ltd.	639,834	215,180
Notes payable	Minmetals Steel Co., Ltd.	452,996	–
Notes payable	Minmetals Steel (Wuhan) Limited Company	315,836	–
Notes payable	Minmetals Steel Beijing Co., Ltd.	139,948	14,786
Notes payable	Minmetals Steel Guangzhou Co., Ltd.	103,200	93,516
Notes payable	Minmetals Steel Chengdu Co., Ltd.	100,522	7,895
Notes payable	Others	95,697	62,443
Total		1,848,033	393,820
Accounts payable	Shanghai Boweida Construction Engineering Co., Ltd.	334,209	–
Accounts payable	Minmetals Steel Chengdu Co., Ltd.	285,572	314,909
Accounts payable	Minmetals Steel Lanzhou Co., Ltd.	242,200	154,608
Accounts payable	Cccc-sjc Chengdu Prefabricated Building Technology Development Co., Ltd.	234,976	94,427
Accounts payable	Minmetals Steel Beijing Co., Ltd.	180,675	100,558
Accounts payable	Minmetals Steel Tianjin Co., Ltd.	173,459	94,952
Accounts payable	Minmetals Trading Co., Ltd.	111,966	55,918
Accounts payable	MCC (Xiangtan) HEAVY Industrial Equipment Co., Ltd.	73,325	42,208
Accounts payable	China 22 MCC Corporation Industrial Technology Service Co., Ltd.	72,901	14,102
Accounts payable	Minmetals Steel Guangzhou Co., Ltd.	71,837	64,622
Accounts payable	Minmetals Steel Shanghai Co., Ltd.	57,820	297,394
Accounts payable	Shanghai Ruiyuan Urban Construction Development Co., Ltd.	53,782	–
Accounts payable	Others	571,871	575,753
Total		2,464,593	1,809,451

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables (Continued)

Items	Related parties	31 December 2023	31 December 2022
Other payables	Zhuzhou Smelter Nonferrous Metals Industrial Co., Ltd.	164,504	161,761
Other payables	Bengbu Jin'an Real Estate Co., Ltd.	94,099	–
Other payables	Shanghai Baoye Pension Security Service Center	89,691	–
Other payables	International Engineering Technology Co., Ltd.	81,786	81,657
Other payables	Hunan Huangshaping Lead-Zinc Mine	72,584	71,374
Other payables	Tianjin MCC Heyuan Real Estate Co., Ltd.	68,469	68,469
Other payables	Yunnan Mangliang Expressway Investment Development Co., Ltd.	60,094	71,840
Other payables	Handan Guorui Construction Engineering Management Co., Ltd.	50,000	–
Other payables	China Minmetals Co.,Ltd.	46,880	47,612
Other payables	China Metallurgical Group Corporation	46,673	245,646
Other payables	Shanghai Boweida Construction Engineering Co., Ltd	40,675	–
Other payables	Dangtu County Qingyuan Engineering Construction Co., Ltd	37,313	–
Other payables	Panzhuhua Zhongjian Municipal Infrastructure Management Co., Ltd.	36,658	–
Other payables	Xi'an Jingang Dingsheng Real Estate Co., Ltd	33,448	–
Other payables	Others	346,602	435,441
Total		1,269,476	1,183,800

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables (Continued)

Items	Related parties	31 December 2023	31 December 2022
Contract liabilities	Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.	401,456	–
Contract liabilities	Chengde MCC Construction Development Co., Ltd.	270,858	225,134
Contract liabilities	Tangshan Fengrun Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	233,915	282,390
Contract liabilities	Tianjin Tonghe Real Estate Co., Ltd	160,460	–
Contract liabilities	Xichang Anmin Urban Construction Project Investment Co., Ltd.	148,246	279,094
Contract liabilities	Huanggang Lianlu Water Co., Ltd	147,472	34,871
Contract liabilities	Handan Jinxin Xinghua Pipe Gallery Construction Co., Ltd	117,502	36,174
Contract liabilities	Jiayang Shijiu Tianshun Urban Construction Co., Ltd	111,494	234
Contract liabilities	Lanzhou New Area Pipe Corridor Operation Management Co., Ltd	98,807	102,613
Contract liabilities	Lanzhou Zhenghao Pipe Corridor Project Management Co., Ltd	91,735	–
Contract liabilities	Guangzhou Guanlang Construction Investment Co., Ltd.	91,266	112,882
Contract liabilities	Cangzhou Xinbei Urban Renewal Co., Ltd	71,163	18,275
Contract liabilities	Chongqing Taoye Yunxi Big Data Management Co., Ltd	70,775	–
Contract liabilities	Others	1,385,655	3,112,671
Total		3,400,804	4,204,338

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables (Continued)

Items	Related parties	31 December 2023	31 December 2022
Non-current liabilities due within one year	China National Foreign Trade Financial & leasing CO., LTD.	80,567	107,724
Non-current liabilities due within one year	China Metallurgical Group Corporation	192	189
Total		80,759	107,913
Long-term borrowings	China Metallurgical Group Corporation	508,880	457,050
Total		508,880	457,050
Long-term payables	China National Foreign Trade Financial & leasing CO., LTD.	194,957	87,408
Long-term payables	China Minmetals Corporation Limited	43,054	20,850
Long-term payables	Jianhe Innovation Technology (Hainan) Co., Ltd.	15,645	15,227
Total		253,656	123,485

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 7. Deposits in related parties

Items	31 December 2023	31 December 2022
Minmetals Group Finance limited liability company	3,111,348	220
Total	3,111,348	220

As at 31 December 2023, the annual interest rate of the above deposits is 0.35% to 1.15% (31 December 2022: 0.35% to 1.26%)

## XIV. COMMITMENTS AND CONTINGENCIES

### 1. Significant commitments

#### (1) Capital commitments

As at the balance sheet date, the Group had capital commitments contracted but not recognized in the balance sheet were as follows:

*All amounts in RMB'000*

Items	31 December 2023	31 December 2022
Buildings, structures and equipment	23,402,373	23,767,322
Intangible assets	4,306,071	4,287,019
Total	27,708,444	28,054,341

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 2. Contingencies

#### (1) Significant contingencies at the balance sheet date

##### (a) Pending litigation or arbitration

As at 31 December 2023, objects of pending litigation or arbitration in which the Group acted as defendant were amounting to RMB 2,452,092,000 (as at 31 December 2022: RMB 2,844,049,000).

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision will be made for the above pending lawsuits if management determines the outflow of resources is not probable. As at 31 December 2023, management has made provision for pending lawsuits of RMB 186,572,000, details of which are set out in Note VII 43.

##### (b) Financial guarantees given to banks

###### i. Mortgage guarantees

All amounts in RMB'000

<b>Guarantor</b>	<b>31 December 2023</b>
Mortgage guarantees	<b>8,534,533</b>

The Group's subsidiaries in property development sector would provide mortgage guarantees to the property purchasers as it is a common practice in property development industry. Under such arrangements, the period of the guarantees is from the date of the contracts being signed to the date of the legal title of the properties finally being transferred to the purchasers and the certificates could be used as collaterals. The Group considers that the risk related to such guarantees is minor.

###### ii. Loan guarantees

All amounts in RMB'000

<b>Guarantor</b>	<b>Guarantee</b>	<b>31 December 2023</b>
China MCC 20 Group Co., Ltd. MCC	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	<b>328,624</b>
MCC Real Estate Group Co., Ltd.	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	<b>509,367</b>



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 2. Contingencies (Continued)

#### (1) Significant contingencies at the balance sheet date (Continued)

##### (b) Financial guarantees given to banks (Continued)

##### ii. Loan guarantees (Continued)

In 2019, Zhuhai Hengqin Headquarters Building Development Co., Ltd. was a subsidiary of the Group within the scope of consolidation. In 2020, other shareholders of Zhuhai Hengqin Headquarters Building Development Co., Ltd. revoked their concerted action agreement with the Group, and the Group lost control of them. Zhuhai Hengqin Headquarters Building Development Co., Ltd. became a joint venture of the Group. China Twenty Metallurgical Group Co., Ltd. provided guarantee for the loan of Zhuhai Hengqin Headquarters Building Development Co., Ltd. The actual guarantee amount was RMB 328,624,000 and the maximum guaranteed amount was RMB 520,000,000, and the guarantee period was from 5 September 2019 to 5 September 2027. MCC Real Estate Group Co., Ltd. provided a guarantee for the loan of Zhuhai Hengqin Headquarters Building Development Co., Ltd. The guarantee amount was RMB 509,367,000, and the maximum guaranteed amount was RMB 806,000,000. The guarantee period was 5 September 2019 to 5 September 2027. Zhuhai Hengqin Headquarters Building Development Co., Ltd. is in good financial condition, and the management expects that there is no major debt default risk.

##### (c) Others

In 2012, due to extreme adverse weather condition, including typhoon, the progress of the Sino Iron Project was behind the original planned schedule giving rise to the substantial project cost overrun. The management is of the view that the Group has implemented appropriate procedures to control project costs, shorten project delay and minimize the loss resulted from the project schedule delay. In respect of the compensation clause set out in the construction contract entered into between the Group and the customer regarding the loss to customer resulted from the project delay due to the contractor own reason, the Group had sufficient communication with CITIC Group who is the customer of the Sino Iron Project. Both the Group and CITIC Group believe that the project delay was due to various reasons. A consensus has been reached between the Group and CITIC Group that the second main process production line of the Sino Iron Project should be completed and available for trial run by 15 April 2013. Due to the technical issue of cyclo electric motors, the trial run of the second main process production line of the Sino Iron Project was further delayed. The cyclo electric motors were purchased by a subsidiary of CITIC Group from an overseas supplier. The Group is of the view that the Group has appropriately performed its duty and fulfilled its responsibility in constructing the second main process production line according to the consensus reached with CITIC Group. The reason for the delay in trial run of the second main process production line of the Sino Iron Project was principally due to quality issue of cyclo electronic motors which were not purchased by the Group.

As of the date of approving these financial statements, the customer has not lodged any compensation claims against the Group in respect of the project delay. The Group has already taken measures in shortening the project delay and had sufficient communication with the customer of this project. The Group is of the view that the risk of being claimed by the customer of this project is remote. Therefore, no provision for loss is recognized in these financial statements.

# FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

## XV. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Issuance of bonds

On February 21, 2024, the Company issued medium-term notes (24 MCC MTN001) with an issue amount of RMB 1,000,000,000 with a bond maturity of 10 years and a coupon rate of 2.94%, on February 23, 2024 (24 MCC MTN002) with an issue amount of RMB 1,000,000,000 with a maturity of 10 years and a coupon rate of 2.92%, and on March 14, 2024 (24 MCC MTN003) with an issue amount of RMB 2,000,000,000 with a bond maturity of 3+N years and a coupon rate of 2.79%, and a medium-term note (24 MCC MTN004) with an issue amount of RMB 2,000,000,000 with a maturity of 3+N years and a coupon rate of 2.74% on March 18, 2024.

### 2. Distribution of profit

According to the decision of the 57th meeting of the third term of the Board of Directors of the Company, the Company proposed to distribute cash dividend of RMB 0.72 (tax inclusive) for every 10 shares held by the shareholders, which amounted to RMB 1,492,101,000. The total number of shares of the Company was 20,723,619,170 as at 31 December 2023. The dividend distribution is subject to the approval by the shareholders at the upcoming annual Shareholders meeting.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVI. OTHER SIGNIFICANT MATTERS

### 1. Segment information

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

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

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

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

Upon deliberation and approval of the 49th meeting of the Third Session of the Board of Directors of the Company, *the Three-year Rolling Plan of MCC for 2023–2025* clearly defined the new business structure of "One Core, Two Main Bodies, and Five Characteristics", and made it clear that in the regular report on changes in the multi-pillar new business system, the segment reports shall be presented in terms of project contracting, resource development, featured business and comprehensive real estate. Since 2023 Annual report, segment reports have been prepared in accordance with the adjusted segment reporting standard, and the data for the comparative period in 2022 has also been restated. The change does not affect the data and presentation of the financial statements, but only the presentation of segment reports.

The management of the Group has performed assessments of the operating results of each segment separately. 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.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVI. OTHER SIGNIFICANT MATTERS (CONTINUED)

### 1. Segment information (Continued)

#### (2) Summarized financial information of reporting segment

(a) Segment information for the year ended 31 December 2023 and as at 31 December 2023

All amounts in RMB'000

Items	Engineering contracting	Resource development	Featured business	Comprehensive real estate	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	585,482,301	6,816,080	31,980,363	16,519,397	905,053	-	(7,832,772)	633,870,422
Including: Revenue from external customers	580,845,638	6,637,897	29,556,607	16,497,535	332,745	-	-	633,870,422
Revenue between segments	4,636,663	178,183	2,423,756	21,862	572,308	-	(7,832,772)	-
Credit impairment losses	(5,630,134)	(103,899)	(208,701)	(51,933)	374	-	-	(5,994,293)
Impairment losses of assets	(1,537,037)	(26,860)	(66,976)	(1,323,947)	-	-	-	(2,954,820)
Depreciation and amortization	1,952,740	660,914	1,020,177	374,145	56,991	-	-	4,064,967
Total profit/(loss)	13,684,175	1,519,013	1,782,533	(2,470,079)	87,415	(317,063)	(521,222)	13,764,772
Net profit/(net loss)	11,777,325	1,494,786	1,553,854	(2,656,828)	75,257	(317,063)	(521,222)	11,406,109
Assets	521,725,506	16,792,864	48,893,966	134,261,149	15,179,699	3,696,548	(78,947,496)	661,602,236
Liabilities	406,238,595	12,931,331	33,313,079	103,863,741	8,077,356	196,278	(71,009,309)	493,611,071

(b) Segment information for the year ended 31 December 2022 and as at 31 December 2022 (Restated)

All amounts in RMB'000

Items	Engineering contracting	Resource development	Featured business	Comprehensive real estate	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	535,514,666	8,866,005	31,929,674	22,726,736	2,171,197	-	(8,539,206)	592,669,072
Including: Revenue from external customers	531,207,159	8,836,703	29,606,180	22,710,702	308,328	-	-	592,669,072
Revenue between segments	4,307,507	29,302	2,323,494	16,034	1,862,869	-	(8,539,206)	-
Credit impairment losses	(3,201,194)	(72,200)	(252,930)	(74,149)	(1,401)	-	-	(3,601,874)
Impairment losses of assets	(78,727)	(526,626)	(343,749)	(410,550)	-	-	-	(1,359,652)
Depreciation and amortization	1,894,627	780,679	917,046	286,619	52,473	-	-	3,931,444
Total profit/(loss)	13,273,969	1,468,301	1,022,228	438,443	85,458	(311,035)	(585,248)	15,392,116
Net profit/(net loss)	11,261,353	1,584,026	757,761	167,277	57,496	(311,035)	(585,248)	12,931,630
Assets	459,016,131	17,275,381	50,713,842	131,518,026	22,545,698	3,323,064	(98,999,315)	585,392,827
Liabilities	337,204,065	14,853,745	37,395,920	104,726,624	9,017,305	132,310	(79,854,704)	423,475,265

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVI. OTHER SIGNIFICANT MATTERS (CONTINUED)

### 1. Segment information (Continued)

#### (3) Other notes

- (a) Revenue from external customers classified by countries/regions and non-current assets classified by geographical locations

All amounts in RMB'000

Items	2023	2022
Revenue from external customers in China	607,518,367	569,649,404
Revenue from external customers in other countries/ regions	26,352,055	23,019,668
Total	633,870,422	592,669,072

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Non-current assets in China	102,058,183	89,311,588
Non-current assets in other countries/regions	12,516,998	10,347,564
Total	114,575,181	99,659,152

Note: The above non-current assets do not include deferred tax assets and financial assets.

- (b) The dependency on major customers

No revenue was generated from sales to a single customer which amounted to 10% or more than 10% of the Group's revenue.

### 2. Net current assets and total assets less current liabilities

#### (1) Net current assets

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Current assets	484,133,951	438,205,660
Less: Current liabilities	448,818,443	385,844,649
Net current assets	35,315,508	52,361,011

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVI. OTHER SIGNIFICANT MATTERS (CONTINUED)

### 2. Net current assets and total assets less current liabilities (Continued)

#### (2) Total assets less current liabilities

All amounts in RMB'000

Items	31 December 2023	31 December 2022 (Restated)
Total Assets	661,602,236	585,392,827
Less: Current liabilities	448,818,443	385,844,649
Total assets less current liabilities	212,783,793	199,548,178

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

### 1. Accounts receivable

#### (1) Aging analysis of accounts receivable

The Company's accounts receivables are mainly receivables for engineering contracting business. The aging analysis is as follows:

All amounts in RMB'000

Aging	31 December 2023	31 December 2022
Within 1 year	362,030	275,273
1 to 2 years	52,803	98,794
2 to 3 years	98,794	308
4 to 5 years	308	–
Over 5 years	71,545	71,545
Total book value	585,480	445,920
Less: Provisions for credit losses	61,281	54,970
Carrying amount	524,199	390,950

Settlement of trade receivables generated through engineering and construction services is made in accordance with terms specified in the contracts governing the relevant transactions. The aging of accounts receivable is calculated based on the date of issue of bill of construction service or date of revenue recognition.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

#### (2) Provision for credit losses of accounts receivable

All amounts in RMB'000

Item	31 December 2022	Provision	31 December 2023
Provision for credit losses	54,970	6,331	61,281

#### (3) The five largest accounts receivable, contract assets and other non-current assets receivables collected by arrears at the end of the year

All amounts in RMB'000

Name of entity	Balance of accounts receivable as at 31 December 2023	Balance of Contract assets as at 31 December 2023	Balance of Other non- current assets as at 31 December 2023	Balance of accounts receivable, Contract assets and Other non- current assets as at 31 December 2023	As a percentage of accounts receivable, Contract assets and Other non- current assets (%)	Provision for bad debts of accounts receivable, Contract assets and Other non- current assets as at 31 December 2023
Party 1	97,325	-	322,871	420,196	18.74	6,261
Party 2	242,421	81,263	28,327	352,011	15.70	9,341
Party 3	39,671	262,536	-	302,207	13.48	-
Party 4	-	301,122	-	301,122	13.43	-
Party 5	-	58,556	195,558	254,114	11.33	7,268
Total	379,417	703,477	546,756	1,629,650	72.68	22,870

### 2. Other receivables

#### (1) Presentation of other receivables

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Interest receivables	8,065,714	8,180,222
Dividends receivable	3,689,884	3,621,605
Other receivables	60,510,871	57,762,715
Total	72,266,469	69,564,542

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (2) Interest receivables

All amounts in RMB'000

<b>Items</b>	<b>31 December 2023</b>	31 December 2022
Subsidiaries of the Company	<b>8,656,146</b>	8,770,654
Less: Provisions for credit losses	<b>590,432</b>	590,432
Total	<b>8,065,714</b>	8,180,222

#### (3) Dividends receivable

All amounts in RMB'000

<b>Item</b>	<b>31 December 2023</b>	31 December 2022
Subsidiaries of the Company Total	<b>3,689,884</b>	3,621,605
	<b>3,689,884</b>	3,621,605

As at 31 December 2023, the closing balance of dividends receivable aged more than one year was RMB 3,506,538,000 (as at 31 December 2022: RMB 3,436,787,000).



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables

##### (a) Aging analysis

All amounts in RMB'000

Aging	31 December 2023	31 December 2022
Within 1 year	10,942,769	14,498,125
1 to 2 years	7,598,193	11,849,573
2 to 3 years	11,696,373	2,824,467
3 to 4 years	2,286,013	5,386,816
4 to 5 years	5,310,740	8,765,032
Over 5 Years	29,133,253	20,895,172
Total book value	66,967,341	64,219,185
Less: Provisions for credit losses	6,456,470	6,456,470
Carrying amount	60,510,871	57,762,715

##### (b) Classified by nature

All amounts in RMB'000

Nature of other receivables	31 December 2023	31 December 2022
Subsidiaries of the Company	66,560,895	63,595,820
Guarantees and deposits	292,551	365,990
Others	113,895	257,375
Total	66,967,341	64,219,185

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables (Continued)

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

All amounts in RMB'000

Category	Book value		31 December 2023 Provision for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
provision for credit losses is individually assessed	66,911,943	99.92	6,404,575	9.57	60,507,368
provision for credit losses is collectively assessed on a portfolio basis	55,398	0.08	51,895	93.68	3,503
Total	66,967,341	100.00	6,456,470	9.64	60,510,871

All amounts in RMB'000

Category	Book value		31 December 2022 Provision for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
provision for credit losses is individually assessed	64,165,236	99.92	6,404,575	9.98	57,760,661
provision for credit losses is collectively assessed on a portfolio basis	53,949	0.08	51,895	96.19	2,054
Total	64,219,185	100.00	6,456,470	10.05	57,762,715

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables (Continued)

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

Other receivables for which provision for credit losses is individually assessed are as follows:

All amounts in RMB'000

Name of entity	31 December 2023			Reasons	31 December 2022	
	Accounts receivable	Provision for credit losses	Proportion of provision (%)		Accounts receivable	Provision for credit losses
Party 1	40,236,196	-	/	The Group considered the reasonable and supported information related to other party (including forward-looking information), then evaluated the anticipated credit losses and made provision for credit losses.	37,819,259	-
Party 2	6,822,560	3,719,055	54.51		6,811,424	3,719,055
Party 3	2,417,107	2,414,020	99.87		2,415,762	2,414,020
Party 4	2,214,014	-	/		2,662,108	-
Party 5	1,681,997	-	/		462,444	-
Others	13,540,069	271,500	2.01		13,994,239	271,500
Total	66,911,943	6,404,575	9.57 /	64,165,236	6,404,575	

##### (d) Provision of credit losses of other receivables

#### 2023

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit- impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provision for credit losses at 31 December 2022	-	-	6,456,470	6,456,470
Provision for the current year	-	-	-	-
Provision for credit losses at 31 December 2023	-	-	6,456,470	6,456,470

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables (Continued)

(e) The five largest other receivables at the end of the year

All amounts in RMB'000

Name of entity	Relationship with the Company	Nature of other receivables	Aging	31 December 2023	Provision of bad debt	As a percentage of total other receivables (%)
Party 1	Subsidiary	Advances/ internal loans	Within 1 year, 2 to 5 years, Over 5 years	40,236,196	-	60.08
Party 2	Subsidiary	Advances/ internal loans	Within 1 year, 1 to 2 years, 3 to 5 years, Over 5 years	6,822,560	3,719,055	10.19
Party 3	Subsidiary	Advances/ internal loans	Within 1 year, 1 to 2 years, 3 to 5 years, Over 5 years	2,417,107	2,414,020	3.61
Party 4	Subsidiary	Advances/ internal loans	Within 1 year, 1 to 2 years	2,214,014	-	3.31
Party 5	Subsidiary	Advances/ internal loans	Within 1 year, Over 5 years	1,681,997	-	2.51
Total	/	/	/	53,371,874	6,133,075	79.70

### 3. Long-term receivables

#### (1) Long-term receivables

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Subsidiaries of the Company	390,195	380,191
Others	2,037	2,037
Total book value	392,232	382,228
Less: Provisions for credit losses of long-term receivables	138,660	138,660
Total net book value	253,572	243,568
Less: Long term receivables due within one year, net	2,041	2,037
Long term receivables due after one year, net	251,531	241,531

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term receivables (Continued)

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

As of 31 December 2023, the changes in the credit loss provision for long-term receivables based on 12-month expected credit losses and lifetime expected credit losses are as follows:

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit-losses	Phase 2 Lifetime expected credit losses (Non credit-impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provisions for credit losses at 31 December 2023 and 31 December 2022	-	-	138,660	138,660

### 4. Long-term equity investments

All amounts in RMB'000

Items	31 December 2023			31 December 2022		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Subsidiaries	95,503,090	175,034	95,328,056	97,768,383	175,034	97,593,349
Joint ventures and associates	489,474	113,146	376,328	489,588	113,146	376,442
Total	95,992,564	288,180	95,704,384	98,257,971	288,180	97,969,791

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Long-term equity investments (Continued)

#### (1) Subsidiaries

All amounts in RMB'000

Name of investee	Carrying			Carrying	Impairment	Carrying	Cash dividend declared
	amount on 31 December 2022	Increase	Decrease	amount on 31 December 2023	provision at 31 December 2023	amount at 31 December 2023	
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	1,898,546	-	-	1,898,546	-	1,898,546	44,522
Northern Engineering & Technology Corporation, MCC	826,271	-	-	826,271	-	826,271	-
China MCC 3 Group Co., Ltd.	1,219,670	380,426	-	1,600,096	-	1,600,096	-
Shen Kan Engineering & Technology Corporation, MCC	344,972	-	-	344,972	-	344,972	21,150
MCC Overseas Ltd.	475,644	-	-	475,644	-	475,644	-
MCC Communication Construction Group Co., Ltd.	9,148,023	-	-	9,148,023	-	9,148,023	-
MCC International Incorporation Ltd.	110,804	-	-	110,804	-	110,804	-
Ramu NiCo Management (MCC) Ltd.	3	-	-	3	-	3	-
MCC Finance Corporation Ltd.	1,583,970	-	-	1,583,970	-	1,583,970	-
MCC Tongsin Resources Ltd.	3,596,056	114,004	-	3,710,060	-	3,710,060	45,823
MCC-JJJ Mining Development Company Limited	2,849,805	-	-	2,849,805	-	2,849,805	-
MCC Capital Engineering & Research Incorporation Limited	7,175,684	-	-	7,175,684	-	7,175,684	107,666
MCC Real Estate Group Co., Ltd.	5,814,517	-	-	5,814,517	-	5,814,517	-
China 13th Metallurgical Construction Corporation	372,399	-	-	372,399	-	372,399	-
MCC TianGong Group Corporation Limited.	2,261,984	-	-	2,261,984	-	2,261,984	141,062
China 22MCC Group Co., Ltd.	3,487,199	-	-	3,487,199	-	3,487,199	183,947
China Non-ferrous Engineering Co., Ltd.	4,357,614	-	-	4,357,614	-	4,357,614	30,407
China Second Metallurgical Group Corporation Limited	1,262,835	278,089	-	1,540,924	-	1,540,924	169,742
Central Research Institute of Building and Construction Co., Ltd.	3,059,049	-	-	3,059,049	-	3,059,049	36,845
China Huaye Group Co., Ltd.	2,412,037	-	-	2,412,037	-	2,412,037	36,322
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	789,593	-	-	789,593	-	789,593	-
CISDI Group Co., Ltd.	4,368,886	-	-	4,368,886	-	4,368,886	133,538
China MCC5 Group Co., Ltd.	5,022,567	-	-	5,022,567	-	5,022,567	803,535
China Metallurgical Construction Engineering Group Co., Ltd.	2,085,910	-	-	2,085,910	-	2,085,910	256,822
China MCC19 Group Co., Ltd.	3,414,357	62,098	-	3,476,455	-	3,476,455	70,010
MCC Baosteel Technology Services Co., Ltd.	1,091,924	-	-	1,091,924	-	1,091,924	164,653
China MCC20 Group Co., Ltd.	1,680,279	-	-	1,680,279	-	1,680,279	273,134
Shanghai Baoye Group Co., Ltd.	6,710,953	-	-	6,710,953	-	6,710,953	378,233
Huatian Engineering & Technology Corporation, MCC	2,156,648	-	-	2,156,648	-	2,156,648	34,951
China MCC17 Group Co., Ltd.	1,755,361	-	-	1,755,361	-	1,755,361	-
China MCC International Economic and Trade Co., Ltd.	69,392	-	-	69,392	-	69,392	-
WISDRI Engineering & Research Incorporation Limited	5,453,492	-	-	5,453,492	-	5,453,492	377,588

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Long-term equity investments (Continued)

#### (1) Subsidiaries (Continued)

Name of investee	Book value on 31 December			Book value on 31 December 2023	Impairment provision at 31 December 2023	Carrying amount at 31 December 2023	Cash dividend declared
	2022	Increase	Decrease				
China First Metallurgical Group Co., Ltd.	2,045,090	-	-	2,045,090	-	2,045,090	415,509
MCC Changtian International Engineering Co., Ltd.	991,130	-	-	991,130	-	991,130	58,668
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	523,777	-	-	523,777	-	523,777	59,390
MCC-SFRE Heavy Industry Equipment Co., Ltd.	1,110,635	-	-	1,110,635	-	1,110,635	-
Western Australia	126,807	-	-	126,807	126,807	-	-
MCC Australia Holding Pty Ltd.	48,227	-	-	48,227	48,227	-	-
MCC Holding (Hong Kong) Corporation Limited	6,485	-	-	6,485	-	6,485	-
MCC Financial Leasing Co., Ltd.	127,500	-	127,500	-	-	-	-
MCC South China Construction Investment Co., Ltd.	51,000	-	-	51,000	-	51,000	9,430
MCC Zhongyuan Construction Investment Co., Ltd.	20,000	-	-	20,000	-	20,000	-
MCC Integrated Pipe Network Technology & Development Co., Ltd.	50,000	-	-	50,000	-	50,000	-
MCC Urban Investment Holding Co., Ltd.	150,000	-	-	150,000	-	150,000	-
China Metallurgical (Hainan) Investment Development Co., Ltd.	24,000	-	-	24,000	-	24,000	-
MCC (Shanghai) Steel Structure Technology Corp., Ltd.	180,401	240,590	-	420,991	-	420,991	8,475
MCC Road&Bridge Construction Co., Ltd.	386,887	300,000	-	686,887	-	686,887	21,640
MCC Ecological Environmental Protection Group Co., Ltd.	250,000	177,000	-	427,000	-	427,000	-
MCC (Yunnan) Engineering Investment and Construction Co., Ltd.	60,000	-	60,000	-	-	-	-
MCC Fujian Investment and Construction Co., Ltd.	60,000	-	60,000	-	-	-	-
Tianjin United Huixin Investment Partnership. (Limited Partnership)	1,000,000	-	1,000,000	-	-	-	41,565
Tianjin United Huitong Investment Partnership. (Limited Partnership)	1,500,000	-	1,500,000	-	-	-	63,111
Tianjin Hongxin Investment Partnership. (Limited Partnership)	1,500,000	-	1,500,000	-	-	-	74,398
MCC (Guizhou) Construction Investment Development Co., Ltd.	100,000	-	-	100,000	-	100,000	-
MCC International Investment Development Co., Ltd.	600,000	-	-	600,000	-	600,000	-
MCC Great Wall Investment Co., Ltd	-	430,000	-	430,000	-	430,000	-
<b>Total</b>	<b>97,768,383</b>	<b>1,982,207</b>	<b>4,247,500</b>	<b>95,503,090</b>	<b>175,034</b>	<b>95,328,056</b>	<b>4,062,136</b>

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 4. Long-term equity investments (Continued)

#### (2) Joint ventures and associates

All amounts in RMB'000

Name of joint ventures and associates	Carrying amount at 31 December 2022	Movements during the current year			Carrying amount at 31 December 2023	Provision for impairment at 31 December 2023
		Investment income/(losses) under equity method	Other comprehensive income adjustment	Declaration of cash dividends		
Beijing Jingxi Travel Industry Investment Fund (limited partnership)	97,532	489	1,620	-	99,641	-
MCC-Huafa Integrated Pipe Network Co., Ltd.	104,458	490	-	-	104,948	-
MCC Jianxin Investment Fund Management Co., Ltd.	80,919	4,670	-	-	85,589	-
Shenzhen MCC Utility Tunnel Construction and Investment Co., Ltd.	12,280	766	-	-	13,046	-
Yingtian MCC Xinyin industry development partnership (limited partnership)	81,253	(2,186)	-	(5,963)	73,104	-
MCC Xiangxi Mining Industry Co., Ltd.	113,146	-	-	-	113,146	113,146
<b>Total</b>	<b>489,588</b>	<b>4,229</b>	<b>1,620</b>	<b>(5,963)</b>	<b>489,474</b>	<b>113,146</b>

In the reporting period, there were no significant restrictions on withdrawing the above long-term equity investments.

### 5. Short-term borrowings

#### Categories of short-term borrowings

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Credit loans:	<b>9,729,089</b>	8,540,913
RMB	<b>9,708,539</b>	6,259,898
USD	-	2,215,314
Others	<b>20,550</b>	65,701
<b>Total</b>	<b>9,729,089</b>	8,540,913

As at 31 December 2023, there were no significant short-term borrowings overdue but not yet.



# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 6. Other payables

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Amounts due to subsidiaries	41,974,872	45,911,091
External dividends payable	618,645	117,676
Others	270,119	240,808
Total	<b>42,863,636</b>	46,269,575

### 7. Non-current liabilities due within one year

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Long-term borrowings due within one year (Note XVII 8)	185	181
Long-term employee benefits payable due within one year	5,222	4,995
Long-term payables due within one year	-	20,244,672
Bonds payable due within one year	-	227,083
Lease liabilities due within one year	20,927	21,257
Total	<b>26,334</b>	20,498,188

### 8. Long-term borrowings

All amounts in RMB'000

Items	31 December 2023	31 December 2022
Credit loans	449,265	439,261
Total	449,265	439,261
Less: Long-term borrowings due within one year (Note XVII 7)	185	181
Long-term borrowings due over one year	<b>449,080</b>	439,080

For the current year, the weighted average interest rate of long-term borrowings was 1.35% per annum (for the year ended 31 December 2022: 2.78% per annum). As at 31 December 2023, there were no significant long-term borrowings overdue but not yet.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 9. Presentation of operating revenue and operating costs

#### (1) Operating revenue and operating costs

All amounts in RMB'000

Items	2023		2022	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	1,295,803	1,287,556	1,864,552	1,811,477
Other business	118,151	501	135,244	665
Total	1,413,954	1,288,057	1,999,796	1,812,142

#### (2) Breakdown of operating revenue

##### (a) Classified by industry

All amounts in RMB'000

Item	2023	2022
Engineering contracting	1,281,776	1,864,552
Investigation, design, and consulting services	14,027	–
Total	1,295,803	1,864,552

##### (b) Classified by geographic location

All amounts in RMB'000

Item	2023	2022
Other countries/regions	1,295,803	1,864,552
Total	1,295,803	1,864,552

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 9. Presentation of operating revenue and operating costs (Continued)

(3) Information of major customers from which the revenue generated accounted for more than 10% of the total revenue

All amounts in RMB'000

Items	Relationship with the Company	Operating revenue	As a percent of total operating revenue of the Company (%)
Party 1	Third party	381,881	27.01
Party 2	Third party	348,916	24.68
Party 3	Third party	214,180	15.15
Party 4	Third party	191,619	13.55
Total	/	1,136,596	80.38

The project contracting services provided by the Company usually constitute a single performance obligation as a whole and are performance obligations performed within a certain period of time. As of 31 December 2023, some of the Company's EPC contracts were still in the process of implementation. The trading price allocated to non-implemented (or partly non-implemented) performance obligations is related to the performance progress of each EPC contract. Revenue will be recognized within the future performance period of each EPC contract according to the performance progress.

Among the above operating income, revenue from contracts with customers was RMB 1,413,954,000 (for the year ended 31 December 2022: RMB 1,999,796,000).

### 10. Investment income

All amounts in RMB'000

Items	2023	2022
Investment income under cost method	4,062,136	4,507,555
Investment income under equity method	4,229	17,122
Investment income on disposal of long-term equity investments	30,143	246
Other	(35,696)	—
Total	4,060,812	4,524,923

There is no major restriction of investment income repatriation to the Company.

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 11. Credit impairment losses

All amounts in RMB'000

Items	2023	2022
Loss from impairment of accounts receivable	(6,311)	(1,472)
Loss from impairment of other receivables	-	(539,969)
Total	(6,311)	(541,441)

### 12. Supplementary information to the cash flow statement

#### (1) Supplementary information to the cash flow statements

All amounts in RMB'000

Supplementary information	2023	2022
<b>Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	4,148,705	2,834,321
Add: Credit impairment losses	6,311	541,441
Asset impairment losses	10,040	1,128
Depreciation of fixed assets and right-of-use assets	23,937	23,431
Amortization of intangible assets	921	1,342
Losses on write-off of fixed assets	43	10
Losses on changes of fair value	256,407	280,779
Financial expenses	(260,381)	604,649
Gains arising from investments	(4,060,812)	(4,524,923)
Decrease in inventories	4	230
(Increase)/decrease in contract assets	(203,547)	658,233
Increase/(decrease) in contract liabilities	30,610	(453,968)
Increase in receivables from operating activities	(85,941)	(172,493)
Increase in payables from operating activities	33,656	434,475
Net cash flows from operating activities	(100,047)	228,655
<b>Net changes in cash and cash equivalents:</b>		
Cash and cash equivalents at end of year	968,955	4,551,152
Less: Cash and cash equivalents at beginning of year	4,551,152	5,006,514
Net decrease in cash and cash equivalents	(3,582,197)	(455,362)

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 12. Supplementary information to the cash flow statement (Continued)

#### (2) Cash and cash equivalents

All amounts in RMB'000

Items	31 December 2023	31 December 2022
I. Cash	968,955	4,551,152
Including: Cash on hand	1,198	4,354
Bank deposits without restriction	967,757	4,546,798
II. Cash and cash equivalents at end of year	968,955	4,551,152

## XVIII. SUPPLEMENTARY INFORMATION

### 1. Breakdown of non-recurring profit or loss

All amounts in RMB'000

Items	Amount for the current year
Profit or loss on disposal of non-current assets, Including reversal of provision for impairment of assets	663,075
Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and granted according to the unified national standards)	504,767
Profit or loss arising from changes in fair value of trading financial assets, derivative financial instruments and other financial assets except for those relating to the hedging transactions under the Company's normal operating business	(326,395)
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss	155,616
Reversal of provision for credit losses individually assessed for significant accounts receivable	495,375
Profit or loss of debt restructuring	44,177
Other non-operating income or expenses other than the above items	19,595
Profit or loss on disposal of long-term equity investments	48,027
Less: Impact on income tax	(205,233)
Impact on non-controlling interests (after tax)	(282,392)
Total	1,116,612

# FINANCIAL STATEMENTS

For the year ended 31 December 2023

## XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

### 2. Return on net assets and earnings per share ("EPS")

Profit during the reporting period	Weighted average rate of return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.23	0.33	0.33
Net profit after deduction of non-recurring profits or losses attributable to ordinary	6.06	0.28	0.28

## OTHER FINANCIAL DATA

All amounts in RMB'000

Items	2023	2022 (Restated)	2021 (Restated)	2020 (Restated)	2019
Operating revenue	<b>633,870,422</b>	592,669,072	500,571,647	400,114,623	338,637,609
Operating costs	<b>572,456,849</b>	535,516,918	447,435,146	354,685,571	299,247,115
Taxes and levies	<b>1,921,074</b>	1,870,771	2,515,554	1,967,862	1,896,372
Selling expenses	<b>3,169,316</b>	2,883,123	2,742,789	2,441,204	2,315,815
Administrative expenses	<b>12,360,311</b>	11,273,969	10,921,869	11,011,320	9,354,662
R&D expenses	<b>19,730,402</b>	18,732,632	15,901,198	12,326,903	9,934,444
Financial expenses	<b>989,121</b>	940,841	1,055,115	1,767,398	2,498,264
Impairment losses of assets	<b>(2,954,820)</b>	(1,359,652)	(1,624,422)	(593,338)	(939,749)
Impairment losses of credit	<b>(5,994,293)</b>	(3,601,874)	(3,714,814)	(3,086,669)	(2,418,539)
Gains/(losses) on investments	<b>(1,487,345)</b>	(1,523,214)	(1,793,422)	(1,139,662)	(987,178)
Gains on disposal of assets	<b>663,075</b>	303,355	689,228	232,899	67,810
Other income	<b>560,094</b>	433,224	428,034	451,602	241,945
Operating profit	<b>13,715,837</b>	15,384,879	14,162,514	11,813,020	9,342,416
Non-operating income	<b>288,789</b>	323,055	299,559	475,004	523,777
Non-operating expenses	<b>239,854</b>	315,818	449,894	370,754	84,035
Total profit	<b>13,764,772</b>	15,392,116	14,012,179	11,917,270	9,782,158
Income tax	<b>2,358,663</b>	2,460,486	2,405,190	2,533,155	2,205,339
Net profit	<b>11,406,109</b>	12,931,630	11,606,989	9,384,115	7,576,819
Net profit attributable to shareholders of the Company	<b>8,670,405</b>	10,276,187	8,374,829	7,863,825	6,599,712
Profit or loss of minority Shareholders	<b>2,735,704</b>	2,655,443	3,232,160	1,520,290	977,107
Basic EPS	<b>0.33</b>	0.45	0.35	0.32	0.27
Diluted EPS	<b>0.33</b>	0.45	0.35	0.32	0.27

Items	As at the end of 2023	As at the end of 2022	As at the end of 2021	As at the end of 2020	As at the end of 2019
Total assets	<b>661,602,236</b>	585,392,827	543,474,426	506,397,447	458,506,213
Total liabilities	<b>493,611,071</b>	423,475,265	392,082,388	366,037,656	341,600,705
Shareholders' equity	<b>167,991,165</b>	161,917,562	151,392,038	140,359,791	116,905,508

Chairman: **Chen Jianguang**

Date of Approval from the Board: 28 March 2024





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