

# 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

# 2024

## INTERIM 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 the contents of this interim report are true, accurate and complete without false representations, misleading statements or material omissions, and they severally and jointly accept legal responsibility for the above warranty.
- II. The report was considered and approved at the 63rd meeting of the third session of the Board convened on 29 August 2024. 5 out of 6 eligible Directors attended the meeting. Yan aizhong, a Director, did not attend the meeting due to other business engagements and authorized Chen Jianguang, the chairman of the Company, in writing to attend the meeting and exercise the voting right on his behalf upon consideration of the resolutions.

| <b>Position of the absent Director</b> | <b>Name of the absent Director</b> | <b>Reason for the absence of the Director</b> | <b>Name of the appointee</b> |
|--|------------------------------------|---|------------------------------|
| Director                               | Yan aizhong                        | Due to other business engagements             | Chen Jianguang               |

- III. The interim financial statement of the Company for the first half of 2024 has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited. Ernst & Young Hua Ming LLP issued a review report with unqualified opinions to the Company.
- IV. Chen Jianguang, the chairman of the Company, Zou Hongying, the vice president and general accountant of the Company, and Li Yifeng, the head of the financial department have declared that they guarantee the truthfulness, accuracy and completeness of the financial report contained in this interim report.
- V. Proposal for the distribution of profits or the transfer of capital reserves to share capital for the Reporting Period as approved by the Board
- Not Applicable
- VI. Statement for the risks associated with 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 investment risks are brought to the attention of investors.
- VII. Is there any misappropriation of funds by the Controlling Shareholder and other related parties for non-operating purposes
- No
- VIII. Is there any external guarantee made in contravention 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 interim report disclosed by the Company
- No
- X. Warning of significant risks
- During the Reporting Period, no material risks were identified in the Company.
- The Company has elaborated on the potential risks that the Company may be facing in this interim report. Please refer to the section of "Report of Board of Directors, Management Discussion and Analysis" of this report for the details of the risks that may be faced by the Company.
- XI. Others
- Unless otherwise specified, all the amounts in this report are denominated in RMB.

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|  | Original of auditor's report sealed with the corporate seal of the accounting firm and signed and sealed by the certified public accountant                  |
|  | Originals of all documents and announcements of the Company published on Shanghai Stock Exchange during the Reporting Period                                 |
|  | 2024 interim report and 2024 interim results announcement published on the Hong Kong Stock Exchange  |

## ABOUT THE COVER OF 2024 INTERIM REPORT

The design patterns on the front cover of this report are EPC general contracting projects, from top to bottom: Tianjin Juilliard School Project (天津茱莉亞學院項目) of MCC TianGong Group Corporation Limited and Paleozoological Museum of China (Baoding Natural Museum) Project (中國古動物館保定自然博物館項目) of CRIBC; and the design pattern on the back cover is the Northern Section of the Palace Museum's Project (first bidder's section) (故宮博物院北院區項目(一標段)) of Shanghai Baoye Group Corp.,Ltd..



## Section I Definitions

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

|   |  |
|---|--|
| “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  |
| “Listing Rules of the Hong Kong Stock Exchange” or “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  |
| “CRIBC”   | Central Research Institute of Building and Construction Co., Ltd. MCC Group                                    |
| “China ENFI”  | China ENFI Engineering Corporation   |
| “MCC Capital”   | MCC Capital Engineering & Research Incorporation Limited   |
| “CISDI”   | CISDI Group Co., Ltd.  |
| “WISDRI”  | WISDRI Engineering & Research Incorporation Limited  |
| “MCC Coking”  | ACRE Coking & Refractory Engineering Consulting Corporation, MCC   |
| “CIE”   | Zhongye Changtian International Engineering Co., Ltd.  |
| “MCC20”   | China MCC20 Group Corp. Ltd.   |
| “MCC Real Estate”   | MCC Real Estate Group Co., Ltd.  |
| “MCC Ecological Environmental Protection”   | MCC Ecological Environmental Protection Group Co., Ltd.  |
| “MCC-SFRE”  | MCC-SFRE Heavy Industry Equipment Co., Ltd   |
| “Sinosico”  | China Silicon Corporation Ltd.   |
| “general meeting(s)”  | the general meeting(s) 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 |

## Section I Definitions

|  |   |
|--|---|
| “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”                       | the Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*   |
| “Reporting Period”   | from 1 January 2024 to 30 June 2024   |
| “A Share(s)”   | the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB  |
| “H Share(s)”   | the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in HKD   |
| “Model Code”   | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules   |
| “Renminbi” or “RMB”  | Renminbi, the lawful currency of the PRC  |
| “HKD”  | Hong Kong dollars, the lawful currency of Hong Kong   |
| “USD”  | United States dollars, the lawful currency of the United States   |
| “SFO” or “Securities and Futures Ordinance”                    | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time   |
| “Corporate Governance Code”                                    | the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules   |
| “181 plan” or “‘181’ key research plan”                        | 181 core technology breakthrough targets developed by the Company comprising advanced technological processes of steel metallurgy, green development, intelligent manufacturing and cutting-edge key technologies to implement major research and development projects by batches in a planned manner   |
| “Goals for ‘one building, two most, five strong’”              | the goals established by the Company refer 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 ability to create value, market competitiveness, innovative driving force, resource allocation and cultural soft power |
| “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

## Section II Chairman's Statement



**Chen Jianguang** Chairman

## Section II Chairman's Statement

Dear Shareholders,

In the first half of 2024, MCC adhered to the guidance of the socialist ideology of Xi Jinping with Chinese characteristics in the new era, anchored the Goals for “one building, two most, five strong”, rose to the challenge, took active actions, and continuously consolidated the foundation for high-quality development of listed companies. On behalf of the Board of Directors of the Company, I hereby present MCC's 2024 interim report, and express heartfelt gratitude to friends from all walks of life who have long supported and cared about the Company's reform and development.

During the Reporting Period, the Company secured new contracts valued at RMB677,797 million, operating revenue of RMB298,842 million, and total profit of RMB5,681 million, of which the net profit attributable to Shareholders of the listed company was RMB4,150 million. Significant breakthroughs and improvements have been achieved in overseas markets, with stable profits generated from mineral resources, water and environmental protection businesses, fully demonstrating the expected development resilience and unique business structure advantages of MCC.

We insist on putting the market first and daring to fight. We put our attentions on the system to establish mechanisms, and took the “Five Linkages” as the starting point to build a joint fleet, fully stimulating the differentiated competitive advantages of the integration of the entire industry chain and EPC general contracting. We signed a contract worth RMB10 billion for the Dashihe molybdenum mine project in the domestic market under a new model of overall management, which has provided new ideas for mining construction and resource development business expansion; successfully signed a series of large-scale metallurgical construction projects in overseas markets, among which the Bolivian Zinc Smelting project is the largest and highest investment non-ferrous metallurgical project developed in Bolivia in decades; won the bid for Sentosa Resort World Seaside Hotel project in Singapore, another major breakthrough in the field of global cultural and tourism comprehensive projects after the successful implementation of a series of landmark projects such as Universal Studios EPC by the Company in Singapore. A large number of influential projects are flourishing in both domestic and international markets. Up to present, a total of 149 projects have won the China Construction Engineering Luban Award, 318 projects have won the National Quality Engineering Award, and 32 projects have won the China Civil Engineering Zhan Tianyou Award. The brand influence and market competitiveness of MCC are fully demonstrated.

We emphasize innovation driven and cultivate excellence and innovation. We adhere to the “four orientations”, focus on the Company's main business, increase investment in research and development of “fundamental, urgent, cutting-edge, and disruptive technologies” around the direction of further transformation and upgrading, strengthen the tackling of major research and development projects, focus on optimizing the layout of future industries and new industries, accelerate the construction of “single champion” and “specialized, refined, excellent and new” clusters, lead industrial innovation with technological innovation, and cultivate and develop new quality productivity according to local conditions. In the first half of the year, three scientific and technological achievements from WISDRI, China ENFI, and CRIBC won the second prize of the National Science and Technology Award. We won another national level manufacturing industry champion. Nine “science and technology reform enterprises” and “double hundred enterprises” have achieved outstanding results in the special assessment of the SASAC. We have accumulated 28 national level scientific and technological research and development platforms, with over 53,000 valid patents. We have won 88 Chinese patent awards since 2009, and won 58 national science and technology awards and published 77 international standards and 673 national standards since 2000.

We strengthen the “four simplifications” and “five strengths”, and strive for lean and intensive practices. Focusing on the three elements of system, institution, and personnel, we strive to build a “four simplicity” enterprise with “concise system, simple process, simple relationship, and simple style”, highlighting the need for “maintaining determination, exploring potential, improving capabilities, enhancing vitality, and forming synergy” in the medium and long-term development of the enterprises. We always adhere to the same efforts in development and management, continuously consolidate and optimize the business system of “One Core, Two Main Bodies and Five Features”, promote the three-year action plan for improving basic management, further optimize regional layout, focus on promoting the rational allocation of internal and external resources, and firmly establish the idea of “tight life” to reduce costs, save expenses, and improve quality and efficiency, moving towards lean and intensive management.



## Section II Chairman's Statement

In the face of the severe market situation in the construction industry, the Company has always maintained strategic determination, grasped the work of “two excellences and one control” and “three grasps and one prevention”, and made every effort to reduce leverage and “two funds” and prevent risks. While maintaining a reasonable development speed, we have paid more attention to improving the quality of operation, firmly shouldered the responsibility of central enterprises to stabilize the growth, and contributed to consolidating the positive trend of economic operation and maintaining social stability.

Time engraves the footprints of struggle, and writes the glorious chapter of hard work. In the new era and new journey, MCC will always take the attitude of “success does not necessarily depend on any individual, but every one of us contributes to the success (功成不必在我·功成必定有我)”, take the thought of socialism of Xi Jinping with Chinese characteristics for a new era as the guideline, under the leadership of the CPC Central Committee with comrade Xi Jinping as the core, deeply implement the “five core essentials”, forge ahead courageously towards the Goals for “one building, two most, five strong”, continue to comprehensively deepen reform, make good use of the “two ways” and play the “three roles” in promoting the construction of a modern industrial system and building a new development pattern, and contribute to the construction of Chinese path to modernization.



## Section III 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.

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 49 special-grade construction qualifications for general contracting. The number of enterprises rated with fourth, third and second special-grade construction qualifications stands at six, two and four, respectively, ranking forefront in China. The Company has 28 national-level scientific research and development platforms and over 53,000 effective patents. Since 2009, it has won 88 China Patent Awards. Since 2000, it has won 58 National Science & Technology Awards and published 77 international standards and 673 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 64,000 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 Index, CSI 300 Value Strategy 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, Hang Seng Stock Connect China A 300 ESG Index, etc.

### I. CORPORATE INFORMATION

|                                     |   |
|-------------------------------------|---|
| Company name (in Chinese)           | 中國冶金科工股份有限公司                            |
| Abbreviation in Chinese             | 中国中冶                                    |
| Company name (in English)           | Metallurgical Corporation of China Ltd. |
| Abbreviation in English             | MCC                                     |
| Legal representative of the Company | Chen Jianguang                          |

# Section III 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, PRC | MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC |
| Telephone | +86-10-59868666  | +86-10-59868666  |
| Facsimile | +86-10-59868999  | +86-10-59868999  |
| E-mail    | ir@mccchina.com  | ir@mccchina.com  |

## III. CHANGES IN BASIC INFORMATION

|   |   |
|---|---|
| Registered address of the Company                             | 28 Shuguang Xili, Chaoyang District, Beijing  |
| 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, 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, PRC  |
| 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 of the Company  | <a href="http://www.mccchina.com">http://www.mccchina.com</a>   |
| E-mail  | ir@mccchina.com   |
| Query index of changes during the Reporting Period            | Not Applicable  |

## Section III Company Profile and Major Financial Indicators

### IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

|   |   |
|---|---|
| Name of newspapers for information disclosure designated by the Company                           | China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily |
| Website designated by the CSRC for publication of the A Shares interim report                     | <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>                                 |
| Website designated by the Hong Kong Stock Exchange for publication of the H Shares interim report | <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>                               |
| Place where an interim report of the Company is available for inspection                          | MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, PRC                              |
| Query index of changes during the Reporting Period  | Not Applicable  |

### V. SHARES OF THE COMPANY

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

### 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                     | 48 Liangmaqiao Road, Chaoyang District, Beijing  |
|  | Signing representatives of sponsor | Huang Ci, Yang Bin   |
|  | 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. 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 the continuous supervisory period. |
| PRC 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   |

# Section III Company Profile and Major Financial Indicators

## VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

### (I) Major accounting data

Unit: RMB'000

| Major accounting data  | Reporting Period            | Corresponding period of the previous year | Increase/decrease for the Reporting Period as compared to the corresponding period of the previous year (%) |
|--|-----------------------------|---|---|
|  | (January – June)            |   |   |
| Operating revenue  | <b>298,841,527</b>          | 334,458,860                               | -10.65  |
| Net profit attributable to Shareholders of the listed company  | <b>4,149,738</b>            | 7,217,536                                 | -42.50  |
| Net profit attributable to Shareholders of the listed company after deducting non-recurring profits and losses | <b>3,218,416</b>            | 6,981,126                                 | -53.90  |
| Net cash flow generated from operating activities  | <b>(28,406,160)</b>         | (14,516,419)                              | N/A   |
|  | End of the Reporting Period | End of the previous year                  | Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)        |
| Net assets attributable to Shareholders of the listed company  | <b>150,423,795</b>          | 145,480,182                               | 3.40  |
| Total assets   | <b>755,551,432</b>          | 661,602,236                               | 14.20   |

### (II) Major financial indicators

| Major financial indicators   | Reporting Period | Corresponding period of the previous year | Increase/decrease for the Reporting Period as compared to the corresponding period of the previous year (%) |
|--|------------------|---|---|
|  | (January – June) |   |   |
| Basic earnings per share (RMB/Share)   | <b>0.11</b>      | 0.26                                      | -57.69  |
| Diluted earnings per share (RMB/Share)   | <b>0.11</b>      | 0.26                                      | -57.69  |
| Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)      | <b>0.07</b>      | 0.25                                      | -72.00  |
| Weighted average return on net assets (%)  | <b>2.35</b>      | 5.73                                      | Decreased by 3.38 percentage points   |
| Weighted average return on net assets after deducting non-recurring profits and losses (%) | <b>1.41</b>      | 5.48                                      | Decreased by 4.07 percentage points   |

# Section III Company Profile and Major Financial Indicators

## (III) Financial Highlights

### 1. Overview

The Company's financial position as at 30 June 2024 and the operating results for the six months ended 30 June 2024 were as follows:

- Operating revenue amounted to RMB298,842 million, representing a decrease of RMB35,617 million or 10.65% from RMB334,459 million in the first half of 2023.
- Net profit amounted to RMB4,701 million, representing a decrease of RMB3,978 million or 45.84% from RMB8,679 million in the first half of 2023.
- Net profit attributable to the Shareholders of the listed company amounted to RMB4,150 million, representing a decrease of RMB3,068 million or 42.50% from RMB7,218 million in the first half of 2023.
- Basic earnings per share amounted to RMB0.11, while the basic earnings per share in the first half of 2023 amounted to RMB0.26.
- As at 30 June 2024, total assets amounted to RMB755,551 million, representing an increase of RMB93,949 million or 14.20% from RMB661,602 million as at 31 December 2023.
- As at 30 June 2024, the Shareholders' equity amounted to RMB170,055 million, representing an increase of RMB2,064 million or 1.23% from RMB167,991 million as at 31 December 2023.
- The value of newly signed contracts amounted to RMB677,797 million, representing a decrease of RMB44,094 million or 6.11% from RMB721,891 million in the first half of 2023.

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

### 2. Operating Revenue from Principal Business Segments

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

#### (1) Engineering Contracting Business

Operating revenue amounted to RMB277,363 million, representing a decrease of RMB32,088 million or 10.37% from RMB309,451 million in the first half of 2023.

#### (2) Resource Development Business

Operating revenue amounted to RMB3,292 million, representing a decrease of RMB277 million or 7.76% from RMB3,569 million in the first half of 2023.

#### (3) Featured Business

Operating revenue amounted to RMB16,031 million, representing a decrease of RMB520 million or 3.14% from RMB16,551 million in the first half of 2023.

## Section III Company Profile and Major Financial Indicators

### (4) Comprehensive Real Estate Business

Operating revenue amounted to RMB5,030 million, representing a decrease of RMB2,755 million or 35.39% from RMB7,785 million in the first half of 2023.

### (5) Other Businesses

Operating revenue amounted to RMB343 million, representing a decrease of RMB91 million or 20.88% from RMB434 million in the first half of 2023.

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

### 3. Summary of financial statements

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

#### (1) Consolidated Income Statement

Unit: RMB'000

| Items  | Note   | For the<br>six months<br>ended<br>30 June 2024 | For the<br>six months<br>ended<br>30 June 2023 |
|--|--------|--|--|
| <b>I. Operating revenue</b>  | VII 53 | 298,841,527                                    | 334,458,860                                    |
| Including: Operating revenue                                       |        | 298,841,527                                    | 334,458,860                                    |
| <b>II. Total operating costs</b>                                   |        | 288,509,974                                    | 320,620,931                                    |
| Including: Operating costs   | VII 53 | 271,800,189                                    | 303,470,277                                    |
| Taxes and surcharges   | VII 54 | 911,497  | 995,124  |
| Selling expenses   | VII 55 | 1,386,378                                      | 1,392,314                                      |
| Administrative expenses  | VII 56 | 5,708,421                                      | 5,425,525                                      |
| Research and development expenses                                  | VII 57 | 8,066,189                                      | 9,089,092                                      |
| Financial expenses   | VII 58 | 637,300  | 248,599  |
| Including: Interest expenses                                       |        | 1,305,831                                      | 1,380,651                                      |
| Interest income  |        | 973,653  | 968,978  |
| Add: Other income  | VII 59 | 249,163  | 195,212  |
| Investment losses  | VII 60 | (600,908)                                      | (701,874)                                      |
| Including: Gains from investments in associates and joint ventures |        | 19,421   | 106,708  |
| Losses from derecognition of financial assets at amortised costs   |        | (401,664)                                      | (709,780)                                      |
| Losses from changes in fair values                                 | VII 61 | (216,602)                                      | (328,383)                                      |
| Impairment losses of credit  | VII 62 | (2,776,908)                                    | (1,831,302)                                    |
| Impairment losses of assets  | VII 63 | (2,089,156)                                    | (1,250,783)                                    |
| Gains from disposal of assets                                      | VII 64 | 847,464  | 33,959   |

## Section III Company Profile and Major Financial Indicators

| Items   | Note   | For the<br>six months<br>ended<br>30 June 2024 | For the<br>six months<br>ended<br>30 June 2023 |
|---|--------|--|--|
| <b>III. Operating profit</b>  |        | 5,744,606                                      | 9,954,758                                      |
| Add: Non-operating income   | VII 65 | 142,293  | 69,728   |
| Less: Non-operating expenses  | VII 66 | 205,751  | 125,908  |
| <b>IV. Total profit</b>   |        | 5,681,148                                      | 9,898,578                                      |
| Less: Income tax expenses   | VII 67 | 980,516  | 1,219,604                                      |
| <b>V. Net profit</b>  |        | 4,700,632                                      | 8,678,974                                      |
| (I) Net profit classified by continuity of operation  |        |  |  |
| Net profit from continuing operations   |        | 4,700,632                                      | 8,678,974                                      |
| (II) Net profit classified by ownership ascription  |        |  |  |
| Net profit attributable to Shareholders of the Company  |        | 4,149,738                                      | 7,217,536                                      |
| Profit or loss attributable to non-controlling interests  |        | 550,894  | 1,461,438                                      |
| <b>VI. Other comprehensive income, net of income tax</b>  | VII 49 | (260,201)                                      | 257,598  |
| Other comprehensive income attributable to Shareholders of the Company, net of income tax           |        | (270,496)                                      | 174,195  |
| (I) Items that will not be reclassified to profit or loss   |        | (18,012)                                       | (33,189)                                       |
| 1. Re-measurement of defined benefit plans  |        | (76,465)                                       | (62,646)                                       |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method |        | (10)   | (8)  |
| 3. Changes in fair value of investments in other equity instruments                                 |        | 58,463   | 29,465   |
| (II) Items that may be reclassified to profit   |        | (252,484)                                      | 207,384  |
| 1. Other comprehensive income that may be reclassified to profit under the equity method            |        | (309)  | 668  |
| 2. Changes in fair value of receivables at FVTOCI   |        | 26,284   | 1,883  |
| 3. Exchange differences on translating financial statements in foreign currencies                   |        | (278,459)                                      | 204,833  |
| Other comprehensive income attributable to non-controlling interests, net of income tax             |        | 10,295   | 83,403   |



## Section III Company Profile and Major Financial Indicators

| Items  | Note   | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 |
|--|--------|---------------------------------------|---------------------------------------|
| <b>VII. Total comprehensive income</b>                                 |        | 4,440,431                             | 8,936,572                             |
| Total comprehensive income attributable to Shareholders of the Company |        | 3,879,242                             | 7,391,731                             |
| Total comprehensive income attributable to non-controlling interests   |        | 561,189                               | 1,544,841                             |
| <b>VIII. Earnings per share</b>  | VII 68 |                                       |                                       |
| (I) Basic earnings per share (RMB/share)                               |        | 0.11                                  | 0.26                                  |
| (II) Diluted earnings per share (RMB/share)                            |        | 0.11                                  | 0.26                                  |

(2) Summary of Consolidated Total Assets and Total Liabilities at the end of June 2024

Unit: RMB'000

|                   | 30 June 2024 | 31 December 2023 |
|-------------------|--------------|------------------|
| Total assets      | 755,551,432  | 661,602,236      |
| Total liabilities | 585,496,516  | 493,611,071      |
| Total equity      | 170,054,916  | 167,991,165      |

Explanation of major accounting data and financial indicators of the Company

Applicable  Not applicable

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

Applicable  Not applicable

## Section III Company Profile and Major Financial Indicators

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

*Unit: RMB'000*

| Non-recurring profit and loss items  | Amount    | Note    |
|--|-----------|---------|
| Profit or loss on disposal of non-current assets, including the write-off of provision for impairment of assets  | 847,464   | XVIII 1 |
| 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)                   | 222,025   | XVIII 1 |
| 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 | (216,602) | XVIII 1 |
| Fund possession cost paid by non-financial enterprises and recorded under current profit and loss  | 16,610    | XVIII 1 |
| 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   | 359,261   | XVIII 1 |
| 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  | 12,725    | XVIII 1 |
| 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  | -         |         |

## Section III Company Profile and Major Financial Indicators

| Non-recurring profit and loss items   | Amount         | Note           |
|---|----------------|----------------|
| 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  | (78,315)       | XVIII 1        |
| Profit or loss on disposal of long-term equity investments  | 4,123          | XVIII 1        |
| Less: Impact on income tax  | 112,176        | XVIII 1        |
| Impact on minority Shareholders interests (after tax)   | 123,793        | XVIII 1        |
| <b>Total</b>  | <b>931,322</b> | <b>XVIII 1</b> |

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

### X. MAJOR FINANCIAL DATA IN 2024 (BY QUARTER)

*Unit: RMB'000*

| Items  | The first quarter<br>(January–March) | The second quarter<br>(April–June) |
|--|--------------------------------------|------------------------------------|
| Operating revenue  | 149,949,264                          | 148,892,263                        |
| Net profit attributable to Shareholders of the listed company  | 2,678,657                            | 1,471,081                          |
| Net profit attributable to Shareholders of the listed company after deducting non-recurring profits and losses | 2,668,559                            | 549,857                            |
| Net cash flow generated from operating activities  | (30,747,367)                         | 2,341,207                          |

# Section IV Report of Board of Directors, Management Discussion and Analysis

## I. EXPLANATION OF THE INDUSTRIES THAT THE COMPANY ENGAGES IN AND THE PRINCIPAL OPERATING RESULTS DURING THE REPORTING PERIOD

As a super large comprehensive construction group, MCC continues to consolidate and improve its traditional advantageous industries, optimise 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”.

### (I) Engineering Contracting Business

#### 1. Industry Overview

In the field of metallurgy, with the increasing constraints of international energy, resource and environment, the “global decarbonisation agenda” has a profound impact on the global iron and steel industry. On the one hand, the iron and steel industry, as a basic industry of the national economy, has demonstrated strong development resilience, and the overall iron and steel production has remained stable, providing strong support for the demand of the national economy; on the other hand, the iron and steel industry is still facing many development challenges, mainly from the increasingly prominent supply-demand contradiction, the expansion of industry losses in the industry, the faster release of production capacity, and the relative weakness of social expectations. Overall, the iron and steel industry is in a critical period of green and low-carbon restructuring and development, and it is still necessary to insist on optimising supply and demand as well as capacity management, promoting the industry’s transformation and upgrading to high-end, green and intelligent, and continuously promoting the upgrading and iteration of the industrial chain.

In the field of housing and infrastructure construction, the process of China’s new industrialisation and new urbanisation has accelerated. In the first half of 2024, the adjustment in the new housing market across China has been under progress in overall, with greater downward pressure on the market. Macro policies focused on ‘stabilising the market’ and “destocking”, and policy measures were proposed to optimise incremental housing, with the second-hand property market taking the lead in some core cities showing signs of improvement. Supporting policies for the construction of the ‘three major projects’, such as protected housing, renovation of inner-city villages, and the construction of public infrastructure for “dual use in normal and emergency situations”, are being implemented at an accelerated pace, and has played a positive role in stabilising investment. In terms of expanding effective investment, many places have announced plans for the issuance of special bonds by local governments, and the use of special bonds, ultra-long special treasury bonds and other funds will accelerate the implementation of a large number of major infrastructure projects, providing favourable support for the development of the housing and municipal infrastructure construction market. With the acceleration of global infrastructure construction, the demand for foreign engineering contracting market continues to grow, especially, under the impetus of the Belt and Road Initiative, the demand for infrastructure construction in emerging markets and developing countries has surged, providing a broad space for development of the foreign engineering contracting industry.

# Section IV Report of Board of Directors, Management Discussion and Analysis

## 2. *Operating Results of the Segment Business*

### (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. As the ‘national team’ of China’s iron and steel industry, the world’s largest and strongest metallurgical construction contractor and operation service provider in metallurgical corporations, the Company, relying on the integration advantages of metallurgical engineering consultation, survey, design and construction of the whole industrial chain, occupies an absolutely dominant position in the field of metallurgical construction, and is a leading enterprise in the metallurgical construction field. During the Reporting Period, the Company continued to maintain its absolute leading position in the metallurgical construction market, and won a series of large-scale and high-end metallurgical projects, including the bidding of the green low carbon hydrogen metallurgy project of Shanxi Jingang Smart Technology Industrial Co., Ltd. (山西晉鋼智造科技實業有限公司綠色低碳氫冶金項目) to provide professional services for the enterprise’s green and low-carbon transformation; and the bidding of the 2 Million Tons/Year Circular Economy Comprehensive Utilization Coal Coking Project in Shuicheng District of Guizhou Energy (貴州能源水城200萬噸/年循環經濟綜合利用煤焦化項目), which will effectively promote the local coal coking project in circular economy industry chain after the completion of the project. In the overseas metallurgical construction market, the Company successfully signed a contract for zinc smelting project in Bolivia, which is the non-ferrous metallurgical project with the largest processing scale and the highest investment in Bolivia over the past decades, further expanding the Company’s business blueprint in the overseas metallurgical construction market. Besides, the Company adhered to high-end, intelligent and green development and took the lead in building an industry-wide steel low-carbon service platform; continued to focus on intensifying efforts to tackle key problems in the iron and steel industry, focused on opening the “channel” from technological innovation to industrial innovation, and constantly created new advantages in advanced technology, green development, intelligent manufacturing, and other aspects to develop new quality productive forces and build a new engine. During the Reporting Period, the Company’s metallurgical construction business achieved operating revenue of RMB56,706 million, accounting for 20.44% of the total revenue of engineering contracting.

## Section IV Report of Board of Directors, Management Discussion and Analysis

### (2) *Housing construction and municipal infrastructure construction business*

Housing construction and municipal infrastructure construction business are the two major businesses of the Company. In recent years, the Company has adhered to the development concept of “removing low-end, consolidating mid-range, and expanding high-end” in housing construction, and has continued to focus on segmented markets such as large-scale venue construction, comprehensive development of large cities, and cultural, educational, and health construction; in municipal infrastructure construction, the Company actively integrates and serves national strategies, seizes opportunities for basic construction development, and continuously expands and enhances its market share in infrastructure business. During the Reporting Period, the Company grasped the policy opportunities in the fields of “Three Major Projects”, “New Infrastructure and New Urbanisation Initiatives”, “Major Implementation and Key Construction”, real estate, etc., actively promoted the effective measures of the “Five Linkages” of marketing, and further advanced its core competitiveness to a new level by giving full play to its advantages in the whole industrial chain of consulting, planning, surveying, design, investment, construction, and operation. It undertook a large number of landmark projects with significant influence, mainly including the Project for the Development of Chengdong Area of Yongqiao District, Suzhou City (宿州市埇橋區城東片區開發項目), Urban Renewal and Construction Project in Wujiagang District, Yichang City (宜昌市伍家崗區城市更新建設項目), Zhengzhou Central Digital District (CDD) Construction Project (鄭州中央數字區(CDD)建設項目), Zhengzhou Zhongyuan High Speed Railway Port Digital Trade and Exhibition City Project (鄭州市中原高鐵路數字展貿城項目), and other large-scale housing construction projects; it successfully signed contracts with Jingdong Shenzhen Headquarters Building Project (京東深圳總部大廈工程), Tencent Music Technology Building Project (騰訊音樂科技大廈工程) and other super high-rise landmark projects, as well as Beijing Rail Transit Line 22 (Pinggu Line) construction project (北京軌道交通22號線(平谷線)工程施工項目), Hangzhou Bolu to Renhe Section (Yuhang Section) of National Highway 320 Project (320國道杭州博陸至仁和段工程(餘杭段)項目) and other major projects. In overseas markets, the Company has successfully won the bid for EPC project for the design and construction of Sentosa Resort World Seaside Hotel in Singapore, which marks another large-scale landmark cultural and tourism project undertaken by the Company in Singapore following the successful completion of projects such as Universal Studios Singapore, Maritime Experiential Museum in Singapore and Minion Land, and fully demonstrates the high recognition of the Company’s high-quality design and construction capabilities. During the Reporting Period, the Company’s housing construction and municipal infrastructure construction business achieved operating revenue of RMB216,758 million, accounting for 78.15% of the total revenue of engineering contracting.

## Section IV Report of Board of Directors, Management Discussion and Analysis

In the first half of 2024, the Company's newly-signed contracts for metallurgical construction amounted to RMB101.94 billion, accounting for 16.3% of the newly-signed engineering construction contracts; the newly-signed contracts for housing construction and municipal infrastructure amounted to RMB413.52 billion, accounting for 66.3% of the newly-signed engineering construction contracts; the newly-signed industrial manufacturing and other works amounted to RMB108.49 billion, accounting for 17.4% of the newly-signed engineering construction contracts. The newly awarded and signed major projects are as follows:

| No.  | Name of Project (Contract)   | Contractual Amount<br>(RMB'00 million) |
|--|--|--|
| <b>Metallurgical Construction Projects</b> |  |  |
| 1  | General Contracting Agreement for Green Low Carbon Hydrogen Metallurgy Project of Shanxi Jingang Smart Technology Industrial Co., Ltd. (山西晉鋼智造科技實業有限公司綠色低碳氫冶金項目總承包協議)              | 22.0                                   |
| 2  | EPC Contract for 2 Million Tons/Year Circular Economy Comprehensive Utilization Coal Coking Project in Shuicheng District of Guizhou Energy (貴州能源水城200萬噸/年循環經濟綜合利用煤焦化項目EPC總承包工程合同) | 21.1                                   |
| 3  | Fujian Qingtuo Stainless Steel Medium and Thick Plate Project (福建青拓不銹鋼中厚板項目)   | 13.3                                   |
| 4  | Main Body Engineering Project Contract for CSP Renovation at Carbon Thin Plant of Jiuquan Iron & Steel in Jiayuguan City (嘉峪關市酒鋼碳薄廠CSP改造主體工程項目合同)                                  | 13.1                                   |
| 5  | Sintering Flue Gas Treatment Efficiency Improvement Project of Tangshan Wenfeng Special Steel Co., Ltd.* (唐山文豐特鋼有限公司燒結煙氣處理提效改造項目)  | 12.0                                   |
| 6  | Equipment Procurement and Construction Contract for 2 Million Tons Coking Project of Junping Coking of Yellow River Group in Wuhai City (烏海市黃河集團駿平焦化200萬噸焦化工程設備採購及施工合同)            | 12.0                                   |
| 7  | Engineering Contract for EMV Zinc Smelting Project in Bolivia (玻利維亞EMV鋅冶煉項目工程承包合同)   | 11.8                                   |
| 8  | Section I of Ultra-high Grade Oriented Silicon Steel Green Manufacturing Demonstration Project in Shanghai (上海市超高等級取向矽鋼綠色製造示範項目標段一)  | 10.7                                   |
| <b>Housing Construction Projects</b>       |  |  |
| 1  | Contract for General Contracting Project for the Development of Chengdong Area of Yongqiao District, Suzhou City (宿州市埇橋區城東片區開發項目一包合同)  | 59.7                                   |
| 2  | EPC Engineering Contract for Zhengzhou Central Digital District (CDD) Construction Project (鄭州中央數字區(CDD)建設項目EPC工程合同)   | 58.7                                   |
| 3  | EPC Contract for Zhongyuan High Speed Railway Port Digital Trade and Exhibition City Project in Zhengzhou (鄭州市中原高鐵港數字展貿城項目工程總承包(EPC)合同)  | 33.5                                   |
| 4  | Urban Renewal and Construction Project in Wujiagang District, Yichang City (宜昌市伍家崗區城市更新建設項目)   | 31.4                                   |
| 5  | Fuzhou Binjiang Left Bank Project (福州濱江左岸項目)   | 29.6                                   |
| 6  | Youth Community and Entrepreneurship and Innovation Street Project in Tangshan City (唐山市青年社區及雙創大街項目)   | 25.3                                   |
| 7  | Shenyang International Smart Health City Project (瀋陽國際智慧健康城項目)   | 24.2                                   |
| 8  | Construction Contract for Project of No. 55 Plot Project in High-Speed Rail Area, Shijiazhuang City (石家莊市高鐵片區55號地塊項目工程施工合同)  | 17.9                                   |
| 9  | Lanzhou Hightech Zone Feitian Innovation Port-Science and Technology Innovation Demonstration Center Project (蘭州高新區飛天創新港-科技創新示範中心項目)   | 16.4                                   |
| 10   | Renovation Project of Guosangyuan Village Shantytown and its Surrounding Areas in Guangyang District, Langfang City (廊坊市廣陽區郭桑園村棚戶區及周邊改造項目)   | 14.9                                   |
| 11   | General Engineering Contract for Construction of Jingdong Shenzhen Headquarters Building (京東深圳總部大廈施工總承包工程合同)   | 14.8                                   |
| 12   | General Contracting Project of Tencent Music Technology Building(騰訊音樂科技大廈總承包工程)  | 9.0                                    |

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| No.  | Name of Project (Contract)  | Contractual Amount<br>(RMB'00 million) |
|--|---|--|
| <b>Municipal Infrastructure Projects</b>           |   |  |
| 1  | Construction Contract for Zigong to Luzhou Port Highway Engineering Phase II Project (自貢至瀘州港公路工程二期項目施工合同)   | 23.9                                   |
| 2  | EPC Contract for LNG Long-distance Pipeline Project (Penglai-Qixia Expressway – 7# Valve Chest) in West Port of Yantai Port (煙台港西港區LNG長輸管道工程(蓬棲高速-7#閘室)工程總承包(EPC)合同)  | 22.8                                   |
| 3  | Civil Construction Contract Section 22 (Hebei Section) of Beijing Rail Transit Line 22 (Pinggu Line) Project (北京軌道交通22號線(平谷線)工程土建施工22合同段(河北段)項目)  | 15.3                                   |
| 4  | EPC General Contract for Municipal Infrastructure Construction Project of Panlong River Industrial New City (Tiexi Area) in Zaozhuang City (棗莊市蟠龍河產業新城(鐵西片區)市政基礎設施建設項目EPC總承包合同)   | 13.3                                   |
| 5  | Contract for Section I of Highway from Ying'an Town, Jiang'an County to Gusong Town, Xingwen County in Yibin City (Jiang'an Section) (宜賓市江安縣迎安鎮至興文縣古宋鎮公路(江安段)一標段合同)   | 11.6                                   |
| 6  | Construction Project for TJ03 Section of Hangzhou Bolu to Renhe Section (Yuhang Section) of National Highway 320 (320國道杭州博陸至仁和在段工程(餘杭段)第TJ03標段施工項目)   | 10.4                                   |
| 7  | EPC General Contracting and Full Process Consulting Contract for the Second Section of Lianhua Communication Shangqiu 5G Communication Base Station Project (聯華通信商丘5G通信基站項目EPC總承包及全過程諮詢第二標段合同)  | 10.1                                   |
| 8  | Engineering General Contract for the Reserved Small Garage for Development of Cover Plate in Yanjiao Vehicle Base of Beijing Metro Line 22 (北京軌道交通22號線燕郊車輛基地蓋板開發預留小車庫項目施工總承包工程合同)   | 10.0                                   |
| <b>Industrial Manufacturing and Other Projects</b> |   |  |
| 1  | Overall Management Project of Dashi River Molybdenum Mine (大石河鉬礦整體管理項目)   | 126.1                                  |
| 2  | EPC (Production and Processing Portion) Contract for Section II of General Contracting for Design, Construction, Equipment Procurement for 300,000 tons per annum of Calcium Carbonate Series Products Project in Panzhou, Liupanshui City, Guizhou Province (貴州省六盤水市盤州市年產30萬噸碳酸鈣系列產品項目設計、施工、設備採購總承包二標(EPC)總承包(生產加工部分)合同) | 24.4                                   |
| 3  | EPC Contract for the Design and Construction of the Industrialization Project of Distributed Intelligent Energy Storage and Exchange System in Xiangxi Tujia and Miao Autonomous Prefecture (湘西土家族苗族自治州分佈式智能儲能交換系統產業化項目設計施工總承包(EPC)合同)  | 22.4                                   |
| 4  | Contract for Steel Structure Supply and Installation Subcontracted Work of CEER Electric Vehicle Manufacturing Plant Project in Saudi Arabia (沙特CEER電動汽車制造廠項目鋼結構供貨與安裝分包工程合同)  | 21.1                                   |

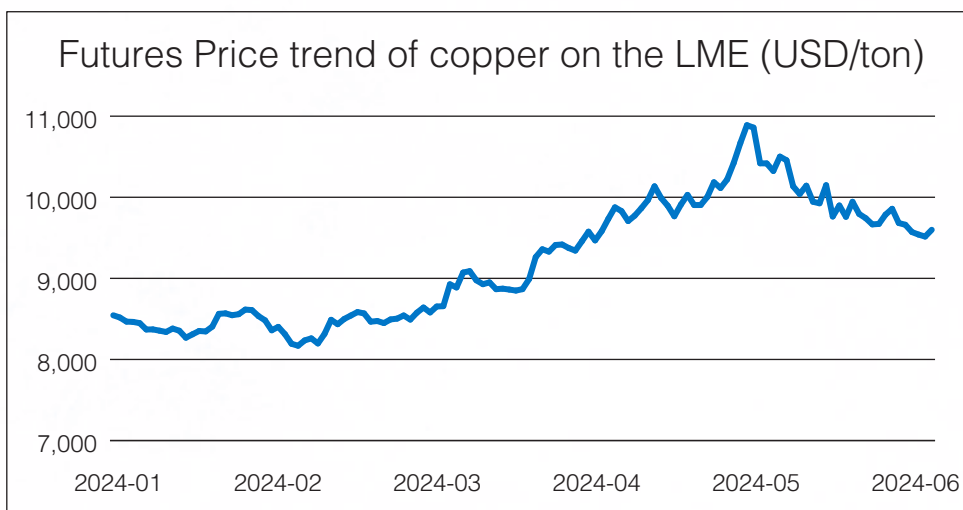
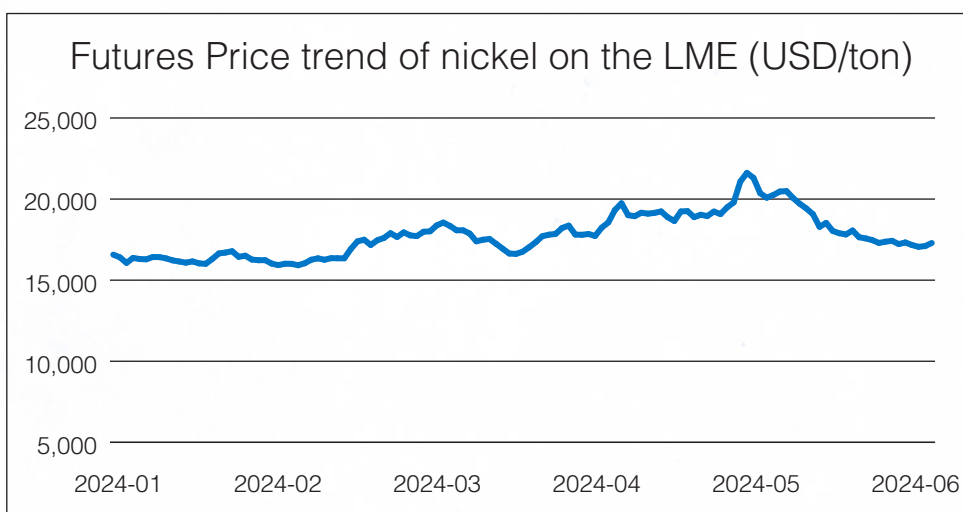


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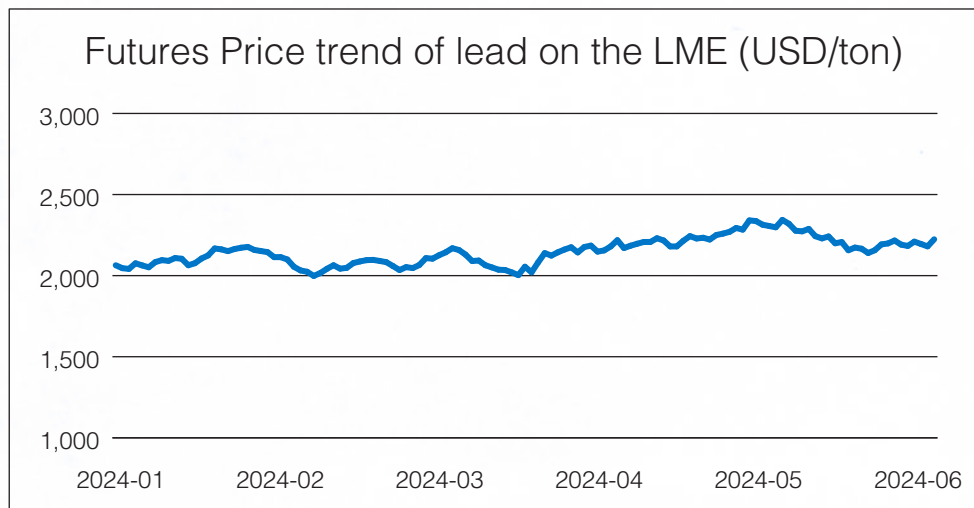
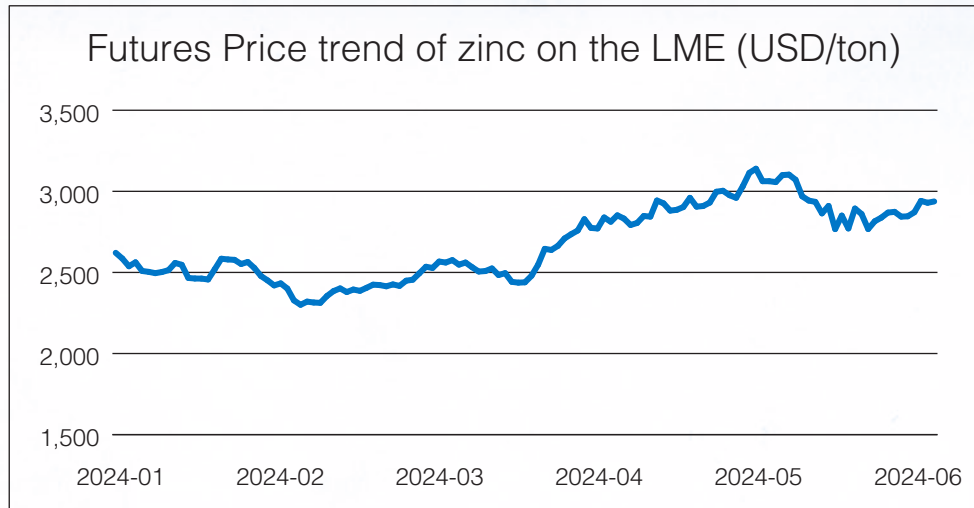
## (II) Resource Development Business

### 1. Industry Overview

In the first half of 2024, non-ferrous metal prices fluctuated within a wide range, the price center in the second quarter was higher than that in the first quarter, and the price trend of different metal varieties shows significant divergence. The average prices of nickel, copper, zinc and lead on the London Metal Exchange for the first half of the year 2024 were USD17,741/ton, USD9,201/ton, USD2,674/ton and USD2,149/ton respectively, representing a decrease of 26.7%, an increase of 5.7%, a decrease of 5.7% and an increase of 0.9% respectively as compared with the first half of the year 2023.



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Source: Royal Flush Info

In respect of new silicon-based materials, the semi-conductor industry showed positive development in terms of market size, technological advancement, market demand, policy environment and future outlook in 2024. The memory chip industry is expected to achieve double-digit growth, which will further promote the market demand for semi-conductor silicon-based materials.

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## 2. *Operating Results of the Segment Business*

The Company's resource development business included mine development and resource processing. The Company is engaged in the mine development business, which mainly centers on the exploration, mining, 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. The Company is engaged in the resource processing business mainly for the production of new energy materials such as polysilicon. 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, 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.

During the Reporting Period, the Company strove to improve the development and operation level of its own mineral resources by closely focusing on the development goal of "increasing resources, increasing reserves, increasing production, preventing risks, ensuring safety and reducing costs". 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 high profitability in 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 further significant breakthroughs in mineral searching, revealing huge potential for finding minerals. During the Reporting Period, the Company's resource development business achieved operating revenue of RMB3,292 million.

During the Reporting Period, the details on the progress of the Company's major mineral resource projects in production and to be constructed are as follows:

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

During the Reporting Period, benefiting from the exploration and mining results within the scope of the exploration right, the estimated retained nickel resources of the project increased to 1.402 million tons and cobalt resources increased to 158,000 tons. In the first half of 2024, due to the impact of overhaul of two high-pressure acid leaching series, the production rate slightly decreased compared to the same period last year. The project cumulatively produced nickel hydroxide, which contained 15,837 tons of nickel and 1,442 tons of cobalt, with an average production rate of 97.2%. The project sold nickel hydroxide, which contained 16,531 tons of nickel and 1,506 tons of cobalt, achieving operating revenue of RMB1.57 billion and net profit attributable to the Chinese party of RMB257 million.

### (2) *Pakistan Duddar Lead-Zinc Mine Project*

During the Reporting Period, it was estimated to extract 327,000 tons of lead resources and 665,000 tons of zinc resources under the project. It is accelerating the commencement of supplementary exploration work in the northern part of the mine area, which is expected to achieve a significant increase in lead and zinc resources. In the first half of 2024, the project accomplished 264,000 tons of mine output, with an average production rate of 105.6%. The project cumulatively produced lead concentrates containing 4,421 tons of lead and zinc concentrates containing 22,153 tons of zinc. The project sold lead concentrates containing

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4,127 tons of lead and zinc concentrates containing 23,567 tons of zinc, achieving operating revenue of RMB370 million and net profit attributable to the Chinese party of RMB101 million.

(3) *Pakistan Saindak Copper-Gold Mine Project*

During the Reporting Period, it was estimated to extract 1.822 million tons of copper resources under the project. In the first half of 2024, the project maintained normal and continuous production in mining and processing, with the newly-built 2.75 million tons/year ore processing plant commencing operation on 9 January. The project resumed crude copper smelting and refining production on 2 February. As of the end of June, it has produced an aggregate of 11,423 tons of crude copper, with an average production rate of 114.2%, and sold 11,031 tons of crude copper, achieving operating revenue of RMB810 million and net profit attributable to the Chinese party of RMB68 million.

(4) *Pakistan Saindak Copper Mine Project*

During the Reporting Period, the exploration team of the project persisted in the natural environment of the Gobi desert, struggled under poor production and living conditions, and continued to promote all the work in the early stage of the project exploration and development. It is expected that there is a good prospect of increasing reserves and increasing production. The Company will continue to carry out the exploration and prospecting at the Pakistan Saindak Copper Mine Project, and scientifically carry out project feasibility study and related experimental research.

(5) *Afghanistan Aynak Copper Mine Project*

During the Reporting Period, the project carried out Phase II supplementary exploration in the West Mining Area, further improving the resource grade under the West Mining Area. It is expected that the copper resources will grow further on the basis of existing 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 with positive progress being made, and plans to accelerate the preliminary preparatory work such as the project feasibility studies and the construction of roads into the mine, and to actively create favorable conditions to improve the investment results of the project, so as to ensure that the project can be promoted with the interim government of Afghanistan as early as possible to make actual progress.

(6) *Sinosico Transformation and Upgrading Project of Electronic Information Materials*

Sinosico, a subsidiary of the Company, has built a product cluster of key silicon-based materials required for the development of integrated circuits, optical communications and the new energy industry, and currently 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 undertaken by Sinosico, such as the National Industrial Base Enhancement Project (國家工業強基工程). With 8 R&D platforms, including 2 state-level innovation platforms, Sinosico has formed continuous R&D capability and independent intellectual property rights, and a number of results were identified to be at the international leading level, with broad business benefits and prospects for development, and is the enterprise with the most complete layout of high-end silicon-based materials in the domestic segment. During the Reporting Period, Sinosico focused on the R&D of 12 new products, with 3 new products entered the pilot stage; Sinosico accumulated sales of 145.68 tons of electronic-grade polysilicon for melting/pulling, 4,630 tons of silicon tetrachloride for optical communication, 402.4 tons of silicon-based electronic special gas, and 7.11 tons of silicon carbide.

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## (III) Featured Businesses

### 1. Industry Overview

The featured businesses of the Company such as engineering consulting and technical services, core equipment and steel structure, eco-environmental protection and operation have shown a high-quality development trend as a whole, and the proportion of business has been continuously increasing, bringing emerging market opportunities to the Company.

In respect of engineering consulting and technical services, engineering consulting service cover the entire process of engineering construction, with service fees charged based on a certain proportion of the investment scale. Therefore, the industry's market size growth trend is positively correlated with the growth rate of fixed asset investment. Currently, China's economy is transitioning from a high-speed growth phase to a high-quality development phase, providing ample market opportunities for engineering consulting, with the industry forming a new pattern of industry development with precise services, information support, standardized operation and international expansion. It is estimated that by 2025, the total operating revenue of the full-process engineering consulting industry in China will reach RMB577.7 billion. In terms of inspection and testing business, driven by the guiding principle of "inspection first (體檢先行)", it is expected that urban renewal and "inspection" of old houses will have broad market prospects.

In respect of core equipment and steel structure, according to latest report "Global Metallurgical Equipment Market Report 2023-2029" by QYResearch research team, it is estimated that the global metallurgical equipment market will reach USD51.61 billion by 2029, with a compound annual growth rate of 6.7%. Among them, the growth in the metallurgical equipment market will be concentrated in countries and regions such as India, ASEAN, and the Middle East, and the market for equipment renovation and upgrades will primarily focus on Europe, North America, and Russia, presenting significant market opportunities for the Company's metallurgical equipment manufacturing and exports. In terms of steel structure business, in accordance with the 14th Five-Year Plan and Long-Range Objectives for 2035 for the Steel Structure Industry released by the China Steel Construction Society, by the end of 2025, the national consumption of steel structure will reach around 140 million tons, with steel structure buildings accounting for over 15% of new construction area. By 2035, the application of steel structure in national construction will reach the level of moderately developed countries, with an annual consumption of steel structure exceeding 200 million tons, accounting for over 25% of crude steel production. The proportion of steel structure buildings in new construction area will gradually reach 40%, aiming to basically achieve intelligent construction of steel structure. The domestic steel structure market is showing a year-on-year growth trend, with broad prospects for future development.

In respect of eco-environmental protection, the market scale has been expanded and the release of market space has been accelerated with the successive introduction and improvement of national and local supportive policies and regulations. According to the "Action Plan for Accelerating the Promotion of High-quality Development of the Ecological and Environmental Protection Industry and Deepening the Battle of Pollution Prevention and Control to Fully Support the Carbon Peak and Carbon Neutrality (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 shall not be less than 10%, which the blacksmell water treatment, rural wastewater treatment, solid waste pollution prevention and control, as well as environmental protection monitoring and other segments will usher in a new era of development opportunities. By 2025, the operating revenue from the industry is expected to exceed RMB3 trillion.

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## 2. Operating Results of the Segment Business

### (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, successfully shaping the featured brands such as “MCC Inspection” and “MCC Consulting”, etc.. During the Reporting Period, the Company’s engineering consulting and technical services business achieved operating revenue of RMB1,644 million.

### (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.. After years of development, the Company has largely acquired the coordinating and manufacturing capability for most equipment throughout the entire process of steel engineering construction.

The Company’s core equipment business focuses on metallurgical equipment, and operates in multiple core manufacturing bases including CISDI Equipment Base, MCC-SFRE Equipment Base, CIE Heavy Industry Base, and WISDRI Equipment Base, with products covering key process equipment of metallurgy such as sintering and pelletizing, iron-making and steel-making, casting and rolling. The Company’s “MCC Heavy Machinery” provides professional metallurgical large logistics equipment for the metallurgical market, and has formed a metallurgical large logistics equipment cluster represented by pot carriers, environmentally-friendly welded slag cars, charging cranes and other special equipment, and its brand products have covered 68 domestic and foreign non-ferrous metallurgical enterprises. During the reporting period, the Company was honored as one of the top 40 non-ferrous metal (equipment and materials) suppliers in China. The brand popularity of the Company’s “MCC Casting Mould” has been improving continuously, and the existing four major products, namely ingot mould, hot extrusion mould, isothermal forging mould and forging press mould, have successfully entered the markets of France, Germany and other developed countries in Europe and America, which have gained wide recognition from the first-class manufacturers in the international arena. MCC South (Wuhan) Thermal Engineering Co., Ltd., a subsidiary of the Company, is in the international leading and domestic first-class level in the field of R&D and manufacturing of metallurgical industrial furnaces, providing important support for the localisation of complete sets of equipment for metallurgical industrial furnaces in China. It was approved as a national-level specialised and new “Small Giant” enterprise in 2023 and a National-level Single Champion Enterprise of Manufacturing Industry during the Reporting Period.

The Company is in a leading position in the domestic market in terms of comprehensive steel structure technology, and has the advantage of integrating the whole industrial chain, including R&D, design, manufacturing, installation, inspection and supervision. The Company firmly seized the market opportunities of urbanization construction to continue develop the united brand of “MCC Steel Structures” in response to the requirements of national fundamental construction for the development of steel structure business. During

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the Reporting Period, the Company contracted high-end steel structure projects such as the EPC project for the Anhui Wusha High-end Equipment Manufacturing Base (安徽烏沙高端裝備製造基地EPC項目), Steel Structure Processing Project for the Infrastructure Supporting Project at the Linhu Intelligent Manufacturing Industrial Park in Hefei Economic Development Zone (合肥經開區臨湖智能製造產業園及基礎設施配套項目(工程)鋼結構加工項目), Converter Area Facility Construction Project for Integration and Restructuring, Reduction, Replacement, Transformation, and Upgrading Project for the Steelmaking Workshop (Converter Smelting Section) of Tangshan Donghua Steel Group Co., Ltd. (唐山東華鋼鐵企業集團有限公司整合重組減量置換轉型升級項目煉鋼車間工程(轉爐冶煉部分)轉爐區域設施建安項目), and Steel Component Processing Project for the Xiong'an International Trade Center Project (雄安國貿中心項目鋼構件加工項目). During the Reporting Period, the Company's core equipment and steel structure business achieved operating revenue of RMB6,932 million.

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

Relying on the brand advantage of "MCC", the Company built a unique advantage in the eco-environmental protection sector, encompassing a 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., promoted the integration of eco-environmental protection business, improved resource allocation efficiency, provided regionalized, integrated, full life cycle, comprehensive system solutions, and advanced towards high-end eco-environmental protection business. The Company was committed to create a platform-based technology R&D system and an intelligent high-quality operation system, aiming to establish a technology development landscape oriented towards market demand and efficient operation, and to build a sustainable operational development landscape focusing on quality improvement, efficiency enhancement, high-quality technology and management, and cost leadership.

During the Reporting Period, the Company actively built the brand of "MCC Environmental Protection", intensified its efforts in original technology innovation by completing the preliminary design of a hydrothermal carbonization demonstration project in Chuzhou Area, and established a sludge testing base supported by the demonstration project; successfully passed the acceptance of the project on Upgrading of the Mud Film Symbiosis Process for Sewage Treatment Plants, and obtained 14 new patent authorizations, including 3 invention patents. Meanwhile, in optimizing its business layout, the Company accelerated its exploration and practice of business models in the industrial wastewater and mining wastewater sectors, collaborated comprehensively with well-known enterprises focusing on zero-discharge projects for high-salinity wastewater, established long-term cooperative relationships with professional scientific and research institutes and related local enterprises to actively promote the deep development of the Company's water market, and was fully committed to serving national regional major strategies and regional coordinated development strategies. During the Reporting Period, the Company's eco-environmental protection and operation business achieved operating revenue of RMB7,455 million.

## (IV) **Comprehensive Real Estate Business**

### 1. *Industry Overview*

The current real estate market is undergoing significant changes in supply and demand dynamics and is in a phase of adjustment. According to the data of national real estate development investment and sales released by the National Bureau of Statistics for the period from January to June 2024, the national real estate development investment was RMB5.3 trillion, representing a year-on-year decrease of 10.1%; the housing construction area of real estate development enterprises was 7 billion square meters, representing a year-on-year decrease of 12.0%; the new construction area was 380 million square meters, representing a year-on-year decrease of 23.7%; the completed

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area was 270 million square meters, representing a year-on-year decrease of 21.8%; the sales area of newly built commercial buildings was 480 million square meters, representing a year-on-year decrease of 19.0%; the sales revenue was RMB4.7 trillion, representing a year-on-year decrease of 25.0%; the area for sale was 740 million square meters, representing a year-on-year increase of 15.2%; and the in-place funds for real estate enterprises was RMB5.4 trillion, representing a year-on-year decrease of 22.6%. The effects of the supportive policies for real estate introduced by the local governments in the earlier stage are expected to gradually appear in the second half of the year.

### 2. *Operating Results of the Segment Business*

During the Reporting Period, the amount invested by the Company in real estate development was RMB4.31 billion, representing a year-on-year decrease of 32.1%; the construction area was 6,968 thousand square meters, representing a year-on-year decrease of 2.7%; of which the new construction area was 1,800 square meters, representing a year-on-year decrease of 99.7%, while completed area was 192 thousand square meters, representing a year-on-year decrease of 48.9%; contracted gross floor area sold amounted to 193 thousand square meters, representing a year-on-year decrease of 45% with contracted sales of RMB3.25 billion, representing a year-on-year decrease of 43.2%; the operating revenue amounted to RMB5,030 million, representing a decrease of 35.39% as compared with that in the corresponding period of last year. As the flagship enterprise in comprehensive real estate sector of the Company, MCC Real Estate has achieved a “AAA” credit rating in corporate credit ratings, reflecting the high recognition of industry organizations and market investors for the comprehensive strength and development prospects of MCC Real Estate.

## II. ANALYSIS 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 complete R&D system of metallurgical engineering technology, construction technology and metallurgical equipment manufacturing technology, owning 12 scientific research, design and survey enterprises and 28 national science and technology R&D platforms, and has the ability to carry out innovative and leading R&D; 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, 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 multi-professional system integration that runs through the whole technological process. 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 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, superhigh-rise building, super-large-span buildings, super-large complex high-precision electrical and mechanical systems, the Company possesses



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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 seek 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

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Management Manual (Trial Implementation)” further optimizing the process for investment and financing projects to promote scientific decision-making. It continued to solidify investment capabilities, enhance accurate budgeting, and improve the allocation effect of investment resources. An investment project initiation mechanism is established to control investment project risks from the source. Focusing on separating investment from construction, it introduces the concept of corporate governance, strengthening investment platforms. It enhances dynamic tracking and post-investment management and operation, applying multiple means, full-cycle, and whole-process control.

Thirdly, the Company continued to implement asset management and cost reduction and efficiency enhancement, helping to improve the quality and profitability of corporate assets, optimize the allocation of resources, 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 & steel industry”, in 1948, to the construction of WISCO, Baogang Group, TISCO, Pangang Group, Baosteel and others, it has undertaken the planning, survey, design, and construction of the main production facilities for nearly all large and medium 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

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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 hightech and high-quality innovation and development in the long term", and unites people's mind with the vision of "Better 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.

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

### III. DISCUSSION AND ANALYSIS OF OPERATIONS

In the first half of 2024, the Company adhered to the high-quality development as the lead, anchored the Goals for "one building, two most, five strong", fully implemented "stable growth, strong industry, cost reduction, risk prevention, and security guarantee", insisted on the combination of current and long-term development, laid one hand on promoting development and the other hand on controlling risks, withstood the pressure of industry cycle fluctuations and the severe challenges of internal and external situations, and cultivated and developed new quality productive forces based on the needs of enterprises to promote the transformation and upgrade of enterprises.

**Anchoring the annual objectives to forge ahead steadily.** The Company, by taking operation as the principal focus, market as the guide, project as the core, reform and innovation as the driving force, risk prevention and control as the bottom line, and construction of party style and clean government as the guarantee, put emphasis on consolidating the quality of development to improve the level of value creation, built a solid barrier of safety and development, hedged against the uncertainty of the external environment with the definitive performance. During the Reporting Period, the operating revenue of the Company amounted to RMB298.842 billion; the total profit amounted to RMB5.681 billion, and the net profit attributable to Shareholders of the parent company amounted to RMB4.15 billion.

**Valuing practical work and honouring contracts to demonstrate the market vigor.** By focusing on the national strategic layout and policy guidance direction of the regional coordinated development, the Company made overall planning in hotspot areas, competed fiercely in the public investment market, and struck forcefully in the overseas market. In the first half of 2024, the Company adhered to "quality performance and excelsior construction", firmly established the "on-site cycle market" concept, improved the business management system, strengthened project fulfillment, and constantly strengthened the foundation of project cost control and profitability, realising the value of newly signed contracts of RMB677,797 million. In particular, the value of newly signed contracts of overseas amounted to RMB43.54 billion, representing a year-on-year increase of 92.1%, which indicated a big breakthrough. The scale of the Company's metallurgical engineering, industrial manufacturing and other engineering, engineering consulting and technical services and other business increased significantly, with the total value of newly signed contracts accounting for 31.78%; the concentrated implementation of a large number of demonstration leading projects at home and abroad fully demonstrated the Company's unique brand advantages and structural toughness.

**Promoting the reform and pursuing innovation to stimulate internal energy.** The Company effectively played the role of scientific and technological innovation, industrial control and security support in the construction of a modernised industrial system and a new development pattern, with deepening reform as the driving force, efficiently promoted 98 deepening and upgrading initiatives for the reform, and made further achievements in the special assessment of the SASAC through 9 "science reform enterprises" and "double-hundred enterprises", with a total of six national manufacturing individual champions and six specialised and new "small giants" to continuously accumulate new kinetic energy. During the Reporting Period, the Company won the National Science and Technology Award for its three scientific and technological achievements, successfully launched the "181 Plan" and non-steel major R&D projects, with an integrated industrial chain solution of hydrogen energy "production-storage-use" formed, and made breakthroughs in a number of advanced low-carbon smelting process technologies such as hydrogen-rich sintering, hydrogen-rich blast furnace and hydrogen direct reduction smelting; spared no effort to promote the R&D of digital and intelligent technologies for the whole process, and successfully popularised and applied the integrated intelligent system for the process before iron making and other scientific and technological achievements, providing a strong support for the green and intelligent transformation of iron and steel industry.

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**Reinforcing management and preventing risks to strengthen the foundation of development.** The Company focused on strengthening digital management and control, accelerated the construction of its treasury system and digital management and control platform, and carried out thematic research on “digital industrialisation”, “industrial digitalisation” and “platform-based business” to further consolidate the basic management and create digital support for enterprise operation and management; strengthened domestic and foreign compliance management by paying close attention to investment and fund budget management to resolutely consolidate the bottom line of business risk; firmly held the line of safety production and took real action for the measures to solve the radical problem to effectively prevent various accidents and incidents, creating a safe and stable environment for the high-quality development of enterprises. Up to now, the overall credit of the Company continued to improve, and the number of its subsidiaries with the highest AAA rating in the industry increased to seven.

**Significant changes in the operation of the Company, and matters occurring during the Reporting Period that have a significant impact on the operation of the Company and are expected to have a significant impact in the future**

Applicable  Not applicable

### IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

#### (I) Analysis on major operating business

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

*Unit: RMB'000*

| Items                                    | Amount for the<br>current period | Amount for the<br>same period of<br>the previous year | Change in<br>Proportion<br>(%) |
|--|----------------------------------|---|--------------------------------|
| Operating revenue                        | 298,841,527                      | 334,458,860   | -10.65                         |
| Operating costs                          | 271,800,189                      | 303,470,277   | -10.44                         |
| Selling expenses                         | 1,386,378                        | 1,392,314   | -0.43                          |
| Administrative expenses                  | 5,708,421                        | 5,425,525   | 5.21                           |
| Financial expenses                       | 637,300                          | 248,599   | 156.36                         |
| Research and development expenses        | 8,066,189                        | 9,089,092   | -11.25                         |
| Net cash flows from operating activities | (28,406,160)                     | (14,516,419)  | N/A                            |
| Net cash flows from investing activities | (1,700,932)                      | (2,517,715)   | N/A                            |
| Net cash flows from financing activities | 31,704,769                       | 31,102,865  | 1.94                           |

Explanation of change in operating revenue: Mainly due to the decline in revenue from engineering contracting, comprehensive real estate and other businesses sectors during the Reporting Period as a result of the adjustment in real estate and infrastructure markets.

Explanation of change in operating costs: Mainly due to the decrease in the cost of engineering contracting and other businesses in line with the decrease in operating revenue.

Explanation of change in selling expenses: Mainly due to the decrease in the Company's selling expenses, such as sales and service fees and advertising fees during the Reporting Period.

Explanation of change in administrative expenses: Mainly due to the increase in the Company's personnel costs, rental fees and other administrative expenses during the Reporting Period.

Explanation of change in financial expenses: Mainly due to the increase in finance costs as a result of the decline in the Company's foreign exchange gains during the Reporting Period.

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Explanation of change in research and development expenses: Mainly due to the reduction in the Company's operating revenue scale and the decrease in the R&D investment activities during the Reporting Period.

Explanation of change in net cash flows from operating activities: Mainly due to the extended payment cycle of the project owners and the slowdown in payment collection of projects during the Reporting Period.

Explanation of change in net cash flows from investing activities: Mainly due to the decrease in net cash outflows from payments for reduced external investment activities by the Company during the Reporting Period.

Explanation of change in net cash flows from financing activities: Mainly due to the increase in net cash inflows such as the acquisition of borrowings during the Reporting Period.

### 2. Analysis on revenue and costs

(1) Major business by segment and region

1) Major business by segment

Unit: RMB'000

| Segments                  | Operating revenue | Operating costs | Major Business by Segment |  |  | Increase or decrease in the gross profit margin as compared to the corresponding period of last year (%) |
|---------------------------|-------------------|-----------------|---------------------------|--|--|--|
|                           |                   |                 | Gross Margin (%)          | Increase or decrease in the operating revenue as compared to the corresponding period of last year (%) | Increase or decrease in the operating costs as compared to the corresponding period of last year (%) |  |
| Engineering Contracting   | 277,363,228       | 253,775,395     | 8.50                      | -10.37   | -10.25   | Decreased by 0.13 percentage point   |
| Resource Development      | 3,292,328         | 2,459,638       | 25.29                     | -7.76  | 5.13   | Decreased by 9.16 percentage points  |
| Featured Businesses       | 16,031,476        | 13,650,671      | 14.85                     | -3.14  | -2.54  | Decreased by 0.52 percentage point   |
| Comprehensive Real Estate | 5,029,641         | 4,689,521       | 6.76                      | -35.39   | -34.28   | Decreased by 1.58 percentage points  |

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

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### 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. It is currently the major source of the Company's revenue and profit. Gross profit margins of the Company's construction contracting business for the first half of 2024 and 2023 were 8.50% and 8.63%, respectively, representing a year-on-year decrease of 0.13 percentage point.

The proportion of the operating revenue accounting for the total amount of engineering contracting in each sub-segment of the Company were as follows:

Unit: RMB'000

| Items of revenue                     | In the first half of 2024 |                | In the first half of 2023 |                |
|--------------------------------------|---------------------------|----------------|---------------------------|----------------|
|                                      | Amount                    | Proportion (%) | Amount                    | Proportion (%) |
| Metallurgical engineering            | 56,705,525                | 20.44          | 59,986,756                | 19.38          |
| Housing construction engineering     | 163,751,046               | 59.04          | 178,570,312               | 57.71          |
| Municipal infrastructure engineering | 53,006,512                | 19.11          | 66,138,443                | 21.37          |
| Other engineering                    | 3,900,145                 | 1.41           | 4,755,436                 | 1.54           |
| <b>Total</b>                         | <b>277,363,228</b>        | <b>100.00</b>  | <b>309,450,947</b>        | <b>100.00</b>  |

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 (中冶集團銅鋅有限公司) and MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司) were mainly engaged in the mining business while Silicon, the polysilicon manufacturing enterprise, was mainly engaged in the processing business. For the first half of 2024 and 2023, the gross profit margin of the Company's resources development business was 25.29% and 34.45% respectively, representing a year-on-year decrease of 9.16 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 first half of 2024 and 2023, the gross profit margin of the Company's featured businesses was 14.85% and 15.37% respectively, with a year-on-year decrease of 0.52 percentage point. The decrease was mainly due to the impact of fixed costs such as labour and depreciation, and the decrease in revenue from the featured businesses was greater than that of the costs.

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### ④ Comprehensive real estate business

For the first half of 2024 and 2023, the overall gross profit margin of the Company's comprehensive real estate business was 6.76% and 8.34% respectively, representing a year-on-year decrease of 1.58 percentage points. The decrease was mainly due to the continued pressure on the real estate market, the industry still undergoing cyclical adjustments, insufficient market demand, and a significant decline in gross profit margin.

### 2) Major business by region

For details, please refer to the the information contained in the Part 1 of Note XVI to Section X "Financial Statements" of this report.

### (2) Table of costs analysis

Unit: RMB'000

| Segment                   | Costs component items | By Segment                    |  |   | Percentage change in the amount for the current period as compared to that for same period in the previous year |        |
|---------------------------|-----------------------|-------------------------------|--|---|---|--------|
|                           |                       | Amount for the current period | Proportion of the amount for the current period to the total costs (%) | Amount for the same period in the previous year | Proportion of the amount for the same period in the previous year to the total cost (%)                         |        |
| Engineering contracting   | Operating costs       | 253,775,395                   | 92.34  | 282,756,909                                     | 92.24   | -10.25 |
| Resource development      | Operating costs       | 2,459,638                     | 0.90   | 2,339,522                                       | 0.76  | 5.13   |
| Featured business         | Operating costs       | 13,650,671                    | 4.97   | 14,006,849                                      | 4.57  | -2.54  |
| Comprehensive real estate | Operating costs       | 4,689,521                     | 1.71   | 7,136,137                                       | 2.33  | -34.28 |

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

The major components of costs of construction projects of the Company were as follows:

Unit: RMB'000

| Items of costs                | In the first half of 2024 |                | In the first half of 2023 |                |
|-------------------------------|---------------------------|----------------|---------------------------|----------------|
|                               | Amount                    | Proportion (%) | Amount                    | Proportion (%) |
| Subcontracting expenses       | 142,782,795               | 56.26          | 152,912,866               | 54.08          |
| Materials expenses            | 81,052,256                | 31.94          | 98,122,435                | 34.71          |
| Labour costs                  | 14,764,155                | 5.82           | 14,706,685                | 5.20           |
| Machinery usage fees          | 4,418,024                 | 1.74           | 4,703,357                 | 1.66           |
| Others                        | 10,758,165                | 4.24           | 12,311,566                | 4.35           |
| <b>Total engineering cost</b> | <b>253,775,395</b>        | <b>100.00</b>  | <b>282,756,909</b>        | <b>100.00</b>  |

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

### (3) Information on major customers and major suppliers

The sales of top five customers amounted to RMB9,800,700 thousand, accounting for 3.28% of the total sales during the Reporting Period; among them, related-party sales included in the sales of the top five customers amounted to RMB3,064,292 thousand, accounting for 1.03% of the total sales during the Reporting Period.

Unit: RMB'000

| Customer's name | Operating revenue | Proportion of the total operating revenue (%) |
|-----------------|-------------------|---|
| Unit 1          | 2,622,322         | 0.88  |
| Unit 2          | 2,066,128         | 0.69  |
| Unit 3          | 2,047,958         | 0.69  |
| Unit 4          | 1,599,508         | 0.54  |
| Unit 5          | 1,464,784         | 0.49  |
| Total           | 9,800,700         | 3.28  |

The procurement of the top five suppliers amounted to RMB3,952,749 thousand, accounting for 1.46% of the operating costs during the Reporting Period; among them, the procurement from related parties under the procurement of the top five suppliers amounted to RMB693,648 thousand, accounting for 0.26% of total procurement during the Reporting Period.

Unit: RMB'000

| Supplier's name | Procurement for the current period | Proportion of the total operating costs (%) |
|-----------------|------------------------------------|---|
| Unit 1          | 1,014,227                          | 0.37  |
| Unit 2          | 818,892                            | 0.30  |
| Unit 3          | 812,721                            | 0.30  |
| Unit 4          | 693,648                            | 0.26  |
| Unit 5          | 613,261                            | 0.23  |
| Total           | 3,952,749                          | 1.46  |



# Section IV Report of Board of Directors, Management Discussion and Analysis

## 3. Analysis on expenses

### (1) Selling expenses

The Company's selling expenses mainly include employees compensation costs, travelling expenses and sale services expenses. In the first half of 2024 and 2023, the Company's selling expenses were RMB1,386,378 thousand and RMB1,392,314 thousand respectively, representing a year-on-year decrease of 0.43%, which was mainly attributable to the decrease in the Company's selling expenses, such as selling service fees and advertisement fees.

### (2) Administrative expenses

The Company's administrative expenses mainly include employee compensation costs, depreciation expenses and domestic travelling expenses. In the first half of 2024 and 2023, the Company's administrative expenses were RMB5,708,421 thousand and RMB5,425,525 thousand respectively, representing a year-on-year increase of 5.21%, which was mainly attributable to the increase in management expenses such as labour costs and rental fees.

### (3) Financial expenses

The Company's financial expenses include costs of borrowing, exchange gains or losses, and bank charges incurred in the course of business. In the first half of 2024 and 2023, the Company's financial expenses were RMB637,300 thousand and RMB248,599 thousand respectively, representing a year-on-year increase of 156.36%, which was mainly attributable to the year-on-year decrease in foreign exchange gains.

### (4) Research and development expenses

The Company's research and development expenses include personnel labour costs, direct input costs, depreciation expenses and equipment commissioning expenses and experimentation expenses. In the first half of 2024 and 2023, the Company's research and development expenses were RMB8,066,189 thousand and RMB9,089,092 thousand respectively, representing a year-on-year decrease of 11.25%, which was mainly attributable to the decrease in R&D inputs in the current year.

## 4. Research and development expenditure

Unit: RMB'000

|   |           |
|---|-----------|
| Research and development expenditure for the current period                       | 8,066,189 |
| Capitalized research and development expenditure for the current period           | –         |
| Total research and development expenditure  | 8,066,189 |
| Proportion of total research and development expenditure to operating revenue (%) | 2.70      |
| Proportion of capitalized research and development expenditure (%)                | –         |

## Section IV Report of Board of Directors, Management Discussion and Analysis

### 5. Cash flows

The cash flows of the Company are as follows:

Unit: RMB'000

| Items                                    | In the first half of 2024 | In the first half of 2023 |
|--|---------------------------|---------------------------|
| Net cash flows from operating activities | (28,406,160)              | (14,516,419)              |
| Net cash flows from investing activities | (1,700,932)               | (2,517,715)               |
| Net cash flows from financing activities | 31,704,769                | 31,102,865                |

#### (1) Operating activities

In the first half of 2024 and 2023, the Company's net cash flows generated from operating activities amounted to RMB-28,406,160 thousand and RMB-14,516,419 thousand respectively. In the first half of 2024 and 2023, the cash inflows generated from operating activities was mainly came from the cash received from the sale of goods and the rendering of services, accounting for 96.96% and 98.88% respectively with respect to the cash inflow generated from operating activities. The Company's cash outflows generated from operating activities was mainly consisted of cash payments for goods purchased and services received, cash payments to and on behalf of employees and payments of various types of taxes. In the first half of 2024 and 2023, such cash outflow accounted for 86.26%, 6.53%, 2.69% and 87.15%, 5.83%, 2.32%, respectively with respect to the cash outflow generated from operating activities.

#### (2) Investing activities

In the first half of 2024 and 2023, the Company's net cash flows generated from investing activities amounted to RMB-1,700,932 thousand and RMB-2,517,715 thousand. The investing activities of the Company mainly came from disposal of assets and cash receipts from recovery of investments which accounted for 48.84%, 33.84% and 3.92%, 31.04% of the cash inflow generated from investing activities in the first half of 2024 and 2023, respectively. The Company's cash outflows mainly included cash payments to acquire or construct fixed assets, intangible assets and other long-term assets and cash payments to acquire investments, as well as cash paid for investment. In the first half of 2024 and 2023, such cash outflow accounted for 56.69%, 34.94% and 38.34%, 61.07%, respectively with respect to the cash outflow generated from investing activities.

#### (3) Financing activities

In the first half of 2024 and 2023, the Company's net cash flows generated from financing activities amounted to RMB31,704,769 thousand and RMB31,102,865 thousand respectively. The Company's cash inflow from financing activities mainly consisted of cash receipts from borrowings which accounted for 97.50% and 85.46% respectively of the cash inflow generated from financing activities for the first half of 2024 and 2023. 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. In the first half of 2024 and 2023, such cash outflow accounted for 94.73%, 2.29% and 85.63%, 3.19%, respectively with respect to the cash outflow generated from financing activities.

# Section IV Report of Board of Directors, Management Discussion and Analysis

## 6. Detailed statement of the major changes in the Company's business types, profits structure or profits sources for the current period

Applicable  Not applicable

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

Applicable  Not applicable

### (III) Analysis on assets and liabilities

#### 1. Status of assets and liabilities

Unit: RMB'000

| Items                    | Amount at the end of the current period | Proportion of the amount at the end of the current period to the total assets/total liabilities (%) | Amount at the end of the previous year | Proportion of the amount at the end of the previous year to the total assets/total liabilities (%) | Proportion change in the amount at the end of the current period as compared to that at the end of the previous year (%) |
|--------------------------|---|---|--|--|--|
| Current assets           | 573,168,051                             | 75.86   | 484,133,951                            | 73.18  | 18.39  |
| Cash and bank balances   | 47,596,477                              | 6.30  | 44,440,269                             | 6.72   | 7.10   |
| Accounts receivable      | 177,495,026                             | 23.49   | 130,037,264                            | 19.65  | 36.50  |
| Inventories              | 79,996,382                              | 10.59   | 80,075,514                             | 12.10  | -0.10  |
| Contract assets          | 166,238,366                             | 22.00   | 121,833,709                            | 18.41  | 36.45  |
| Non-current assets       | 182,383,381                             | 24.14   | 177,468,285                            | 26.82  | 2.77   |
| Intangible assets        | 23,384,645                              | 3.10  | 22,849,854                             | 3.45   | 2.34   |
| <b>Total assets</b>      | <b>755,551,432</b>                      | <b>100.00</b>   | <b>661,602,236</b>                     | <b>100.00</b>  | <b>14.20</b>   |
| Current liabilities      | 538,575,324                             | 91.99   | 448,818,443                            | 90.93  | 20.00  |
| Short-term borrowings    | 58,432,552                              | 9.98  | 28,220,281                             | 5.72   | 107.06   |
| Bills payable            | 32,384,331                              | 5.53  | 31,717,090                             | 6.43   | 2.10   |
| Accounts payable         | 289,510,977                             | 49.45   | 240,394,139                            | 48.70  | 20.43  |
| Contract liabilities     | 62,297,667                              | 10.64   | 64,819,382                             | 13.13  | -3.89  |
| Non-current liabilities  | 46,921,192                              | 8.01  | 44,792,628                             | 9.07   | 4.75   |
| Long-term borrowings     | 35,454,476                              | 6.06  | 34,168,791                             | 6.92   | 3.76   |
| <b>Total liabilities</b> | <b>585,496,516</b>                      | <b>100.00</b>   | <b>493,611,071</b>                     | <b>100.00</b>  | <b>18.61</b>   |

## Section IV Report of Board of Directors, Management Discussion and Analysis

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

#### Cash and bank balances

As at 30 June 2024 and 31 December 2023, the balances of cash and bank balances of the Company were RMB47,596,477 thousand and RMB44,440,269 thousand, respectively, representing an increase of 7.10% as compared with the beginning of the year.

As at 30 June 2024 and 31 December 2023, the restricted cash and bank balances of the Company were RMB12,137,006 thousand and RMB10,590,161 thousand, respectively, which accounted for 25.50% and 23.83% 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 30 June 2024 and 31 December 2023, the carrying value of the Company's accounts receivable were RMB177,495,026 thousand and RMB130,037,264 thousand, respectively, representing an increase of 36.50% as compared with the beginning of the year, which was mainly due to an increase in accounts receivable related to engineering contracting services.

#### Inventories

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

As at 30 June 2024 and 31 December 2023, the Company's net inventories were RMB79,996,382 thousand and RMB80,075,514 thousand, respectively, representing a decrease of 0.10% as compared with the beginning of the year.

#### 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 30 June 2024 and 31 December 2023, the net contract assets of the Company amounted to RMB166,238,366 thousand and RMB121,833,709 thousand, respectively, representing an increase of 36.45% as compared with the beginning of the year, which was mainly due to an increase in contract assets related to engineering contracting services.

#### Intangible assets

As at 30 June 2024 and 31 December 2023, the aggregated carrying value of the Company's intangible assets were RMB23,384,645 thousand and RMB22,849,854 thousand, respectively, representing an increase of 2.34% as compared with the beginning of the year. The Company's intangible assets mainly included land use rights, franchise right, patent and proprietary technology, as well as mining rights etc..

## Section IV Report of Board of Directors, Management Discussion and Analysis

### (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 30 June 2024 and 31 December 2023, the carrying value of the Company's short-term borrowings were RMB58,432,552 thousand and RMB28,220,281 thousand, respectively, representing an increase of 107.06% as compared with the beginning of the year. As at 30 June 2024 and 31 December 2023, the carrying value of the Company's long-term borrowings were RMB35,454,476 thousand and RMB34,168,791 thousand, respectively, representing an increase of 3.76% as compared with the beginning of the year.

During the Reporting Period, the short-term borrowings and long-term borrowings repaid by the Company amounted to RMB115,092,329 thousand and RMB5,720,226 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 RMB47,708,991 thousand and RMB20,035,174 thousand, respectively.

#### Accounts payable

Accounts payable mainly consisted of material costs payable to suppliers and engineering costs payable to subcontractors by the Company. As at 30 June 2024 and 31 December 2023, the Company's carrying value of accounts payable were RMB289,510,977 thousand and RMB240,394,139 thousand, respectively, representing an increase of 20.43% as compared with the beginning of the year.

#### Contract liabilities

Contract liabilities mainly consisted of contract liabilities related to engineering contracting services and sales contracts. As at 30 June 2024 and 31 December 2023, the Company's carrying value of contract liabilities amounted to RMB62,297,667 thousand and RMB64,819,382 thousand, respectively, representing a decrease of 3.89% as compared with the beginning of the year.

### 2. Overseas assets

#### (1) Asset size

Among them: overseas assets 35,244,717 (Unit: RMB'000), accounting for 4.66% 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

Applicable  Not applicable

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

# Section IV Report of Board of Directors, Management Discussion and Analysis

## (IV) 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) | 3,097                | 1,092                       | 2,310                     | 141     | 6,640      |
| Total amount              | 17,863,259           | 4,452,671                   | 8,973,140                 | 915,798 | 32,204,868 |

Unit: RMB'000

| Project location | Number of projects (Unit) | Total amount |
|------------------|---------------------------|--------------|
| Domestic         | 6,500                     | 31,853,693   |
| Overseas         | 140                       | 351,175      |
| Including:       |                           |              |
| Asia             | 101                       | 264,332      |
| Africa           | 11                        | 42,082       |
| South America    | 13                        | 30,105       |
| Europe           | 11                        | 11,549       |
| Oceania          | 1                         | 385          |
| North America    | 3                         | 2,722        |
| Total            | 6,640                     | 32,204,868   |

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

Unit: RMB'000

| Sub-segment        | Housing construction | Infrastructure construction | Metallurgical engineering | Others    | Total       |
|--------------------|----------------------|-----------------------------|---------------------------|-----------|-------------|
| Number of projects | 4,940                | 1,905                       | 4,064                     | 1,057     | 11,966      |
| Total amount       | 142,515,300          | 45,331,401                  | 44,091,487                | 6,153,653 | 238,091,841 |

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Unit: RMB'000

| Project location | Number of projects<br>(Unit) | Total amount       |
|------------------|------------------------------|--------------------|
| Domestic         | 11,602                       | 230,285,133        |
| Overseas         | 364                          | 7,806,708          |
| Including:       |                              |                    |
| Asia             | 285                          | 7,610,600          |
| Africa           | 27                           | 63,579             |
| South America    | 16                           | 8,883              |
| Europe           | 21                           | 33,190             |
| Oceania          | 14                           | 74,672             |
| North America    | 1                            | 15,784             |
| <b>Total</b>     | <b>11,966</b>                | <b>238,091,841</b> |

### 3. Major projects under construction

Applicable  Not applicable

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

As at the end of the Reporting Period, the balance of debt financing and financing by other equity instruments of the Company amounted to RMB163.677 billion, representing an increase of 27.26% 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 RMB108.277 billion and RMB55.400 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 RMB68.119 billion and RMB95.558 billion, respectively.

## (V) Investment analysis

### 1. Overall analysis on external equity investments

As at 30 June 2024 and 31 December 2023, the net assets of the Company's trading financial assets were RMB2,602 thousand and RMB1,951 thousand, respectively, representing an increase of 33.36% compared to the beginning of the year. As at 30 June 2024 and 31 December 2023, the net long-term equity investments of the Company were RMB36,121,571 thousand and RMB36,236,395 thousand, respectively, representing a decrease of 0.32% compared to the beginning of the year. As at 30 June 2024 and 31 December 2023, the net investment in other equity instruments of the Company amounted to RMB1,447,502 thousand and RMB1,126,144 thousand, respectively, representing an increase of 28.54% as compared to the beginning of the year. As at 30 June 2024 and 31 December 2023, the Company's other net investment in non-current financial assets amounted to RMB3,953,195 thousand and RMB3,992,595 thousand, respectively, representing a decrease of 0.99% as compared with the beginning of the year.

#### (1) Substantial equity investments

Applicable  Not Applicable

#### (2) Substantial non-equity investments

Applicable  Not Applicable

## Section IV Report of Board of Directors, Management Discussion and Analysis

### (3) Financial assets measured at fair value

#### Securities investments

Unit: RMB'000

| Stock variety | Stock code | Stock abbreviation              | Initial Investment cost | Carrying amount at the beginning of the period | Profit or loss arising from changes in fair value for the current period | Fair value Change recorded in equity for the current period | Amount of purchase for the current period | Amount of disposal for the current period | Carrying amount at the end of the period | Account category                        |
|---------------|------------|---------------------------------|-------------------------|--|--|---|---|---|--|---|
| Shares        | 601005     | Chongqing Iron and Steel (重慶鋼鐵) | 361                     | 233  | -64  | -   | -   | -   | 169                                      | Financial assets held for trading       |
| Shares        | 600787     | CMST Development Corp (中儲股份)    | 499                     | 587  | -34  | -   | -   | -   | 553                                      | Financial assets held for trading       |
| Shares        | 000539     | GED (粵電力A)                      | 24                      | 31   | 1  | -   | -   | -   | 32                                       | Financial assets held for trading       |
| Shares        | 600515     | Hainan Airport (海南機場)           | 264                     | 310  | -47  | -   | -   | -   | 263                                      | Financial assets held for trading       |
| Shares        | 600221     | Hainan Airlines Holding (海航控股)  | 206                     | 153  | -40  | -   | -   | -   | 113                                      | Financial assets held for trading       |
| Shares        | 002482     | Grandland Group (廣田集團)          | 224                     | -  | -14  | -   | 224                                       | -   | 210                                      | Financial assets held for trading       |
| Shares        | 000709     | HBIS Company (河鋼股份)             | 4,600                   | 4,041  | -  | -361  | -   | -   | 3,680                                    | Investments in other equity instruments |
| Shares        | 601328     | Bank of Communications (交通銀行)   | 89,134                  | 239,365  | -  | 71,967  | -   | -   | 311,332                                  | Investments in other equity instruments |
| Shares        | 000939     | Kaidi Ecological (凱迪生態)         | 2,502                   | -  | -  | -   | -   | -   | -  | Investments in other equity instruments |
| Shares        | 600642     | Shenergy (申能股份)                 | 188                     | 289  | -  | 108   | -   | -   | 397                                      | Investments in other equity instruments |
| Shares        | 000005     | Fountain (世紀星源)                 | 420                     | 175  | -  | -104  | -   | -   | 71                                       | Investments in other equity instruments |
| Shares        | 600665     | Tande (天地源)                     | 1,122                   | 626  | -  | -246  | -   | -   | 380                                      | Investments in other equity instruments |
| Shares        | 601005     | Chongqing Iron and Steel (重慶鋼鐵) | 170,080                 | 67,115   | -  | -18,334   | -   | -   | 48,781                                   | Investments in other equity instruments |
| Shares        | 000737     | North Copper (北方銅業)             | 38,798                  | -  | -  | 23,279  | 38,798                                    | -   | 62,077                                   | Investments in other equity instruments |

#### Explanation of securities investments

Applicable  Not Applicable

#### Private fund investments

Applicable  Not Applicable

#### Derivative investments

### (1) Derivative investments for hedging purposes during the Reporting Period



## Section IV Report of Board of Directors, Management Discussion and Analysis

At the 56th meeting of the third session of the Board of the Company held on 22 January 2024, the Proposal in relation to the Foreign Exchange Hedging Business Plan of MCC for the Year 2024 was considered and approved, agreeing that MCC headquarter and its subsidiaries would carry out foreign exchange derivatives transactions with a quota of not more than USD4,239 million (including equivalent foreign currencies) for the year 2024, 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 22 January 2024 for details). The Company has not applied hedge accounting for its foreign exchange hedging business for the first half of 2024, 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 Company strictly follows the principle of hedging to carry out foreign exchange forward and currency swap business. The scale of foreign exchange hedging is determined based on the actual demand for foreign exchange business, and the gains and losses of foreign exchange hedging transactions are hedged against the corresponding changes in asset value.   |
| Explanation of hedging effect  | The Company's foreign exchange derivatives business is in line with the needs of the daily operations of the Company, which enables the Company to effectively avoid exchange rate risks and reduce the possible adverse impact of exchange rate fluctuations on the Company.  |
| Sources of funds for derivative investments  | Contractual receipts and payments of foreign exchange and foreign currency funds on hand arising from normal production and operation.   |
| Risk analysis and description of control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, and others)               | (I) Transaction Risk Analysis<br><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> |

## Section IV Report of Board of Directors, Management Discussion and Analysis

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### (II) Risk Control Measures

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

4. For 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 (if applicable)

Not applicable

Date of disclosure of the announcement of the Board for approval of derivative investment (if any)

22 January 2024

Date of disclosure of the announcement of the shareholders' meeting for approval of derivative investment (if any)

Not applicable

(2) *Derivative investments for speculative purposes during the Reporting Period*

Applicable  Not Applicable

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

Applicable  Not Applicable

## Section IV Report of Board of Directors, Management Discussion and Analysis

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

Unit: RMB'000

| No. | Name of subsidiary  | Business scope                        | Place of establishment/<br>incorporation | Registered capital | Total assets | Net assets | Net profit |
|-----|---|---------------------------------------|--|--------------------|--------------|------------|------------|
| 1   | China MCC 5 Group Co., Ltd  | Engineering contracting, etc          | Chengdu                                  | 5,004,178          | 86,413,590   | 15,101,378 | 1,226,990  |
| 2   | China First Metallurgical Group Co., Ltd.                         | Engineering contracting, etc          | Wuhan                                    | 2,019,027          | 30,416,537   | 7,340,988  | 735,504    |
| 3   | Shanghai Baoye Group Co., Ltd.                                    | Engineering contracting, etc          | Shanghai                                 | 5,285,230          | 71,845,693   | 13,543,976 | 710,761    |
| 4   | China MCC 17 Group Co., Ltd.                                      | Engineering contracting, etc          | Ma'anshan                                | 2,050,000          | 45,127,791   | 10,395,750 | 627,252    |
| 5   | China MCC 22 Group Co., Ltd.                                      | Engineering contracting, etc          | Tangshan                                 | 2,780,000          | 36,518,762   | 5,756,802  | 364,634    |
| 6   | China Non-ferrous Engineering Co., Ltd.                           | Design, scientific research, EPC, etc | Beijing                                  | 2,346,730          | 12,769,318   | 4,825,333  | 363,911    |
| 7   | CISDI Group Co., Ltd.   | Design, scientific research, EPC, etc | Chongqing                                | 2,300,000          | 21,421,636   | 6,180,942  | 336,357    |
| 8   | WISDRI Engineering & Research Incorporation Limited               | Design, scientific research, EPC, etc | Wuhan                                    | 3,350,000          | 27,807,162   | 10,194,389 | 319,940    |
| 9   | MCC Ecological Environmental Protection Group Co., Ltd.           | Water resource management, etc        | Beijing                                  | 3,000,000          | 7,436,398    | 4,004,004  | 287,487    |
| 10  | MCC-JJJ Mining Development Company Limited                        | Resource development, etc             | Beijing                                  | 3,095,703          | 7,957,384    | 3,168,036  | 257,401    |
| 11  | MCC Capital Engineering & Research Incorporation Limited          | Design, scientific research, EPC, etc | Beijing                                  | 3,283,104          | 29,208,417   | 5,407,722  | 243,902    |
| 12  | MCC TianGong Group Corporation Limited                            | Engineering contracting, etc          | Tianjin                                  | 2,050,000          | 40,482,954   | 5,237,408  | 240,650    |
| 13  | China Metallurgical Construction Engineering Group Co., Ltd.      | Engineering contracting, etc          | Chongqing                                | 2,100,000          | 32,857,215   | 6,764,296  | 234,608    |
| 14  | China MCC 19 Group Corp. Ltd.                                     | Engineering contracting, etc          | Panzhuhua                                | 3,072,098          | 32,283,592   | 5,076,353  | 207,606    |
| 15  | China Second Metallurgical Group Corporation Limited              | Engineering contracting, etc          | Baotou                                   | 2,000,000          | 28,639,440   | 3,251,308  | 174,734    |
| 16  | MCC Communication Construction Group Co., Ltd.                    | Infrastructure Contracting            | Beijing                                  | 9,312,258          | 35,048,468   | 8,731,539  | 156,299    |
| 17  | Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC  | Investigation, design, etc            | Wuhan                                    | 500,000            | 4,417,233    | 1,300,802  | 129,127    |
| 18  | China Huaye Group Co., Ltd.                                       | Engineering contracting, etc          | Beijing                                  | 1,434,900          | 16,258,209   | 2,663,504  | 113,645    |
| 19  | Zhong Ye Chang Tian International Engineering Co., Ltd.           | Design, scientific research, EPC, etc | Changsha                                 | 677,301            | 7,180,763    | 2,898,347  | 113,071    |
| 20  | Central Research Institute of Building and Construction Co., Ltd. | Design, scientific research, EPC, etc | Beijing                                  | 2,905,110          | 14,562,722   | 4,947,559  | 93,017     |

# Section IV Report of Board of Directors, Management Discussion and Analysis

Subsidiaries with net profit of subsidiaries accounting 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                | 42,015,523        | 38,777,052     | 1,430,777        | 1,226,990  | 1,221,322                                     |
| 2   | China First Metallurgical Group Co., Ltd. | 29,050,700        | 26,806,019     | 829,145          | 735,504    | 732,535                                       |
| 3   | Shanghai Baoye Group Co., Ltd.            | 41,321,952        | 38,426,229     | 854,164          | 710,761    | 702,274                                       |
| 4   | China MCC 17 Group Co., Ltd.              | 23,311,144        | 21,237,058     | 699,602          | 627,252    | 627,251                                       |

## (VIII) Structured entities controlled by the Company

For details, please refer to Note IX 3 to Section X “Financial Statements” of this report.

## V. OTHER DISCLOSURES

### (I) 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. High-end metallurgical technology and equipment upgrading, green and low-carbon transformation, digital transformation and intelligent upgrading, and orderly development of electric furnace steel are the main 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.

## Section IV 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. Meanwhile, fluctuations in the prices of construction materials such as steel, cement and timber, supply chain disruptions or resource shortages may lead to cost increases, which will have a significant impact on the feasibility and cost of construction projects. 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 construction of protected housing, renovation of inner-city villages, and public infrastructure for "normal use and emergency use" (平急两用), 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**

Since 2024, the central and local governments have gradually loosened their real estate control policies, and the real estate industry policy has entered a comprehensive easing cycle, with the centralized introduction of a number of policies at the national level to continuously reduce the cost of home ownership for home buyers. However, from the industry's performance, the momentum of housing demand release has gradually weakened, urbanization has slowed down, and residents' income expectations are weak. Under the background of macroeconomic downturn, the policy easing has not been fully accepted by the market, the real estate market has not yet shown obvious signs of a significant rebound, and it is still difficult to stop the housing prices dropping.

## Section IV Report of Board of Directors, Management Discussion and Analysis

The Company will actively adapt to the requirements of the situation and market changes, implement the overall requirements of “relieving inventory risk and taking strict control of increment”, firmly guard the bottom line of non-occurrence of systemic and subversive risks, and explore to build a new model suitable for its own development. Firstly, the Company formulated special programs and action plans around the objective of “destocking” (去庫存), taken various measures to step up efforts in destocking, asset revitalization and risky project clearance, fully implemented the requirements of “one case, one policy (一案一策)” control, strictly implemented the primary responsibility, and made the destocking work of the real estate industry as the “top priority” to overcome difficulties, held the “three bottom lines” of the funds, delivery and quality, and strove to overcome the adverse impact of the downward shock of the real estate market to ensure cash flow security. Secondly, the Company gave full play to its advantages in the layout of the whole industrial chain of investment, financing, construction and operation, strengthened the business synergies and linkages between MCC Real Estate and subsidiaries in other segments through an innovative marketing model of “Five Linkages”, and actively participated in the construction projects of the “three major projects” to continuously reduce its debt pressure and enhance its real estate development capacity, asset operation capacity and property management level. The Company improved its operation quality, enhanced the products, services and brand force, and took the path of asset-light development, which focuses on real estate development and management services and brand output.

### **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 still faces significant short-term economic downward pressure, 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 macro-economic 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.

## Section IV Report of Board of Directors, Management Discussion and Analysis

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 operation***

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 arising from 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 summarise up the experience and lessons learned for international operation in terms of market expansion and project implementation, studied the policies, regulations and humanities environment of the overseas projects in-depth, established good long-term cooperative relationships with local partners, made every effort to decrease the risk of international operating by securing projects with good contract terms and dynamically monitoring the projects under construction.

### **8. *Environmental and safety production risks***

We strengthen the overall protection of the environment, resolutely fight the battle against pollution, and insist that green, low-carbon circular development have become an important national strategy, enterprises must pay more attention to ecological civilization and environmental protection. The Company is engaged in a number of industries, including engineering contracting, real estate development, equipment manufacturing 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 production 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.



## Section IV Report of Board of Directors, Management Discussion and Analysis

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

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

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

### 10. *Cyber risk and security*

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

In order to effectively prevent and control cyber and information security protection risks, and strengthen security protection capabilities, the Company has established a comprehensive safety protection system in accordance with the related national network security laws and regulations as well as system, and continuously promoted the optimization and upgrade of the enterprise's application systems and information technology infrastructure. The Company regularly carries out verification and tuning of security monitoring and protection policies, conducts vulnerability scanning for various information systems and server hosts, rectifies and strengthens the identified problems in a timely manner, and conducts retesting to ensure the security and stability of the data usage environment. The Company has attached great importance to the construction of network outlet security protection capacity and deployed network security equipment such as firewalls, IDSs and IPSs to defend against external network attacks to make sure the Company's network and data security is fully protected.

## (II) **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

# Section V Corporate Governance and Corporate Governance Report

## I. CORPORATE GOVERNANCE AND GOVERNANCE OF THE COMPANY

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 (including but not limited to Part 2 of Appendix C1 to the Hong Kong Listing Rules), constantly optimizing 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 members of the third session of the Board were: Mr. Chen Jianguang as the Chairman, Mr. Zhou Jichang as an Independent Non-executive Director, Mr. Lang Jia as a non-executive Director, Mr. Liu Li as an Independent Non-executive Director, Mr. Ng, Kar Ling Johnny as an Independent Non-executive Director, and Mr. Yan Aizhong as an employee representative Director.

Each general meeting, Board meeting and meeting of the Supervisory Committee is convened in accordance with the relevant requirements of the Company Law and the Articles of Association. During the Reporting Period, the Company convened 1 general meeting, 6 Board meetings, 9 special meetings presided over by the Chairman, 9 meetings of Special Committees, and 2 meetings of Supervisory Committee in total.

The Company has adopted the Model Code as the code governing the dealings in the Company’s securities by the Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, the Company is of the view that all Directors and Supervisors fully complied with the Model Code and requirements set out thereof during the six months ended 30 June 2024.

# Section V Corporate Governance and Corporate Governance Report

## II. SUMMARY OF THE GENERAL MEETINGS

| Sessions of the meeting     | Convening date | Enquiry index of the designated website for the publication of resolutions                                 | Date of publication of resolutions | Resolutions of the meeting  |
|-----------------------------|----------------|--|------------------------------------|---|
| 2023 Annual General Meeting | 25 June 2024   | <a href="http://www.sse.com.cn">www.sse.com.cn</a><br><a href="http://www.hkexnews.hk">www.hkexnews.hk</a> | 25 June 2024                       | 12 ordinary 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 2023”, the resolution in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2023”, the resolution in relation to the report on final accounts of MCC for the year 2023, the resolution in relation to the profit distribution plan of MCC for the year 2023, the resolution in relation to the emoluments of Directors and Supervisors of MCC for the year 2023, the resolution in relation to the plan of guarantees to be provided by MCC for the year 2024, the resolution in relation to the appointment of auditor for financial report and internal control auditor for the year 2024, the resolution in relation to the entering into of the Financial Services Agreement with Minmetals Finance Company and the setting of 2025–2027 annual caps for daily connected transactions/continuing connected transactions, the resolution in relation to the setting of 2025 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 business plan for securitisation of assets of MCC, 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, and the resolution in relation to the amendments to the Working Rules for the Independent Directors; 3 special resolutions were considered and approved at the meeting, including the resolution in relation to the registration and issuance plan for the bonds of the headquarters of MCC, the resolution in relation to the grant of general mandate to the Board to issue new shares, and the resolution in relation to the amendments to the Articles of Association. |

## Section V Corporate Governance and Corporate Governance Report

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

Applicable  Not Applicable

Explanation on General Meeting

On 25 June 2024, the Company convened the 2023 Annual General Meeting, where Mr. Chen Jianguang, being the chairman of the Company, Mr. Zhou Jichang and Mr. Liu Li, being Independent Non-executive Directors, Mr. Chu Zhiqi, being a Supervisor, and Mr. Wang Zhen, being Secretary to the Board, attended the meeting.

### III. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

| Name       | Position       | Change   |
|------------|----------------|----------|
| Liu Fuming | Vice President | Resigned |

Explanation on changes of Directors, Supervisors and senior management of the Company

On 25 April 2024, the Board received a written resignation report from Mr. Liu Fuming, the vice president of the Company. Mr. Liu resigned from his position of vice president of the Company due to personal reasons, and the resignation report became effective from the date it was delivered to the Board (for details, please refer to the relevant announcement disclosed by the Company on 25 April 2024).

### IV. PROPOSALS FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

**Proposals for profit distribution and transfer of capital reserve to share capital for the first half of the year**

Any distribution or transfer No

# Section V Corporate Governance and Corporate Governance Report

## V. 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 incentives 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.

## VI. REVIEW OF INTERIM RESULTS BY THE FINANCE AND AUDIT COMMITTEE

The finance and audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2024. The committee was of the opinion that the unaudited interim results for the six months ended 30 June 2024 had been in compliance with the applicable accounting principles as well as laws and regulations, and proper disclosures had been made.

## Section VI Environmental and Social Responsibility

### I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

#### (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 the first half of 2024 published by the state, provincial and municipal environmental protection departments, among all subsidiaries of the Company, 36 sewage treatment plants were included in the list of enterprises under special supervision of sewage treatment; 8 enterprises were included in the list of enterprises under special supervision of exhaust gas; and 2 enterprises were included in the list of enterprises under special supervision of wastewater treatment plants. 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 the first half of 2024, MCC Ecological Environmental Protection, a subsidiary of the Company, has processed a total of 312 million tons of sewage, achieving 79,500 tons of COD reduction and 8,000 tons of ammonia nitrogen reduction; China ENFI, also a subsidiary of the Company has processed a total of 870,000 tons of municipal solid waste and a total of 400,000 tons of sewage, respectively, achieving 20,000 tons of COD reduction and 503 tons of ammonia nitrogen reduction.

#### 1. Information about pollution discharge

① 36 enterprises under special supervision of sewage treatment

| No. | Company name  | Discharge vent   | Major pollutants and characteristic pollutants | Executive standard  | Emission standard <sup>(Note 1)</sup><br>(mg/L) | Actual emission<br>(mg/L) | Total emission rate<br>(10,000 t/day) | Discharge flow           |
|-----|---|--|--|---|---|---------------------------|---------------------------------------|--------------------------|
| 1   | Chuzhou Water Corporation MCC<br>(滁州市中治水務有限公司)  | Main vent from Qingliu Sewage Treatment Plant WS-01904         | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50<br>5(8)                                      | 14.33<br>0.24             | 14.9                                  | Qingliu River<br>(清流河)   |
| 2   | Lai'an Water Corporation MCC (Lai'an Wastewater Treatment Plant) (來安縣中治水務有限公司(來安污水處理廠)) | Vent from Lai'an Water Corporation MCC Wastewater WS-06998     | COD<br>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<br>1.5                                       | 20.8<br>0.45              | 7.7                                   | Lai River<br>(來河)        |
| 3   | MCC Qinhuangdao Water Co., Ltd. (中冶秦皇島水務有限公司)   | Vent from Shanhaiguan Water Treatment Plant (山海關污水處理廠出水口)      | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50<br>5(8)                                      | 16.58<br>0.13             | 3.57                                  | Chao River<br>(潮河)       |
| 4   | Shouguang North Water Corporation MCC (壽光市城北中治水務有限公司)                                   | Vent outside Shouguang North Water Corporation MCC WS-37078304 | COD<br>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<br>1.5                                       | 19.74<br>0.43             | 8.24                                  | Zhangseng River<br>(張僧河) |

Note 2

## Section VI Environmental and Social Responsibility

| No. | Company name  | Discharge vent  | Major pollutants and characteristic pollutants |   | Emission standard <sup>(Note 1)</sup><br>(mg/L) | Actual emission<br>(mg/L) | Total emission rate<br>(10,000 t/day) | Discharge flow         |
|-----|---|---|--|---|---|---------------------------|---------------------------------------|------------------------|
|     |   |   | Executive standard                             |   |   |                           |                                       |                        |
| 5   | Tianchang Water Corporation MCC (TianchangVent No. WS-009 Wastewater Treatment Plant) (天長市中冶水務有限公司(天長市污水處理廠))     |   | 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 | 40  | 14.25                     | 6.07                                  | Chuanqiao River (川橋河)  |
|     |   |   | Ammoniacal nitrogen                            |   | 2(3)  | 0.23                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 15.54                     | 0.6                                   | Qinlan River (秦欄河)     |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.20                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 27.69                     | 0.81                                  | Yangcun River (楊村河)    |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.60                      |                                       |                        |
| 8   | Wastewater Treatment Plant of Chuzhou High-tech Zone of Tianchang Water Corporation MCC (天長市中冶水務有限公司(滁州高新區污水處理廠)) | Vent No. WS-04303   | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 15.32                     | 3.23                                  | Chuanqiao River (川橋河)  |
|     |   |   | Ammoniacal nitrogen                            |   | 2(3)  | 0.15                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 17.86                     | 0.62                                  | Tonglong River (銅龍河)   |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.17                      |                                       |                        |
| 10  | MCC Xinglong Water Co., Ltd. (興隆縣中冶水務有限公司)  | Vent of disinfecting tank WS-001  | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 21.93                     | 2.1                                   | Liu River (柳河)         |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.72                      |                                       |                        |
| 11  | MCC Dingyuan Water Co., Ltd. (定遠縣中冶水務有限公司)  | Wastewater discharge vent WS-50004  | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 17.4                      | 5.45                                  | Maqiao River (馬橋河)     |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.39                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 20.96                     | 1.94                                  | Chu River (滁河)         |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.44                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 14.25                     | 2.23                                  | Xiangcheng River (襄城河) |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 0.29                      |                                       |                        |
| 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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A   | 50  | 10.75                     | 3.62                                  | Ci-hu Lake (磁湖)        |
|     |   |   | Ammoniacal nitrogen                            |   | 5(8)  | 1.29                      |                                       |                        |

## Section VI Environmental and Social Responsibility

| No. | Company name  | Discharge vent  | Major pollutants and characteristic pollutants | Executive standard   | Emission standard <sup>(Note 1)</sup><br>(mg/L) | Actual emission<br>(mg/L) | Total emission rate<br>(10,000 t/day) | Discharge flow                   |
|-----|---|---|--|--|---|---------------------------|---------------------------------------|----------------------------------|
| 15  | Shouguang MCC Water Co., Ltd.<br>(壽光市中冶水務有限公司)  | Vent from Shouguang MCC Water Co., Ltd. WS37078309  | COD<br>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<br><i>Note 2</i> | 30<br>1.5                                       | 25.83<br>0.38             | 11.71                                 | Xiaoqing River<br>(小清河)          |
| 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<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A  | 50<br>5(8)                                      | 27.38<br>0.14             | 4.8643                                | Discharged into artificial river |
| 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<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A  | 50<br>5(8)                                      | 23.8<br>0.14              | 4.96                                  | Min River<br>(閩江)                |
| 18  | MCC Xuancheng Water Co., Ltd. (宣城中冶水務有限公司)  | Mixed inflow of sewage emission in Xuancheng Shuangqiao Sewage Treatment Plant No.: 341802022     | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A  | 50<br>5(8)                                      | 21.55<br>0.24             | 1.37                                  | Shuiyang<br>(水陽江)                |
| 19  | Beijing Zhongshe Water Treatment Co., Ltd. (北京中設水處理有限公司)                                | Main vent (Phase I)   | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level I Standard A of current wastewater plant) DB11/890-2012   | 20<br>1.0(1.5)                                  | 14.69<br>0.028            | 6.10                                  | Ciwei River                      |
|     |   | Main vent (Phase II)  | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level I Standard A of current wastewater plant) DB11/890-2012   | 20<br>1.0(1.5)                                  | 13.87<br>0.08             |                                       |                                  |
| 20  | Lanzhou Zhongtou Water Corporation (蘭州中投水務有限公司)   | Main vent   | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard B  | 50<br>5(8)                                      | 16.76<br>0.57             | 23.65                                 | Yellow River                     |
| 21  | Xiaogan Zhongshe Water (孝感中設水務有限公司)   | Main vent   | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002)   | 50<br>5(8)                                      | 17.04<br>1.53             | 12.64                                 | Gunzi River<br>(滾子河)             |
| 22  | Wenxian Zhongtou 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<br>Ammoniacal nitrogen                     | Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province (Level I Standard) DB41/2087-2021  | 50<br>5(8)                                      | 12.78<br>0.32             | 3.09                                  | Rongqu River<br>(榮璜河)            |
| 23  | Wenxian Zhongtou 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<br>Ammoniacal nitrogen                     | Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province (Level I Standard) DB41/2087-2021  | 50<br>5(8)                                      | 19.98<br>0.89             | 2.47                                  | Xinmang River<br>(新蟒河)           |
| 24  | Changzhou Enfi Water Co., Ltd. (常州恩菲水務有限公司)   | Main vent   | COD<br>Ammoniacal nitrogen                     | Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu (DB32/1072-2018)  | 60<br>5   | 42.76<br>0.36             | 2.33                                  | Cailing Port<br>(採菱港)            |



## Section VI Environmental and Social Responsibility

| No. | Company name   | Discharge vent  | Major pollutants and characteristic pollutants |  | Emission standard <sup>(Note 1)</sup><br>(mg/L) | Actual emission<br>(mg/L) | Total emission rate<br>(10,000 t/day) | Discharge flow                                       |
|-----|--|---|--|--|---|---------------------------|---------------------------------------|--|
|     |  |   |  | Executive standard   |   |                           |                                       |  |
| 25  | Wuzhi County Zhongshe Water Co., Ltd.<br>(武陟縣中設水務有限公司)   | Main vent   | COD  | Discharge Standards for Water Pollutants for Yellow River Basin in Henan Province DB41/2087-2021 (Level II Standard) | 50  | 41.57                     | 1.52                                  | Lao River in District 2 and 4 (二四區澇河)                |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.52                      |                                       |  |
| 26  | Pingyuan Zhongshe Water Co., Ltd.<br>(平原中設水務有限公司)  | Main vent   | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A          | 50  | 39.3                      | 3.49                                  | Ma Hong Trunk Sewers (馬洪幹渠)                          |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.293                     |                                       |  |
| 27  | Zhuozhou Zhongshe Water Treatment Co., Ltd. (涿州中設水處理有限公司)  | Main vent   | COD  | Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)   | 30  | 15.12                     | 0.94                                  | North Juma River South Branch (北拒馬河南支)               |
|     |  |   | Ammoniacal nitrogen                            |  | 1.5(2.5)  | 0.08                      |                                       |  |
| 28  | Zhuozhou Zhongshe Environmental Protection Co., Ltd. (Western Plant)<br>(涿州中設環保有限公司(西廠))           | Main vent of the West Plant   | COD  | Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)   | 30  | 9.93                      | 2.51                                  | North Juma River (北拒馬河)                              |
|     |  |   | Ammoniacal nitrogen                            |  | 1.5(2.5)  | 0.02                      |                                       |  |
| 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  | Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)   | 30  | 10.90                     | 3.39                                  | North Drainage Channel into Baigou River (北排乾渠進入白溝河) |
|     |  |   | Ammoniacal nitrogen                            |  | 1.5(2.5)  | 0.06                      |                                       |  |
| 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  | Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)   | 30  | 11.93                     | 1.78                                  | North Drainage Channel into Baigou River (北排乾渠進入白溝河) |
|     |  |   | Ammoniacal nitrogen                            |  | 1.5(2.5)  | 0.07                      |                                       |  |
| 31  | MCC Water (Wuhan) Co., Ltd. (Bao Xie Plant)<br>(中冶水務(武漢)有限公司(豹澗廠))                                 | Vent from Baoxie Wastewater Treatment Plant (豹澗污水處理廠廢水排放口)                      | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A          | 50  | 10.08                     | 6.92                                  | Yangtze River (長江)                                   |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.06                      |                                       |  |
| 32  | MCC Water (Wuhan) Co., Ltd. (Zuoling Plant)<br>(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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-002) Level I Standard A           | 50  | 8.44                      | 9.22                                  |  |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.26                      |                                       |  |
| 33  | MCC Water (Zhuxi) Co., Ltd.<br>(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  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002)                             | 50  | 12.5                      | 0.6475                                | Zhuxi River (竹溪河)                                    |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.15                      |                                       |  |
| 34  | MCC Water (Macheng) Co., Ltd. (中冶水務(麻城)有限公司)   | Vent from Macheng Wastewater Treatment Plant (麻城污水處理廠廢水排放口)                     | COD  | Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002)                             | 50  | 15.64                     | 1.13                                  | Jushui River (舉水河)                                   |
|     |  |   | Ammoniacal nitrogen                            |  | 5(8)  | 0.49                      |                                       |  |
| 35  | Lai'an MCC Huatian Water 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   | 75                        | 1.43                                  | Lai'an County Wastewater Treatment Plant (來安縣污水處理廠)  |
|     |  |   | Ammoniacal nitrogen                            |  | 25  | 1.76                      |                                       |  |

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| No. | Company name   | Discharge vent                             | Major pollutants and characteristic pollutants |  | Emission standard <sup>(Note 1)</sup><br>(mg/L) | Actual emission<br>(mg/L) | Total emission rate<br>(10,000 t/day) | Discharge flow                                      |
|-----|--|--|--|--|---|---------------------------|---------------------------------------|---|
|     |  |  |  | Executive standard   |   |                           |                                       |   |
| 36  | Lai'an MCC Huatian Water Environment Investment Co., Ltd. (Chemical Park Wastewater Treatment Plant) (來安縣中冶華天水環境投資有限公司(化工園區污水處理廠)) | 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   | 45                        | 0.13                                  | 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  | 0.31                      |                                       |   |

*Note 1:* 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.

*Note 2:* Pursuant to the Notice on Improving the Effluent Quality of Urban Wastewater Treatment Plants (Wei Guan Wei Ban Fa [2019] No. 3) (《關於做好城市污水處理廠出水水質提升工作的通知》(滬管委辦發〔2019〕3號)), the official document issued by Weifang City Commission of Urban Management, the required water output indicators of COD and ammoniacal nitrogen for Shouguang North Water Corporation MCC and Shouguang MCC Water Co., Ltd. were 30mg/L and 1.5mg/L, respectively.

### ② Enterprises under special supervision of exhaust gas (8 enterprises)

| No. | Company name  | Discharge vent  | Name of main pollutant and characteristic Standard for implementation |   | Emission standard   | Actual emission       | Total emission rate<br>(kg/h) | Discharge flow                        |      |            |
|-----|---|---|---|---|---|-----------------------|-------------------------------|---------------------------------------|------|------------|
|     |   |   |   |   |   |                       |                               |                                       |      |            |
| 1   | Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司) | Xiangyang Enfi Municipal Solid Waste Incineration Power Plant (sewage vent) | COD   | Integrated wastewater discharge standard (GB8978-1996) Level Three Emission limit       | 500mg/L   | 56.00                 | 1.24                          | Wastewater Treatment Plant of Yujiahu |      |            |
|     |   |   | PH  | Integrated wastewater discharge standard (GB8978-1996) Level Three Emission limit       | 6-9   | 7                     | /                             |                                       |      |            |
|     |   |   | 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> | 27.49                         |                                       | 1.28 | Atmosphere |
|     |   |   | NO <sub>x</sub>   | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup>   | 164.68                | 10.66                         |                                       |      |            |
|     |   |   | Smoke and dust  | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 5.19                  | 0.06                          |                                       |      |            |

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| No. | Company name  | Discharge vent   | Name of main pollutant and characteristic Standard for implementation | Emission standard   | Actual emission       | Total emission rate (kg/h) | Discharge flow |            |
|-----|---|--|---|---|-----------------------|----------------------------|----------------|------------|
|     |   | 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> | 31.56                      | 1.27           |            |
|     |   |  | NO <sub>x</sub>   | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 172.87                     | 10.09          |            |
|     |   |  | Smoke and dust  | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 1.89                       | 0.08           |            |
|     |   | 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> | 22.61                      | 1.67           |            |
|     |   |  | NO <sub>x</sub>   | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 175.85                     | 12.56          |            |
|     |   |  | Smoke and dust  | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 2.11                       | 0.11           |            |
|     |   | 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> | 31.08                      | 1.36           |            |
|     |   |  | NO <sub>x</sub>   | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 163.14                     | 11.69          |            |
|     |   |  | Smoke and dust  | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 2.18                       | 0.10           |            |
| 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> | 23.24                      | 0.0021         | Atmosphere |
|     |   |  | NO <sub>x</sub>   | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 235.31                     | 0.0169         |            |
|     |   |  | Smoke and dust  | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 10.88                      | 0.0007         |            |

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| No. | Company name  | Discharge vent   | Name of main pollutant and characteristic pollutant | Standard for implementation   | Emission standard     | Actual emission | Total emission rate (kg/h) | Discharge flow |
|-----|---|--|---|---|-----------------------|-----------------|----------------------------|----------------|
|     |   | 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> | 36.55           | 0.0024                     |                |
|     |   |  | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 223.65          | 0.0142                     |                |
|     |   |  | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 5.53            | 0.0004                     |                |
|     |   | 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> | 23.95           | 0.0019                     |                |
|     |   |  | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 196.78          | 0.0157                     |                |
|     |   |  | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 5.13            | 0.0005                     |                |
| 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> | 48.82           | 4.37                       | Atmosphere     |
|     |   |  | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 63.24           | 5.91                       |                |
|     |   |  | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 1.99            | 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> | 46.46           | 4.23                       |                |
|     |   |  | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 59.45           | 5.31                       |                |
|     |   |  | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 1.46            | 0.15                       |                |

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| No. | Company name  | Discharge vent  | Name of main pollutant and characteristic pollutant | Standard for implementation   | Emission standard     | Actual emission | Total emission rate (kg/h) | Discharge flow |
|-----|---|---|---|---|-----------------------|-----------------|----------------------------|----------------|
| 4   | Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固废(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> | 12.78           | 0.1625                     | Atmosphere     |
|     |   |   | NO <sub>x</sub>                                     | Standard for pollution control on the hazardous waste incineration (GB18484-2020)       | 300mg/Nm <sup>3</sup> | 58.63           | 0.75                       |                |
|     |   |   | Smoke and dust                                      | Standard for pollution control on the hazardous waste incineration (GB18484-2020)       | 30mg/Nm <sup>3</sup>  | 10.70           | 0.1375                     |                |
| 5   | Ganzhou Nankang District Enfi Environmental Protection Energy Co., Ltd. (贛州南康區恩菲環保能源有限公司) | Incinerator Exhaust vent 1#   | SO <sub>2</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 100mg/Nm <sup>3</sup> | 58.06           | 6.01                       | Atmosphere     |
|     |   |   | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 208.58          | 21.23                      |                |
|     |   |   | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 2.10            | 0.20                       |                |
|     |   | Incinerator Exhaust vent 2#   | SO <sub>2</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 100mg/Nm <sup>3</sup> | 53.96           | 5.71                       |                |
|     |   |   | NO <sub>x</sub>                                     | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 300mg/Nm <sup>3</sup> | 197.92          | 20.27                      |                |
|     |   |   | Smoke and dust                                      | Standard for pollution control on the municipal solid waste incineration (GB18485-2014) | 30mg/Nm <sup>3</sup>  | 1.62            | 0.09                       |                |
| 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# exhaust   | SO <sub>2</sub>                                     | Discharge Standard of Pollutants for Thermal Power Plant (GB13223-2011)                 | 50mg/m <sup>3</sup>   | 0               | 0.00                       | Atmosphere     |
|     |   |   | NO <sub>x</sub>                                     |   | 100mg/m <sup>3</sup>  | 0               | 0.00                       |                |
| 7   | MCC-SFRE Heavy Industry Equipment Co., Ltd. (中冶陝重重工設備有限公司)                                | 1# exhaust pipe of the heating furnace in the forging workshop of the new plant | Particulate matter                                  | Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)                    | 30mg/m <sup>3</sup>   | <1.0            | <0.28                      | Atmosphere     |
|     |   |   | SO <sub>2</sub>                                     |   | 100mg/m <sup>3</sup>  | <3.0            | <0.85                      |                |
|     |   |   | NO <sub>x</sub>                                     |   | 300mg/m <sup>3</sup>  | 16              | 4.5                        |                |
|     |   | 2# exhaust pipe of the heating furnace in the forging workshop of the new plant | Particulate matter                                  | Discharge Standard of Pollutants for Foundry Industry (GB39726-2020)                    | 30mg/m <sup>3</sup>   | 1.2             | 0.15                       |                |
|     |   |   | SO <sub>2</sub>                                     |   | 100mg/m <sup>3</sup>  | 30              | 3.9                        |                |
|     |   |   | NO <sub>x</sub>                                     |   | 300mg/m <sup>3</sup>  | 265             | 34                         |                |

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| No. | Company name   | Discharge vent   | Name of main pollutant and characteristic Standard for implementation                      | Emission standard    | Actual emission | Total emission rate (kg/h) | Discharge flow |
|-----|--|--|--|----------------------|-----------------|----------------------------|----------------|
|     |  | 2# exhaust pipe of heating furnace in the forging and pressing workshop of the plant     | Particulate matter<br>Discharge Standard of Pollutants for Foundry Industry (GB39726-2020) | 30mg/m <sup>3</sup>  | <1.0            | <0.013                     |                |
|     |  |  | SO <sub>2</sub>  | 100mg/m <sup>3</sup> | <3              | <0.040                     |                |
|     |  |  | NOx  | 300mg/m <sup>3</sup> | 68              | 0.91                       |                |
|     |  | 4# exhaust pipe of heating furnace in the forging and pressing workshop of the old plant | Particulate matter<br>Discharge Standard of Pollutants for Foundry Industry (GB39726-2020) | 30mg/m <sup>3</sup>  | 28              | 0.038                      |                |
|     |  |  | SO <sub>2</sub>  | 100mg/m <sup>3</sup> | <3              | <0.0041                    |                |
|     |  |  | NOx  | 300mg/m <sup>3</sup> | 18              | 0.024                      |                |
|     |  | Exhaust pipe of heating furnace in the heat treatment workshop of the old plant          | Particulate matter<br>Discharge Standard of Pollutants for Foundry Industry (GB39726-2020) | 30mg/m <sup>3</sup>  | <1              | <0.027                     |                |
|     |  |  | NOx  | 300mg/m <sup>3</sup> | 157             | <0.081                     |                |
|     |  |  | SO <sub>2</sub>  | 100mg/m <sup>3</sup> | <3.0            | <0.081                     |                |
| 8   | MCC (Shanghai) Steel Structure Technology Corp, Ltd. (中冶(上海)鋼結構科技有限公司) | Structural 10A workshop exhaust vent   | Non-methane hydrocarbons<br>Integrated Emission Standards of Air Pollutants DB31/199-2015  | 70mg/Nm <sup>3</sup> | 2.92            | 0.0752                     | Atmosphere     |
|     |  | Structural workshop door no. 9 exhaust vent  | Non-methane hydrocarbons   | 70mg/Nm <sup>3</sup> | 6.98            | 0.0714                     |                |
|     |  | Equipment workshop east paint workshop discharge vent                                    | Non-methane hydrocarbons   | 70mg/Nm <sup>3</sup> | 4.4             | 0.0712                     |                |

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### ③ Enterprises under special supervision of wastewater treatment plants (2 enterprises)

| 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           | 113.93          | 5.23                       | 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            | 0.82            | 0.03                       |   |
|     |   |                         | PH  |   | 6-9               | 7.41            | /                          |   |
| 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 Xiaogan                                       | 400mg/L           | 20.86           | 0.0083                     | Sewage treatment plant of Xiaogan City                          |
|     |   |                         | Ammoniacal nitrogen                                 | Integrated Wastewater Discharge Standard (GB8978-1996) (Level III) and Water Collection Standard of Sewage Treatment Plant of Xiaogan                                       | 40mg/L            | 0.14            | 0.0000417                  |   |

### 2. Construction and operation of pollution prevention facilities

In the first half of 2024, the production and operation management of the Company's various key emission discharging enterprises was improved and the operation of pollution prevention and control facilities remained normal and stable, realizing emission standards.

- (1) All sewage treatment companies attached great importance to energy conservation and consumption reduction so that the operation of pollution prevention facilities was normal. By continuously strengthening the management and control of sewage treatment facilities, operation and other aspects, the standards of stable water discharge quality were guaranteed;
- (2) All incineration power plants continued to strengthen the control over percolate, fly ash, flue gas purification system, etc., in order to ensure that wastewater treatment and smoke and dust emission is compliant with requirements;
- (3) The wastewater treatment facilities of Sinosico -The First Subsidiary is equipped with a three-waste treatment stations, an integrated system for domestic sewage; the exhaust gas treatment facility is equipped with exhaust washing tower, acid fume purification tower and dust collecting bag. With respect to the solid waste treatment facility, general solid waste storage yard, sludge yard for wastewater treatment, hydrogenated residues yard and hazardous waste temporary storage yard are provided. All pollution prevention and control facilities operated normally and stably, and the production and operation management was optimal, which could meet the emission standards;

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(4) The plants of MCC Ecological Environmental Protection have continuously strengthened the management and control of wastewater treatment facilities, operation and other aspects to ensure that 100% of the effluent can be discharged in compliance with the standards. Phase I of the Maanshan Yintang Sewage Treatment Plant was completed and is in trial operation; Huangshi Waterworks Tuanchengshan Sewage Treatment Plant's V-shape filtration tank, renewal of 3 backwash pumps and renewal of one blower were completed; Hinglong Waterworks Liyuen Sewage Treatment Plant's aeration equipment was replaced; and the project of installing the additional sub-bottom microporous aeration device in Changle Waterworks Tantou Sewage Treatment Plant has been in progress.

### **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.

### **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 issues during the Reporting Period**

During the Reporting Period, none of the Company's affiliated enterprises with significant waste disposal were subject to administrative punishment due to environmental issues.

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

### **1. Administrative penalties due to environmental issues**

During the Reporting Period, the subsidiaries of the Company were subject to 8 administrative penalties for environmental issues such as dust, with fines of RMB521,000 in total. Up to now, the above rectifications of such issues have been completed.

### **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 wastewater, 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 standards after wastewater is treated in the biochemical tank and then discharged to the sewage treatment plant in the park.



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- ② WISDRI (Wuhan) Heavy Machinery Co., Ltd (中冶南方武漢重工製造有限公司): The main pollutant is exhaust gas, and the main air pollutants are volatile organic compounds. The emission concentration meets the emission standards after being treated by pollution prevention and control facilities.
  - 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 domestic wastewater, 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 biochemical oxygen demand, total nitrogen, total phosphorus and petroleum-based water pollutants, the discharge concentration of which meets the discharge standards. The major types 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 project: 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 kinds of the pollution control facilities for wastewater, exhaust gas, solid waste and noise in accordance with the environmental impact assessment report and approval requirements, and each project is equipped with fog cannon vehicles, 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 details 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 wastewater 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 wastes 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 turbine, dry filter, UV photolysis/photocatalysis, activated carbon adsorption process to purify paint fume and then discharge in accordance with the 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.

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Solid waste treatment facilities: special hazardous waste warehouses are built, hazardous wastes are sold to units with corresponding hazardous waste business license qualifications for recovery, and five-duplicate procedures for hazardous waste transfer 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》).

### 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; and three 20m-high exhaust pipes are equipped for treating natural gas, exhaust gas as a result of combustion, smoke and dust, SO<sub>2</sub> and NO<sub>x</sub>, etc. 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 effectively reduce noise pollution.

Solid waste treatment facilities: special hazardous waste warehouses are built, hazardous wastes are sold to units with corresponding hazardous waste business license qualifications for recovery, and five-duplicate procedures for hazardous waste transfer 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》).

### ④ Engineering projects

Flying dust prevention and control measures: strictly implement the “six 100%” standards 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 are adopted, guaranteeing that vehicles shall be washed and cleaned before entering and leaving the site, and ensuring that such measures are in line with the limit requirements of comprehensive emission standards of air pollutants.

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

Noise abatement 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 levels at the factory boundary to keep in line with the environmental noise emission standards for the construction sites.

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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 on-site needs, 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 accordance with the rules.

(3) *Reasons for non-disclosure of other environmental information*

Applicable  Not Applicable

**(III) Disclosed information on subsequent progress or changes of environmental protection during the Reporting Period**

Applicable  Not Applicable

**(IV) Relevant information conducive to protecting ecology, preventing pollution and fulfilling environmental responsibilities**

The Company established a clear and responsible environmental management system framework incorporating environmental responsibilities into the annual business performance assessment, signed annual target responsibility agreements with its subsidiaries, thereby creating a comprehensive and all-inclusive environmental responsibility system for employees, and effectively implementing environmental responsibilities. At the same time, the Company strengthened pre-, during-, and post-supervision for the entire supply chain, continuously improved environmental inspection mechanisms, and urged subsidiaries to improve emergency response mechanisms for unexpected public incidents, comprehensively preventing ecological and environmental risks and continuously improving environmental emergency response capabilities. To effectively reduce the negative impact of its operations and project construction on the environment, the Company enhanced environmental accountability and assessment and set energy, water resources, and emission environmental goals, promoting the harmonious coexistence of production operations and environmental protection.

The Company continued to focus on its core business, proactively adapted to the low-carbon and intelligent development trends in the iron and steel industry, begun key technology research and development for low-carbon initiatives, worked to implement energy-saving technologies with the concentration on the low-carbon and green production throughout the iron and steel industry's entire process, striving to achieve pollution reduction and carbon reduction throughout the entire metallurgical process, injecting green vitality into the steel industry. Guide by the "Iron and Steel Industry Carbon Peak and Carbon Reduction Action Plan (《鋼鐵行業碳達峰及降碳行動方案》)" the Company, a member of the "metallurgical construction national team (冶金建設國家隊)", fully leveraged the advantages of the entire metallurgical industry chain, innovatively promoted energy-saving and carbon-reducing technologies, and strengthened structural optimization and clean energy substitution in the iron and steel industry, realizing low-carbon transition by means of multiple measures and taking practical actions to address the risks and challenges brought by climate change.

The Company was committed to creating a "green project for central enterprises (央企綠色工程)," deeply promoting green construction, actively participating in ecological environment restoration and protection, and striving to create a beautiful and ecological home. The Company adhered to scientific, green and civilized construction, and formulated internal documents such as the "Green Construction Guidebook", strictly controlling green construction standards, promoting the application of green construction technologies such as prefabricated buildings and BIM, and carrying out green construction. Requirements for ecological construction, pollution prevention and control, and circular low-carbon management were fully implemented.

## Section VI Environmental and Social Responsibility

The Company actively responded to deployment of “Carbon Peak and Carbon Neutrality”, fully explored its own advantages and resources, and combined renewable energy with steel structures based on its local conditions following the principle of “green priority and mutual cooperation, participated in the construction of new energy infrastructure such as photovoltaic power stations, and research on basic materials, promoting low-carbon clean energy transformation and the high-quality development of the new energy industry. Furthermore, the Company was committed to building the “MCC Environmental Protection (中冶環保)” brand, fully utilized its own technical and engineering advantages, and boosted the development of the ecological environmental protection industry through meticulous efforts in ecological environmental protection businesses such as sewage treatment, waste incineration, and wetland protection and contributed to protecting the regional ecological environment.

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

During the Reporting Period, the Company positively promoted resource conservation and recycling. We adopted organizational management methods such as general contracting and whole-process engineering consultation, strengthened integrated collaborative management of design and construction, and saved resource consumption through dual optimization measures; actively promoted the factory-based processing of materials to realise precise blanking and fine management, thus reducing the loss rate of building materials, and made full use of surplus materials such as concrete, steel bars and formwork to implement recycling; fully considered the combination of temporary and permanent construction facilities to realise the combination of “permanent facilities” and “temporary facilities” and reduce construction waste.

The Company attached importance to the green technology innovation and sustainable development, conducted innovative research on the basis of the energy-saving and consumption-reducing goals of its sewage treatment plants, and actively adopted new processes with low energy consumption and low carbon source consumption. MCC Ecological Environmental Protection, a subsidiary of the Company, launched a sludge thermal carbonization demonstration application project (污泥水熱碳化示範應用項目) in 2024, using independently developed advanced technology and equipment to treat sludge modified by high-temperature and high-pressure treatment into sludge biochar as a biomass fuel and ecological restoration material. Such project optimized the process parameters through experiments, reducing the sludge moisture content from 80% to 30%. MCC-SFRE, a subsidiary of the Company, carried out energy-saving transformations for its furnace kilns and ultra-low nitrogen transformations for its boilers with some of the furnace fuel being changed from natural gas to electricity. After the project is completed and adopted, it is expected to save a total of 17.55 million cubic meters of natural gas and reduce carbon emissions by 38,000 tons per year. The Company’s subsidiaries actively carried out key technology research and development for low-carbon initiatives in the steel industry. MCC Capital achieved preliminary results in topics such as “Digital Intelligent Storage and Transportation Energy-saving Technology for Iron and Steel Enterprises (鋼鐵企業原料場數智儲運節能技術)”, “Research and Engineering Demonstration of Intelligent Power Transmission and Flexible Interconnection Technology for Enterprises (企業電力智能輸送及電網柔性互聯技術研究及工程示範)”, “Technical Requirements of Intelligent Grid Control System for Iron and Steel Industry (鋼鐵行業電網智能管控系統技術要求)”. Benefiting from its close cooperation with universities and research institutes, WISDRI enhanced the technical development of smart storage yards, smart sintering, smart ironmaking, smart steelmaking, and smart cold rolling, accelerating the formation of intelligent solutions for the entire iron and steel production process and helping iron and steel enterprises achieve high-quality transformation.

## Section VI Environmental and Social Responsibility

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

In the first half of 2024, following its thorough study and implementation of the General Secretary Xi Jinping's crucial statements and guiding principles in relation to "San Nong"(三農), the Company earnestly carried out and promoted the comprehensive revitalization of villages, focused on actual needs of the assistance counties, actively connected the core measures including consumer and industrial assistance with temporary cadres of the assistance counties, closely associated the employee welfare and well-being measures with consumer assistance by virtue of a full use of traditional festivals and holidays and the opportunities of union activities, effectively solving the practical difficulties encountered in the assistance counties, stimulating local economic development, increasing residents' income, helping the rural revitalization and assuming the social responsibility of a central state-owned enterprise with courage.

#### (I) DISBURSEMENT OF AID FUNDS

In 2024, the Company has undertaken the non-reimbursable assistance funds for the paired assistance and partner assistance of RMB17.36 million, including allocating RMB5.8 million to conduct 5 industrial revitalization assistance projects in Dejiang County; RMB4.02 million to conduct 7 industrial revitalization projects and 1 talent and cultural revitalization project in Yanhe County; RMB4.82 million to conduct 3 industrial revitalization projects, 1 ecological revitalization project and 4 cultural and talent revitalization projects in Zhenxiong County; and RMB2.72 million to Panzhihua Technician College to implement the "Mine Heart" vocational education program.

#### (II) DESCRIPTION OF TEMPORARY CADRES AND THEIR INSPECTION AND RESEARCH

In June 2024, the Company selected a new batch of temporary cadres to perform duties in the assistance counties to ensure that the talent help works seamlessly. According to the relevant requirements of the upper authority, the Company went to Yanhe County, Guizhou Province, to carry out paired assistance research and study, sympathize the temporary cadres, and complete their assessment at the end of the period.

#### (III) CONSUMER ASSISTANCE

The Company extensively arranged for its subsidiaries and labor unions to actively participate in consumer assistance. In the first half of 2024, the amount of direct purchases of agricultural products in the seven paired assistance counties was RMB4,500,000; the amount of purchase of agricultural products in the other poverty alleviation areas (the original 832 national-level poverty-stricken counties except for the seven assistance counties) was RMB860,000. The Company helped the seven assistance counties to sell agricultural products amounting to RMB740,000.

#### (IV) INNOVATION IN ASSISTANCE WORK

According to the actual situation of agriculture in the paired assistance counties, CISDI, a subsidiary of the Company, determined the assistance industries and broadened the sales channels in compliance with the location, built an "assistance county specialties" whole industrial chain cluster integrating research and development, production, processing, storage and transportation, sales, branding, experience and service, and cooperated with Jingdong Technology to create an online sales matrix, exploring a new mode of sustainable development for rural industries revitalization in poverty-stricken areas, and continuing to open up channels for agricultural products to go out of the villages and into the cities.

## Section VI Environmental and Social Responsibility

1. Consolidating the results of assistance with continuous industrial schemes: In addition to the ongoing full-process and full-life support for the “Peach and Pear Joy (桃梨歡喜)” Agricultural Demonstration Park project in Heshui, Yanhe County, CISDI also integrates the team of industrial experts and industrial chain resources in combination with its climate characteristics and agricultural characteristic industries, empowered the efficient development of villages with digitization and informationisation, and helped it to plan and implement new industrial assistance projects. On April 12, the “Peach and Pear Joy (桃梨歡喜)” adoption applet developed by CISDI Yinong (賽迪益農公司) was officially launched, and its Fruit Tree Adoption Plan (果樹認養計劃) was officially launched to take the adoption economy as an engine, driving the integrated development of local agriculture, culture, tourism and education (農文旅教). Once such applet was released, it gained solid support from related employees. Up to now, over 2,000 people adopted more than 2,000 peach trees, which will be successively delivered in June and July this year.
2. Developing new economic growth points with special industries innovation: In the first half of the year, CISDI Yinong (中冶賽迪益農公司) actively helped the government of Heishui Township in Yanhe County to collaborate with the Chongqing Academy of Agricultural Sciences (重慶市農科院) and provide technical guidance and high-quality seeds, put “black industry (黑色產業)” into practice, built a 200-mu demonstration garden for the characteristic “black industry” (black rice + black corn + black beans) in Yanhe County through support covering 2,087 people in 537 households in Aiqun Village, including 623 people in 165 households with documented card holders, therefore the assistance would penetrate into the grassroots farmers, and drive local farmers to increase their income and become wealth.

## Section VII Significant Events

### I. PERFORMANCE OF UNDERTAKINGS

(1) **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   | <p>1. 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 circumstances 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.</p> <p>2. Upon the completion of the acquisition, China Minmetals and 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.</p> | 17 February 2016    | No  | -                       | Yes   | -  | -  |

## Section VII 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 |
|---------------------------|---------------------|-------------------|---|---------------------|---|-------------------------|---|--|--|
|                           |                     |                   | <p>3. 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 have the priority to 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 divest the abovementioned competing businesses at its discretion.</p> <p>4. 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.</p> <p>5. China Minmetals undertook that it will strictly comply with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, 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 prejudice the lawful 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 be liable to MCC for all losses.</p> |                     |   |                         |   |  |  |



## Section VII 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 |
|--|--|-------------------|--|---|---|---|---|--|--|
| 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 non-financial corporate debt financing instruments | Others   | MCC               | The funds raised from the 2021 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 needs 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.   | 28 December 2021  | Yes   | The issuance dates to redemption dates of the 2021 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 needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. If there is any change in the use of funds during the term of the above medium term notes, the relevant information will be disclosed in a timely manner. | 7 December 2022,<br>14 December 2022,<br>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   | -  | -  |

## Section VII 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 2023 First Tranche to Thirteenth 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 needs that comply with national laws, regulations and policies, and shall not be used for long-term investment. If there is any change in the use of funds during the term of the above medium term notes, the relevant information will be disclosed in a timely manner. | 8 February 2023,<br>10 February 2023,<br>15 February 2023,<br>17 February 2023,<br>8 March 2023,<br>10 March 2023,<br>15 March 2023,<br>17 March 2023,<br>22 March 2023,<br>18 August 2023,<br>23 August 2023,<br>31 August 2023,<br>1 September 2023 | Yes   | The issuance dates to redemption dates of the 2023 First Tranche to Thirteenth Tranche of Medium term Notes of Metallurgical Corporation of China Ltd.*  | Yes   | -  | -  |
|                           | Others              | MCC               | The funds raised from the 2024 First Tranche to the Twelfth Tranche of Mediumterm 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,<br>23 February 2024,<br>14 March 2024,<br>18 March 2024,<br>24 July 2024,<br>7 August 2024,<br>9 August 2024,<br>21 August 2024,<br>22 August 2024,<br>23 August 2024,<br>26 August 2024,<br>27 August 2024                         | Yes   | The issuance dates to redemption dates of the 2024 First Tranche to the Twelfth Tranche of Medium term Notes of Metallurgical Corporation of China Ltd.* | Yes   | -  | -  |

## Section VII Significant Events

### 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. AUDITING OF INTERIM REPORT

Applicable  Not Applicable

The Company's 2024 interim financial statement has been reviewed by Ernst & Young Hua Ming LLP, but has not been audited.

### V. CHANGES AND RESOLUTIONS OF MATTERS IN RELATION TO NON-STANDARD AUDIT OPINION FOR THE ANNUAL REPORT OF LAST YEAR

Applicable  Not Applicable

### VI. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable  Not Applicable

### VII. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the Reporting Period  The Company had no material litigation and arbitration during the Reporting Period

### VIII. 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

### IX. 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 have any court ruling in effect that was yet to be enforced or any overdue liability with a relatively significant outstanding amount and was not otherwise involved in any other similar circumstances.

## Section VII Significant Events

### X. MATERIAL RELATED PARTY TRANSACTIONS

#### (I) Related party transactions in relation to daily operation

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

###### Overview of the Matter

###### Query Indexes

At the 57th meeting of the third session of the Board of Directors of the Company convened on 28 March 2024, the Resolution on setting Annual Caps for Daily Related Party Transactions/Continuing Connected Transactions in 2025 and the Proposal in relation to the Entering into of the Financial Services Agreement between MCC and CMC Finance Co., Ltd were considered and approved, which were agreed that the Company would estimate the relevant caps regarding the daily related party transactions 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. On 25 June 2024, the above resolutions were considered and approved at the 2023 annual general meeting.

For details, please refer to the relevant announcements published by the Company on 28 March 2024 and 25 June 2024, respectively.

At the 59th meeting of the third session of the Board of Directors of the Company convened on 16 May 2024, the Resolution on Adjusting the Amount of Related Party Transactions between MCC and CMC Finance Co., Ltd. was considered and approved, which was agreed that the Company would reduce the cap amount of the deposit service transactions for the years from 2025 to 2027 under the Financial Services Agreement, and submit the resolution to its 2023 annual general meeting for consideration after being reviewed by the Hong Kong Stock Exchange. On 25 June 2024, the above resolution was considered and approved at the 2023 annual general meeting.

For details, please refer to the relevant announcements published by the Company on 16 May 2024 and 25 June 2024, respectively.

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

Applicable  Not Applicable

## Section VII Significant Events

### 3. Events not disclosed in interim announcements

Unit: RMB'000

| Party to connected transaction                    | Connected relationship           | Type of connected transaction | Description of connected transaction   | Pricing principle of connected transaction | Annual caps for 2024 | Price of connected transaction | Amount of connected transaction | Percentage to similar transactions (%) | Payment Method for Connected transaction |              | Reason for significant difference between transaction price and reference market price |
|---|----------------------------------|-------------------------------|--|--|----------------------|--------------------------------|---------------------------------|--|--|--------------|--|
|   |                                  |                               |  |  |                      |                                |                                 |  | Market price                             | Market price |  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Sales of commodities          | Purchase and sales of materials – income   | Agreed price                               | 6,067,440            | -                              | 1,905,592                       | 18.21                                  | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Purchase of commodities       | Purchase and sales of materials – expense  | Agreed price                               | 23,537,130           | -                              | 4,638,103                       | 6.01                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Provision of services         | Engineering construction – income  | Agreed price                               | 14,290,870           | -                              | 3,846,761                       | 1.42                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Acceptance of services        | Engineering construction – expense   | Agreed price                               | 1,540,000            | -                              | 168,845                         | 0.11                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Provision of services         | Technology and management services – income  | Agreed price                               | 540,000              | -                              | 24,176                          | 0.26                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Acceptance of services        | Technology and management services – expense   | Agreed price                               | 1,160,000            | -                              | 105,752                         | 12.55                                  | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Other outflow                 | Property leasing – expenses  | Lease contracts                            | 460,000              | -                              | 42,037                          | 5.18                                   | -  | -            | -  |
| CMC Finance Co., Ltd.                             | Subsidiary of shareholder        | Comprehensive credit          | 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           | -                              | 5,987,046                       | -                                      | -  | -            | -  |
| 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           | -                              | 9,804,008                       | -                                      | -  | -            | -  |
| 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 3</sup>                   | Agreed price                               | 70,000               | -                              | 214                             | 0.07                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Interest expenses             | Industry and financial Services – financing costs – financial assistance   | Agreed price                               | 1,600,000            | -                              | 7,263                           | 0.56                                   | -  | -            | -  |
| China Minmetals and its subsidiaries (Except MCC) | Indirect controlling shareholder | Expenditures                  | Industry and financial Services – debt underwriting  | Agreed price                               | 330,000              | -                              | 925                             | 0.07                                   | -  | -            | -  |
| Total   | /                                | /                             | /  | /  | 91,595,440           | /                              | 26,530,722                      | /                                      | /  | /            | /  |

## Section VII Significant Events

| Party to connected transaction                      | Connected relationship | Type of connected transaction | Description of connected transaction | Pricing principle of connected transaction | Annual caps for 2024 | 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 |
|---|------------------------|-------------------------------|--------------------------------------|--|----------------------|--------------------------------|---------------------------------|--|--|--------------|--|
| Details of return of sold goods in large quantities |                        |                               |                                      |  |                      | Not Applicable                 |                                 |  |  |              |  |
| Description of connected transaction                |                        |                               |                                      |  |                      | Not Applicable                 |                                 |  |  |              |  |

**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, online banking and, investment services, letters of credit, entrusted loans, guarantees, bills acceptance services, letters of guarantee, etc.

**(II) Related party transaction in relation to acquisition of assets or acquisition or disposal of equity interests**

**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

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

Applicable  Not Applicable

## Section VII Significant Events

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

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

### (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

## Section VII 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 and its subsidiaries in CMC Finance Co., Ltd. (referred to as "Minmetals Finance Company") are as follows:

Unit: RMB

| Related party             | Connection relationship                 | Maximum limit of daily deposit | Interest rate range of deposits | Balance at the beginning of the period | Amount for the current period         |  | Balance at the end of the current period |
|---------------------------|---|--------------------------------|---------------------------------|--|---------------------------------------|--|--|
|                           |   |                                |                                 |  | Total deposits for the current period | Total withdrawal amount for the current period |  |
| Minmetals Finance Company | Under common control of China Minmetals | 12,000,000,000                 | 0.35%-1.15%                     | 3,111,348,231.83                       | 273,437,927,695.41                    | 276,388,133,836.16                             | 161,142,091.08                           |

#### 2. Loan business

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

Unit: RMB

| Related party             | Connection relationship                 | Loan facility  | Interest rate range of loans | Balance at the beginning of the period | Amount for the current period      |  | Balance at the end of the current period |
|---------------------------|---|----------------|------------------------------|--|------------------------------------|--|--|
|                           |   |                |                              |  | Total loans for the current period | Total repayment for the current period |  |
| Minmetals Finance Company | Under common control of China Minmetals | 30,000,000,000 | 2.4%                         | 3,000,000,000                          | 5,700,000,000                      | 3,000,000,000                          | 5,700,000,000                            |

#### 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 its subsidiaries are as follows:

Unit: RMB

| Related party             | Connection relationship                 | Business types  | Total          | Actual amount incurred |
|---------------------------|---|-----------------|----------------|------------------------|
| Minmetals Finance Company | Under common control of China Minmetals | Credit granting | 30,000,000,000 | 5,799,144,080.46       |



## Section VII Significant Events

### 4. Other explanations

During the Reporting Period, the agency fees, 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 its subsidiaries are as follows:

Unit: RMB

| Related party             | Connection relationship                 | Business types | Total      | Actual amount incurred |
|---------------------------|---|----------------|------------|------------------------|
| Minmetals Finance Company | Under common control of China Minmetals | Service fees   | 70,000,000 | 213,741.38             |

## XI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

### (I) TRUSTEESHIP, CONTRACTING AND LEASING

Applicable  Not Applicable

### (II) MAJOR GUARANTEES PERFORMED AND OUTSTANDING DURING THE REPORTING PERIOD

Unit: RMB

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

| Guarantor       | Relationship between the guarantor and the listed company | Guaranteed party  | Guaranteed amount | Date of guarantee (Signing date of agreement) | Inception date of guarantee | Expiration date of guarantee | Type of guarantee         | Principal debt | Security (if any) | Whether execution of guarantee has been completed | Is the guarantee overdue | Overdue amount | Counter guarantee | Whether guarantee is provided to related parties | Related party relationship |
|-----------------|---|---|-------------------|---|-----------------------------|------------------------------|---------------------------|----------------|-------------------|---|--------------------------|----------------|-------------------|--|----------------------------|
| MCC Real Estate | Wholly-owned subsidiary                                   | Zhuhai Hengqin Headquarter Building Development Co., Ltd. | 537,344,399.96    | 2023-9-4                                      | 2023-9-5                    | 2027-9-5                     | Joint liability guarantee | Normal         | Nil               | No  | No                       | 0 Nil          | No                | No   | Nil                        |
| MCC 20          | Holding subsidiary  | Zhuhai Hengqin Headquarter Building Development Co., Ltd. | 346,673,806.43    | 2023-9-4                                      | 2023-9-5                    | 2027-9-5                     | Joint liability guarantee | Normal         | Nil               | No  | No                       | 0 Nil          | No                | No   | Nil                        |

## Section VII Significant Events

|  |                |
|--|----------------|
| Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)       | 46,027,904.37  |
| Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees to subsidiaries) | 884,018,206.39 |

### Guarantees provided by the Company to their subsidiaries

|  |                   |
|--|-------------------|
| Total amount of guarantees provided to its subsidiaries during the Reporting Period                | -3,829,695,430.02 |
| Total balance of guarantees provided to its subsidiaries as at the end of the Reporting Period (B) | 5,118,297,543.77  |

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

|  |                  |
|--|------------------|
| Total amount of guarantees (A+B)   | 6,002,315,750.16 |
| Total amount of guarantees as a percentage in the net assets of the Company (%)                          | 4.13             |
| 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) | 5,958,155,750.16 |
| 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)  | 5,958,155,750.16 |
| Explanation on the potential joint repaying liability arising from outstanding guarantees                | Nil              |

Explanation on guarantees

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 RMB8,535 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.

### (III) Other material contracts

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

## Section VII Significant Events

### XII. EXPLANATION ON PROCESS IN USE OF PROCEEDS

#### (I) Overall Use of Proceeds

Unit: RMB'000

| Source of proceeds      | Proceeds availability | Total proceeds | Net proceeds after deduction of issuance expenses <sup>(1)</sup> | Total promised investment amounts out of proceeds in the prospectuses <sup>(2)</sup> | Total amount of excess proceeds <sup>(3)=(1)+(2)</sup> | Accumulated investment amount out of proceeds as of the end of the Reporting Period <sup>(4)</sup> | Including: accumulated investment amount out of excess proceeds as of the end of the Reporting Period <sup>(5)</sup> | Process of accumulated investment of proceeds as of the end of the Reporting Period <sup>(6)=(4)/(1)</sup> | Process of accumulated investment of excess proceeds as of the end of the Reporting Period <sup>(7)=(5)/(3)</sup> | Investment amount for the year <sup>(8)</sup> | Proportion of investment amount for the year <sup>(9)=(8)/(1)</sup> | Total proceeds for change of use |
|-------------------------|-----------------------|----------------|--|--|--|--|--|--|---|---|---|----------------------------------|
|                         |                       |                |  |  |  |  |  |  |   |   |   |                                  |
| Initial Public Offering | 2009年9月14日            | 1,897,000      | 1,835,897.24   | 1,684,800.00   | 151,097.24   | 1,765,632.24   | 151,097.24   | 96%  | 100%  | 9,347.83                                      | 0.51%   | 493,087.72                       |

*Note 1:* 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 RMB3.86 per share, with total funds raised amounting to RMB6,228.57 million. After deducting underwriting and sponsorship fees and other expenses relating to issuance, the net amount of actual proceeds the Company raised was RMB6,173.49 million. As of the end of 2022, the proceeds raised from the above-mentioned non-public issuance of A shares, totaling RMB6,187.79 million, including interest incurred from proceeds deposited in bank, had been fully utilised.

*Note 2:* The Company raised a total of HKD16.574 billion through its initial public offering of H shares in September 2009; after deducting underwriting and listing intermediary fees, the net proceeds from H shares amounted to HKD15.585 billion. As of the end of the Reporting Period, the Company has utilised a total proceeds from H shares of HKD13.310 billion. The amount of unutilised proceeds from H shares was HKD2.275 billion, all of which was raised for overseas resource development projects, and it will be invested in related projects when conditions permit.

*Note 3:* The above-mentioned investment amount of proceeds includes the interest generated from the special account for the deposit of proceeds.

## Section VII Significant Events

### (II) Details of the Investment Project by A share IPO Proceeds

#### 1. Use of proceeds from A share IPO

Unit: RMB'000

| Source of proceeds      | Project name   | Project nature              | Whether it is a promised investment project in the prospectuses involved | Whether the change is involved | Total planned investment of proceeds <sup>(1)</sup> | Investment amount for the Reporting Period | 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)</sup> | Date on which project reached expected available status  | Closed or not | Whether investment is in line with plan | Specific reason for process of investment not achieved as planned | Efficiency achieved for Efficiency or R&D results the year achieved of this project                                       | Whether feasibility of project changes significantly, if yes, please specify | Amount of balance              |
|-------------------------|--|-----------------------------|--|--------------------------------|---|--|--|--|--|---------------|---|---|---|--|--------------------------------|
| Initial Public Offering | Afghanistan AyraK Copper Mine Project  | Production and construction | Yes  | No                             | 65,000.00   | 0  | 0  | 0  | To be determined after the implementation of the project   | No            | (Note 1)                                | -   | To be determined after the implementation of the project  | No   | 0                              |
| Initial Public Offering | Remu nickel laterite mine project  | Production and construction | Yes  | No                             | 250,000.00  | 0  | 250,000.04 <sup>(Note 2)</sup>   | 100.00%  | Completed and put into operation in December 2012, achieved monthly production target in September 2016, and achieved annual production target in 2017 | Yes           | (Note 3)                                | 25,740.05   | Designed production capacity No of 32,601 tons of nickel and 3,300 tons of cobalt in hydroxide per year has been achieved | No   | 0                              |
| Initial Public Offering | Innovation base project of the National Steel Structures Engineering Technology Research Center  | R&D                         | Yes  | Yes, partially changed         | 41,487.95 <sup>(Note 4)</sup>                       | 0  | 42,826.56 <sup>(Note 5)</sup>  | 100.00%  | July 2022  | Yes           | -                                       | -   | Refer to note 5 for details   | Yes <sup>(Note 4)</sup>  | 13,958.15 <sup>(Note 4)</sup>  |
| Initial Public Offering | Acquisition of equipment for engineering and construction and research and development   | Others                      | Yes  | Yes, partially changed         | 187,086.12 <sup>(Note 6)</sup>                      | 0  | 199,304.73 <sup>(Note 7)</sup>   | 100.00%  | -  | Yes           | -                                       | -   | None  | No <sup>(Note 8)</sup>   | 312,963.88 <sup>(Note 8)</sup> |
| Initial Public Offering | The new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuyang County, Shaanxi Province | Production and construction | Yes  | No                             | 64,300.00   | 0  | 64,306.53 <sup>(Note 9)</sup>  | 100.00%  | December 2019  | Yes           | (Note 7)                                | -   | The supporting capacity was increased in phases   | No   | 0                              |
| Initial Public Offering | Project in Caifedian, Tangshan in relation to the production of 500,000 tons of cold bend steel and steel structures   | Production and construction | Yes  | No                             | 44,000.00   | 0  | 44,044.10 <sup>(Note 10)</sup>   | 100.00%  | November 2018  | Yes           | (Note 8)                                | 15.80   | Refer to note 13 for details  | No   | 0                              |

## Section VII Significant Events

| Source of proceeds      | Project name   | Project nature  | Whether it is a promised investment project in the prospectuses involved | Whether the change is involved | Total planned investment of proceeds <sup>(1)</sup> | Investment amount for the year | 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)</sup> | Date on which project reached expected available status | Closed or not | Whether process of investment is in line with plan achieved as planned | Specific reason for process of investment not achieved for the year | Efficiency achieved for the year | Whether project achieved Efficiency or R&D results  | Whether project changes significantly, if yes, please specify | Amount of balance             |
|-------------------------|--|---|--|--------------------------------|---|--------------------------------|--|--|---|---------------|--|---|----------------------------------|---|---|-------------------------------|
| Initial Public Offering | 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  | Yes, partially changed         | 20,436.04 <sup>(Note 5)</sup>                       | 0                              | 20,667.54 <sup>(Note 5)</sup>  | 100.00%  | October 2011  | Yes           | No   | (Note 10)   | -                                | None  | No <sup>(Note 9)</sup>  | 14,053.96 <sup>(Note 9)</sup> |
| Initial Public Offering | 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  | Yes                            | 0 <sup>(Note 11)</sup>                              | 0                              | -  | -  | -   | -             | -  | -   | -                                | -   | Yes <sup>(Note 11)</sup>                                      | -                             |
| Initial Public Offering | Large multi-arm de livers and heavy equipment automation industrial base construction project  | Production and construction                             | No   | Yes, partially changed         | 39,001.18 <sup>(Note 11)(Note 9)</sup>              | 0                              | 39,001.18  | 100.00%  | September 2011  | Yes           | No   | (Note 12)   | 0.22                             | Refer to note 14 for details  | Yes <sup>(Note 9)</sup>                                       | 9,347.83 <sup>(Note 9)</sup>  |
| Initial Public Offering | Property development project in Gaocheng Town, Pudong  | Others  | Yes  | No                             | 58,800.00   | 0                              | 58,800.00  | 100.00%  | August 2010   | Yes           | Yes  | -   | -                                | The project achieved a cumulative profit of RMB 689,265,300   | No  | 0                             |
| Initial Public Offering | Property development project of old town area renovation work (Phase II) in Yuan Yang Town, Jing Kai Yuan, North New District, Chongqing                                     | Others  | Yes  | No                             | 50,000.00   | 0                              | 50,695.73 <sup>(Note 9)</sup>  | 100.00%  | August 2013   | Yes           | Yes  | -   | 265                              | The project achieved a cumulative profit of RMB 667,046,200, and received the Chinese Civil Engineering Zhan Tianyou Award and the Excellent Residential Community Gold Award | No  | 0                             |
| Initial Public Offering | Replenishment of working capital and repayment of bank loans   | Replenishment of working capital and repayment of loans | Yes  | No                             | 844,738.71  | 9,347.83 <sup>(Note 6)</sup>   | 844,686.59 <sup>(Note 9)</sup>   | -  | -   | -             | -  | -   | -                                | -   | -   | -                             |
| Initial Public Offering | Replenishment of working capital and repayment of bank loans by over-subscription proceeds   | Replenishment of working capital and repayment of loans | No   | No                             | 151,097.24  | 0                              | 151,097.24   | -  | -   | -             | -  | -   | -                                | -   | -   | -                             |
| <b>Total</b>            |  |   |  |                                | <b>1,855,897.24</b>                                 | <b>9,347.83</b>                | <b>1,765,632.24</b>  | <b>-</b>   | <b>-</b>  | <b>-</b>      | <b>-</b>   | <b>-</b>  | <b>-</b>                         | <b>-</b>  | <b>-</b>  | <b>350,353.82</b>             |

## Section VII Significant Events

### Notes:

1. The Afghanistan Aynak Copper Mine Project: The progress of this project has been affected for many years by delays in the Afghan government's archaeological excavation and land transfer. The Company is communicating and negotiating 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.
2. 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.
3. 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 the first half of 2024, accumulative gain achieving turnaround.
4. National Steel Structure Engineering Technology Research Centre Innovation Base Project: As considered and 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 RMB750 million out of the RMB1.5 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 RMB195 million out of the raised funds to be used after 2014 for the project will be changed to a permanent replenishment to working capital (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 RMB140 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 cumulative change amounted to RMB1,085 million.
5. 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 Innovation Base has systematically 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 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 Highperformance Structural Steel in Buildings".
6. As approved at the first extraordinary general meeting of the Company in 2013, the usage of the remaining balance of the raised funds and interest thereof amounting to RMB3.121 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 RMB3.13 billion, with the difference being interest generated after 23 August 2013).

## Section VII Significant Events

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 RMB141 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. 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. After careful evaluation, the Company decided to terminate the project and complete the formalities for closure without further investment.

## Section VII Significant Events

13. The project in Caofeidian, Tangshan in relation to the production of 500,000 tons of cold bend steel and steel structures has realised a cumulative economic benefit of RMB24.9204 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. It has obtained patents including a steel plate press head roll round method, a positioning and dotting method of numerical controlled flame cutting machine, a pickup-stacking device and pickup-stacking method of numerical controlled flame cutting machine, the production method of spiral twisted boxes, shell shop assembly processing production method, shaped shell single tile pressing tire and production method thereof, 30-50mm thick steel plate single wire submerged arc automatic welding process, the production method of tree-shaped multi-section space angle bending coherent member, numerical controlled flame plasma tire frame anti-cutting device and its usage. It has obtained such achievements as large-scale blast furnace wind mouth iron mouth factory manufacturing technology, wind power generation tower manufacturing technology, large-scale dual-use bridge steel structure hole-making precision control technology, steel bridge factory rapid processing and production technology, urban large-scale steel bridge box rapid construction technology, and bidirectional bending shell processing and production technology.
14. The large multi-ram die forgings and heavy equipment automation industrial base construction project: Currently, the company's mature product line includes plug valves; check valves; manifold joints: T-type tee, manifold tee, Y-type tee, cross three-dimensional five-way, safety valves (L joints); pump flanges: flange tee, discharge flanges; manifold straight pipes: solid straight pipe, reducer pipe, natural gas valves: emergency shut-off valves, angle valves, regulating valves; power station valves: flat gate valves, hydrogenation valves, vacuum valves, oil extraction sluice valves, positioning ring, chemical melt pump, cylinder, titanium alloy balance elbow, aluminum alloy wheel hub, titanium alloy T profile: plug valve supporting forgings: plug rod, sealing arc, wing nut; rail transportation: hook tongue, bearing saddle, frog centre, lower spring top plate, titanium alloy cylinder and other 16 types of forgings, as well as multi-directional die forging presses, die forging presses, plate presses, vertical extrusion presses, non-standard equipment, and other heavy equipment products. There are 65 invention patents in the project. In 2023, it was honored as one of the "National Intellectual Property Advantageous Enterprise"; in 2023, it was honored as one of the "Hebei Specialised and New Small and Medium-sized Enterprises", the "National Intellectual Property Advantageous Enterprises", and the "Tangshan Technology Innovation Demonstration Enterprise". It is in the process of declaring as a national high-tech enterprise; the company has 6 R&D platforms, including Lijingsheng Innovation Studio, Hebei Heavy Equipment Prestressing Manufacturing Technology Innovation Centre, MCC Precision Forging Engineering and Technology Centre, Tangshan Enterprise Technology Centre, Hebei Industrial Enterprises Research and Development Institution (Grade A) and Tangshan Industrial Design Centre. It is in the process of declaring as the Hebei Provincial Enterprise Technology Centre and Hebei Provincial Industrial Design Centre.
15. As considered and approved at the annual general meeting for the year 2023 held on 25 June 2024, the remaining proceeds from the "large multi-ram die forgings and heavy equipment automation industrial base construction project" and the interest thereon amounting to RMB93 million will be used for permanent replenishment to working capital.



## Section VII Significant Events

### 2. Use of excess proceeds

Unit: RMB0'000

| Usage  | Nature  | Total excess proceeds to be invested <sup>(1)</sup> | Accumulated investment amount out of excess 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><br>(%) | Notes |
|--|---|---|---|---|-------|
| Replenishment of working capital and repayment of bank loans | Replenishment of working capital and repayment of loans | 151,097.24  | 151,097.24  | 100%  | –     |

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

Unit: RMB0'000

| Name of the project before change  | Time of change (time of first announcement disclosure) | Type of 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   | Amount of proceeds used to supplement liquidity after change/termination | Explanation of decision-making procedures and information disclosure  |
|--|--|--|--|---|--------------------------------------|---|--|---|
| Large multi-ram die forgings and heavy equipment automation industrial base construction project | 15 December 2023                                       | Reduction in the investment amount of proceeds | 48,200.00  | 39,001.18   | Permanent replenishment of liquidity | After careful evaluation, the Company decided to terminate the project and complete the formalities for closure without further investment. | 9,346.85   | Has been considered and approved at the 54th meeting of the third session of the Board and the annual general meeting for the year 2023, details of which can be found in the relevant announcements disclosed by the Company on 15 December 2023, 3 June 2024 and 25 June 2024, respectively |

## Section VII Significant Events

### (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 2024, 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 RMB1,053.39 million and for a use period of not more than one year, was considered and approved at the 57th meeting of the third session of the board of directors of the Company; of which, RMB93.48 million was used to supplement working capital for the construction project of large-scale multi-directional die forgings and heavy equipment automation industrial base (hereinafter referred to as the “Large-scale Multi-directional Die Forgings Project”) for a period of three months from the date of approval by the Board (Please refer to the relevant announcement disclosed by the Company on 28 March 2024 for details). Pursuant to the aforesaid resolution, the Company and its subsidiaries had used the idle A-Share raised funds in the aggregate amount of RMB1,053.39 million as replenishment to working capital; in particular, the Company utilised the idle proceeds from the Large-scale Multi-directional Die Forgings Project of RMB93,480,000 as replenishment to working capital, and the Company refunded the aforesaid idle proceeds of RMB93,480,000 to the special account for the Company’s A-share proceeds as at 21 June 2024 for a period of use of not exceeding three months (please refer to the relevant announcement disclosed by the Company on 21 June 2024 for details). As of the end of the Reporting Period, the Company had utilised an aggregate of RMB959.91 million of idle A-share proceeds as replenishment to working capital.

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

Applicable  Not Applicable

# Section VIII Changes in Shares and Particulars of Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) Statement of changes in Shares

#### 1. STATEMENT OF 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 OF THE CHANGES IN SHARES

Applicable  Not Applicable

#### 3. IMPACTS ON FINANCIAL INDICATORS INCLUDING EARNINGS PER SHARE, NET ASSETS PER SHARE, ETC. DUE TO CHANGES IN SHARES DURING THE PERIOD FROM THE END OF THE REPORTING PERIOD TO THE ISSUANCE OF INTERIM REPORT (IF ANY)

Applicable  Not Applicable

#### 4. OTHER INFORMATION ON 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. PARTICULARS OF SHAREHOLDERS

### (I) Total number of Shareholders:

|  |         |
|--|---------|
| Total number of ordinary Shareholders as at the end of the Reporting Period (Person)   | 340,816 |
| Total number of Shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period (Person) | 0       |

## Section VIII Changes in Shares and Particulars of Shareholders

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

*Unit: share*

**Shareholding of the top ten Shareholders (excluding shares lent under the margin refinancing transfer)**

| 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, charged 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>   | 122,950                            | 2,842,429,901                                  | 13.72          | 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   | -170,099,355                       | 371,707,351                                    | 1.79           | 0  | Nil                        | 0      | Others                   |
| Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund | 31,390,100                         | 84,579,080                                     | 0.41           | 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                   |
| E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Program  | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme                               | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme                                 | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme   | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme                               | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme                             | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme                                   | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme                   | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |
| ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme           | 0                                  | 63,516,600                                     | 0.31           | 0  | Nil                        | 0      | Others                   |

## Section VIII Changes in Shares and Particulars of Shareholders

### Shareholding of the top ten Shareholders not subject to selling restrictions (excluding shares lent under the margin refinancing transfer)

| Name of Shareholder   | Number of tradable shares held and not subject to selling restrictions                                    | Types and number of shares      |                |
|---|---|---------------------------------|----------------|
|   |   | Types                           | Number         |
| China Metallurgical Group Corporation   | 10,190,955,300  | RMB-denominated ordinary shares | 10,190,955,300 |
| HKSCC Nominees Limited <sup>(2)</sup>   | 2,842,429,901   | Overseas-listed foreign shares  | 2,842,429,901  |
| 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   | 371,707,351   | RMB-denominated ordinary shares | 371,707,351    |
| Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund | 84,579,080  | RMB-denominated ordinary shares | 84,579,080     |
| Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program                                    | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| E-Fund – Agricultural Bank – E-Fund China Securities and Financial Assets Management Program  | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Programme                               | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Programme                                 | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Programme   | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Programme                               | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Programme                             | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Programme                                   | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Programme                   | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Programme           | 63,516,600  | RMB-denominated ordinary shares | 63,516,600     |
| Explanations on repurchase accounts 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 any connections or parties acting in concert among the aforesaid Shareholders |                                 |                |
| Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held             | Not Applicable  |                                 |                |

Note (1): Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2024.

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

## Section VIII Changes in Shares and Particulars of Shareholders

Participation of the Shareholders holding 5% or above shares, top ten Shareholders and top ten Shareholders with tradable shares not subject to selling restrictions in lending shares in the margin refinancing business

*Unit: share*

**Participation of the Shareholders holding 5% or above shares, top ten Shareholders and top ten Shareholders with tradable shares not subject to selling restrictions in lending shares in the margin refinancing business**

| Name of Shareholder<br>(full name)   | Shareholding in general<br>account, credit account at<br>the beginning of the period |                   | Lending shares outstanding<br>in the margin refinancing at<br>the beginning of the period |                   | Shareholding in general<br>account, credit account at<br>the end of the period |                   | Lending shares outstanding<br>in the margin refinancing at<br>the end of the period |                   |
|--|--|-------------------|---|-------------------|--|-------------------|---|-------------------|
|  | Total volume   | Proportion<br>(%) | Total volume  | Proportion<br>(%) | Total volume   | Proportion<br>(%) | Total volume  | Proportion<br>(%) |
| Industrial and<br>Commercial Bank<br>of China Limited –<br>Huatai-PineBridge CSI<br>300 Exchange-traded<br>Open-end Index<br>Securities Investment<br>Fund | 53,188,980   | 0.26              | 159,500   | 0.01              | 84,579,080   | 0.41              | 0   | 0                 |

Changes in the top ten Shareholders and top ten Shareholders with tradable shares not subject to selling restrictions due to the lending/returning of shares in the margin refinancing

Applicable  Not Applicable

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

Applicable  Not Applicable

**(III) Strategic investors or general legal persons became one of the top ten Shareholders as a result of the placing of the new Shares**

Applicable  Not Applicable

# Section VIII Changes in Shares and Particulars of Shareholders

## III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (I) Particulars of changes in the shareholdings of current and resigned Directors, Supervisors and senior management during the Reporting Period

Applicable  Not Applicable

- (II) Share incentives granted to Directors, Supervisors and senior management during the Reporting Period

Applicable  Not Applicable

- (III) Securities interests owned by Directors, Supervisors and senior management

1. **Directors', Supervisors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations**

As at 30 June 2024, so 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 (%) |
|-------------------|---------------------------------------|-----------------|---------------------|------------------|------------------|---|---|
| <b>Supervisor</b> |                                       |                 |                     |                  |                  |   |   |
| Yin Sisong        | Chairman of the Supervisory Committee | A Shares        | Long position       | Beneficial owner | 28,100           | 0   | 0   |

Save as disclosed above, as at 30 June 2024, so 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.

## Section VIII Changes in Shares and Particulars of Shareholders

### 2. *Other senior management's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations*

As at 30 June 2024, so 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   |

### 3. *Interests and short positions of substantial Shareholders and other persons in the Shares and underlying Shares of the Company*

As at 30 June 2024, 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:

#### Shareholders 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, so far as the Directors, Supervisors and chief executives of the Company are aware, as at 30 June 2024, 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.



# Section VIII Changes in Shares and Particulars of Shareholders

## IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

Applicable  Not Applicable

During the Reporting Period, there was no change in the controlling shareholder and actual controller of the Company.

On 26 August 2024, the Company disclosed the “inside information – share transfer of the controlling shareholders”, in which the Company received a notification from China Minmetals, the indirect controlling shareholder of the Company, that it intended to gratuitously transfer 9,171,859,770 A shares of the Company held by CMGC (representing 44.258% of the total share capital of the Company) to China Minmetals. Upon completion of the gratuitous transfer, China Minmetals will directly hold 9,171,859,770 A-shares in the Company (accounting for 44.258% of the total share capital of the Company), MCC Group will directly hold 1,019,095,530 A-shares in the Company (accounting for 4.918% of the total share capital of the Company). The direct controlling shareholder of the Company will be changed from CMGC to China Minmetals, and the actual controller of the Company will remain unchanged and remain with the SASAC. The matter is still in the planning stage and all relevant legal procedures have not yet been completed. The Company will disclose the progress of the matter in a timely manner in accordance with the provisions of laws and regulations.

## V. EMPLOYEES AND REMUNERATION POLICY

### (I) Employees

|  |         |
|--|---------|
| Number of existing employees of parent company   | 388     |
| Number of existing employees of principal subsidiaries   | 96,782  |
| Total number of existing employees   | 97,170  |
| Number of employees resigned or retired to whom the parent company and principal subsidiaries are liable | 116,209 |

### Composition of Professionals

| Composition of Professionals | Number of Professionals |
|------------------------------|-------------------------|
| Engineering contracting      | 78,694                  |
| Resource development         | 2,009                   |
| Featured business            | 13,962                  |
| Comprehensive real estate    | 2,322                   |
| Others                       | 183                     |
| Total                        | 97,170                  |

### Level of Education

| Categories of Educational Level | Number (person) |
|---------------------------------|-----------------|
| Postgraduate or above           | 15,436          |
| Undergraduate                   | 56,207          |
| Vocational graduate             | 12,360          |
| Vocational graduate or below    | 13,167          |
| Total                           | 97,170          |

### (II) Remuneration policies

The Company implements a market-aligned remuneration system on the basis of performance appraisal. In accordance with applicable regulations, the Company established the basic pension contribution plan, basic medical insurance, unemployment insurance, maternity insurance, workers' injury compensation insurance and housing fund for employees. In accordance with applicable laws and regulations, the amount of contribution to the aforesaid social securities and housing fund are strictly based on state, provincial and municipal requirements. As approved by higher authorities, the Company also set up its enterprise annuity system for employees according to applicable regulations.

## Section IX Corporate Bonds

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

#### (I) Corporate bonds (including enterprise bonds)

Applicable  Not Applicable

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

##### 1. Basic Information on Non-Financial Corporate Debt Financing Instruments

Unit: RMB100 million

| Name of bonds  | Abbreviation  | Bond code | Issue date                           | Value date       | Expiry date   | Outstanding bonds | Interest rate (%) | Method to pay principal and interests   | Stock exchange                 | Investor suitability arrangements (if any) | Trading mechanism   | Is there any risk of termination of listing and trading |
|--|---------------|-----------|--------------------------------------|------------------|---|-------------------|-------------------|---|--------------------------------|--|---------------------|---|
| 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 | National 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 | National Interbank Bond Market | -  | Bidding transaction | No  |
| 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 | National 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 | National 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 | National Interbank Bond Market | -  | Bidding transaction | No  |

## Section IX Corporate Bonds

| Name of bonds   | Abbreviation  | Bond code | Issue date                           | Value date       | Expiry date   | Outstanding bonds | Interest rate (%) | Method to pay principal and interests   | Stock exchange                 | Investor suitability arrangements (if any) | Trading mechanism   | Is there any risk of termination of listing and trading |
|---|---------------|-----------|--------------------------------------|------------------|---|-------------------|-------------------|---|--------------------------------|--|---------------------|---|
| 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 | National 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 | National Interbank Bond Market | -  | Bidding transaction | No  |
| 2023 Fourth 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 | National Interbank Bond Market | -  | Bidding transaction | No  |
| 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 | National 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 | National 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 | National 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 | National 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 | National Interbank Bond Market | -  | Bidding transaction | No  |

## Section IX Corporate Bonds

| Name of bonds  | Abbreviation   | Bond code | Issue date                           | Value date       | Expiry date   | Outstanding bonds | Interest rate (%) | Method to pay principal and interests   | Stock exchange                 | Investor suitability arrangements (if any) | Trading mechanism   | Is there any risk of termination of listing and trading |
|--|----------------|-----------|--------------------------------------|------------------|---|-------------------|-------------------|---|--------------------------------|--|---------------------|---|
| 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 | National 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 | National Interbank Bond Market | -  | Bidding transaction | No  |
| 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 | National 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 | National 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 2024 to 22 February 2024 | 23 February 2024 | 23 February 2034  | 10                | 2.94              | Interests payable per annum, and principal and interest payable upon maturity | National 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 2024, 26 February 2024   | 27 February 2024 | 27 February 2034  | 10                | 2.92              | Interests payable per annum, and principal and interest payable upon maturity | National 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    | Exercise date of options redeemed by the issuer, with the first exercise date on 18 March 2027    | 20                | 2.79              | Interests payable per annum, and principal and interest payable upon maturity | National 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    | Exercise date of options redeemed by the issuer, with the first exercise date on 20 March 2027    | 20                | 2.74              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | -  | Bidding transaction | No  |
| 2024 Fifth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*      | 24 MCC MTN005A | 102483199 | 24 July 2024 to 25 July 2024         | 26 July 2024     | Exercise date of options redeemed by the issuer, with the first exercise date on 26 July 2029     | 10                | 2.25              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | -  | Bidding transaction | No  |

## Section IX Corporate Bonds

| Name of bonds  | Abbreviation   | Bond code | Issue date                       | Value date     | Expiry date   | Outstanding bonds | Interest rate (%) | Method to pay principal and interests   | Stock exchange                 | Investor suitability arrangements (if any) | Trading mechanism   | Is there any risk of termination of listing and trading |
|--|----------------|-----------|----------------------------------|----------------|---|-------------------|-------------------|---|--------------------------------|--|---------------------|---|
| 2024 Fifth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*    | 24 MCC MTN005B | 102483200 | 24 July 2024 to 25 July 2024     | 26 July 2024   | Exercise date of options redeemed by the issuer, with the first exercise date on 26 July 2034   | 10                | 2.54              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Sixth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*    | 24 MCC MTN006  | 102483403 | 7 August 2024 to 8 August 2024   | 9 August 2024  | Exercise date of options redeemed by the issuer, with the first exercise date on 9 August 2029  | 20                | 2.25              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Seventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*  | 24 MCC MTN007  | 102483477 | 9 August 2024, 12 August 2024    | 13 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 13 August 2034 | 12                | 2.75              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Eighth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*   | 24 MCC MTN008  | 102483673 | 21 August 2024 to 22 August 2024 | 23 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 23 August 2029 | 20                | 2.40              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Ninth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*    | 24 MCC MTN009  | 102483722 | 22 August 2024 to 23 August 2024 | 26 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 26 August 2027 | 20                | 2.28              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Tenth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*    | 24 MCC MTN010  | 102483782 | 23 August 2024, 26 August 2024   | 27 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 27 August 2029 | 20                | 2.5               | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Eleventh Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* | 24 MCC MTN011  | 102483789 | 26 August 2024 to 27 August 2024 | 28 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 28 August 2027 | 20                | 2.38              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |
| 2024 Twelfth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*  | 24 MCC MTN012  | 102483835 | 27 August 2024 to 28 August 2024 | 29 August 2024 | Exercise date of options redeemed by the issuer, with the first exercise date on 29 August 2027 | 12                | 2.31              | Interests payable per annum, and principal and interest payable upon maturity | National Interbank Bond Market | –  | Bidding transaction | No  |

The Company's countermeasures to the risk of termination of listing and trading of the bonds

Applicable  Not Applicable

Overdue bonds

Applicable  Not Applicable

Explanations of overdue debts

Applicable  Not Applicable

## Section IX Corporate Bonds

### 2. *Trigger and Implementation of Option Clauses of the Company or Investor and Investor Protection Clauses*

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

### 3. *Adjustment of Credit Rating Results*

Applicable  Not Applicable

### 4. *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 | Reason for the changes | Whether the change has been approved by the decision-making authority | Effect of the change on the interests of bond investors |
|--|--|---------------------------|----------------------------|------------------------|---|---|
| As at the date of approval of the interim 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  | -   |

### 5. *Other Explanations on Non-Financial Corporate Debt Financing Instruments*

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

## Section IX Corporate Bonds

**(III) Proceeds from corporate bonds**

- None of the Company's corporate bonds involved the use of proceeds or rectification during the Reporting Period
- The Company's bonds were involved in the use of proceeds or rectification during the Reporting Period

**(IV) Other matters to be disclosed in respect of special variety bonds**

- Applicable  Not Applicable

**(V) Significant matters relating to corporate bonds during the Reporting Period**

- Applicable  Not Applicable

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

- Applicable  Not Applicable

**(VII) Major accounting data and financial indicators**

*Unit: RMB'000*

| Major indicators                          | As at the end of<br>the Reporting<br>Period | As at the end of<br>the previous year | Increase/decrease<br>at the end of the<br>Reporting Period<br>as compared to<br>the end of the<br>previous year<br>(%) |
|---|---|---------------------------------------|--|
| Current ratio                             | 1.06  | 1.08                                  | -0.02  |
| Quick ratio                               | 0.61  | 0.63                                  | -0.02  |
| Asset-liability ratio <sup>Note</sup> (%) | 77.49                                       | 74.61                                 | Increased by 2.88<br>percentage points   |

## Section IX Corporate Bonds

|   | Reporting Period<br>(January – June) | Corresponding<br>period of the<br>previous year | Increase/<br>decrease at the<br>Reporting Period as<br>compared to<br>the corresponding<br>period of the<br>previous year<br>(%) |
|---|--------------------------------------|---|--|
| Net profits attributable to shareholders of the listed company<br>after deducting non-recurring profit and loss | <b>3,218,416</b>                     | 6,981,126                                       | -53.90   |
| EBITDA/total liabilities  | <b>1.63%</b>                         | 2.82%   | Decreased by 1.19<br>percentage points   |
| Interest protection multiples   | <b>3.91</b>                          | 5.43  | -1.52  |
| Cash dividend protection multiples  | <b>-15.46</b>                        | -6.46   | -9.00  |
| EBITDA interest coverage ratio  | <b>5.11</b>                          | 6.42  | -1.31  |
| Loan repayment ratio (%)  | <b>100.00</b>                        | 100.00  | -  |
| Interest repayment ratio (%)  | <b>100.00</b>                        | 100.00  | -  |

*Note:* Asset-liability ratio = Total liabilities/total assets × 100%

### II. CONVERTIBLE CORPORATE BONDS

Applicable  Not Applicable



# Financial Statements

For the six months ended 30 June 2024

## I. REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Ernst & Young Hua Ming [2024] Zhuan Zi No. 70062026\_A22

### TO THE BOARD OF DIRECTORS OF METALLURGICAL CORPORATION OF CHINA LTD.:

We have reviewed the accompanying interim financial statements of Metallurgical Corporation of China Ltd. (the "Company"), which comprised the consolidated and Company's balance sheets as at 30 June 2024, the consolidated and Company's income statements, the consolidated and Company's statements of changes in shareholders' equity and the consolidated and Company's cash flow statements for the six months then ended, and notes to the financial statements (hereinafter collectively referred to as the "Interim Financial Statements"). The preparation of the Interim Financial Statements is the responsibility of the Company's management. Our responsibility is to deliver a report on review of these Interim Financial Statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as enquiry of entity's personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements of Metallurgical Corporation of China Ltd. are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated and Company financial positions as at 30 June 2024 and the consolidated and Company's operating performance and cash flows for the six months then ended.

Ernst & Young Hua Ming LLP  
Beijing, China

Chinese Certified Public Accountant:  
**Zhang Ningning**

Chinese Certified Public Accountant:  
**Zhao Ning**

29 August 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 six months ended 30 June 2024

## II. FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items                                   | Notes  | 30 June 2024       | 31 December 2023 |
|---|--------|--------------------|------------------|
| <b>Current Assets:</b>                  |        |                    |                  |
| Cash and bank balances                  | VII 1  | 47,596,477         | 44,440,269       |
| Financial assets held for trading       | VII 2  | 2,602              | 1,951            |
| Derivative financial assets             | VII 3  | –                  | 12,676           |
| Bills receivable                        | VII 4  | 6,417,310          | 5,583,704        |
| Accounts receivable                     | VII 5  | 177,495,026        | 130,037,264      |
| Receivables at FVTOCI                   | VII 6  | 8,451,016          | 11,131,328       |
| Prepayments                             | VII 7  | 26,125,391         | 33,120,920       |
| Other receivables                       | VII 8  | 40,460,221         | 40,436,304       |
| Inventories                             | VII 9  | 79,996,382         | 80,075,514       |
| Contract assets                         | VII 10 | 166,238,366        | 121,833,709      |
| Non-current assets due within one year  | VII 11 | 7,814,039          | 7,087,526        |
| Other current assets                    | VII 12 | 12,571,221         | 10,372,786       |
| <b>Total Current Assets</b>             |        | <b>573,168,051</b> | 484,133,951      |
| <b>Non-current Assets:</b>              |        |                    |                  |
| Long-term receivables                   | VII 13 | 53,322,910         | 50,825,135       |
| Long-term equity investments            | VII 14 | 36,121,571         | 36,236,395       |
| Investments in other equity instruments | VII 15 | 1,447,502          | 1,126,144        |
| Other non-current financial assets      | VII 16 | 3,953,195          | 3,992,595        |
| Investment properties                   | VII 17 | 7,918,071          | 8,020,390        |
| Fixed assets                            | VII 18 | 27,224,570         | 27,725,928       |
| Construction in progress                | VII 19 | 3,962,505          | 3,830,579        |
| Right-of-use assets                     | VII 20 | 668,959            | 767,798          |
| Intangible assets                       | VII 21 | 23,384,645         | 22,849,854       |
| Goodwill                                | VII 22 | 50,075             | 50,075           |
| Long-term prepayments                   | VII 23 | 342,760            | 351,699          |
| Deferred tax assets                     | VII 24 | 7,790,948          | 6,949,230        |
| Other non-current assets                | VII 25 | 16,195,670         | 14,742,463       |
| <b>Total Non-current Assets</b>         |        | <b>182,383,381</b> | 177,468,285      |
| <b>TOTAL ASSETS</b>                     |        | <b>755,551,432</b> | 661,602,236      |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED BALANCE SHEET (CONTINUED) 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items                                       | Notes  | 30 June 2024       | 31 December 2023 |
|---|--------|--------------------|------------------|
| <b>Current Liabilities:</b>                 |        |                    |                  |
| Short-term borrowings                       | VII 27 | 58,432,552         | 28,220,281       |
| Derivative financial liabilities            | VII 28 | 643,489            | 453,950          |
| Bills payable                               | VII 29 | 32,384,331         | 31,717,090       |
| Accounts payable                            | VII 30 | 289,510,977        | 240,394,139      |
| Receipts in advance                         | VII 31 | 118,254            | 104,034          |
| Contract liabilities                        | VII 32 | 62,297,667         | 64,819,382       |
| Employee benefits payable                   | VII 33 | 2,822,407          | 2,624,077        |
| Taxes payable                               | VII 34 | 4,401,542          | 5,308,635        |
| Other payables                              | VII 35 | 47,572,967         | 40,269,691       |
| Non-current liabilities due within one year | VII 36 | 10,392,464         | 8,044,599        |
| Other current liabilities                   | VII 37 | 29,998,674         | 26,862,565       |
| <b>Total Current Liabilities</b>            |        | <b>538,575,324</b> | 448,818,443      |
| <b>Non-current Liabilities:</b>             |        |                    |                  |
| Long-term borrowings                        | VII 38 | 35,454,476         | 34,168,791       |
| Bonds payable                               | VII 39 | 4,000,000          | 3,300,000        |
| Lease liabilities                           | VII 40 | 500,388            | 501,345          |
| Long-term payables                          | VII 41 | 1,254,409          | 736,736          |
| Long-term employee benefits payable         | VII 42 | 3,373,463          | 3,397,953        |
| Provisions                                  | VII 43 | 1,053,993          | 1,077,238        |
| Deferred income                             | VII 44 | 1,096,912          | 1,058,582        |
| Deferred tax liabilities                    | VII 24 | 187,551            | 171,983          |
| Other non-current liabilities               | VII 45 | —                  | 380,000          |
| <b>Total Non-current Liabilities</b>        |        | <b>46,921,192</b>  | 44,792,628       |
| <b>TOTAL LIABILITIES</b>                    |        | <b>585,496,516</b> | 493,611,071      |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED BALANCE SHEET (CONTINUED) 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items   | Notes  | 30 June 2024       | 31 December 2023 |
|---|--------|--------------------|------------------|
| <b>Shareholders' Equity:</b>  |        |                    |                  |
| Share capital   | VII 46 | 20,723,619         | 20,723,619       |
| Other equity instruments  | VII 47 | 51,400,000         | 47,400,000       |
| Including: Perpetual bonds  |        | 51,400,000         | 47,400,000       |
| Capital reserve   | VII 48 | 22,579,952         | 22,582,222       |
| Other comprehensive income  | VII 49 | 840,979            | 1,111,475        |
| Special reserve   | VII 50 | 803,869            | 411,766          |
| Surplus reserve   | VII 51 | 3,391,294          | 3,391,294        |
| Retained earnings   | VII 52 | 50,684,082         | 49,859,806       |
| <b>Total shareholders' equity attributable to shareholders of the Company</b> |        | <b>150,423,795</b> | 145,480,182      |
| <b>Non-controlling interests</b>  |        | <b>19,631,121</b>  | 22,510,983       |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   |        | <b>170,054,916</b> | 167,991,165      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                             |        | <b>755,551,432</b> | 661,602,236      |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S BALANCE SHEET 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items                                   | Notes  | 30 June 2024       | 31 December 2023 |
|---|--------|--------------------|------------------|
| <b>Current Assets:</b>                  |        |                    |                  |
| Cash and bank balances                  |        | 912,849            | 993,899          |
| Derivative financial assets             |        | –                  | 12,676           |
| Accounts receivable                     | XVII 1 | 515,844            | 524,199          |
| Prepayments                             |        | 224,787            | 236,918          |
| Other receivables                       | XVII 2 | 84,857,819         | 72,266,469       |
| Inventories                             |        | 5,316              | 873              |
| Contract assets                         |        | 1,063,912          | 1,029,318        |
| Non-current assets due within one year  |        | 2,040              | 2,041            |
| Other current assets                    |        | 135                | 281              |
| <b>Total Current Assets</b>             |        | <b>87,582,702</b>  | 75,066,674       |
| <b>Non-current Assets:</b>              |        |                    |                  |
| Long-term receivables                   | XVII 3 | 251,531            | 251,531          |
| Long-term equity investments            | XVII 4 | 94,671,309         | 95,704,384       |
| Investments in other equity instruments |        | 763                | 757              |
| Fixed assets                            |        | 20,676             | 18,742           |
| Construction in progress                |        | 29,208             | –                |
| Right-of-use assets                     |        | 12,112             | 20,787           |
| Intangible assets                       |        | 9,251              | 9,398            |
| Other non-current assets                |        | 613,706            | 612,532          |
| <b>Total Non-current Assets</b>         |        | <b>95,608,556</b>  | 96,618,131       |
| <b>TOTAL ASSETS</b>                     |        | <b>183,191,258</b> | 171,684,805      |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S BALANCE SHEET (CONTINUED) 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items                                       | Notes  | 30 June 2024      | 31 December 2023 |
|---|--------|-------------------|------------------|
| <b>Current Liabilities:</b>                 |        |                   |                  |
| Short-term borrowings                       | XVII 5 | 22,244,817        | 9,729,089        |
| Derivative financial liabilities            |        | 635,065           | 435,537          |
| Accounts payable                            |        | 2,070,810         | 2,119,305        |
| Contract liabilities                        |        | 533,082           | 549,679          |
| Employee benefits payable                   |        | 18,222            | 17,098           |
| Taxes payable                               |        | 39,099            | 45,298           |
| Other payables                              | XVII 6 | 38,343,211        | 42,863,636       |
| Non-current liabilities due within one year | XVII 7 | 36,786            | 26,334           |
| <b>Total Current Liabilities</b>            |        | <b>63,921,092</b> | 55,785,976       |
| <b>Non-current Liabilities:</b>             |        |                   |                  |
| Long-term borrowings                        | XVII 8 | 449,080           | 449,080          |
| Bonds payable                               |        | 2,000,000         | –                |
| Lease liabilities                           |        | 227               | 227              |
| Long-term employee benefits payable         |        | 61,600            | 60,451           |
| Provisions                                  |        | 62,805            | –                |
| Deferred income                             |        | 3,598             | 3,598            |
| <b>Total Non-current Liabilities</b>        |        | <b>2,577,310</b>  | 513,356          |
| <b>TOTAL LIABILITIES</b>                    |        | <b>66,498,402</b> | 56,299,332       |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S BALANCE SHEET (CONTINUED) 30 June 2024

Organization unit: Metallurgical Corporation of China Ltd.

All amounts in RMB'000

| Items   | Notes | 30 June 2024       | 31 December 2023 |
|---|-------|--------------------|------------------|
| <b>Shareholders' Equity:</b>                      |       |                    |                  |
| Share capital                                     |       | 20,723,619         | 20,723,619       |
| Other equity instruments                          |       | 51,400,000         | 47,400,000       |
| Including: Perpetual bonds                        |       | 51,400,000         | 47,400,000       |
| Capital reserve                                   |       | 37,884,766         | 37,888,131       |
| Other comprehensive losses                        |       | (2,646)            | (3,498)          |
| Special reserve                                   |       | 12,550             | 12,550           |
| Surplus reserve                                   |       | 3,391,294          | 3,391,294        |
| Retained earnings                                 |       | 3,283,273          | 5,973,377        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |       | <b>116,692,856</b> | 115,385,473      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <b>183,191,258</b> | 171,684,805      |

This financial statement is signed by the following person:

*Chairman:*  
**Chen Jianguang**

*General Accountant:*  
**Zou Hongying**

*Financial Controller:*  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED INCOME STATEMENT For the six months period ended 30 June 2024

All amounts in RMB'000

| Items   | Notes  | Amount for<br>the current period | Amount for<br>the prior period |
|---|--------|----------------------------------|--------------------------------|
| <b>I. Total operating revenue</b>                                     | VII 53 | <b>298,841,527</b>               | 334,458,860                    |
| Less: Operating costs   | VII 53 | <b>271,800,189</b>               | 303,470,277                    |
| Taxes and levies  | VII 54 | <b>911,497</b>                   | 995,124                        |
| Selling expenses  | VII 55 | <b>1,386,378</b>                 | 1,392,314                      |
| Administrative expenses   | VII 56 | <b>5,708,421</b>                 | 5,425,525                      |
| Research and development expenses                                     | VII 57 | <b>8,066,189</b>                 | 9,089,092                      |
| Financial expenses  | VII 58 | <b>637,300</b>                   | 248,599                        |
| Including: Interest expenses  |        | <b>1,305,831</b>                 | 1,380,651                      |
| Interest income   |        | <b>973,653</b>                   | 968,978                        |
| Add: Other income   | VII 59 | <b>249,163</b>                   | 195,212                        |
| Investment losses   | VII 60 | <b>(600,908)</b>                 | (701,874)                      |
| Including: Gains from investments in<br>associates and joint ventures |        | <b>19,421</b>                    | 106,708                        |
| Losses from derecognition of<br>financial assets at amortized<br>cost |        | <b>(401,664)</b>                 | (709,780)                      |
| Losses from changes in fair values                                    | VII 61 | <b>(216,602)</b>                 | (328,383)                      |
| Credit impairment losses  | VII 62 | <b>(2,776,908)</b>               | (1,831,302)                    |
| Impairment losses of assets   | VII 63 | <b>(2,089,156)</b>               | (1,250,783)                    |
| Gains on disposal of assets   | VII 64 | <b>847,464</b>                   | 33,959                         |
| <b>II. Operating profit</b>   |        | <b>5,744,606</b>                 | 9,954,758                      |
| Add: Non-operating income   | VII 65 | <b>142,293</b>                   | 69,728                         |
| Less: Non-operating expenses  | VII 66 | <b>205,751</b>                   | 125,908                        |
| <b>III. Total profit</b>  |        | <b>5,681,148</b>                 | 9,898,578                      |
| Less: Income tax expenses   | VII 67 | <b>980,516</b>                   | 1,219,604                      |
| <b>IV. Net profit</b>   |        |                                  |                                |
| (I) Net profit classified by operating<br>continuity                  |        | <b>4,700,632</b>                 | 8,678,974                      |
| Net profit from continuing operations                                 |        | <b>4,700,632</b>                 | 8,678,974                      |
| (II) Net profit classified by ownership<br>ascription                 |        |                                  |                                |
| Net profit attributable to shareholders of<br>the Company             |        | <b>4,149,738</b>                 | 7,217,536                      |
| Net profit attributable to non-controlling<br>interests               |        | <b>550,894</b>                   | 1,461,438                      |



# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months period ended 30 June 2024

All amounts in RMB'000

| Items   | Notes  | Amount for<br>the current period | Amount for<br>the prior period |
|---|--------|----------------------------------|--------------------------------|
| <b>V. Other comprehensive income, net of income tax</b>   | VII 49 | <b>(260,201)</b>                 | 257,598                        |
| Other comprehensive (losses)/income attributable to shareholders of the Company, net of income tax        |        | <b>(270,496)</b>                 | 174,195                        |
| (I) Items that will not be reclassified to profit or loss   |        | <b>(18,012)</b>                  | (33,189)                       |
| 1. Re-measurement of defined benefit obligations  |        | <b>(76,465)</b>                  | (62,646)                       |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method       |        | <b>(10)</b>                      | (8)                            |
| 3. Changes in fair values of investments in other equity instruments                                      |        | <b>58,463</b>                    | 29,465                         |
| (II) Items that may be reclassified to profit or loss   |        | <b>(252,484)</b>                 | 207,384                        |
| 1. Other comprehensive (losses)/income that can be reclassified to profit or loss under the equity method |        | <b>(309)</b>                     | 668                            |
| 2. Changes of fair value of receivables at FVTOCI   |        | <b>26,284</b>                    | 1,883                          |
| 3. Exchange differences on translating financial statements in foreign currencies                         |        | <b>(278,459)</b>                 | 204,833                        |
| Other comprehensive income attributable to non-controlling interests, net of income tax                   |        | <b>10,295</b>                    | 83,403                         |
| <b>VI. Total comprehensive income</b>   |        | <b>4,440,431</b>                 | 8,936,572                      |
| Total comprehensive income attributable to shareholders of the Company                                    |        | <b>3,879,242</b>                 | 7,391,731                      |
| Total comprehensive income attributable to non-controlling interests                                      |        | <b>561,189</b>                   | 1,544,841                      |
| <b>VII. Earnings per share</b>  | VII 68 |                                  |                                |
| (I) Basic earnings per share (RMB/share)  |        | <b>0.11</b>                      | 0.26                           |
| (II) Diluted earnings per share (RMB/share)   |        | <b>0.11</b>                      | 0.26                           |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S INCOME STATEMENT For the six months period ended 30 June 2024

All amounts in RMB'000

| Items   | Notes   | Amount for<br>the current period | Amount for<br>the prior period |
|---|---------|----------------------------------|--------------------------------|
| <b>I. Total operating revenue</b>   | XVII 9  | <b>100,325</b>                   | 425,918                        |
| Less: Operating costs   | XVII 9  | <b>105,751</b>                   | 347,345                        |
| Taxes and levies  |         | <b>3,093</b>                     | 3,716                          |
| Administrative expenses   |         | <b>142,688</b>                   | 98,550                         |
| Financial expenses  |         | <b>(469,669)</b>                 | (490,341)                      |
| Including: Interest expenses  |         | <b>659,468</b>                   | 975,333                        |
| Interest income   |         | <b>1,145,230</b>                 | 1,216,722                      |
| Add: Other income   |         | <b>808</b>                       | 662                            |
| Investment income   | XVII 10 | <b>533,613</b>                   | 265,670                        |
| Including: Gains/(losses) from investments<br>in associates and joint<br>ventures |         | <b>19</b>                        | (649)                          |
| Losses from changes in fair values  |         | <b>(212,204)</b>                 | (294,812)                      |
| Credit impairment reversal/(losses)   | XVII 11 | <b>46,698</b>                    | (3,803)                        |
| Impairment (losses)/reversal of assets  |         | <b>(554)</b>                     | 935                            |
| Gain on disposal of assets  |         | <b>49</b>                        | –                              |
| <b>II. Operating profit</b>   |         | <b>686,872</b>                   | 435,300                        |
| Add: Non-operating income   |         | <b>200</b>                       | –                              |
| Less: Non-operating expenses  |         | <b>63,082</b>                    | 4                              |
| <b>III. Total profit</b>  |         | <b>623,990</b>                   | 435,296                        |
| Less: Income tax expenses   |         | <b>–</b>                         | 6,815                          |
| <b>IV. Net profit</b>   |         | <b>623,990</b>                   | 428,481                        |
| Net profit from continuing operations   |         | <b>623,990</b>                   | 428,481                        |
| <b>V. Other comprehensive income/(losses), net of<br/>income tax</b>              |         | <b>852</b>                       | (1,767)                        |
| (I) Items that will not be reclassified to profit<br>or loss                      |         | <b>(1,827)</b>                   | (1,767)                        |
| 1. Changes in re-measurement of<br>defined benefit obligations                    |         | <b>(1,832)</b>                   | (1,775)                        |
| 2. Changes in fair values of investments<br>in other equity instruments           |         | <b>5</b>                         | 8                              |
| (II) Items that will be reclassified to profit or<br>loss                         |         | <b>2,679</b>                     | –                              |
| 1. Items that may be reclassified to<br>profit or loss in equity method           |         | <b>2,679</b>                     | –                              |
| <b>VI. Total comprehensive income</b>   |         | <b>624,842</b>                   | 426,714                        |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED CASH FLOW STATEMENT For the six months period ended 30 June 2024

All amounts in RMB'000

| Items  | Notes     | Amount for<br>the current period | Amount for<br>the prior period |
|--|-----------|----------------------------------|--------------------------------|
| <b>I Cash Flows from Operating Activities:</b>   |           |                                  |                                |
| Cash receipts from the sale of goods and the rendering of services                               |           | 191,504,891                      | 235,624,983                    |
| Receipts of tax refunds  |           | 393,518                          | 513,796                        |
| Other cash receipts relating to operating activities   | VII 69(1) | 5,614,622                        | 2,147,291                      |
| Sub-total of cash inflows from operating activities  |           | 197,513,031                      | 238,286,070                    |
| Cash payments for goods purchased and services received  |           | 194,874,669                      | 220,328,166                    |
| Cash payments to and on behalf of employees  |           | 14,760,187                       | 14,744,142                     |
| Payments of various types of taxes   |           | 6,075,910                        | 5,861,211                      |
| Other cash payments relating to operating activities   | VII 69(1) | 10,208,425                       | 11,868,970                     |
| Sub-total of cash outflows from operating activities   |           | 225,919,191                      | 252,802,489                    |
| <b>Net Cash Flows from Operating Activities</b>  | VII 70(1) | <b>(28,406,160)</b>              | <b>(14,516,419)</b>            |
| <b>II Cash Flows from Investing Activities:</b>  |           |                                  |                                |
| Cash receipts from disposals and recovery of investments   |           | 340,809                          | 429,350                        |
| Cash receipts from investment income   |           | 77,372                           | 135,467                        |
| Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets    |           | 491,847                          | 54,263                         |
| Net cash receipts from disposal of subsidiaries and other business units                         |           | —                                | 247,118                        |
| Other cash receipts relating to investing activities   | VII 69(2) | 97,021                           | 516,868                        |
| Sub-total of cash inflows from investing activities  |           | 1,007,049                        | 1,383,066                      |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets |           | 1,535,215                        | 1,495,654                      |
| Cash payments to acquire investments   |           | 946,037                          | 2,382,192                      |
| Other cash payments relating to investing activities   | VII 69(2) | 226,729                          | 22,935                         |
| Sub-total of cash outflows from investing activities   |           | 2,707,981                        | 3,900,781                      |
| <b>Net Cash Flows used in Investing Activities</b>   |           | <b>(1,700,932)</b>               | <b>(2,517,715)</b>             |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) For the six months period ended 30 June 2024

All amounts in RMB'000

| Items   | Notes     | Amount for<br>the current period | Amount for<br>the prior period |
|---|-----------|----------------------------------|--------------------------------|
| <b>III Cash Flows from Financing Activities:</b>  |           |                                  |                                |
| Cash receipts from capital contributions  |           | <b>3,992,356</b>                 | 18,000,490                     |
| Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries          |           | <b>875</b>                       | 490                            |
| Cash receipts from issue of perpetual bonds   |           | <b>3,991,481</b>                 | 18,000,000                     |
| Cash receipts from borrowings   |           | <b>155,459,128</b>               | 106,047,192                    |
| Other cash receipts relating to financing activities  | VII 69(3) | –                                | 35,858                         |
| Sub-total of cash inflows from financing activities   |           | <b>159,451,484</b>               | 124,083,540                    |
| Cash repayments of borrowings   |           | <b>121,015,341</b>               | 79,617,918                     |
| Cash payments for distribution of dividends or profits or settlement of interest expenses                 |           | <b>2,920,923</b>                 | 2,968,819                      |
| Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries |           | <b>237,751</b>                   | 675,147                        |
| Other cash payments relating to financing activities  | VII 69(3) | <b>3,810,451</b>                 | 10,393,938                     |
| Sub-total of cash outflows from financing activities  |           | <b>127,746,715</b>               | 92,980,675                     |
| <b>Net Cash Flows from Financing Activities</b>   |           | <b>31,704,769</b>                | 31,102,865                     |
| <b>IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>                            |           | <b>11,686</b>                    | 136,578                        |
| <b>V Net Increase in Cash and Cash Equivalents</b>  |           | <b>1,609,363</b>                 | 14,205,309                     |
| Add: Opening balance of Cash and Cash equivalents   |           | <b>33,850,108</b>                | 33,468,217                     |
| <b>VI Closing Balance of Cash and Cash Equivalents</b>  | VII 70(2) | <b>35,459,471</b>                | 47,673,526                     |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S CASH FLOW STATEMENT For the six months period ended 30 June 2024

All amounts in RMB'000

| Items  | Notes      | Amount for<br>the current period | Amount for<br>the prior period |
|--|------------|----------------------------------|--------------------------------|
| <b>I Cash Flows from Operating Activities:</b>   |            |                                  |                                |
| Cash receipts from the sale of goods and the rendering of services                               |            | 27,054                           | 822,886                        |
| Other cash receipts relating to operating activities   |            | 459,398                          | 566,498                        |
| Sub-total of cash inflows from operating activities  |            | 486,452                          | 1,389,384                      |
| Cash payments for goods purchased and services received  |            | 130,435                          | 700,342                        |
| Cash payments to and on behalf of employees  |            | 114,368                          | 82,974                         |
| Payments of various types of taxes   |            | 10,864                           | 17,190                         |
| Other cash payments relating to operating activities   |            | 413,303                          | 608,891                        |
| Sub-total of cash outflows from operating activities   |            | 668,970                          | 1,409,397                      |
| <b>Net Cash Flows used in Operating Activities</b>   | XVII 12(1) | <b>(182,518)</b>                 | <b>(20,013)</b>                |
| <b>II Cash Flows from Investing Activities:</b>  |            |                                  |                                |
| Cash receipts from returns on investments  |            | 1,550,364                        | 60,000                         |
| Cash receipts from investment income   |            | 703,096                          | 346,407                        |
| Net cash receipts from disposal of subsidiaries and other business units                         |            | —                                | 2,098                          |
| Other cash receipts relating to investing activities   |            | 14,312,330                       | 11,735,452                     |
| Sub-total of cash inflows from investing activities  |            | 16,565,790                       | 12,143,957                     |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets |            | 16,500                           | 580                            |
| Cash payments to acquire investments   |            | 551,000                          | 1,187,726                      |
| Other cash payments relating to investing activities   |            | 25,879,122                       | 15,555,726                     |
| Sub-total of cash outflows from investing activities   |            | 26,446,622                       | 16,744,032                     |
| <b>Net Cash Flows used in Investing Activities</b>   |            | <b>(9,880,832)</b>               | <b>(4,600,075)</b>             |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### THE COMPANY'S CASH FLOW STATEMENT (CONTINUED) For the six months period ended 30 June 2024

All amounts in RMB'000

| Items   | Notes      | Amount for<br>the current period | Amount for<br>the prior period |
|---|------------|----------------------------------|--------------------------------|
| <b>III Cash Flows from Financing Activities:</b>  |            |                                  |                                |
| Cash receipts from investments  |            | 3,991,481                        | 18,000,000                     |
| Cash receipts from borrowings   |            | 111,950,470                      | 65,205,125                     |
| Other cash receipts relating to financing activities                                      |            | 204,926,432                      | 175,611,897                    |
| Sub-total of cash inflows from financing activities                                       |            | 320,868,383                      | 258,817,022                    |
| Cash repayments of borrowings   |            | 97,441,241                       | 60,195,422                     |
| Cash payments for distribution of dividends or profits or settlement of interest expenses |            | 1,298,674                        | 737,527                        |
| Other cash payments relating to financing activities                                      |            | 212,114,600                      | 189,910,532                    |
| Sub-total of cash outflows from financing activities                                      |            | 310,854,515                      | 250,843,481                    |
| <b>Net Cash Flows from Financing Activities</b>   |            | <b>10,013,868</b>                | 7,973,541                      |
| <b>IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>            |            | <b>(31,567)</b>                  | 28,164                         |
| <b>V Net (Decrease)/Increase in Cash and Cash Equivalents</b>                             |            | <b>(81,049)</b>                  | 3,381,617                      |
| Add: Opening balance of Cash and Cash equivalents   |            | 968,955                          | 4,551,152                      |
| <b>VI Closing Balance of Cash and Cash Equivalents</b>                                    | XVII 12(2) | <b>887,906</b>                   | 7,932,769                      |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

| Items  | For the six months period ended 30 June 2024 |  |                 |                            |                 |                 |                  |             |                           |                            |
|--|--|--|-----------------|----------------------------|-----------------|-----------------|------------------|-------------|---------------------------|----------------------------|
|  | 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 |             |                           |                            |
| <b>I Closing balance of the preceding period</b>                             | 20,723,619                                   | 47,400,000                                 | 22,582,222      | 1,111,475                  | 411,766         | 3,391,294       | 49,859,806       | 22,510,983  | 167,991,165               |                            |
| Add: Changes in accounting policies  | -  | -  | -               | -                          | -               | -               | -                | -           | -                         |                            |
| <b>II Opening balance of the current period</b>                              | 20,723,619                                   | 47,400,000                                 | 22,582,222      | 1,111,475                  | 411,766         | 3,391,294       | 49,859,806       | 22,510,983  | 167,991,165               |                            |
| <b>III Changes for the period</b>  | -  | 4,000,000                                  | (2,270)         | (270,496)                  | 392,103         | -               | 824,276          | (2,879,862) | 2,063,751                 |                            |
| (I) Total comprehensive income   | -  | -  | -               | (270,496)                  | -               | -               | 4,149,738        | 561,189     | 4,440,431                 |                            |
| (II) Shareholders' contributions and reduction in capital                    | -  | 4,000,000                                  | (2,270)         | -                          | -               | -               | (11,368)         | (3,248,012) | 738,350                   |                            |
| 1. Capital contribution from shareholders                                    | -  | -  | -               | -                          | -               | -               | -                | 980         | 980                       |                            |
| 2. Capital contribution from other equity instruments' holders (Note VII 47) | -  | 4,000,000                                  | (3,639)         | -                          | -               | -               | -                | (105)       | 3,996,256                 |                            |
| 3. Capital reduction from other equity instruments' holders (Note VII 47)    | -  | -  | -               | -                          | -               | -               | (11,368)         | (3,246,700) | (3,258,068)               |                            |
| 4. Acquisition of subsidiaries   | -  | -  | -               | -                          | -               | -               | -                | -           | -                         |                            |
| 5. Transaction with non-controlling interests                                | -  | -  | 1,712           | -                          | -               | -               | -                | (1,712)     | -                         |                            |
| 6. Others  | -  | -  | (343)           | -                          | -               | -               | -                | (475)       | (818)                     |                            |
| (III) Profit distribution  | -  | -  | -               | -                          | -               | -               | (3,314,094)      | (198,642)   | (3,512,736)               |                            |
| 1. Distributions to shareholders   | -  | -  | -               | -                          | -               | -               | (1,492,101)      | (146,242)   | (1,638,343)               |                            |
| 2. Distributions of perpetual bond interest                                  | -  | -  | -               | -                          | -               | -               | (1,821,993)      | (52,400)    | (1,874,393)               |                            |
| (IV) Transfers within shareholders' equity                                   | -  | -  | -               | -                          | -               | -               | -                | -           | -                         |                            |
| 1. Other comprehensive income carried forward to retained earnings           | -  | -  | -               | -                          | -               | -               | -                | -           | -                         |                            |
| (V) Special reserve  | -  | -  | -               | -                          | 392,103         | -               | -                | 5,603       | 397,706                   |                            |
| 1. Transfer to special reserve in the current period                         | -  | -  | -               | -                          | 5,492,332       | -               | -                | 442,552     | 5,934,884                 |                            |
| 2. Amount utilized in the current period                                     | -  | -  | -               | -                          | (5,100,229)     | -               | -                | (436,949)   | (5,537,178)               |                            |
| <b>IV Closing balance of the current period</b>                              | 20,723,619                                   | 51,400,000                                 | 22,579,952      | 840,979                    | 803,869         | 3,391,294       | 50,684,082       | 19,631,121  | 170,054,916               |                            |

# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

| Items  | For the six months period ended 30 June 2023 |  |                 |                            |                 |                 |                  |                           |                            |
|--|--|--|-----------------|----------------------------|-----------------|-----------------|------------------|---------------------------|----------------------------|
|  | Attributable to shareholders of the Company  |  |                 |                            |                 |                 |                  |                           |                            |
|  | Share capital                                | Other equity instruments (Perpetual bonds) | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profits | Non-controlling interests | Total shareholders' equity |
| <b>I Closing balance of the preceding period</b>                   | 20,723,619                                   | 28,500,000                                 | 22,601,592      | 1,084,471                  | 119,813         | 2,976,424       | 45,102,415       | 40,800,791                | 161,909,125                |
| Add: Changes in accounting policies                                | -  | -  | -               | -                          | -               | -               | 7,927            | 510                       | 8,437                      |
| <b>II Opening balance of the current period</b>                    | 20,723,619                                   | 28,500,000                                 | 22,601,592      | 1,084,471                  | 119,813         | 2,976,424       | 45,110,342       | 40,801,301                | 161,917,562                |
| <b>III Changes for the period</b>                                  | -  | 15,000,000                                 | (5,649)         | 174,623                    | 225,681         | -               | 3,759,852        | (6,017,074)               | 13,137,433                 |
| (I) Total comprehensive income                                     | -  | -  | -               | 174,195                    | -               | -               | 7,217,536        | 1,544,841                 | 8,936,572                  |
| (II) Shareholders' contributions and reduction in capital          | -  | 15,000,000                                 | (5,649)         | -                          | -               | -               | 5,497            | (6,898,267)               | 8,101,581                  |
| 1. Capital contribution from shareholders                          | -  | -  | -               | -                          | -               | -               | -                | 490                       | 490                        |
| 2. Capital contribution from other equity instruments' holders     | -  | 18,000,000                                 | (13,115)        | -                          | -               | -               | -                | -                         | 17,986,885                 |
| 3. Capital reduction from other equity instruments' holders        | -  | (3,000,000)                                | -               | -                          | -               | -               | (17,357)         | (6,892,172)               | (9,909,529)                |
| 4. Acquisition of subsidiaries                                     | -  | -  | -               | -                          | -               | -               | -                | 34,184                    | 34,184                     |
| 5. Transaction with non-controlling interests                      | -  | -  | 5,041           | -                          | -               | -               | 22,349           | (41,510)                  | (14,120)                   |
| 6. Others  | -  | -  | 2,425           | -                          | -               | -               | 505              | 741                       | 3,671                      |
| (III) Profit distribution  | -  | -  | -               | -                          | -               | -               | (3,462,753)      | (672,997)                 | (4,135,750)                |
| 1. Distributions to shareholders                                   | -  | -  | -               | -                          | -               | -               | (1,720,060)      | (504,100)                 | (2,224,160)                |
| 2. Distributions of perpetual bond interest                        | -  | -  | -               | -                          | -               | -               | (1,742,693)      | (168,897)                 | (1,911,590)                |
| (IV) Transfers within shareholders' equity                         | -  | -  | -               | 428                        | -               | -               | (428)            | -                         | -                          |
| 1. Other comprehensive income carried forward to retained earnings | -  | -  | -               | 428                        | -               | -               | (428)            | -                         | -                          |
| (V) Special reserve  | -  | -  | -               | -                          | 225,681         | -               | -                | 9,349                     | 235,030                    |
| 1. Transfer to special reserve in the current period               | -  | -  | -               | -                          | 5,442,657       | -               | -                | 380,396                   | 5,823,053                  |
| 2. Amount utilized in the current period                           | -  | -  | -               | -                          | (5,216,976)     | -               | -                | (371,047)                 | (5,588,023)                |
| <b>IV Closing balance of the current period</b>                    | 20,723,619                                   | 43,500,000                                 | 22,595,943      | 1,259,094                  | 345,494         | 2,976,424       | 48,870,194       | 34,784,227                | 175,054,995                |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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



# Financial Statements

For the six months ended 30 June 2024

## II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

| Items  | For the six months period ended 30 June 2024 |  |                 |                            |                 |                 |                  |                            |
|--|--|--|-----------------|----------------------------|-----------------|-----------------|------------------|----------------------------|
|  | Share capital                                | Other equity instruments (Perpetual bonds) | Capital reserve | Other comprehensive losses | Special reserve | Surplus reserve | Retained profits | Total shareholders' equity |
| <b>I Opening balance of the current period</b>                 | 20,723,619                                   | 47,400,000                                 | 37,888,131      | (3,498)                    | 12,550          | 3,391,294       | 5,973,377        | 115,385,473                |
| <b>II Changes for the period</b>                               | -  | 4,000,000                                  | (3,365)         | 852                        | -               | -               | (2,690,104)      | 1,307,383                  |
| (I) Total comprehensive income                                 | -  | -  | -               | 852                        | -               | -               | 623,990          | 624,842                    |
| (II) Shareholders' contributions and reduction in capital      | -  | 4,000,000                                  | (3,365)         | -                          | -               | -               | -                | 3,996,635                  |
| 1. Capital contribution from other equity instruments' holders | -  | 4,000,000                                  | (3,365)         | -                          | -               | -               | -                | 3,996,635                  |
| 2. Capital reduction from other equity instruments' holders    | -  | -  | -               | -                          | -               | -               | -                | -                          |
| (III) Profit distribution                                      | -  | -  | -               | -                          | -               | -               | (3,314,094)      | (3,314,094)                |
| 1. Distributions to shareholders                               | -  | -  | -               | -                          | -               | -               | (1,492,101)      | (1,492,101)                |
| 2. Distributions of perpetual bond interest                    | -  | -  | -               | -                          | -               | -               | (1,821,993)      | (1,821,993)                |
| <b>III Closing balance of the current period</b>               | 20,723,619                                   | 51,400,000                                 | 37,884,766      | (2,646)                    | 12,550          | 3,391,294       | 3,283,273        | 116,692,856                |

| Items  | For the six months period ended 30 June 2023 |  |                 |                            |                 |                 |                  |                            |
|--|--|--|-----------------|----------------------------|-----------------|-----------------|------------------|----------------------------|
|  | Share capital                                | Other equity instruments (Perpetual bonds) | Capital reserve | Other comprehensive losses | Special reserve | Surplus reserve | Retained profits | Total shareholders' equity |
| <b>I Opening balance of the current period</b>                 | 20,723,619                                   | 28,500,000                                 | 37,907,129      | (4,125)                    | 12,550          | 2,976,424       | 5,742,045        | 95,857,642                 |
| <b>II Changes for the period</b>                               | -  | 15,000,000                                 | (13,115)        | (1,767)                    | -               | -               | (3,034,272)      | 11,950,846                 |
| (I) Total comprehensive income                                 | -  | -  | -               | (1,767)                    | -               | -               | 428,481          | 426,714                    |
| (II) Shareholders' contributions and reduction in capital      | -  | 15,000,000                                 | (13,115)        | -                          | -               | -               | -                | 14,986,885                 |
| 1. Capital contribution from other equity instruments' holders | -  | 18,000,000                                 | (13,115)        | -                          | -               | -               | -                | 17,986,885                 |
| 2. Capital reduction from other equity instruments' holders    | -  | (3,000,000)                                | -               | -                          | -               | -               | -                | (3,000,000)                |
| (III) Profit distribution                                      | -  | -  | -               | -                          | -               | -               | (3,462,753)      | (3,462,753)                |
| 1. Distributions to shareholders                               | -  | -  | -               | -                          | -               | -               | (1,720,060)      | (1,720,060)                |
| 2. Distributions of perpetual bond interest                    | -  | -  | -               | -                          | -               | -               | (1,742,693)      | (1,742,693)                |
| <b>III Closing balance of the current period</b>               | 20,723,619                                   | 43,500,000                                 | 37,894,014      | (5,892)                    | 12,550          | 2,976,424       | 2,707,773        | 107,808,488                |

This financial statement is signed by the following person:

Chairman:  
**Chen Jianguang**

General Accountant:  
**Zou Hongying**

Financial Controller:  
**Li Yifeng**

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

## III. BASIC INFORMATION

### 1. Overview of the Company

Metallurgical Corporation of China Ltd. (the “Company”) was established as a joint stock limited liability company by China Metallurgical Group Corporation (“CMGC”) and China Baowu Steel Group Corporation (“CBSGC”, formerly named as Baosteel Group Corporation) as promoters on 1 December 2008 and was registered in Beijing in the People’s Republic of China (the “PRC”), upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “SASAC”) of Guozi Reform [2008] 528 Approval for CMGC’s Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 June 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was 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 six months ended 30 June 2024

## III. BASIC INFORMATION (CONTINUED)

### 1. Overview of the Company (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 research, planning, exploration, procurement, construction, installation and other services related to municipal infrastructure engineering, as well as mining, environmental protection, electricity, chemical, light industry and electronics engineering (“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 29 August 2024.

## 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.

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.

## IV · BASIS OF PREPARATION (CONTINUED)

### 2. **Accrual basis and measurement principle (Continued)**

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 30 June 2024 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 at 30 June 2024 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. The preparation period of these financial statements is from January 1 to June 30 of 2024.

### 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 six months ended 30 June 2024

## 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   |
| Significant amount of provision for bad debts of receivables recovered or reversed      | 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  |
| Significant changes in carrying amounts of contract assets                              | Changes in the carrying amounts 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   |
| 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  |

## 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 six months ended 30 June 2024

## 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.

## 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.



# Financial Statements

For the six months ended 30 June 2024

## 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)

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.

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".

## 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 six months ended 30 June 2024

## 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:

- i 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.
- ii 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.

## 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.

# Financial Statements

For the six months ended 30 June 2024

## 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.

## 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, which would not be made under any other circumstances;
- 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.

# Financial Statements

For the six months ended 30 June 2024

## 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.

## 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 six months ended 30 June 2024

## 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.

## 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 refinancing), 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 include raw materials, material procurement, outsourced processing materials, work in progress, finished goods, materials in transit, performance costs of contracts, properties under development, completed properties held for sale mainly.

Performance costs of contracts is 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.

# Financial Statements

For the six months ended 30 June 2024

## 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) *Accounting policies for 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.

## 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 six months ended 30 June 2024

## 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).

### 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:

|                          | Estimated<br>useful lives<br>(years) | Estimated<br>residual values<br>(%) | Annual<br>depreciation<br>(amortization) rate<br>(%) |
|--------------------------|--------------------------------------|-------------------------------------|--|
| 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.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 14. Investment properties (Continued)

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.

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.

# Financial Statements

For the six months ended 30 June 2024

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 15. Fixed assets (Continued)

#### (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<br>(year) | Residual<br>value<br>(%) | Annual<br>depreciation<br>rate<br>(%) |
|---------------------------------------|--------------------------|-----------------------|--------------------------|---------------------------------------|
| Buildings and structures              | the straight-line method | 15–40                 | 3–5                      | 2.38–6.47                             |
| Temporary buildings<br>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).

### 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).

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 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, trademark right, patent, and proprietary technology 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.

#### (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.



# Financial Statements

For the six months ended 30 June 2024

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 18. Intangible assets (Continued)

#### (1) Valuation methods, service life and impairment (Continued)

##### (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.

##### (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).

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 18. Intangible assets (Continued)

#### (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.

### 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.

# Financial Statements

For the six months ended 30 June 2024

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 19. Impairment of non-current assets other than financial assets (Continued)

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.

## 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 semi-annually 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.

# Financial Statements

For the six months ended 30 June 2024

## 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.

## 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 guaranteed 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 the Group and its 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 its 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.

#### *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.

# Financial Statements

For the six months ended 30 June 2024

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Revenue from contracts with customers (Continued)

#### *Provide service contracts*

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.

### 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. For deductible losses and other temporary differences that are expected to be unable to offset taxable income in future years, no deferred tax assets are recognized. 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 six months ended 30 June 2024

## 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 six months ended 30 June 2024

## 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 six months ended 30 June 2024

## 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 six months ended 30 June 2024

## 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 (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 six months ended 30 June 2024

## 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.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 29. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

On 1 January, 2024, the Group has applied the provisions of “Classification of Current Liabilities and Non-current Liabilities”, and “Accounting Treatment of Sale and Leaseback Transactions” in Interpretation No.17 of Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the application of the above provisions has no significant impact on the current period and comparison period financial statements of the Group and the Company.

#### (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

The major categories of tax and tax rates of the Company and its domestic subsidiaries are as follows:

| 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 period) | 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%             |

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.

# Financial Statements

For the six months ended 30 June 2024

## VI. TAXATION (CONTINUED)

### 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 period ended 30 June 2024 | Amount for the period ended 30 June 2023 |   |
| Shanghai Baoye 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 employee  |
| 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, additional deduction for R&D expenses  |
| China MCC3 Group Corp. Ltd.   | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses  |
| 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, additional deduction for R&D expenses  |
| 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, additional deduction for R&D expenses  |
| Central Research Institute of Building and Construction Co., Ltd.   | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses  |
| Beijing Metallurgical Equipment Research Design Institute Co., Ltd. | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses  |
| MCC Capital Engineering & Research Incorporation Limited            | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses  |
| 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, additional deduction for R&D expenses  |
| Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC    | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses  |
| 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  |

# Financial Statements

For the six months ended 30 June 2024

## VI. TAXATION (CONTINUED)

### 2. Tax incentive (Continued)

| Company name  | Preferential tax rate                    |  | Preferential policies on corporate income tax  |
|---|--|--|--|
|   | Amount for the period ended 30 June 2024 | Amount for the period ended 30 June 2023 |  |
| MCC Communication Construction Group Co., Ltd.              | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses |
| China Huaye Group Company Limited                           | 15%                                      | 15%                                      | Tax preferential policy for high-new technology enterprises, additional deduction for R&D expenses |
| 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 |
| MCC Road&Bridge Construction 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  |

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

All amounts in RMB'000

| Items  | 30 June 2024      | 31 December 2023  |
|--|-------------------|-------------------|
| Cash   | 9,475             | 5,675             |
| Bank deposits                                | 43,151,291        | 41,006,660        |
| Other cash and bank balances                 | 4,435,711         | 3,427,934         |
| <b>Total</b>                                 | <b>47,596,477</b> | <b>44,440,269</b> |
| Including: Total amount of offshore deposits | 3,100,690         | 3,067,248         |

As at 30 June 2024, restricted cash and bank balances of the Group were RMB 12,137,006,000 (As at 31 December 2023: RMB 10,590,161,000) (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 30 June 2024, 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 2023: less than 1%).

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Financial assets held for trading

All amounts in RMB'000

| Items                                  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Financial assets at FVTPL              |              |                  |
| Equity instrument investment           | 2,602        | 1,951            |
| Including: Investment in listed stocks | 1,341        | 1,313            |
| Investment in unlisted equities        | 1,261        | 638              |

### 3. Derivative financial assets

All amounts in RMB'000

| Items                   | 30 June 2024 | 31 December 2023 |
|-------------------------|--------------|------------------|
| Currency swap contracts | –            | 12,676           |
| Total                   | –            | 12,676           |

### 4. Bills receivable

#### (1) Bills receivable analyzed by category

All amounts in RMB'000

| Items                       | 30 June 2024 |                              |                 | 31 December 2023 |                              |                 |
|-----------------------------|--------------|------------------------------|-----------------|------------------|------------------------------|-----------------|
|                             | Book value   | Provisions for credit losses | Carrying amount | Book value       | Provisions for credit losses | Carrying amount |
| Bank acceptance bills       | 3,103,912    | 12,533                       | 3,091,379       | 3,005,711        | 18,848                       | 2,986,863       |
| Commercial acceptance bills | 3,384,954    | 59,023                       | 3,325,931       | 2,650,169        | 53,328                       | 2,596,841       |
| Total                       | 6,488,866    | 71,556                       | 6,417,310       | 5,655,880        | 72,176                       | 5,583,704       |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Bills receivable (Continued)

#### (2) The Group's pledged bills receivable

All amounts in RMB'000

| Items                       | Pledged amount<br>as at 30 June 2024 |
|-----------------------------|--------------------------------------|
| Bank acceptance bills       | 47,133                               |
| Commercial acceptance bills | 68,184                               |
| Total                       | 115,317                              |

#### (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                       | 30 June 2024<br>Derecognized | 30 June 2024<br>Not derecognized |
|-----------------------------|------------------------------|----------------------------------|
| Bank acceptance bills       | –                            | 2,196,272                        |
| Commercial acceptance bills | –                            | 1,596,653                        |
| Total                       | –                            | 3,792,925                        |

#### (4) Changes in provision for credit losses of bills receivable

All amounts in RMB'000

| Item  | 31 December<br>2023 | Provision for the<br>current period | Transfer out for<br>the current period | 30 June 2024 |
|---|---------------------|-------------------------------------|--|--------------|
| Provisions for credit losses<br>of bank acceptance bills          | 18,848              | 13,840                              | (20,155)                               | 12,533       |
| Provisions for credit losses<br>of commercial acceptance<br>bills | 53,328              | 58,512                              | (52,817)                               | 59,023       |
| Total   | 72,176              | 72,352                              | (72,972)                               | 71,556       |

# Financial Statements

For the six months ended 30 June 2024

## 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*

| <b>Aging</b>                       | <b>30 June 2024</b> | <b>31 December 2023</b> |
|------------------------------------|---------------------|-------------------------|
| Within 1 year                      | <b>140,054,317</b>  | 95,681,657              |
| 1 to 2 years                       | <b>23,388,721</b>   | 20,939,601              |
| 2 to 3 years                       | <b>13,166,397</b>   | 12,579,164              |
| 3 to 4 years                       | <b>7,683,459</b>    | 5,857,627               |
| 4 to 5 years                       | <b>3,726,381</b>    | 3,868,099               |
| Over 5 years                       | <b>13,063,472</b>   | 12,227,224              |
| Total book value                   | <b>201,082,747</b>  | 151,153,372             |
| Less: provisions for credit losses | <b>23,587,721</b>   | 21,116,108              |
| Carrying amount                    | <b>177,495,026</b>  | 130,037,264             |

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.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Accounts receivable (Continued)

#### (2) Disclosed by method of determining provision for credit losses

All amounts in RMB'000

| Category   | 30 June 2024 |           |                             |           |                 | 31 December 2023 |           |                             |           |                 |
|--|--------------|-----------|-----------------------------|-----------|-----------------|------------------|-----------|-----------------------------|-----------|-----------------|
|  | 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 <sup>(a)</sup>                      | 25,434,112   | 12.65     | 10,507,524                  | 41.31     | 14,926,588      | 26,494,516       | 17.53     | 10,417,272                  | 39.32     | 16,077,244      |
| Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis <sup>(b)</sup> | 175,648,635  | 87.35     | 13,080,197                  | 7.45      | 162,568,438     | 124,658,856      | 82.47     | 10,698,836                  | 8.58      | 113,960,020     |
| Total  | 201,082,747  | 100.00    | 23,587,721                  | /         | 177,495,026     | 151,153,372      | 100.00    | 21,116,108                  | /         | 130,037,264     |



# Financial Statements

For the six months ended 30 June 2024

## 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 period

All amounts in RMB'000

| Name of entity | 30 June 2024 |                   |                             | Reasons  | 31 December 2023 |                   |
|----------------|--------------|-------------------|-----------------------------|--|------------------|-------------------|
|                | Book value   | for credit losses | Proportion of provision (%) |  | Book Value       | for credit losses |
| Party 1        | 1,724,876    | –                 | –                           | 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. | 1,709,906        | –                 |
| Party 2        | 1,535,391    | 566,940           | 36.92                       |  | 1,514,999        | 566,940           |
| Others         | 22,173,845   | 9,940,584         | 44.83                       |  | 23,269,611       | 9,850,332         |
| Total          | 25,434,112   | 10,507,524        | 41.31                       |  | 26,494,516       | 10,417,272        |

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 period

All amounts in RMB'000

| Aging         | 30 June 2024                               |                                 |                             |
|---------------|--|---------------------------------|-----------------------------|
|               | Estimated gross carrying amount at default | Expected lifetime credit losses | Proportion of provision (%) |
| Within 1 year | 136,610,230                                | 3,168,411                       | 2.32                        |
| 1 to 2 years  | 20,816,644                                 | 1,605,054                       | 7.71                        |
| 2 to 3 years  | 8,017,156                                  | 1,373,129                       | 17.13                       |
| 3 to 4 years  | 3,771,673                                  | 1,340,342                       | 35.54                       |
| 4 to 5 years  | 1,964,801                                  | 1,201,571                       | 61.15                       |
| Over 5 years  | 4,468,131                                  | 4,391,690                       | 98.29                       |
| Total         | 175,648,635                                | 13,080,197                      | 7.45                        |

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 six months ended 30 June 2024

## 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<br>2023 | Changes for the period |           |           |          |         | Other<br>changes  | 30 June<br>2024 |
|-----------------------------|---------------------|------------------------|-----------|-----------|----------|---------|-------------------|-----------------|
|                             |                     | Provision              | Reversal  | Write-off | Transfer |         |                   |                 |
| Provision for credit losses | 21,116,108          | 2,815,824              | (340,633) | (2,305)   | (244)    | (1,029) | <b>23,587,721</b> |                 |

The actual write-off amount during the period is RMB 2,305 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 Period:

All amounts in RMB'000

| Name<br>of entity | Balance of<br>accounts<br>receivable<br>as at<br>30 June<br>2024 | Balance of<br>Contract<br>assets<br>as at<br>30 June<br>2024 | Balance<br>of Other<br>non-current<br>assets as at<br>30 June<br>2024 | Balance of<br>Long-term<br>receivables<br>as at<br>30 June<br>2024 | Balance of<br>non-current<br>assets and<br>Long-term<br>receivables<br>At 30 June<br>2024 | As a<br>percentage<br>Contract<br>assets, Other<br>receivable,<br>Contract<br>assets, Other<br>non-current<br>assets and<br>Long-term<br>receivables<br>(%) | Provision<br>for bad debts<br>of accounts<br>receivable,<br>Contract<br>assets, Other<br>non-current<br>assets and<br>Long-term<br>receivables<br>as at<br>30 June |
|-------------------|--|--|---|--|---|---|--|
|                   |  |  |   |  |   |   | 2024   |
| Party 1           | 4,796,828  | 4,304,209  | 34,002  | 93,729   | 9,228,768   | 2.03  | 524,771  |
| Party 2           | 2,991,927  | 2,945,037  | 365,056   | 2,230,613  | 8,532,633   | 1.88  | 887,481  |
| Party 3           | 1,724,876  | 3,812,911  | -   | -  | 5,537,787   | 1.22  | -  |
| Party 4           | 2,123,998  | 1,221,102  | 97,861  | -  | 3,442,961   | 0.76  | 68,623   |
| Party 5           | 1,535,391  | -  | -   | -  | 1,535,391   | 0.34  | 566,940  |
| Total             | 13,173,020   | 12,283,259   | 496,919   | 2,324,342  | 28,277,540  | 6.23  | 2,047,815  |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Receivables at FVTOCI

#### (1) Receivables at FVTOCI analyzed by category

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Bank acceptance bills   | 6,246,558    | 9,076,735        |
| Other credit instruments at fair value through other comprehensive income | 2,204,458    | 2,054,593        |
| Total   | 8,451,016    | 11,131,328       |

The Group recognizes impairment provision for receivables at FVTOCI on the basis of the expected credit loss. For the current period, 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) The Group's pledged receivables at FVTOCI

| Items                 | All amounts in RMB'000 Pledged amount as at 30 June 2024 |
|-----------------------|--|
| Bank acceptance bills | 739,987  |
| Total                 | 739,987  |

#### (3) The Group's receivables at FVTOCI endorsed to other parties or discounted but not yet due at the balance sheet date

All amounts in RMB'000

| Items   | 30 June 2024 |                  | 31 December 2023 |                  |
|---|--------------|------------------|------------------|------------------|
|   | Derecognized | Not derecognized | Derecognized     | Not derecognized |
| Bank acceptance bills   | 13,513,344   | –                | 15,533,344       | –                |
| Other credit instruments at fair value through other comprehensive income | 2,513,690    | –                | 5,419,163        | –                |
| Total   | 16,027,034   | –                | 20,952,507       | –                |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Prepayments

#### (1) Analysis by aging

All amounts in RMB'000

| Aging         | 30 June 2024 |           | 31 December 2023 |           |
|---------------|--------------|-----------|------------------|-----------|
|               | Amount       | Ratio (%) | Amount           | Ratio (%) |
| Within 1 year | 19,842,285   | 75.95     | 24,058,890       | 72.64     |
| 1 to 2 years  | 3,170,637    | 12.14     | 5,649,833        | 17.06     |
| 2 to 3 years  | 1,576,895    | 6.04      | 1,702,190        | 5.14      |
| Over 3 years  | 1,535,574    | 5.87      | 1,710,007        | 5.16      |
| Total         | 26,125,391   | 100.00    | 33,120,920       | 100.00    |

As at 30 June 2024, prepayments aged over one year were RMB 6,283,106,000 (As at 31 December 2023: RMB 9,062,030,000), 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 period

All amounts in RMB'000

| Name of entity | Relationship with the Group | 30 June 2024 | As a percentage of total prepayments (%) |
|----------------|-----------------------------|--------------|--|
| Party 1        | Third party                 | 759,938      | 2.91                                     |
| Party 2        | Third party                 | 252,252      | 0.97                                     |
| Party 3        | Third party                 | 228,490      | 0.87                                     |
| Party 4        | Third party                 | 194,490      | 0.74                                     |
| Party 5        | Third party                 | 176,980      | 0.68                                     |
| Total          | /                           | 1,612,150    | 6.17                                     |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables

#### (1) Other receivables analyzed by category

All amounts in RMB'000

| Items                | 30 June 2024 | 31 December 2023 |
|----------------------|--------------|------------------|
| Dividend receivables | 57,624       | 112,109          |
| Other receivables    | 40,402,597   | 40,324,195       |
| Total                | 40,460,221   | 40,436,304       |

#### (2) Dividend receivables

All amounts in RMB'000

| The name of investee                                   | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Beijing New Century Hotel Co., Ltd.                    | 20,210       | 20,210           |
| Hebei Steel Luan County Sijiaying Iron Ore Co., Ltd.   | 9,024        | 42,734           |
| Suzhou Chuanglian Electric Transmission Co., Ltd.      | 8,000        | 8,000            |
| Hebei Xiongan Zhi Tong Technology Co., Ltd.            | 1,986        | 4,863            |
| Shanghai Clear Science & Technology Co. Ltd.           | 800          | 800              |
| Anhui MCC Huaihai Prefabricated Construction Co., Ltd. | 508          | 455              |
| Tianjin MCC Jincheng Real Estate Co., Ltd.             | –            | 11,794           |
| Chongqing Qianxin International Trading Co., Ltd.      | –            | 5,168            |
| Shanghai MCC Xiangqi Investment Co., Ltd.              | –            | 989              |
| Others   | 17,096       | 17,096           |
| Total  | 57,624       | 112,109          |

As at 30 June 2024, dividends receivable aged over one year were RMB 32,857,000 (31 December 2023: RMB 17,096,000).

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (3) Other receivables

##### (a) Aging analysis

All amounts in RMB'000

| Aging                              | 30 June 2024 | 31 December 2023 |
|------------------------------------|--------------|------------------|
| Within 1 year                      | 14,270,218   | 14,240,237       |
| 1 to 2 years                       | 6,726,894    | 6,128,172        |
| 2 to 3 years                       | 7,951,306    | 8,136,986        |
| 3 to 4 years                       | 3,601,822    | 4,416,746        |
| 4 to 5 years                       | 2,400,061    | 3,137,130        |
| Over 5 years                       | 15,290,432   | 13,799,303       |
| Total book value                   | 50,240,733   | 49,858,574       |
| Less: provisions for credit losses | 9,838,136    | 9,534,379        |
| Carrying amount                    | 40,402,597   | 40,324,195       |

##### (b) Other receivables categorized by nature

All amounts in RMB'000

| Nature of other receivables            | Book value on<br>30 June 2024 | Book value on<br>31 December 2023 |
|--|-------------------------------|-----------------------------------|
| Deposits, guarantee funds              | 20,093,091                    | 19,766,030                        |
| Advances                               | 11,227,894                    | 10,958,639                        |
| Loan receivables from related parties  | 9,393,817                     | 9,716,294                         |
| Receivables on disposal of investments | 3,184,893                     | 3,414,423                         |
| Reserves                               | 267,676                       | 281,480                           |
| Others                                 | 6,073,362                     | 5,721,708                         |
| Total                                  | 50,240,733                    | 49,858,574                        |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (3) Other receivables (Continued)

(c) Disclosed by method of determining provision for credit losses

30 June 2024

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                      | 27,278,320          | 54.30     | 5,799,880                   | 21.26               | 21,478,440      |
| Provision for credit losses is collectively assessed on a portfolio basis | 22,962,413          | 45.70     | 4,038,256                   | 17.59               | 18,924,157      |
| Total   | 50,240,733          | 100.00    | 9,838,136                   | /                   | 40,402,597      |

31 December 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      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (3) 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      | Outstanding balance | 30 June 2024                |                     | Reason for provision   | 31 December 2023    |                             |
|--------------|---------------------|-----------------------------|---------------------|--|---------------------|-----------------------------|
|              |                     | Provision for credit losses | Provision ratio (%) |  | Outstanding balance | Provision for credit losses |
| Company 1    | 2,285,425           | –                           | /                   | 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 | 2,227,807           | –                           |
| Company 2    | 2,122,943           | –                           | /                   |  | 2,122,943           | –                           |
| Company 3    | 1,961,139           | 173,892                     | 8.87                |  | 1,802,893           | 173,302                     |
| Company 4    | 1,905,814           | 750,625                     | 39.39               |  | 1,915,614           | 760,614                     |
| Others       | 19,002,999          | 4,875,363                   | 25.66               |  | 17,455,542          | 4,462,671                   |
| <b>Total</b> | <b>27,278,320</b>   | <b>5,799,880</b>            | <b>21.26</b>        |  | <b>25,524,799</b>   | <b>5,396,587</b>            |

At 30 June 2024, 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 | 9,556,148           | 409,647                     | 4.29                |
| 1 to 2 years  | 4,797,361           | 398,937                     | 8.32                |
| 2 to 3 years  | 2,557,756           | 294,502                     | 11.51               |
| 3 to 4 years  | 2,209,219           | 385,729                     | 17.46               |
| 4 to 5 years  | 815,965             | 296,998                     | 36.40               |
| Over 5 years  | 3,025,964           | 2,252,443                   | 74.44               |
| <b>Total</b>  | <b>22,962,413</b>   | <b>4,038,256</b>            | <b>17.59</b>        |



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (3) Other receivables (Continued)

(d) Provision for credit losses of other receivables

Amount for the current period

All amounts in RMB'000

| Items   | Phase 1<br>Future<br>12-month<br>expected<br>credit losses | Phase 2<br>Lifetime<br>expected<br>credit losses<br>(Non-credit-<br>impaired) | Phase 3<br>Lifetime<br>expected<br>credit losses<br>(Credit-<br>impaired) | Total     |
|---|--|---|---|-----------|
| Provision for credit losses<br>at 31 December 2023    | 1,187,618  | 2,353,278   | 5,993,483   | 9,534,379 |
| Transfer of opening balance for<br>the current period | (79,380)   | 70,498  | 8,882   | –         |
| Provision for the current period                      | 389,293  | 230,185   | 187,663   | 807,141   |
| Reversal for the current period                       | (100,141)  | (83,283)  | (292,105)   | (475,529) |
| Transferred-out for the current period                | –  | –   | (24,606)  | (24,606)  |
| Write-off for the current period                      | –  | –   | (840)   | (840)     |
| Other changes   | (127)  | (1,967)   | (315)   | (2,409)   |
| Provision for credit losses<br>at 30 June 2024        | 1,397,263  | 2,568,711   | 5,872,162   | 9,838,136 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Other receivables (Continued)

#### (3) Other receivables (Continued)

(e) The five largest other receivables at the end of the current period

All amounts in RMB'000

| Name of entity | Relationship with the Group | Nature of other receivables                         | Aging  | Balance as at 30 June 2024 | Provision for bad debts as at 30 June 2024 | As a percentage of total other receivables (%) |
|----------------|-----------------------------|---|--|----------------------------|--|--|
| Party 1        | Joint venture               | Loans to related                                    | within 1 year, 1 to 3 years                  | 2,285,425                  | –  | 4.55   |
| Party 2        | Third party                 | Receivables on disposal of investments              | Over 5 years                                 | 2,122,943                  | –  | 4.23   |
| Party 3        | Third party                 | Government compensation for policy-based relocation | within 1 year, 1 to 4 years                  | 1,961,139                  | 173,892                                    | 3.90   |
| Party 4        | Associates                  | Loans to related Guarante funds                     | within 1 year, 1 to 5 years and over 5 years | 1,905,814                  | 750,625                                    | 3.79   |
| Party 5        | Joint venture               | Loans to related parties                            | within 1 year, 1 to 3 years                  | 1,305,241                  | 67,863                                     | 2.60   |
| Total          | /                           | /   | /  | 9,580,562                  | 992,380                                    | 19.07  |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories

#### (1) Categories of inventories

All amounts in RMB'000

| Items                                  | 30 June 2024 |                          |                 | 31 December 2023 |                          |                 |
|--|--------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
|  | Book value   | Provision for impairment | Carrying amount | Book value       | Provision for impairment | Carrying amount |
| Raw materials                          | 2,120,562    | 24,797                   | 2,095,765       | 2,440,668        | 26,094                   | 2,414,574       |
| Materials procurement                  | 13,517       | 10                       | 13,507          | 41,013           | 10                       | 41,003          |
| Outsourced processing materials        | 5,550        | –                        | 5,550           | 6,398            | –                        | 6,398           |
| Work in progress                       | 2,367,204    | 332,575                  | 2,034,629       | 2,175,463        | 326,968                  | 1,848,495       |
| Finished goods                         | 2,230,527    | 109,689                  | 2,120,838       | 2,391,947        | 115,667                  | 2,276,280       |
| Turnover materials                     | 458,494      | 1,226                    | 457,268         | 499,575          | 1,014                    | 498,561         |
| Performance costs of contracts         | 86,581       | –                        | 86,581          | 95,871           | –                        | 95,871          |
| Properties under development (a)       | 45,264,634   | 679,741                  | 44,584,893      | 45,192,629       | 25,734                   | 45,166,895      |
| Completed properties held for sale (b) | 30,479,322   | 1,881,971                | 28,597,351      | 29,244,038       | 1,516,601                | 27,727,437      |
| Total                                  | 83,026,391   | 3,030,009                | 79,996,382      | 82,087,602       | 2,012,088                | 80,075,514      |

# Financial Statements

For the six months ended 30 June 2024

## 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 on 31 December 2023 | Book value on 30 June 2024 |
|--|---------------------------|-------------------------|-----------------------------------|--------------------------------|----------------------------|
| Nanjing Xiaguan Riverside Project  | 2011-01-01                | 2025-12-31              | 18,728,279                        | 6,983,065                      | 7,076,475                  |
| MCC Xinglong New City Hongshijun   | 2017-12-20                | 2027-12-31              | 8,812,613                         | 4,179,577                      | 4,471,693                  |
| Nanjing Yuhuatai District G35 project                                    | 2021-11-01                | 2025-11-30              | 4,409,273                         | 3,647,601                      | 3,792,941                  |
| Tiantai Road (Yangqiao Street) Project                                   | 2017-04-30                | 2025-12-30              | 7,408,770                         | 2,995,665                      | 2,884,829                  |
| Shijiazhuang MCC Dexian Mansion  | 2021-08-29                | 2024-12-31              | 4,930,980                         | 3,261,894                      | 2,481,634                  |
| Yanjiao Headquarters Base Project  | 2019-10-31                | 2024-10-20              | 3,278,780                         | 1,997,154                      | 2,134,231                  |
| Baotou Dexian Mansion, Huafu   | 2021-01-28                | 2026-12-31              | 4,842,990                         | 1,785,936                      | 2,057,547                  |
| Tangshan MCC Dexian Mansion  | 2022-03-15                | 2027-12-31              | 3,772,290                         | 1,742,478                      | 1,874,712                  |
| MCC Tongluo Town   | 2014-11-01                | 2026-12-31              | 5,523,340                         | 1,718,055                      | 1,710,240                  |
| Hebei Xiongan Mingzhuo Project   | 2022-07-29                | 2025-06-30              | 2,741,316                         | 1,439,383                      | 1,625,629                  |
| MCC Changyuanli Project  | 2022-07-01                | 2028-12-01              | 3,629,774                         | 1,544,732                      | 1,623,309                  |
| Zhongjie Mansion   | 2012-11-11                | 2025-12-31              | 1,605,830                         | 1,276,182                      | 1,280,423                  |
| Qin Hai Yun Villa Project  | 2011-08-08                | 2025-12-31              | 4,400,000                         | 1,107,194                      | 1,189,180                  |
| Changchengshili Spring Breeze Town                                       | 2018-03-03                | 2025-12-31              | 2,500,000                         | 1,097,773                      | 1,142,290                  |
| MCC Famous City Project  | 2022-03-10                | 2024-09-30              | 1,690,120                         | 881,771                        | 983,356                    |
| Qinhuangdao Yunding Dexian New City Project I                            | 2018-12-31                | 2028-09-30              | 2,666,337                         | 809,227                        | 950,957                    |
| Shijiazhuang Zhaotuo Park Project  | 2019-03-01                | 2024-12-31              | 5,441,540                         | 764,497                        | 816,892                    |
| Qinhuangdao Fanhua Dexian New City Project II                            | 2018-12-31                | 2030-09-30              | 2,823,800                         | 733,180                        | 741,862                    |
| Hebei Qinhuangdao Yudai Bay Project                                      | 2008-12-23                | 2025-12-31              | 3,675,070                         | 596,711                        | 682,556                    |
| Minmetals Mingda Center, Minmetals Mingxin Center, No. 33 Local projects | 2021-04-30                | 2026-12-31              | 2,170,647                         | 651,242                        | 669,948                    |
| MCC Baizhishan International Holiday Resort (Project I)                  | 2014-04-01                | 2026-04-01              | 4,000,000                         | 533,868                        | 547,242                    |
| MCC II Ruyijing  | 2024-03-01                | 2026-09-30              | 1,089,930                         | 473,214                        | 516,001                    |
| Qinhuangdao Dexian New Town Area 1                                       | 2023-07-14                | 2025-03-15              | 951,610                           | 403,330                        | 502,987                    |
| Renhe Xili   | 2019-03-01                | 2024-12-31              | 1,924,180                         | 439,103                        | 436,372                    |
| Others   | /                         | /                       | 53,807,020                        | 4,129,797                      | 3,071,328                  |
| Total  | /                         | /                       | 156,824,489                       | 45,192,629                     | 45,264,634                 |

# Financial Statements

For the six months ended 30 June 2024

## 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 2023 | Increase in the current period | Decrease in the current period | Book value on 30 June 2024 |
|--|-----------------|--------------------------------|--------------------------------|--------------------------------|----------------------------|
| Guangzhou Wanbao Project                             | 2023-06-30      | 5,112,891                      | –                              | 50,423                         | 5,062,468                  |
| Guangzhou Changling Residence                        | 2022-07-15      | 2,631,510                      | 57,863                         | 2,217                          | 2,687,156                  |
| Hangzhou Cuiyuan                                     | 2023-06-30      | 2,459,414                      | –                              | 584                            | 2,458,830                  |
| Qingdao MCC Dexian Mansion                           | 2024-06-15      | 503,205                        | 1,923,126                      | 180,959                        | 2,245,372                  |
| Hengqin Port Base Project                            | 2019-11-08      | 1,869,685                      | 17,346                         | 1,341                          | 1,885,690                  |
| Zhongye Yijing Mansion                               | 2022-04-13      | 1,658,003                      | 307                            | 7,149                          | 1,651,161                  |
| Qin Hai Yun Villa Project                            | 2022-06-23      | 1,338,410                      | 6,208                          | 43,833                         | 1,300,785                  |
| Beijing Dexian Mansion                               | 2024-06-30      | 962,309                        | 486,133                        | 250,140                        | 1,198,302                  |
| Nanjing Xiaguan Riverside Project                    | 2021-09-26      | 988,702                        | –                              | 35,431                         | 953,271                    |
| Shijiazhuang Zhaotuo Park Project                    | 2022-12-31      | 1,008,650                      | –                              | 119,978                        | 888,672                    |
| Tianjin Xinbadali District Qixianli Project          | 2019-06-26      | 598,559                        | 20,054                         | 6,882                          | 611,731                    |
| Guanhu Phase I Project                               | 2022-08-04      | 606,117                        | –                              | 4,712                          | 601,405                    |
| Baotou Dexian Mansion                                | 2023-06-30      | 645,668                        | 13,713                         | 78,270                         | 581,111                    |
| MCC Xinglong New City Hongshijun                     | 2021-11-02      | 589,090                        | –                              | 9,978                          | 579,112                    |
| Hong Kong Quanwan Qinglongtou Yijing Longwan Project | 2020-10-06      | 547,511                        | –                              | 22,595                         | 524,916                    |
| MCC Baizhishan International Holiday Park (Phase I)  | 2022-05-18      | 469,350                        | –                              | 3,021                          | 466,329                    |
| Baotou MCC Campus South Road Community Project       | 2022-06-02      | 404,413                        | –                              | 34,138                         | 370,275                    |
| Shijiazhuang MCC Dexian Mansion Project              | 2019-06-18      | 355,106                        | 38,224                         | 23,506                         | 369,824                    |
| Shijiazhuang MCC DeXian Yu Mansion                   | 2024-06-30      | –                              | 1,108,833                      | 759,029                        | 349,804                    |
| MCC • Happy Chen                                     | 2022-06-27      | 320,402                        | –                              | 10,562                         | 309,840                    |
| Plot D-1, Gengyang New City                          | 2021-12-31      | 311,346                        | 10,699                         | 26,519                         | 295,526                    |
| Wuhan City, Hubei Province - MCC 39th Street         | 2019-09-30      | 305,544                        | 4,957                          | 31,555                         | 278,946                    |
| Changchengshili Spring Breeze Town                   | 2022-10-31      | 228,486                        | 28,707                         | –                              | 257,193                    |
| Dalian International Business City                   | 2014-12-31      | 244,388                        | –                              | 6,472                          | 237,916                    |
| Gengyang New City 5 District II                      | 2022-12-22      | 287,201                        | 13,945                         | 66,140                         | 235,006                    |
| MCC Dexinyuan Project                                | 2023-10-17      | 256,353                        | –                              | 33,886                         | 222,467                    |
| Xian MCC Changan Dadu                                | 2017-09-12      | 253,665                        | –                              | 41,738                         | 211,927                    |
| MCC Southern International Community                 | 2021-12-31      | 207,672                        | 282                            | 23,594                         | 184,360                    |
| Jiugong Green Block A1 Project                       | 2017-10-31      | 183,133                        | 1,900                          | 854                            | 184,179                    |
| Others   | /               | 3,897,255                      | 495,233                        | 1,116,740                      | 3,275,748                  |
| Total  | /               | 29,244,038                     | 4,227,530                      | 2,992,246                      | 30,479,322                 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Inventories (Continued)

#### (1) Categories of inventories (Continued)

##### (b) Completed properties held for sale (Continued)

*Note:* As at 30 June 2024, the total borrowing costs capitalized included in costs of properties development and development products were RMB 10,466,004,000 (as at 31 December 2023: RMB 10,203,073,000). For the six months ended 30 June 2024, the total borrowing costs capitalized were RMB290,754,000 (for the six months ending 30 June 2023: RMB 267,074,000). The capitalization rates for determining the capitalized amount of borrowing costs were 2.40% - 5.89% (for the six months ended 30 June 2023: 2.75% -5.98%).

#### (2) Changes in provision for decline in value of inventories

All amounts in RMB'000

| Items                                 | 31 December<br>2023 | Increase         |                  | Decrease   |                | Other<br>Changes | 30 June<br>2024  |
|---------------------------------------|---------------------|------------------|------------------|------------|----------------|------------------|------------------|
|                                       |                     | Provision        | Other<br>Changes | Reversals  | Write-offs     |                  |                  |
| Raw materials                         | 26,094              | 86               | -                | 220        | 1,163          | -                | 24,797           |
| Materials procurement                 | 10                  | -                | -                | -          | -              | -                | 10               |
| Work in progress                      | 326,968             | 9,499            | -                | -          | 3,892          | -                | 332,575          |
| Finished goods                        | 115,667             | 20,107           | -                | -          | 26,085         | -                | 109,689          |
| Turnover materials                    | 1,014               | 212              | -                | -          | -              | -                | 1,226            |
| Properties under<br>development       | 25,734              | 654,007          | -                | -          | -              | -                | 679,741          |
| Completed properties<br>held for sale | 1,516,601           | 451,769          | 732              | -          | 87,131         | -                | 1,881,971        |
| <b>Total</b>                          | <b>2,012,088</b>    | <b>1,135,680</b> | <b>732</b>       | <b>220</b> | <b>118,271</b> | <b>-</b>         | <b>3,030,009</b> |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets

#### (1) Presentation of contract assets

All amounts in RMB'000

| Items  | 30 June 2024 |                          |                 | 31 December 2023 |                          |                 |
|--|--------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
|  | Book value   | Provision for impairment | Carrying amount | Book value       | Provision for impairment | Carrying amount |
| Contract assets interrelated with engineering contracting services | 170,171,750  | 6,173,846                | 163,997,904     | 125,250,114      | 5,192,720                | 120,057,394     |
| Contract assets interrelated with quality guarantee deposits       | 2,390,285    | 149,823                  | 2,240,462       | 1,950,598        | 174,283                  | 1,776,315       |
| Total  | 172,562,035  | 6,323,669                | 166,238,366     | 127,200,712      | 5,367,003                | 121,833,709     |

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 30 June 2024, 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 six months ended 30 June 2024

## 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   | 30 June 2024      |           |                                 |           | Carrying amount | 31 December 2023  |           |                                 |           | 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)  | 13,310,099        | 7.71      | 2,533,436                       | 19.03     | 10,776,663      | 12,094,321        | 9.51      | 2,398,232                       | 19.83     | 9,696,089       |
| Provision for impairment is made based on a combination of credit risk characteristics (b) | 159,251,936       | 92.29     | 3,790,233                       | 2.38      | 155,461,703     | 115,106,391       | 90.49     | 2,968,771                       | 2.58      | 112,137,620     |
| Total  | 172,562,035       | 100.00    | 6,323,669                       | /         | 166,238,366     | 127,200,712       | 100.00    | 5,367,003                       | /         | 121,833,709     |

(a) Contract assets for which provision for impairment is made individually at the end of the period are as follows:

| Category | 30 June 2024 |                          |           |           | Reason for provision   | 31 December 2023 |                          |
|----------|--------------|--------------------------|-----------|-----------|--|------------------|--------------------------|
|          | Book value   | Provision for impairment | Ratio (%) | Ratio (%) |  | Book value       | Provision for impairment |
| Item 1   | 3,812,911    | –                        | –         | –         | 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 | 3,789,318        | –                        |
| Others   | 9,497,188    | 2,533,436                | 26.68     | 26.68     |  | 8,305,003        | 2,398,232                |
| Total    | 13,310,099   | 2,533,436                | 19.03     | /         | 12,094,321   | 2,398,232        |                          |



# Financial Statements

For the six months ended 30 June 2024

## 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 period are as follows:

All amounts in RMB '000

|               | Book value  | Provision for impairment | Ratio (%) |
|---------------|-------------|--------------------------|-----------|
| Within 1 year | 126,679,224 | 2,368,761                | 1.87      |
| 1 to 2 years  | 21,455,813  | 575,178                  | 2.68      |
| 2 to 3 years  | 6,617,585   | 299,607                  | 4.53      |
| 3 to 4 years  | 2,244,497   | 185,248                  | 8.25      |
| 4 to 5 years  | 1,070,089   | 162,058                  | 15.14     |
| Over 5 years  | 1,184,728   | 199,381                  | 16.83     |
| Total         | 159,251,936 | 3,790,233                | 2.38      |

#### (3) Changes in provision for impairment of contract assets

All amounts in RMB '000

| Item                               | 31 December 2023 | Provision for the current period | Reversal  | Other changes | 30 June 2024 |
|------------------------------------|------------------|----------------------------------|-----------|---------------|--------------|
| Provision for impairment of assets | 5,367,003        | 1,111,601                        | (154,415) | (520)         | 6,323,669    |

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Contract assets (Continued)

#### (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 USD4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third-party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized an impairment loss on contract costs of USD481 million (equivalent to approximately RMB 3.035 billion) for the year ended 31 December 2012.

As of 31 December 2013, the first and the second production lines of the project undertaken by Western Australia were completed and put into operation. Western Australia and Sino Iron Pty Ltd. ("the Owner", 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 and related construction works of the project to Sino Iron Pty Ltd. 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 Sino Iron Pty Ltd. for the provision of follow-up technology management services. In addition, both parties 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 two parties 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 USD4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses as at 30 June 2024.

On 30 June 2024., the accounts receivable for the above items amounted to RMB 1,724,876,000, and the contract assets of the project mentioned above amounted to RMB 3,812,911,000. After the completion of the audit mentioned above, the Group will actively follow up with CITIC Group and the Owner for negotiation and discussion in reaching the final agreed project construction costs and make relevant accounting treatments accordingly.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11. Non-current assets due within one year

All amounts in RMB'000

| Item  | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Long-term receivables due within 1 year (Note VII 13) | 7,814,039    | 7,087,526        |
| Total   | 7,814,039    | 7,087,526        |

### 12. Other current assets

All amounts in RMB'000

| Items                                  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Input VAT to be deducted               | 8,559,218    | 6,724,568        |
| Prepayments of tax                     | 2,758,130    | 2,374,033        |
| Pending treatment of foreclosed assets | 1,253,873    | 1,274,185        |
| Total                                  | 12,571,221   | 10,372,786       |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Long-term receivables

#### (1) Long-term receivables

All amounts in RMB'000

| Items  | 30 June<br>2024 | 31 December<br>2023 | Discount<br>rate range |
|--|-----------------|---------------------|------------------------|
| Long-term receivables on project                               | 61,995,725      | 59,613,587          | 3.45%-5.00%            |
| Long-term loans  | 1,292,932       | 431,347             | 3.59%-4.88%            |
| Receivables on disposal of equity<br>investments               | 333,485         | 333,485             | 4.90%                  |
| Others   | 565,616         | 615,559             | 5.05%                  |
| Total book value   | 64,187,758      | 60,993,978          | /                      |
| Less: Provisions for credit losses<br>of long-term receivables | 3,050,809       | 3,081,317           | /                      |
| Total carrying amount  | 61,136,949      | 57,912,661          | /                      |
| less: Long-term receivables due within<br>1 year, net          | 7,814,039       | 7,087,526           | /                      |
| Long-term receivables due over<br>1 year, net                  | 53,322,910      | 50,825,135          | /                      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Long-term receivables (Continued)

#### (2) Changes in provision for credit losses of long-term receivables

As at 30 June 2024, 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                                      | Phase 2   | Phase 3   | Total     |
|---|--|---|---|-----------|
|   | Future 12-month<br>expected credit<br>losses | Lifetime expected<br>credit losses<br>(Non-credit-<br>impaired) | Lifetime expected<br>credit losses<br>(Credit-<br>impaired) |           |
| Provisions for credit losses<br>at 31 December 2023   | 1,193,277                                    | 515,576   | 1,372,464   | 3,081,317 |
| Transfer of opening balance for<br>the current period | (37,213)                                     | 37,213  | –   | –         |
| Provision for the period                              | 154,336                                      | 1,679   | –   | 156,015   |
| Reversal for the period                               | (92,750)                                     | (6,269)   | (86,271)  | (185,290) |
| Transfer-in   | (1,233)                                      | –   | –   | (1,233)   |
| Provisions for credit losses<br>at 30 June 2024       | 1,216,417                                    | 548,199   | 1,286,193   | 3,050,809 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Long-term equity investments

30 June 2024

All amounts in RMB'000

| Name of investee   | Carrying at<br>31 December<br>2023 | Movements for the current period |                            |                                  |   |                        |   |   | Carrying<br>amount at<br>30 June 2024 | Provision for<br>Impairment at<br>30 June 2024 |         |
|--|------------------------------------|----------------------------------|----------------------------|----------------------------------|---|------------------------|---|---|---------------------------------------|--|---------|
|  |                                    | Increase<br>investments          | Decrease In<br>investments | Share of<br>profits/<br>(losses) | Other<br>Comprehensive<br>Income<br>movements | Other Equity<br>income | Declaration<br>of cash<br>dividends<br>or profits | Changes<br>In scope of<br>consolidation<br>Others |                                       |  |         |
| <b>I. Joint ventures</b>   |                                    |                                  |                            |                                  |   |                        |   |   |                                       |  |         |
| Guizhou Ziwang Highway Construction Co., Ltd.  | 1,571,512                          | -                                | -                          | (5,278)                          | -   | -                      | -   | -   | -                                     | 1,566,234                                      | -       |
| Guizhou Sanli Highway Construction Co., Ltd.   | 1,517,666                          | -                                | -                          | 14,054                           | -   | -                      | -   | -   | -                                     | 1,531,720                                      | -       |
| Guizhou Sanshi Highway Construction Co., Ltd.  | 839,511                            | -                                | -                          | 12,718                           | -   | -                      | -   | -   | -                                     | 852,229  | -       |
| Zhuhai Hengqin Headquarters Building Development Co., Ltd.                           | 627,863                            | -                                | -                          | (71,227)                         | -   | -                      | -   | -   | 105,931                               | 662,567  | -       |
| Chongqing-Hunan Double-track Highway Co., Ltd.                                       | 588,820                            | 55,660                           | -                          | -                                | -   | -                      | -   | -   | -                                     | 644,480  | -       |
| Shiyan Baoye Urban Construction Co., Ltd.  | 307,721                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 307,721  | -       |
| Zhongshan Xiangshan Avenue Integrated Pipe Network Technology Co., Ltd.              | 290,548                            | -                                | -                          | (4,923)                          | -   | -                      | -   | -   | -                                     | 285,625  | -       |
| Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd. | 244,658                            | -                                | -                          | 956                              | -   | -                      | -   | -   | -                                     | 245,614  | -       |
| Others   | 4,224,919                          | 54,853                           | -                          | 4,196                            | -   | (919)                  | (4,900)   | -   | (139,541)                             | 4,138,608                                      | 219,720 |
| Sub-total  | 10,213,218                         | 110,513                          | -                          | (49,504)                         | -   | (919)                  | (4,900)   | -   | (33,610)                              | 10,234,798                                     | 219,720 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Long-term equity investments (Continued)

30 June 2024

All amounts in RMB'000

| Name of investee   | Carrying at<br>31 December<br>2023 | Movements for the current period |                            |                                  |   |                        |   |   | Carrying<br>amount at<br>30 June 2024 | Provision for<br>Impairment at<br>30 June 2024 |         |
|--|------------------------------------|----------------------------------|----------------------------|----------------------------------|---|------------------------|---|---|---------------------------------------|--|---------|
|  |                                    | Increase<br>investments          | Decrease In<br>investments | Share of<br>profits/<br>(losses) | Other<br>Comprehensive<br>Income<br>movements | Other Equity<br>income | Declaration<br>of cash<br>dividends<br>or profits | Changes<br>In scope of<br>consolidation<br>Others |                                       |  |         |
| <b>II. Associates</b>  |                                    |                                  |                            |                                  |   |                        |   |   |                                       |  |         |
| Yunnan Mangliang Expressway<br>Investment and Development<br>Co., Ltd.                 | 1,048,256                          | -                                | -                          | (1,837)                          | -   | -                      | -   | -   | -                                     | 1,046,419                                      | -       |
| Lanzhou Lianhuo Highway Qingzhong<br>Section Construction and<br>Development Co., Ltd. | 1,018,369                          | 40,000                           | -                          | -                                | -   | -                      | -   | -   | -                                     | 1,058,369                                      | -       |
| Hunan Xinxin Zhangguan Expressway<br>Construction and Development Co.,<br>Ltd.         | 1,000,560                          | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 1,000,560                                      | -       |
| Chongqing Yunkai Expressway Co., Ltd.  | 906,379                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 906,379  | -       |
| Beijing City Vice-Center Investment Fund<br>Partnership (Limited Partnership)          | 872,412                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 872,412  | -       |
| Xiamen International Trade Exhibition<br>Center Co., Ltd.                              | 709,008                            | -                                | -                          | 21,072                           | -   | -                      | -   | -   | (730,080)                             | -  | -       |
| Tangshan Stainless Steel Co., Ltd.   | 665,484                            | -                                | -                          | 485                              | -   | (79)                   | -   | -   | -                                     | 665,890  | -       |
| Xiongan Xiongshang Real Estate Co.,<br>Ltd.  | 603,637                            | -                                | -                          | (497)                            | -   | -                      | -   | -   | -                                     | 603,140  | -       |
| MCC Baoding Development and<br>Construction Co., Ltd.                                  | 575,053                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 575,053  | -       |
| Shigang Jingcheng Equipment<br>Development and Manufacturing Co.,<br>Ltd.              | 539,758                            | -                                | -                          | 4,633                            | -   | -                      | -   | -   | -                                     | 544,391  | -       |
| Hebei Steel Luan County Sijiyang Iron<br>Ore Co., Ltd.                                 | 530,030                            | -                                | -                          | 81,812                           | -   | 742                    | -   | -   | -                                     | 612,584  | -       |
| Yunnan Luqiu Guangfu Expressway<br>Investment Development Co., Ltd.                    | 359,879                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 359,879  | -       |
| Gansu Gonghanglv Tongding<br>Expressway Management Co., Ltd.                           | 349,075                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 349,075  | -       |
| Guangzhou Chengtuo Airport Exhibition<br>Investment Development Co., Ltd.              | 348,444                            | -                                | -                          | -                                | -   | -                      | -   | -   | -                                     | 348,444  | -       |
| Shijiazhuang Hengxi Highway<br>Construction Management Co., Ltd.                       | 340,259                            | 420,000                          | -                          | -                                | -   | -                      | -   | -   | -                                     | 760,259  | -       |
| Others   | 16,625,951                         | 367,605                          | (286,242)                  | (36,743)                         | (1,463)                                       | (562)                  | (12,211)  | -   | (1,413)                               | 16,654,922                                     | 251,283 |
| Sub-total  | 26,492,554                         | 827,605                          | (286,242)                  | 68,925                           | (1,463)                                       | 101                    | (12,211)  | -   | (731,493)                             | 26,357,776                                     | 251,283 |
| Total  | 36,705,772                         | 938,118                          | (286,242)                  | 19,421                           | (1,463)                                       | (818)                  | (17,111)  | -   | (765,103)                             | 36,592,574                                     | 471,003 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Long-term equity investments (Continued)

30 June 2024

All amounts in RMB'000

| Items  | Provision for impairment at 31 December 2023 | Increase | Decrease | Provision for impairment at 30 June 2024 |
|--|--|----------|----------|--|
| <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                                       | 1,626    | -        | 54,433                                   |
| Qiqihar North MCC Real state Co., Ltd.                     | 51,308                                       | -        | -        | 51,308                                   |
| Inner Mongolia MCC Debang Real Estate Co., Ltd.            | 23,168                                       | -        | -        | 23,168                                   |
| Others   | 23,519                                       | -        | -        | 23,519                                   |
| Sub-total  | 249,657                                      | 1,626    | -        | 251,283                                  |
| Total  | 469,377                                      | 1,626    | -        | 471,003                                  |

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 | 129,478         | 75,045             | 54,433            | Asset based approach                         | Realizable value or replacement cost of each asset and liability | Financial statements of the investee  |
| Total   | 129,478         | 75,045             | 54,433            | /  | /  | /                                     |



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Investments in other equity instruments

All amounts in RMB'000

| Items   | Carrying amount<br>at 30 June<br>2024 | Carrying amount<br>at 31 December<br>2023 | Cash dividends<br>recognized for the<br>current period |
|---|---------------------------------------|---|--|
| Investments in non-trading equity<br>instruments    |                                       |   |  |
| Including: Stock investments of<br>listed companies | 426,718                               | 311,611                                   | –  |
| Equity investments of<br>unlisted companies         | 1,020,784                             | 814,533                                   | 1,098  |
| <b>Total</b>  | <b>1,447,502</b>                      | <b>1,126,144</b>                          | <b>1,098</b>   |

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<br>recognised<br>in other<br>comprehensive<br>income for<br>the period | Losses<br>recognised<br>in other<br>comprehensive<br>income for<br>the period | Accumulated<br>losses<br>recognised<br>in other<br>comprehensive<br>income | Reason for<br>designation<br>at fair value<br>through other<br>comprehensive<br>income |
|---|--|---|--|--|
| Investments in non-trading equity<br>instruments    |  |   |  |  |
| Including: Stock investments of listed<br>companies | 95,354   | (19,045)  | 141,613  | – Non-trading  |
| Equity investments of<br>unlisted companies         | 1,387  | (2,959)   | (113,176)  | 1,098 Non-trading  |
| <b>Total</b>  | <b>96,741</b>  | <b>(22,004)</b>   | <b>28,437</b>  | <b>1,098 /</b>   |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. Other non-current financial assets

All amounts in RMB'000

| Items  | Carrying amount<br>at 30 June 2024 | Carrying amount<br>at 31 December 2023 |
|--|------------------------------------|--|
| Financial assets at FVTPL<br>Including: Investment in unquoted fund products<br>and trust products | 3,761,257                          | 3,801,405                              |
| Others   | 191,938                            | 191,190                                |
| Total  | 3,953,195                          | 3,992,595                              |

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.

### 17. Investment properties

All amounts in RMB'000

| Items  | Buildings<br>and structures | Land use rights | Total     |
|--|-----------------------------|-----------------|-----------|
| <b>I. Total original book value</b>                  |                             |                 |           |
| 1. 31 December 2023                                  | 9,269,295                   | 653,736         | 9,923,031 |
| 2. Increase  | 35,073                      | 4,265           | 39,338    |
| (1) Purchased or constructed                         | 3,156                       | –               | 3,156     |
| (2) Transferred from fixed assets                    | 3,419                       | –               | 3,419     |
| (3) Transferred from inventories                     | 13,911                      | –               | 13,911    |
| (4) Others   | 14,587                      | 4,265           | 18,852    |
| 3. Decrease  | 15,369                      | –               | 15,369    |
| (1) Disposal   | 2,771                       | –               | 2,771     |
| (2) Changes in exchange rates                        | 12,598                      | –               | 12,598    |
| 4. 30 June 2024                                      | 9,288,999                   | 658,001         | 9,947,000 |
| <b>II. Accumulated depreciation and amortization</b> |                             |                 |           |
| 1. 31 December 2023                                  | 1,494,933                   | 201,567         | 1,696,500 |
| 2. Increase  | 116,229                     | 11,227          | 127,456   |
| (1) Provision  | 113,233                     | 6,962           | 120,195   |
| (2) Transferred from fixed assets                    | 2,528                       | –               | 2,528     |
| (3) Others   | 468                         | 4,265           | 4,733     |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. Investment properties (Continued)

All amounts in RMB'000

| Items                                | Buildings<br>and structures | Land use rights | Total     |
|--------------------------------------|-----------------------------|-----------------|-----------|
| 3. Decrease                          | 1,204                       | –               | 1,204     |
| (1) Disposal                         | 1,138                       | –               | 1,138     |
| (2) Changes in exchange rates        | 66                          | –               | 66        |
| 4. 30 June 2024                      | 1,609,958                   | 212,794         | 1,822,752 |
| <b>III. Provision for impairment</b> |                             |                 |           |
| 1. 31 December 2023                  | 206,141                     | –               | 206,141   |
| 2. Increase                          | 36                          | –               | 36        |
| (1) Changes in exchange rates        | 36                          | –               | 36        |
| 3. 30 June 2024                      | 206,177                     | –               | 206,177   |
| <b>IV. Total carrying amount</b>     |                             |                 |           |
| 1. 30 June 2024                      | 7,472,864                   | 445,207         | 7,918,071 |
| 2. 31 December 2023                  | 7,568,221                   | 452,169         | 8,020,390 |

### 17. Investment properties (Continued)

As at 30 June 2024, investment properties of which certificates of title have not been obtained:

All amounts in RMB'000

| item                     | Carrying amount | Reasons for title<br>certificates outstanding |
|--------------------------|-----------------|---|
| Buildings and structures | 267,110         | In the process                                |

As there are no signs of impairment, the company does not need to make any provision for impairment losses on investment properties.

# Financial Statements

For the six months ended 30 June 2024

## 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 2023                           | 30,605,289               | 20,895,659              | 2,241,878               | 4,659,909                   | 58,402,735 |
| 2. Increase                                   | 427,215                  | 444,130                 | 44,211                  | 129,423                     | 1,044,979  |
| (1) Purchase                                  | 52,956                   | 148,349                 | 35,640                  | 87,585                      | 324,530    |
| (2) Transferred from construction in progress | 339,599                  | 232,535                 | –                       | 9,223                       | 581,357    |
| (3) Changes of exchange rates                 | 33,167                   | 48,303                  | 6,649                   | 13,465                      | 101,584    |
| (4) Others                                    | 1,493                    | 14,943                  | 1,922                   | 19,150                      | 37,508     |
| 3. Decrease                                   | 340,339                  | 584,799                 | 75,026                  | 108,337                     | 1,108,501  |
| (1) Disposal or write-off                     | 330,370                  | 558,996                 | 69,494                  | 73,997                      | 1,032,857  |
| (2) Transferred to investment properties      | 3,419                    | –                       | –                       | –                           | 3,419      |
| (3) Changes of exchange rates                 | 2,570                    | 3,247                   | 3,712                   | 1,817                       | 11,346     |
| (4) Others                                    | 3,980                    | 22,556                  | 1,820                   | 32,523                      | 60,879     |
| 4. 30 June 2024                               | 30,692,165               | 20,754,990              | 2,211,063               | 4,680,995                   | 58,339,213 |
| <b>II. Accumulated depreciation</b>           |                          |                         |                         |                             |            |
| 1. 31 December 2023                           | 9,773,238                | 14,012,330              | 1,436,106               | 2,369,352                   | 27,591,026 |
| 2. Increase                                   | 524,303                  | 524,655                 | 87,362                  | 172,532                     | 1,308,852  |
| (1) Provision                                 | 507,900                  | 481,016                 | 83,667                  | 157,317                     | 1,229,900  |
| (2) Changes of exchange rates                 | 11,556                   | 35,732                  | 2,739                   | 3,978                       | 54,005     |
| (3) Others                                    | 4,847                    | 7,907                   | 956                     | 11,237                      | 24,947     |
| 3. Decrease                                   | 215,477                  | 508,067                 | 55,520                  | 81,760                      | 860,824    |
| (1) Disposal or write-off                     | 204,611                  | 483,788                 | 52,654                  | 65,896                      | 806,949    |
| (2) Transferred to investment properties      | 2,528                    | –                       | –                       | –                           | 2,528      |
| (3) Changes of exchange rates                 | 1,144                    | 1,903                   | 1,660                   | 837                         | 5,544      |
| (4) Others                                    | 7,194                    | 22,376                  | 1,206                   | 15,027                      | 45,803     |
| 4. 30 June 2024                               | 10,082,064               | 14,028,918              | 1,467,948               | 2,460,124                   | 28,039,054 |
| <b>III. Provision for impairment</b>          |                          |                         |                         |                             |            |
| 1. 31 December 2023                           | 1,827,382                | 1,112,455               | 27,371                  | 118,573                     | 3,085,781  |
| 2. Increase                                   | 1,528                    | 2,217                   | 83                      | 716                         | 4,544      |
| (1) Changes of exchange rates                 | 1,528                    | 2,217                   | 83                      | 716                         | 4,544      |
| 3. Decrease                                   | 668                      | 13,728                  | 332                     | 8                           | 14,736     |
| (1) Disposal or write-off                     | 668                      | 13,656                  | 332                     | 8                           | 14,664     |
| (2) Changes of exchange rates                 | –                        | 72                      | –                       | –                           | 72         |
| 4. 30 June 2024                               | 1,828,242                | 1,100,944               | 27,122                  | 119,281                     | 3,075,589  |
| <b>IV. Total carrying amount</b>              |                          |                         |                         |                             |            |
| 1. 30 June 2024                               | 18,781,859               | 5,625,128               | 715,993                 | 2,101,590                   | 27,224,570 |
| 2. 31 December 2023                           | 19,004,669               | 5,770,874               | 778,401                 | 2,171,984                   | 27,725,928 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Fixed assets (Continued)

#### (2) Temporary idle fixed assets

Temporary idle fixed assets as at 30 June 2024 are as follows:

*All amounts in RMB'000*

| Items                       | Historical cost | Accumulated depreciation | Provision for impairment | Carrying amount | Notes                       |
|-----------------------------|-----------------|--------------------------|--------------------------|-----------------|-----------------------------|
| Buildings and structures    | 320,066         | 93,867                   | 197,733                  | 28,466          | Idle or seasonal suspension |
| Machinery and equipment     | 686,779         | 284,287                  | 386,597                  | 15,895          | Idle or seasonal suspension |
| Office equipment and others | 33,738          | 22,391                   | 1,884                    | 9,463           | Idle or seasonal suspension |

#### (3) Fixed assets under operating leases

*All amounts in RMB'000*

| Items                          | 30 June 2024<br>Carrying amount |
|--------------------------------|---------------------------------|
| Machinery equipment and others | 24,852                          |

#### (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 30 June 2024 are as follows:

*All amounts in RMB'000*

| Items                    | 30 June 2024<br>Carrying amount | Reason for title<br>certificates outstanding |
|--------------------------|---------------------------------|--|
| Buildings and structures | 371,421                         | In the process                               |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Construction in progress

#### (1) Construction in progress analysed by category

All amounts in RMB'000

| Items                      | 30 June 2024 | 31 December 2023 |
|----------------------------|--------------|------------------|
| Construction in progress   | 3,904,195    | 3,772,581        |
| Materials for construction | 58,310       | 57,998           |
| Total                      | 3,962,505    | 3,830,579        |

#### (2) Construction in progress

##### (a) Construction in progress

All amounts in RMB'000

| Items  | 30 June 2024 |                          |                 | 31 December 2023 |                          |                 |
|--|--------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
|  | Book value   | Provision for impairment | Carrying amount | Book value       | Provision for impairment | Carrying amount |
| Infrastructure Project of MCC JCL Anak Mining Co., Ltd.    | 1,365,760    | -                        | 1,365,760       | 1,299,973        | -                        | 1,299,973       |
| MCC Guangdong Shenzhen Qianhai Technology Building Project | 860,240      | -                        | 860,240         | 792,348          | -                        | 792,348         |
| Pakistan Sandak Copper and Gold Mine Expansion Project     | 47,534       | -                        | 47,534          | 456,373          | -                        | 456,373         |
| Others   | 1,641,887    | 11,226                   | 1,630,661       | 1,235,113        | 11,226                   | 1,223,887       |
| Total  | 3,915,421    | 11,226                   | 3,904,195       | 3,783,807        | 11,226                   | 3,772,581       |

# Financial Statements

For the six months ended 30 June 2024

## 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 | Increase       | Transfer to fixed assets/<br>Intangible assets | Other transferred out | Carrying amount at 30 June 2024 | Cost incurred      | Construction process | Accumulated capitalized borrowing costs | Including: Capitalized borrowing costs for the current period | Rate of borrowing costs capitalized for the current period | Sources of funds                                     |
|--|-------------------|--------------------|----------------|--|-----------------------|---------------------------------|--------------------|----------------------|---|---|--|--|
|  |                   | 31 December 2023   |                |  |                       |                                 | of budgeted amount |                      |   |   | (%)  |  |
| Infrastructure Project of MCC JCL Anak Mining Co., Ltd.    | 23,847,800        | 1,299,973          | 65,787         | -  | -                     | 1,365,760                       | 5.73               | 5.73                 | -                                       | -   | -  | Self-financing                                       |
| MCC Guangdong Shenzhen Qianhai Technology Building Project | 3,382,174         | 792,348            | 67,892         | -  | -                     | 860,240                         | 71.26              | 71.26                | 277,066                                 | 28,890  | 3.20   | Self-financing and loans from financial institutions |
| Pakistan Sandak Copper and Gold Mine Expansion Project     | 662,600           | 456,373            | 3,668          | 382,302  | 30,205                | 47,534                          | 64.87              | 64.87                | -                                       | -   | -  | Self-financing                                       |
| Others   | 8,285,958         | 1,235,113          | 626,820        | 203,615  | 16,431                | 1,641,887                       | /                  | /                    | 17,312                                  | 1,836   | /  |  |
| <b>Total</b>   | <b>36,178,532</b> | <b>3,783,807</b>   | <b>764,167</b> | <b>585,917</b>                                 | <b>46,636</b>         | <b>3,915,421</b>                | <b>/</b>           | <b>/</b>             | <b>294,368</b>                          | <b>30,726</b>   | <b>/</b>   |  |

As at 30 June 2024, impairment allowance of construction in progress accrued by the Group was nil (at 30 June 2023: nil). The provision for impairment of construction in progress of the Group amounted to RMB 11,226,000 (As at 31 December 2023: RMB 11,226,000).

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Construction in progress (Continued)

#### (3) Materials for construction

All amounts in RMB'000

| Items   | 30 June 2024  | 31 December 2023 |
|---|---------------|------------------|
| Materials                                     | 16,144        | 14,346           |
| Equipment                                     | 41,430        | 43,051           |
| Tools and instruments prepared for production | 711           | 576              |
| Others  | 25            | 25               |
| <b>Total</b>                                  | <b>58,310</b> | <b>57,998</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 2023                 | 1,227,091                | 33,514                  | 263,746                 | 73,609 | 1,597,960 |
| 2. Increase                         | 113,287                  | –                       | –                       | 1,547  | 114,834   |
| (1) New leases                      | 113,061                  | –                       | –                       | 1,547  | 114,608   |
| (2) Changes of exchange rate        | 213                      | –                       | –                       | –      | 213       |
| (3) Others                          | 13                       | –                       | –                       | –      | 13        |
| 3. Decrease                         | 87,062                   | –                       | 65,771                  | 5,686  | 158,519   |
| (1) Disposal                        | 86,186                   | –                       | 65,770                  | 5,040  | 156,996   |
| (2) Changes of exchange rate        | 876                      | –                       | 1                       | 646    | 1,523     |
| 4. 30 June 2024                     | 1,253,316                | 33,514                  | 197,975                 | 69,470 | 1,554,275 |
| <b>II. Accumulated depreciation</b> |                          |                         |                         |        |           |
| 1. 31 December 2023                 | 536,245                  | 32,994                  | 222,902                 | 38,021 | 830,162   |
| 2. Increase                         | 120,073                  | 229                     | 2,056                   | 7,560  | 129,918   |
| (1) Amortization                    | 120,011                  | 229                     | 2,056                   | 7,560  | 129,856   |
| (2) Change of exchange rate         | 62                       | –                       | –                       | –      | 62        |
| 3. Decrease                         | 38,410                   | –                       | 30,865                  | 5,489  | 74,764    |
| (1) Disposal                        | 38,051                   | –                       | 30,864                  | 5,037  | 73,952    |
| (2) Changes of exchange rate        | 359                      | –                       | 1                       | 452    | 812       |
| 4. 30 June 2024                     | 617,908                  | 33,223                  | 194,093                 | 40,092 | 885,316   |
| <b>III. Carrying amount</b>         |                          |                         |                         |        |           |
| 1. 30 June 2024                     | 635,408                  | 291                     | 3,882                   | 29,378 | 668,959   |
| 2. 31 December 2023                 | 690,846                  | 520                     | 40,844                  | 35,588 | 767,798   |

For the current period, 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 640,069,000.



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 21. Intangible assets

All amounts in RMB'000

| Items   | Land use rights | Mining rights | Franchise  | Software  | Trademark right | Patent and proprietary technology and others | Total      |
|---|-----------------|---------------|------------|-----------|-----------------|--|------------|
| <b>I. Total historical cost</b>               |                 |               |            |           |                 |  |            |
| 1. 31 December 2023                           | 7,962,770       | 4,269,710     | 18,237,865 | 1,118,894 | 270             | 329,285                                      | 31,918,794 |
| 2. Increase                                   | 199,202         | 46,421        | 480,292    | 46,991    | -               | 340,592                                      | 1,113,498  |
| (1) Purchase                                  | 198,887         | 36,187        | 416,133    | 41,349    | -               | 112  | 692,668    |
| (2) Transferred from construction in progress | -               | -             | -          | 4,560     | -               | -  | 4,560      |
| (3) Change of exchange rate                   | 315             | 10,234        | -          | 61        | -               | 68   | 10,678     |
| (4) Others                                    | -               | -             | 64,159     | 1,021     | -               | 340,412                                      | 405,592    |
| 3. Decrease                                   | 9,460           | 42,890        | 15,500     | 15,271    | -               | 104  | 83,225     |
| (1) Disposal or write-off                     | 9,370           | -             | 14,151     | 14,908    | -               | -  | 38,429     |
| (2) Change of exchange rate                   | 90              | 42,890        | -          | -         | -               | 98   | 43,078     |
| (3) Others                                    | -               | -             | 1,349      | 363       | -               | 6  | 1,718      |
| 4. 30 June 2024                               | 8,152,512       | 4,273,241     | 18,702,657 | 1,150,614 | 270             | 669,773                                      | 32,949,067 |
| <b>II. Accumulated amortization</b>           |                 |               |            |           |                 |  |            |
| 1. 31 December 2023                           | 2,073,010       | 60,091        | 3,481,322  | 739,516   | 270             | 144,178                                      | 6,498,387  |
| 2. Increase                                   | 84,931          | 2,572         | 407,815    | 58,644    | -               | 15,729                                       | 569,691    |
| (1) Provision                                 | 84,931          | 2,532         | 376,951    | 57,672    | -               | 15,548                                       | 537,634    |
| (2) Change of exchange rate                   | -               | 40            | -          | 50        | -               | 60   | 150        |
| (3) Others                                    | -               | -             | 30,864     | 922       | -               | 121  | 31,907     |
| 3. Decrease                                   | 3,162           | -             | 14,720     | 13,538    | -               | 6  | 31,426     |
| (1) Disposal or write-off                     | 3,143           | -             | 13,681     | 13,177    | -               | -  | 30,001     |
| (2) Change of exchange rate                   | 19              | -             | -          | -         | -               | 6  | 25         |
| (3) Others                                    | -               | -             | 1,039      | 361       | -               | -  | 1,400      |
| 4. 30 June 2024                               | 2,154,779       | 62,663        | 3,874,417  | 784,622   | 270             | 159,901                                      | 7,036,652  |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 21. Intangible assets (Continued)

All amounts in RMB'000

| Items                                | Land use rights | Mining rights | Franchise  | Software | Trademark right | Patent and proprietary technology and others | Total      |
|--------------------------------------|-----------------|---------------|------------|----------|-----------------|--|------------|
| <b>III. Provision for impairment</b> |                 |               |            |          |                 |  |            |
| 1. 31 December 2023                  | 51,920          | 2,513,875     | -          | 250      | -               | 4,508  | 2,570,553  |
| 2. Increase                          | 178             | -             | -          | -        | -               | -  | 178        |
| (1) Change of exchange rate          | 178             | -             | -          | -        | -               | -  | 178        |
| 3. Decrease                          | 71              | 42,890        | -          | -        | -               | -  | 42,961     |
| (1) Change of exchange Rate          | 71              | 42,890        | -          | -        | -               | -  | 42,961     |
| 4. 30 June 2024                      | 52,027          | 2,470,985     | -          | 250      | -               | 4,508  | 2,527,770  |
| <b>IV. Carrying amount</b>           |                 |               |            |          |                 |  |            |
| 1. 30 June 2024                      | 5,945,706       | 1,739,593     | 14,828,240 | 365,742  | -               | 505,364                                      | 23,384,645 |
| 2. 31 December 2023                  | 5,837,840       | 1,695,744     | 14,756,543 | 379,128  | -               | 180,599                                      | 22,849,854 |

As at 30 June 2024, the percentage of the internally developed intangible assets of the total intangible assets of the Group was 0.05% (as at 31 December 2023: 0.05%).

As at 30 June 2024, the accumulated impairment provision for the Cape Lambert Iron Project intangible assets amounted to RMB 2,450,488,000, including the provision for the decrease of exchange fluctuation of Australian dollars of RMB 100,490,000. The related intangible assets belong to the resource development segment.

#### (1) Intangible assets without a title certificate

As at 30 June 2024, Intangible assets without title certificates are as follows:

All amounts in RMB'000

| Items                                    | Carrying amount | Reasons for title certificates outstanding |
|--|-----------------|--|
| The right to use civil air defense works | 337,614         | In process                                 |

# Financial Statements

For the six months ended 30 June 2024

## 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<br>2023 | Changes   | 30 June<br>2024 |
|--|---------------------|-----------|-----------------|
| MCC Finance Corporation Ltd. (a)   | 105,032             | (105,032) | –               |
| Chengde Tiangong Architectural Design Co., Ltd.  | 33,460              | –         | 33,460          |
| MCC Minera Sierra Grande S.A.  | 12,939              | (126)     | 12,813          |
| China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd. | 18,533              | –         | 18,533          |
| Qingdao JinZe HuaDi Real Estate Development Co., Ltd. (a)                              | 9,779               | (9,779)   | –               |
| Beijing HaiKe Real Estate Development Co., Ltd.  | 6,477               | –         | 6,477           |
| Beijing Tianrun Construction Co., Ltd.   | 5,142               | –         | 5,142           |
| Chengdu Yexingrunda New Building Materials Co., Ltd.                                   | 1,162               | –         | 1,162           |
| Shanghai WuGang Equipment Engineering Co., Ltd.  | 1,114               | –         | 1,114           |
| Sub-total  | 193,638             | (114,937) | 78,701          |
| Less: Provision for impairment   | 143,563             | (114,937) | 28,626          |
| Total  | 50,075              | –         | 50,075          |

# Financial Statements

For the six months ended 30 June 2024

## 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 2023 | Changes   | 30 June 2024 |
|--|------------------|-----------|--------------|
| MCC Finance Corporation Ltd. (a)   | 105,032          | (105,032) | –            |
| MCC Minera Sierra Grande S.A.  | 12,939           | (126)     | 12,813       |
| Qingdao JinZe HuaDi Real Estate Development Co., Ltd. (a)                              | 9,779            | (9,779)   | –            |
| Beijing HaiKe Real Estate Development Co., Ltd.  | 6,477            | –         | 6,477        |
| China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd. | 9,336            | –         | 9,336        |
| Total  | 143,563          | (114,937) | 28,626       |

(a) MCC Finance Corporation Ltd. and Qingdao JinZe HuaDi Real Estate Development Co., Ltd. have been deregistered, and the original value of goodwill and impairment provisions have been written off.

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 2023: 5.10%). 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. The growth rate forecast is determined based on the expected growth rate of the industry. The profit margin forecast is determined based on the past performance of the market and the expectations of management. The recoverable value of the asset groups of the other invested companies is calculated based on the present value of future cash flows but is not significant to the Group.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 23. Long-term prepayments

All amounts in RMB'000

| Items                                       | 31 December |          |              |                 | 30 June |
|---|-------------|----------|--------------|-----------------|---------|
|   | 2023        | Increase | Amortization | Other decreases | 2024    |
| Expenditure on improvement of leased assets | 119,324     | 11,041   | 14,822       | –               | 115,543 |
| Insurance expenditures                      | 4,974       | –        | 830          | (91)            | 4,235   |
| Repair expenditures                         | 40,574      | 9,227    | 5,811        | 1,635           | 42,355  |
| Others                                      | 186,827     | 16,039   | 19,976       | 2,263           | 180,627 |
| Total                                       | 351,699     | 36,307   | 41,439       | 3,807           | 342,760 |

### 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   | 30 June 2024                               |                     | 31 December 2023                           |                     |
|---|--|---------------------|--|---------------------|
|   | Deductible temporary difference/tax losses | Deferred tax assets | Deductible temporary difference/tax losses | Deferred tax assets |
| Impairment provision                            | 39,531,643                                 | 6,356,119           | 35,740,754                                 | 5,731,323           |
| Unrealized profit on inter-company transactions | 2,611,976                                  | 597,434             | 2,259,770                                  | 502,826             |
| Accrued expenses                                | 1,171,219                                  | 246,157             | 798,025                                    | 148,416             |
| Deductible tax losses                           | 889,813                                    | 151,576             | 703,126                                    | 117,863             |
| Defined benefit plans                           | 823,198                                    | 188,576             | 799,975                                    | 184,304             |
| Lease liabilities                               | 749,243                                    | 131,513             | 773,772                                    | 131,483             |
| Employee benefits payable                       | 548,804                                    | 87,441              | 432,731                                    | 69,649              |
| Changes in the fair values                      | 283,858                                    | 49,425              | 327,104                                    | 55,594              |
| Others  | 1,073,585                                  | 189,242             | 1,119,013                                  | 202,604             |
| Total   | 47,683,339                                 | 7,997,483           | 42,954,270                                 | 7,144,062           |

# Financial Statements

For the six months ended 30 June 2024

## 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   | 30 June 2024                  |                          | 31 December 2023              |                          |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
|   | Taxable Temporary differences | Deferred tax liabilities | Taxable Temporary differences | Deferred tax liabilities |
| Right-of-use assets   | 655,156                       | 113,749                  | 748,718                       | 128,442                  |
| Changes in the fair value of investments of other equity instruments      | 254,144                       | 41,906                   | 170,999                       | 26,393                   |
| Fair value adjustments upon business combination not under common control | 201,950                       | 50,487                   | 207,697                       | 51,924                   |
| Others  | 857,169                       | 187,944                  | 718,878                       | 160,056                  |
| Total   | 1,968,419                     | 394,086                  | 1,846,292                     | 366,815                  |

(3) *Deferred tax assets and deferred tax liabilities presented on a net basis after offsetting*

All amounts in RMB'000

| Items                    | 30 June 2024   |  | 31 December 2023   |  |
|--------------------------|--|--|--|--|
|                          | The offset amount of deferred tax assets and liabilities | Deferred tax assets and liabilities after offset | The offset amount of deferred tax assets and liabilities | Deferred tax assets and liabilities after offset |
| Deferred tax assets      | 206,535  | 7,790,948  | 194,832  | 6,949,230  |
| Deferred tax liabilities | 206,535  | 187,551  | 194,832  | 171,983  |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24. Deferred tax assets/Deferred tax liabilities (Continued)

#### (4) Details of the Group's unrecognized deferred tax assets

All amounts in RMB'000

| Items                            | 30 June 2024 | 31 December 2023 |
|----------------------------------|--------------|------------------|
| Deductible temporary differences | 20,108,303   | 18,940,562       |
| Deductible tax losses            | 8,398,011    | 7,645,359        |
| Total                            | 28,506,314   | 26,585,921       |

#### (5) Deductible tax losses that are not recognized as deferred tax assets will expire in the following years

All amounts in RMB'000

| Year         | 30 June 2024 | 31 December 2023 |
|--------------|--------------|------------------|
| 2024         | 492,288      | 1,179,816        |
| 2025         | 985,481      | 986,465          |
| 2026         | 1,068,031    | 1,204,886        |
| 2027         | 2,003,181    | 2,168,867        |
| 2028         | 1,986,241    | 2,105,325        |
| 2029 to 2033 | 1,862,789    | –                |
| Total        | 8,398,011    | 7,645,359        |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 25. Other non-current assets

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Contract assets for PPP project               | 2,344,577    | 2,378,344        |
| Warranty deposit                              | 10,865,114   | 9,827,335        |
| Pending treatment of foreclosed assets        | 2,767,578    | 2,474,544        |
| Prepayment for acquisition of self-use assets | 129,275      | 59,851           |
| Others  | 89,126       | 2,389            |
| Total   | 16,195,670   | 14,742,463       |

### 26. Assets with title or right-of-use restrictions

30 June 2024

All amounts in RMB'000

| Items                    | 30 June 2024 | Reasons                |
|--------------------------|--------------|------------------------|
| Cash and bank balances   | 12,137,006   | Freeze/Regulated       |
| Bills receivable         | 115,317      | Pledge                 |
| Bills receivable         | 3,792,925    | Endorsed or discounted |
| Accounts receivable      | 1,920,955    | Pledge                 |
| Other receivables        | 1,961,139    | Pledge                 |
| Long-term receivables    | 2,112,716    | Pledge                 |
| Receivables at FVTOCI    | 739,987      | Pledge                 |
| Inventories              | 20,739,220   | Mortgage/Freeze        |
| Investment properties    | 1,162,399    | Mortgage/Freeze        |
| Fixed assets             | 26,921       | Mortgage/Freeze        |
| Intangible assets        | 4,378,568    | Mortgage/Freeze        |
| Other non-current assets | 2,085,402    | Pledge                 |
| Total                    | 51,172,555   | /                      |



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Assets with title or right-of-use restrictions (Continued)

31 December 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       | /                      |

Amortization of intangible assets used as collateral at 30 June 2024 amounted to RMB 115,100,000 (As at 30 June 2023: RMB 114,482,000).

### 27. Short-term borrowings

All amounts in RMB'000

| Items               | 30 June 2024 | 31 December 2023 |
|---------------------|--------------|------------------|
| Pledged loans (a)   | 211,160      | 161,316          |
| Mortgaged loans (b) | 618,749      | 700,654          |
| Credit loans        | 57,602,643   | 27,358,311       |
| Total               | 58,432,552   | 28,220,281       |

(a) As at 30 June 2024, the Pledged loans of RMB 211,160,000 (as at 31 December 2023: RMB 161,316,000) were secured by the Pledged of the Group's investment Accounts receivable in an aggregate carrying amount of RMB 211,160,000 (as at 31 December 2023: RMB 224,199,000).

(b) As at 30 June 2024, the mortgaged loans of RMB 618,749,000 (as at 31 December 2023: RMB 700,654,000) were secured by the mortgage of the Group's investment properties, intangible assets and fixed assets in an aggregate carrying amount of RMB 719,901,000 (as at 31 December 2023: RMB 1,029,110,000).

As at 30 June 2024, the Group had no significant overdue short-term borrowings.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 28. Derivative financial liabilities

All amounts in RMB'000

| Items                      | 30 June 2024 | 31 December 2023 |
|----------------------------|--------------|------------------|
| Forward exchange contracts | 8,424        | 18,413           |
| Currency swap contracts    | 635,065      | 435,537          |
| Total                      | 643,489      | 453,950          |

### 29. Bills payable

All amounts in RMB'000

| Category                    | 30 June 2024 | 31 December 2023 |
|-----------------------------|--------------|------------------|
| Bank acceptance bills       | 31,066,034   | 29,881,702       |
| Commercial acceptance bills | 1,318,297    | 1,835,388        |
| Total                       | 32,384,331   | 31,717,090       |

As at 30 June 2024, the Group had no material maturities and outstanding notes payable.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 30. Accounts payable

#### (1) Presentation of accounts payable

All amounts in RMB'000

| Items           | 30 June 2024 | 31 December 2023 |
|-----------------|--------------|------------------|
| Project fees    | 189,828,669  | 157,758,613      |
| Purchases       | 69,234,185   | 58,948,809       |
| Labor fees      | 25,317,329   | 19,005,437       |
| Retention money | 1,817,846    | 1,842,200        |
| Design fees     | 750,719      | 523,730          |
| Others          | 2,562,229    | 2,315,350        |
| Total           | 289,510,977  | 240,394,139      |

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

All amounts in RMB'000

| Aging         | 30 June 2024 | 31 December 2023 |
|---------------|--------------|------------------|
| Within 1 year | 225,797,210  | 183,907,341      |
| 1 to 2 years  | 36,670,969   | 31,403,823       |
| 2 to 3 years  | 12,801,225   | 12,250,222       |
| Over 3 years  | 14,241,573   | 12,832,753       |
| Total         | 289,510,977  | 240,394,139      |

On 30 June 2024, accounts payable of RMB 63,713,767,000 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 30 June 2024, there are no significant accounts payable that are individually older than 1 year or overdue. The aging of accounts payable of the Company is determined based on the time of engineering settlement or cost recognition.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 31. Receipts in advance

All amounts in RMB'000

| Item                      | 30 June 2024 | 31 December 2023 |
|---------------------------|--------------|------------------|
| Lease receipts in advance | 118,254      | 104,034          |
| Total                     | 118,254      | 104,034          |

On 30 June 2024, there are no significant receipts in advance that are individually older than one year and have no significant changes in carrying value.

### 32. Contract liabilities

#### (1) Presentation of Contract liabilities

All amounts in RMB'000

| Items  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Contract liabilities relating to engineering contracting service contracts | 51,763,622   | 54,115,408       |
| Contract liabilities relating to pre-sales deposits                        | 6,905,148    | 6,451,611        |
| Contract liabilities relating to sales contracts                           | 2,336,163    | 1,952,976        |
| Contract liabilities relating to contracts of other customers              | 1,292,734    | 2,299,387        |
| Total  | 62,297,667   | 64,819,382       |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32. Contract liabilities (Continued)

#### (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 30 June 2024, 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 period ended 30 June 2024, the Group recognized RMB 41,631,637,000 in RMB 54,115,408,000 of contract liabilities related to the engineering contracting service on 31 December 2023 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 30 June 2024, 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.
- (c) Contract liabilities formed by receipt of property sales amount in advance

All amounts in RMB'000

| Items                                    | 30 June<br>2023  | 31 December<br>2023 | Pre-sale<br>percentage | Estimated<br>completion<br>date |
|--|------------------|---------------------|------------------------|---------------------------------|
| Hengqin Port Mansion                     | 828,118          | 818,099             | /                      | Completed                       |
| MCC Changyuanli Project                  | 645,924          | 519,854             | 16.00%                 | 2026/04/30                      |
| Shijiazhuang MCC Dexian<br>Mansion       | 486,356          | 1,037,639           | /                      | Completed                       |
| Splendid Mansion                         | 471,876          | 88,742              | 49.69%                 | 2025/6/30                       |
| Baotou Dexian Mansion, Huaifu            | 462,405          | 289,298             | 18.10%                 | 2026/12/31                      |
| Nanjing Yuhuatai District G35<br>project | 432,711          | 280,107             | 11.43%                 | 2024/9/30                       |
| Tangshan MCC Dexian<br>Mansion project   | 430,982          | 291,099             | 22.35%                 | 2027/12/31                      |
| Qinhuangdao, Hebei Yudaiwan<br>project   | 378,186          | 309,832             | 84.50%                 | 2025/12/31                      |
| Hebei Xiongan Mingzhuo<br>Project        | 214,022          | 39,085              | 12.92%                 | 2025/6/30                       |
| Wuhan, Hubei MCC No. 39<br>District      | 206,992          | 211,216             | /                      | Completed                       |
| Others                                   | 2,347,576        | 2,566,640           |                        |                                 |
| <b>Total</b>                             | <b>6,905,148</b> | <b>6,451,611</b>    |                        |                                 |

On 30 June 2024, 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 six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable

#### (1) Employee benefits payable

All amounts in RMB'000

| Items  | 31 December<br>2023 | Increase   | Decrease   | 30 June<br>2024 |
|--|---------------------|------------|------------|-----------------|
| I. Short-term employee benefits                          | 2,308,681           | 11,622,708 | 11,471,337 | 2,460,052       |
| II. Post-employment benefits - defined contribution plan | 229,414             | 1,931,398  | 1,875,055  | 285,757         |
| III. Termination benefits                                | 27,808              | 14,982     | 12,048     | 30,742          |
| IV. Other benefits                                       | 58,174              | 1,030,887  | 1,043,205  | 45,856          |
| Total  | 2,624,077           | 14,599,975 | 14,401,645 | 2,822,407       |

#### (2) Short-term employee benefits

All amounts in RMB'000

| Items   | 31 December<br>2023 | Increase   | Decrease   | 30 June<br>2024 |
|---|---------------------|------------|------------|-----------------|
| I. Salaries, bonuses, allowances and subsidies                | 948,575             | 8,987,099  | 8,876,635  | 1,059,039       |
| II. Staff welfare   | 21,796              | 515,821    | 514,162    | 23,455          |
| III. Social insurance premiums                                | 32,804              | 861,067    | 852,188    | 41,683          |
| Including: Medical insurance                                  | 30,453              | 782,697    | 774,490    | 38,660          |
| Work-related injury insurance                                 | 2,216               | 59,297     | 58,675     | 2,838           |
| Maternity insurance   | 135                 | 19,073     | 19,023     | 185             |
| IV. Housing provident funds                                   | 90,766              | 1,007,026  | 988,821    | 108,971         |
| V. Labor union expenditures and employees' education expenses | 1,214,740           | 251,695    | 239,531    | 1,226,904       |
| Total   | 2,308,681           | 11,622,708 | 11,471,337 | 2,460,052       |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable (Continued)

#### (3) Defined contribution plan

All amounts in RMB'000

| Items                         | 31 December<br>2023 | Increase  | Decrease  | 30 June<br>2024 |
|-------------------------------|---------------------|-----------|-----------|-----------------|
| 1. Basic retirement insurance | 96,279              | 1,317,834 | 1,312,120 | 101,993         |
| 2. Unemployment insurance     | 4,408               | 45,538    | 45,381    | 4,565           |
| 3. Supplementary pension      | 128,727             | 568,026   | 517,554   | 179,199         |
| Total                         | 229,414             | 1,931,398 | 1,875,055 | 285,757         |

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 period, the Group made deposits amounting to RMB 1,931,398,000 (for the year ended 30 June 2023: RMB 1,826,187,000) to the defined contribution plans. As at 30 June 2024, there was a payable amount of RMB 285,757,000 (as at 31 December 2023: RMB 229,414,000).

### 34. Taxes payable

All amounts in RMB'000

| Items                                 | 30 June 2024 | 31 December 2023 |
|---------------------------------------|--------------|------------------|
| Value added tax                       | 439,807      | 544,394          |
| Enterprise income tax                 | 1,456,875    | 1,954,542        |
| Individual income tax                 | 97,751       | 456,292          |
| City maintenance and construction tax | 58,174       | 59,674           |
| Education surcharges                  | 40,517       | 39,604           |
| Land appreciation tax                 | 1,845,099    | 1,873,115        |
| Others                                | 463,319      | 381,014          |
| Total                                 | 4,401,542    | 5,308,635        |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Other payables

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

All amounts in RMB'000

| Categories        | 30 June 2024 | 31 December 2023 |
|-------------------|--------------|------------------|
| Interest payable  | 20,362       | 15,768           |
| Dividends payable | 3,283,282    | 1,012,864        |
| Other payables    | 44,269,323   | 39,241,059       |
| Total             | 47,572,967   | 40,269,691       |

#### (2) Interest payable

All amounts in RMB'000

| Items                                      | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Interests payable on short-term borrowings | 19,134       | 14,853           |
| Others                                     | 1,228        | 915              |
| Total                                      | 20,362       | 15,768           |

As 30 June 2024, the Group had no material outstanding interest payable.



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Other payables (Continued)

#### (3) Dividends payable

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Interest on perpetual bonds classified as equity instrument | 1,554,755    | 671,145          |
| Other dividends   | 1,728,527    | 341,719          |
| Total   | 3,283,282    | 1,012,864        |

On 30 June 2024, 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.

#### (4) Other payables

All amounts in RMB'000

| Items              | 30 June 2024 | 31 December 2023 |
|--------------------|--------------|------------------|
| Current accounts   | 22,811,242   | 17,880,541       |
| Security deposits  | 15,157,434   | 14,950,524       |
| Guarantee deposits | 1,431,994    | 1,267,489        |
| Others             | 4,868,653    | 5,142,505        |
| Total              | 44,269,323   | 39,241,059       |

On 30 June 2024, other payables aged over one year of RMB 13,209,034,000 (31 December 2023: RMB 13,589,299,000) 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.

On 30 June 2024, there are no significant other payables with an aging of more than 1 year or overdue individually.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 36. Non-current liabilities due within one year

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Long-term borrowings due within one year (Note VII 38)      | 8,156,941    | 7,266,992        |
| Bonds payable due within one year (Note VII 39)             | 1,359,700    | 117,153          |
| Lease liabilities due within one year (Note VII 40)         | 193,778      | 230,361          |
| Long-term payables due within one year (Note VII 41)        | 369,663      | 100,233          |
| Employee benefits payable due within one year (Note VII 42) | 312,382      | 329,860          |
| Total   | 10,392,464   | 8,044,599        |

### 37. Other current liabilities

All amounts in RMB'000

| Items                                   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Amounts to be transferred to output VAT | 29,998,674   | 26,862,565       |
| Total                                   | 29,998,674   | 26,862,565       |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38. Long-term borrowings

All amounts in RMB'000

| Items  | 30 June 2024      | 31 December 2023  |
|--|-------------------|-------------------|
| Pledged loans (a)  | 6,964,958         | 7,078,083         |
| Mortgaged loans (b)  | 7,591,800         | 6,374,095         |
| Guaranteed loans   | —                 | 6,860             |
| Credit loans   | 29,054,659        | 27,976,745        |
| <b>Total</b>   | <b>43,611,417</b> | <b>41,435,783</b> |
| Less: Long-term borrowings due within one year (Note VII 36) | 8,156,941         | 7,266,992         |
| Including: Pledged loans                                     | 543,986           | 679,369           |
| Mortgaged loans  | 2,828,030         | 1,612,508         |
| Guaranteed loans   | —                 | 6,860             |
| Credit loans   | 4,784,925         | 4,968,255         |
| Long-term borrowings due over one year                       | 35,454,476        | 34,168,791        |

(a) As at 30 June 2024, long-term borrowings of RMB 6,964,958,000 (as at 31 December 2023: RMB 7,078,083,000) were secured by the pledge of the Group's accounts receivable, other receivables, long-term receivables, intangible assets and other assets in amount of RMB 11,261,711,000 (as at 31 December 2023: RMB 9,895,753,000).

(b) As at 30 June 2024, long-term borrowings of RMB 7,591,800,000 (as at 31 December 2023: RMB 6,374,095,000) were secured by the mortgage of the Group's intangible assets, fixed assets, investment properties, inventories and other assets in amount of RMB 21,920,284,000 (as at 31 December 2023: RMB 15,282,895,000).

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 38. Long-term borrowings (Continued)

All amounts in RMB'000

| <b>Maturity Date of long-term borrowings due over one year</b> | <b>30 June 2024</b> | 31 December 2023 |
|--|---------------------|------------------|
| 1 to 2 years   | 15,802,465          | 14,117,972       |
| 2 to 5 years   | 11,896,255          | 12,019,939       |
| Over 5 years   | 7,755,756           | 8,030,880        |
| Total  | 35,454,476          | 34,168,791       |

For the period ended 30 June 2024, the weighted average interest rate of long-term borrowings was 3.65% per annum (for the period ended 30 June 2023: 4.04% per annum). As at 30 June 2024, the Group did not have any significant overdue long-term borrowings.

### 39. Bonds payable

All amounts in RMB'000

| <b>Items</b>  | <b>30 June 2024</b> | 31 December 2023 |
|---|---------------------|------------------|
| Corporate debentures                                  | 2,026,196           | 2,067,828        |
| Non-public targeted bond financing instruments        | 1,313,971           | 1,349,325        |
| Medium-term notes                                     | 2,019,533           | –                |
| Total   | 5,359,700           | 3,417,153        |
| Less: Bonds payable due within one year (Note VII 36) | 1,359,700           | 117,153          |
| Bonds payable due over one year                       | 4,000,000           | 3,300,000        |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Bonds payable (Continued)

For the period ended 30 June 2024, the movements of bonds payable as follows:

All amounts in RMB'000

| Name of bonds  | Face value       | Issue date                  | Term     | Issue amount     | 31 December<br>2023 | Issued in<br>the current<br>period | Resale in<br>the current<br>period | Interest<br>accrued<br>based on<br>face value | Repaid in<br>the current<br>period | 30 June<br>2024  |
|--|------------------|-----------------------------|----------|------------------|---------------------|------------------------------------|------------------------------------|---|------------------------------------|------------------|
| First public Corporate Bond of MCC Real Estate Group Co., Ltd. to Professional Investors in 2023 (a) | 2,000,000        | 2023-03-16 to<br>2023-03-17 | 5 years  | 2,000,000        | 2,067,828           | -                                  | -                                  | 42,568  | 84,200                             | 2,026,196        |
| 2022 first tranche of target bond financing instruments of MCC Real Estate Group Co., Ltd. (b)       | 1,300,000        | 2022-03-23 to<br>2022-03-24 | 3 years  | 1,300,000        | 1,349,325           | -                                  | 280,000                            | 26,916  | 342,270                            | 1,313,971        |
| Corporate debentures publicly issued by the Company in 2024 (first tranche) (c)                      | 1,000,000        | 2024-2-21 to<br>2024-2-22   | 10 years | 1,000,000        | -                   | 1,000,000                          | -                                  | 9,800   | -                                  | 1,009,800        |
| Corporate debentures publicly issued by the Company in 2024 (second tranche) (d)                     | 1,000,000        | 2024-2-23 to<br>2024-2-26   | 10 years | 1,000,000        | -                   | 1,000,000                          | -                                  | 9,733   | -                                  | 1,009,733        |
| <b>Total</b>   | <b>5,300,000</b> | <b>-</b>                    | <b>-</b> | <b>5,300,000</b> | <b>3,417,153</b>    | <b>2,000,000</b>                   | <b>280,000</b>                     | <b>89,017</b>                                 | <b>426,470</b>                     | <b>5,359,700</b> |

- (a) 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 30 June 2024, there was no default on the bonds.
- (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. The repurchase and resale amount of the debt financing instrument in the current period is RMB 280,000,000, with the option of selling back and adjusting the bond interest rate every full year. As at 30 June 2024, the annual interest rate of the debt has been lowered to 3.50%, there was no default on the bonds.
- (c) The Company issued corporate debentures on a public issuance basis from 21 February 2024 to 22 February 2024 at an equal price with the face value of RMB 1,000,000,000 with a term of ten years from issuance and interest bearing at a fixed rate of 2.94%. Interest will be paid every year and principal will be paid upon maturity date. As at 30 June 2024, there was no default on the bonds.
- (d) The Company issued corporate debentures on a public issuance basis from 23 February 2024 to 26 February 2024 at an equal price with the face value of RMB 1,000,000,000 with a term of ten years from issuance and interest bearing at a fixed rate of 2.92%. Interest will be paid every year and principal will be paid upon maturity date. As at 30 June 2024, there was no default on the bonds.

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 40. Lease liabilities

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Lease of buildings and structures                         | 655,444      | 665,434          |
| Other leases  | 38,722       | 66,272           |
| Total   | 694,166      | 731,706          |
| Less: Lease liabilities due within one year (Note VII 36) | 193,778      | 230,361          |
| Lease liabilities due over one year                       | 500,388      | 501,345          |

All amounts in RMB'000

| Maturity Date of lease liabilities    | 30 June 2024 | 31 December 2023 |
|---------------------------------------|--------------|------------------|
| 1st year after the balance sheet date | 210,064      | 255,715          |
| 2nd year after the balance sheet date | 143,174      | 160,915          |
| 3rd year after the balance sheet date | 99,749       | 109,396          |
| Subsequent years                      | 336,355      | 304,619          |
| Total minimum lease payments          | 789,342      | 830,645          |
| Less: Unrecognized financing cost     | 95,176       | 98,939           |
| Total lease liabilities               | 694,166      | 731,706          |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 41. Long-term payables

#### (1) Presentation of long-term payables

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Long-term payables  | 1,593,255    | 798,564          |
| Special payables  | 30,817       | 38,405           |
| Total   | 1,624,072    | 836,969          |
| Less: Long-term payables due within one year<br>(Note VII 36) | 369,663      | 100,233          |
| Long-term payables due over one year                          | 1,254,409    | 736,736          |

#### (2) Long-term payables

Long-term payables disclosed by nature

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Housing maintenance fund                                      | 41,582       | 41,566           |
| Amounts due to funds  | 376,858      | 376,858          |
| Payable project funds and quality guarantee                   | 831,655      | 2,060            |
| Others  | 343,160      | 378,080          |
| Total   | 1,593,255    | 798,564          |
| Less: Long-term payables due within one year<br>(Note VII 36) | 369,663      | 94,633           |
| Long-term payables due over one year                          | 1,223,592    | 703,931          |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 41. Long-term payables (Continued)

#### (3) Special payables

Amount for the current period

All amounts in RMB'000

| Items  | 31 December<br>2023 | Increase | Decrease | 30 June<br>2024 | Including:<br>Amount<br>due within<br>one year |
|--|---------------------|----------|----------|-----------------|--|
| Special payables for water/<br>power/gas supply and<br>Property (Note) | 26,946              | –        | 4,387    | 22,559          | –  |
| Others   | 11,459              | 2,400    | 5,601    | 8,258           | –  |
| Total  | 38,405              | 2,400    | 9,988    | 30,817          | –  |

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  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Post-employment benefits -Net liabilities arising from defined benefit plans | 3,685,845    | 3,727,813        |
| Less: Long-term employee benefits payable due within one year (Note VII 36)  | 312,382      | 329,860          |
| Long-term employee benefits payable due over one year                        | 3,373,463    | 3,397,953        |



# Financial Statements

For the six months ended 30 June 2024

## 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  | Amount for<br>the current period | Amount for<br>the prior period |
|--|----------------------------------|--------------------------------|
| <b>I. Opening balance</b>  | <b>3,727,813</b>                 | 3,859,784                      |
| <b>II. Defined benefit costs recognized in profit or loss</b>                  | <b>44,518</b>                    | 61,562                         |
| 1. Past service cost   | —                                | 9,938                          |
| 2. Net interest expense  | <b>44,518</b>                    | 51,624                         |
| <b>III. Defined benefit costs recognized in other<br/>comprehensive income</b> | <b>83,430</b>                    | 67,481                         |
| 1. Actuarial gains   | <b>83,430</b>                    | 67,481                         |
| <b>IV. Other movements</b>   | <b>(169,916)</b>                 | (182,700)                      |
| 1. Benefits paid   | <b>(169,916)</b>                 | (182,700)                      |
| <b>V. Closing balance</b>  | <b>3,685,845</b>                 | 3,806,127                      |

The balance of RMB 2,167,550,000 of defined benefit plan is a supplementary retirement benefit for employees who retired before 31 December 2007 and RMB 1,518,295,000 is a supplementary retirement benefit for employees who retire before 30 June 2024. 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 six months ended 30 June 2024

## 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  | 30 June 2024     | 31 December 2023 |
|--|------------------|------------------|
| Discount rate  | 2.25%            | 2.50%            |
| 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 relevant plans recognised in profit or loss are as follows:

All amounts in RMB'000

| Items                             | Amount for the current period | Amount for the prior period |
|-----------------------------------|-------------------------------|-----------------------------|
| Past service cost                 | –                             | 9,938                       |
| Net interest expense              | 44,518                        | 51,624                      |
| Net post-employment benefit costs | 44,518                        | 61,562                      |
| Charge to administrative expenses | –                             | 9,938                       |
| Charge to finance expense         | 44,518                        | 51,624                      |
| Total                             | 44,518                        | 61,562                      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 43. Provisions

All amounts in RMB'000

| Items   | 31 December<br>2023 | Increase       | Decrease       | 30 June<br>2024  |
|---|---------------------|----------------|----------------|------------------|
| Pending litigations (a)   | 186,572             | 70,011         | 31,928         | 224,655          |
| Product quality warranties (b)  | 12,114              | 1,816          | 3,914          | 10,016           |
| Restoration, rehabilitation and environmental provision (c)   | 343,754             | 2,505          | 35             | 346,224          |
| Onerous contract to be performed (d)  | 275,032             | 32,896         | 60,658         | 247,270          |
| The separation and hand-over cost of "Special payables for water/power/gas supply and property" (e) | 120,565             | –              | 35,710         | 84,855           |
| Others  | 139,201             | 1,772          | –              | 140,973          |
| <b>Total</b>  | <b>1,077,238</b>    | <b>109,000</b> | <b>132,245</b> | <b>1,053,993</b> |
| Less: Provisions due over one year  | 1,077,238           | 109,000        | 132,245        | 1,053,993        |

- (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 six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Deferred Income

All amounts in RMB'000

| Items             | 31 December<br>2023 | Increase | Decrease | 30 June<br>2024 |
|-------------------|---------------------|----------|----------|-----------------|
| Government grants | 948,172             | 163,184  | 129,708  | 981,648         |
| Others            | 110,410             | 13,658   | 8,804    | 115,264         |
| Total             | 1,058,582           | 176,842  | 138,512  | 1,096,912       |

### 45. Other non-current liabilities

All amounts in RMB'000

| Items                        | 30 June 2024 | 31 December 2023 |
|------------------------------|--------------|------------------|
| Land demolition compensation | –            | 380,000          |
| Total                        | –            | 380,000          |

### 46. Share Capital

All amounts in RMB'000

| Items                          | 30 June 2024 | 31 December 2023 |
|--------------------------------|--------------|------------------|
| 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 six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Other equity instruments

All amounts in RMB'000

| Name of outstanding financial instruments   | 31 December 2023         |                 | Increase                 |                 | Decrease                 |                 | 30 June 2024             |                 |
|---|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|
|   | Number<br>(ten thousand) | Carrying amount | Number<br>(ten thousand) | Carrying amount | Number<br>(ten thousand) | Carrying amount | Number<br>(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       |
| 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         |
| 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       |
| 2024 MCC MTN003   | -                        | -               | 2,000                    | 2,000,000       | -                        | -               | 2,000                    | 2,000,000       |
| 2024 MCC MTN004   | -                        | -               | 2,000                    | 2,000,000       | -                        | -               | 2,000                    | 2,000,000       |
| Total   | /                        | 47,400,000      | /                        | 4,000,000       | /                        | -               | /                        | 51,400,000      |

# Financial Statements

For the six months ended 30 June 2024

## 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         |
| 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 MTN010   | 2023-08-18 to 2023-08-21 | 3.05%                          | 2,000,000    | Not yet due              | None                           | No         |
| 2023 MCC MTN011   | 2023-08-23 to 2023-08-24 | 3.04%                          | 1,400,000    | Not yet due              | None                           | No         |
| 2023 MCC MTN012   | 2023-08-31 to 2023-09-01 | 3.10%                          | 1,000,000    | Not yet due              | None                           | No         |
| 2023 MCC MTN013   | 2023-09-01 to 2023-09-04 | 3.22%                          | 1,000,000    | Not yet due              | None                           | No         |
| 2024 MCC MTN003   | 2024-03-14 to 2024-03-15 | 2.79%                          | 2,000,000    | Not yet due              | None                           | No         |
| 2024 MCC MTN004   | 2024-03-18 to 2024-03-19 | 2.74%                          | 2,000,000    | Not yet due              | None                           | No         |
| Total   | /                        | /                              | 51,400,000   | /                        | /                              | /          |

# Financial Statements

For the six months ended 30 June 2024

## 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 3,246,700,000 in 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 April 2024, MCC Holdings (Hong Kong) Limited redeemed the perpetual bonds issued in 2021, resulting in a decrease of RMB 3,246,700,000 in non-controlling interests in the consolidated financial statements of the Group.

As at 30 June 2024, the balance of the above non-controlling interests are RMB 4,000,000,000.

### 48. Capital reserve

*All amounts in RMB'000*

| Items                 | 31 December<br>2023 | Increase | Decrease | 30 June<br>2024 |
|-----------------------|---------------------|----------|----------|-----------------|
| Share premium         | 22,467,142          | —        | —        | 22,467,142      |
| Other capital reserve | 115,080             | 2,981    | 5,251    | 112,810         |
| Total                 | 22,582,222          | 2,981    | 5,251    | 22,579,952      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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   | 31 December<br>2023 | Attributable to<br>owners of the<br>Company, net of<br>income tax | Less: Retained<br>earnings<br>transferred<br>from other<br>comprehensive<br>income | 30 June<br>2024 |
|---|---------------------|---|--|-----------------|
| Other comprehensive income that will not be reclassified to profit or loss                  |                     |   |  |                 |
| Changes in re-measurement of defined benefit obligations                                    | 28,578              | (76,465)  | –  | (47,887)        |
| Other comprehensive income that cannot be transferred to profit or loss under equity method | 35                  | (10)  | –  | 25              |
| Fair value changes in investments in other equity instruments                               | (129,731)           | 58,463  | –  | (71,268)        |
| Sub-total   | (101,118)           | (18,012)  | –  | (119,130)       |
| 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    | 21,712              | (309)   | –  | 21,403          |
| Changes in fair value of receivables at FVTOCI  | (102,938)           | 26,284  | –  | (76,654)        |
| Exchange differences on translating foreign operations                                      | 1,293,819           | (278,459)   | –  | 1,015,360       |
| Sub-total   | 1,212,593           | (252,484)   | –  | 960,109         |
| Total   | 1,111,475           | (270,496)   | –  | 840,979         |



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 49. Other comprehensive income (Continued)

Other comprehensive income incurred:

2024

All amounts in RMB'000

| Items   | Other comprehensive income before tax for the current Period | 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                                   | (83,430)   | (1,585)                   | (76,465)   | (5,380)  |
| Other comprehensive income that cannot be transferred to profit or loss under equity method | (10)   | –                         | (10)   | –  |
| Fair value changes in investments in other equity instruments                               | 74,737   | 16,148                    | 58,463   | 126  |
| 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    | (1,453)  | –                         | (309)  | (1,144)  |
| Changes in fair value of receivables at FVTOCI  | 35,849   | 3,927                     | 26,284   | 5,638  |
| Exchange differences on translating foreign operations                                      | (267,404)  | –                         | (278,459)  | 11,055   |
| Total   | (241,711)  | 18,490                    | (270,496)  | 10,295   |

### 50. Special reserve

All amounts in RMB'000

| Item        | 31 December 2023 | Increase  | Decrease  | 30 June 2024 |
|-------------|------------------|-----------|-----------|--------------|
| Safety cost | 411,766          | 5,492,332 | 5,100,229 | 803,869      |
| Total       | 411,766          | 5,492,332 | 5,100,229 | 803,869      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 51. Surplus reserve

All amounts in RMB'000

| Item                      | 31 December<br>2023 | Increase | Decrease | 30 June<br>2024  |
|---------------------------|---------------------|----------|----------|------------------|
| Statutory surplus reserve | 3,391,294           | –        | –        | <b>3,391,294</b> |
| Total                     | 3,391,294           | –        | –        | <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   | Amount for the<br>current period | Amount for the<br>prior period |
|---|----------------------------------|--------------------------------|
| Retained earnings at the beginning of the year                                  | <b>49,859,806</b>                | 45,102,415                     |
| Impact of changes in accounting policies  | –                                | 7,927                          |
| Retained earnings at the beginning of the period                                | <b>49,859,806</b>                | 45,110,342                     |
| Add: Net profit attributable to shareholders of the parent company              | <b>4,149,738</b>                 | 7,217,536                      |
| Other comprehensive income carried forward to retained earnings                 | –                                | (428)                          |
| Others  | <b>(11,368)</b>                  | 5,497                          |
| Less: Distribution of dividends on ordinary shares (a)                          | <b>1,492,101</b>                 | 1,720,060                      |
| Distribution of interest on perpetual bonds classified as equity instrument (b) | <b>1,821,993</b>                 | 1,742,693                      |
| Retained earnings at the end of the period                                      | <b>50,684,082</b>                | 48,870,194                     |

As at 30 June 2024, retained earnings of the Group included statutory surplus reserve of subsidiaries of the parent company amounting to RMB 17,967,645,000 (as at 31 December 2023: RMB 18,254,505,000).

(a) In accordance with the resolution at the 2023 annual general meeting of shareholders on 26 June 2024, a final cash dividend of RMB 0.72 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB1,492,101,000. This dividend has been paid as of 29 August 2024.

(b) For the current period, the Company distributed interest on perpetual bonds amounting to RMB 1,821,993,000 (for the period ended 30 June 2023: RMB 1,742,693,000). As at 30 June 2024, retained earnings included no interest belonging to the perpetual bond holders (as at 31 December 2023: Nil).

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 53. Operating revenue and operating costs

#### (1) Operating revenue and operating costs

All amounts in RMB'000

| Items              | Amount the current period |                 | Amount the prior period |                 |
|--------------------|---------------------------|-----------------|-------------------------|-----------------|
|                    | Operating revenue         | Operating costs | Operating revenue       | Operating costs |
| Principal business | 298,172,758               | 271,365,047     | 333,810,924             | 303,111,463     |
| Other business     | 668,769                   | 435,142         | 647,936                 | 358,814         |
| Total              | 298,841,527               | 271,800,189     | 334,458,860             | 303,470,277     |

#### (2) The segment information of operating revenue

Amount the current period

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  | 9,847,867               | 3,254,547            | 4,850,468         | 3,096,703                 | 157,918 | 21,207,503  |
| Over period of time         | 265,391,813             | -                    | 10,104,344        | 1,732,764                 | -       | 277,228,921 |
| Lease                       | 196,992                 | 2,827                | 10,350            | 193,291                   | 1,643   | 405,103     |
| Total                       | 275,436,672             | 3,257,374            | 14,965,162        | 5,022,758                 | 159,561 | 298,841,527 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 53. Operating revenue and operating costs (Continued)

#### (3) The segment information of operating costs

Amount the current period

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  | 8,231,260               | 2,432,210            | 3,918,133         | 2,903,005                 | 82,150 | 17,566,758  |
| Over period of time         | 243,621,011             | -                    | 8,749,528         | 1,634,526                 | -      | 254,005,065 |
| Lease                       | 79,831                  | -                    | 2,219             | 145,432                   | 884    | 228,366     |
| Total                       | 251,932,102             | 2,432,210            | 12,669,880        | 4,682,963                 | 83,034 | 271,800,189 |

#### (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 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 53. Operating revenue and operating costs (Continued)

#### (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 9,800,700,000 (for the period ended 30 June 2023: RMB 12,365,025,000), accounting for 3.28% of the total operating revenue of the Group (for the period ended 30 June 2023: 3.70%). 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   | 2,622,322         | 0.88  |
| Party 2   | 2,066,128         | 0.69  |
| Party 3   | 2,047,958         | 0.69  |
| Party 4   | 1,599,508         | 0.54  |
| Party 5   | 1,464,784         | 0.49  |
| Total     | 9,800,700         | 3.28  |

The engineering contracting services provided by the Group generally constitutes a single performance obligation as a whole and is performed over time. As at 30 June 2024, 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.

### 54. Taxes and levies

*All amounts in RMB'000*

| Items                                 | Amount for the current period | Amount for the prior period |
|---------------------------------------|-------------------------------|-----------------------------|
| Stamp duty                            | 190,443                       | 164,765                     |
| Property tax                          | 170,999                       | 142,142                     |
| City construction and maintenance tax | 160,682                       | 156,771                     |
| Education surcharges                  | 127,810                       | 121,142                     |
| Land use tax                          | 62,312                        | 55,578                      |
| Land appreciation tax                 | 25,742                        | 210,256                     |
| Others                                | 173,509                       | 144,470                     |
| Total                                 | 911,497                       | 995,124                     |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 55. Selling expenses

All amounts in RMB'000

| Items                                  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Employee benefits                      | 694,783                       | 652,526                     |
| Advertising and sales service expenses | 253,199                       | 314,718                     |
| Travelling expenses                    | 137,969                       | 125,773                     |
| Office expenses                        | 83,170                        | 90,704                      |
| Lease rentals                          | 44,492                        | 51,030                      |
| Consulting expenses                    | 37,750                        | 21,389                      |
| Depreciation of fixed assets           | 5,055                         | 5,275                       |
| Others                                 | 129,960                       | 130,899                     |
| Total                                  | 1,386,378                     | 1,392,314                   |

### 56. Administrative expenses

All amounts in RMB'000

| Items                             | Amount for the current period | Amount for the prior period |
|-----------------------------------|-------------------------------|-----------------------------|
| Employee benefits                 | 3,924,942                     | 3,655,850                   |
| Depreciation of fixed assets      | 257,802                       | 249,706                     |
| Travelling expenses               | 197,555                       | 199,368                     |
| Office expenses                   | 188,505                       | 191,730                     |
| Professional service fees         | 151,758                       | 173,171                     |
| Lease rentals                     | 126,597                       | 103,695                     |
| Amortization of intangible assets | 99,332                        | 91,823                      |
| Repairs and maintenance expenses  | 38,726                        | 49,222                      |
| Others                            | 723,204                       | 710,960                     |
| Total                             | 5,708,421                     | 5,425,525                   |

### 57. Research and development expenditure

All amounts in RMB'000

| Items   | Amount for the current period | Amount for the prior period |
|---|-------------------------------|-----------------------------|
| Research and development material expenditure | 5,482,836                     | 6,434,192                   |
| Employee benefits                             | 2,254,124                     | 2,286,810                   |
| Depreciation of fixed assets                  | 79,404                        | 56,695                      |
| Amortization of intangible assets             | 12,645                        | 13,859                      |
| Others  | 237,180                       | 297,536                     |
| Total   | 8,066,189                     | 9,089,092                   |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Financial expenses

All amounts in RMB'000

| Items                                  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Interest expenses                      | 1,773,610                     | 2,059,523                   |
| Less: Capitalized interests            | 467,779                       | 678,872                     |
| Less: Interest income                  | 973,653                       | 968,978                     |
| Exchange gains                         | (9,214)                       | (536,326)                   |
| Bank charges                           | 291,060                       | 297,547                     |
| Interest expenses of lease liabilities | 17,807                        | 18,284                      |
| Others                                 | 5,469                         | 57,421                      |
| Total                                  | 637,300                       | 248,599                     |

### 59. Other income

All amounts in RMB'000

| Items              | Amount for the current period | Amount for the prior period |
|--------------------|-------------------------------|-----------------------------|
| Tax returns        | 57,281                        | 59,093                      |
| Research subsidies | 85,368                        | 13,276                      |
| Others             | 106,514                       | 122,843                     |
| Total              | 249,163                       | 195,212                     |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 60. Investment losses

All amounts in RMB'000

| Items  | Amount for the<br>current period | Amount for the<br>prior period |
|--|----------------------------------|--------------------------------|
| Gains from long-term equity investments under equity method            | 19,421                           | 106,708                        |
| Investment income on disposal of long-term equity investments          | 4,123                            | 83,800                         |
| Investment loss from disposal of financial assets held-for-trading     | –                                | (2,551)                        |
| Investment income from disposal of other non-current financial assets  | –                                | 6,957                          |
| Investment loss from disposal of receivables at FVTOCI                 | (141,593)                        | (178,040)                      |
| Investment income from holding investments in other equity instruments | 1,098                            | 1,698                          |
| Investment income from holding other non-current financial assets      | 6,544                            | 13,003                         |
| Losses from derecognition of financial assets at amortized cost        | (401,664)                        | (709,780)                      |
| Others   | (88,837)                         | (23,669)                       |
| Total  | <b>(600,908)</b>                 | <b>(701,874)</b>               |

### 61. Losses from changes in fair values

All amounts in RMB'000

| Sources   | Amount for the<br>current period | Amount for the<br>prior period |
|---|----------------------------------|--------------------------------|
| Losses arising on changes in fair value of financial assets held for trading          | (197)                            | (96)                           |
| Losses arising on changes in fair value of derivative financial assets                | (12,676)                         | –                              |
| Losses arising on changes in fair value of derivative financial liabilities           | (204,406)                        | (319,605)                      |
| Gains/(Losses) arising on changes in fair value of other non-current financial assets | 677                              | (8,682)                        |
| Total   | <b>(216,602)</b>                 | <b>(328,383)</b>               |



# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 62. Credit impairment losses

All amounts in RMB'000

| Items  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Reversal/(loss) from impairment of bills receivable<br>(Note VII 4(4))       | 620                           | (20,979)                    |
| Loss from impairment of accounts receivable<br>(Note VII 5(3))               | (2,475,191)                   | (1,170,361)                 |
| Loss from impairment of other receivables<br>(Note VII 8(3)(d))              | (331,612)                     | (407,976)                   |
| Reversal/(loss) from impairment of long-term receivables<br>(Note VII 13(2)) | 29,275                        | (231,986)                   |
| Total  | (2,776,908)                   | (1,831,302)                 |

### 63. Impairment losses of assets

All amounts in RMB'000

| Items   | Amount for the current period | Amount for the prior period |
|---|-------------------------------|-----------------------------|
| Loss from impairment of inventories (Note VII 9(2))                   | (1,135,460)                   | (160,620)                   |
| Loss from impairment of contract assets (Note VII 10(3))              | (957,186)                     | (984,959)                   |
| Loss from impairment of long-term equity investments<br>(Note VII 14) | (1,626)                       | –                           |
| Loss from impairment of fixed assets                                  | –                             | (14,683)                    |
| Loss from impairment of construction in progress                      | –                             | (63,729)                    |
| Reversal/(loss) from impairment of other non-current assets           | 493                           | (26,792)                    |
| Reversal/(loss) from impairment of other current assets               | 4,623                         | –                           |
| Total   | (2,089,156)                   | (1,250,783)                 |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 64. Gains on disposal of assets

All amounts in RMB'000

| Items  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Gains on disposal of fixed assets                  | 711,529                       | 25,300                      |
| Gains on disposal of intangible assets             | 139,463                       | 7,560                       |
| (Loss)/Gains on disposal of other long-term assets | (3,528)                       | 1,099                       |
| Total  | 847,464                       | 33,959                      |

### 65. Non-operating income

All amounts in RMB'000

| Items               | Amount for the current period | Amount for the prior period | Recognized in non-recurring profit or loss for the current period |
|---------------------|-------------------------------|-----------------------------|---|
| Income from penalty | 10,466                        | 26,514                      | 10,466  |
| Government grants   | 14,857                        | 5,842                       | 14,857  |
| Unpayable balances  | 43,037                        | 7,736                       | 43,037  |
| Others              | 73,933                        | 29,636                      | 73,933  |
| Total               | 142,293                       | 69,728                      | 142,293   |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 66. Non-operating expenses

All amounts in RMB'000

| Items   | Amount for the current period | Amount for the prior period | Recognized in non-recurring profit or loss for the current period |
|---|-------------------------------|-----------------------------|---|
| Litigation Estimated Liabilities                    | 67,450                        | 57,853                      | 67,450  |
| Compensation and default payments                   | 108,412                       | 37,264                      | 108,412   |
| Loss on damage and retirement of non-current assets | 7,443                         | 5,059                       | 7,443   |
| Fines and surcharges for overdue payments           | 6,656                         | 11,968                      | 6,656   |
| Donations   | 7,198                         | 658                         | 7,198   |
| Others  | 8,592                         | 13,106                      | 8,592   |
| Total   | 205,751                       | 125,908                     | 205,751   |

### 67. Income tax expenses

#### (1) Income tax expenses

All amounts in RMB'000

| Items                     | Amount for the current period | Amount for the prior period |
|---------------------------|-------------------------------|-----------------------------|
| Current year tax expenses | 1,825,773                     | 1,553,515                   |
| Deferred tax expenses     | (845,257)                     | (333,911)                   |
| Total                     | 980,516                       | 1,219,604                   |

# Financial Statements

For the six months ended 30 June 2024

## 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  | Amount for<br>the current period | Amount for the<br>prior period |
|--|----------------------------------|--------------------------------|
| Total profit   | 5,681,148                        | 9,898,578                      |
| Income tax expenses calculated at the tax rate of 25%  | 1,420,287                        | 2,474,645                      |
| Effect of difference between applicable tax rate and<br>statutory tax rate   | (622,942)                        | (661,352)                      |
| Income not subject to tax  | (30,408)                         | (68,515)                       |
| Expenses not deductible for tax purposes   | 111,569                          | 89,866                         |
| Utilization of tax losses and other temporary<br>differences for which no deferred income tax<br>assets were recognized previously | (210,527)                        | (281,135)                      |
| Tax losses and other temporary differences for which<br>no deferred income tax assets were recognized                              | 825,196                          | 563,328                        |
| Additional deduction for R&D expenses and others   | (512,659)                        | (897,233)                      |
| Income tax expense   | 980,516                          | 1,219,604                      |

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 six months ended 30 June 2024

## 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   | Amount for the current period | Amount for the prior period |
|---|-------------------------------|-----------------------------|
| Net profit for the current period attributable to shareholders of the Company | 4,149,738                     | 7,217,536                   |
| Including: Net profit from continuing operations                              | 4,149,738                     | 7,217,536                   |
| Less: The effect of other equity instruments interest                         | 1,821,993                     | 1,742,693                   |
| Net profit for the current period attributable to ordinary shareholders       | 2,327,745                     | 5,474,843                   |

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

All amounts in thousand shares

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

- (3) *Earnings per share*

RMB/share

| Items  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Calculated based on net profit attributable to ordinary shareholders:                              |                               |                             |
| Basic earnings per share   | 0.11                          | 0.26                        |
| Diluted earnings per share   | 0.11                          | 0.26                        |
| Calculated based on net profit from continuing operations attributable to ordinary shareholders:   |                               |                             |
| Basic earnings per share   | 0.11                          | 0.26                        |
| Diluted earnings per share   | 0.11                          | 0.26                        |
| 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                         |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Receipts of current accounts and deposits and warranties | 4,224,791                     | 1,178,070                   |
| Interest income  | 863,940                       | 686,046                     |
| Government grants received                               | 254,739                       | 183,531                     |
| Others   | 271,152                       | 99,644                      |
| Total  | 5,614,622                     | 2,147,291                   |

Other cash payments relating to operating activities

All amounts in RMB'000

| Items                                  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Research and development expenses      | 5,728,846                     | 6,746,384                   |
| Changes in restricted monetary funds   | 1,546,845                     | 2,416,863                   |
| Travelling expenses                    | 335,523                       | 325,076                     |
| Office expenses                        | 191,401                       | 191,348                     |
| Professional service fees              | 189,508                       | 189,079                     |
| Short-term lease rentals               | 171,089                       | 154,029                     |
| Advertising and sales service expenses | 156,166                       | 174,624                     |
| Advances to customers and others       | 1,889,047                     | 1,671,567                   |
| Total                                  | 10,208,425                    | 11,868,970                  |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 69. Notes to items in the cash flow statements

#### (2) Cash flow relating to investing activities

Other cash receipts relating to investing activities

*All amounts in RMB'000*

| <b>Item</b>  | <b>Amount for the current period</b> | Amount for the prior period |
|--|--------------------------------------|-----------------------------|
| Income from delivery of derivative financial instruments | 44,432                               | –                           |
| Interest income from loans                               | 31,003                               | 324,835                     |
| Interest income from foreign loans                       | 21,586                               | 192,033                     |
| Total  | 97,021                               | 516,868                     |

Other cash payments relating to investing activities

*All amounts in RMB'000*

| <b>Item</b>   | <b>Amount for the current period</b> | Amount for the prior period |
|---|--------------------------------------|-----------------------------|
| Delivery expenses of derivative financial instruments | 151,173                              | 22,935                      |
| Other   | 75,556                               | –                           |
| Total   | 226,729                              | 22,935                      |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 69. Notes to items in the cash flow statements (Continued)

#### (3) Cash flow relating to financing activities

Other cash receipts relating to financing activities

All amounts in RMB'000

| Item             | Amount for the current period | Amount for the prior period |
|------------------|-------------------------------|-----------------------------|
| Loans and others | –                             | 35,858                      |
| Total            | –                             | 35,858                      |

Other cash payments relating to financing activities

All amounts in RMB'000

| Items   | Amount for the current period | Amount for the prior period |
|---|-------------------------------|-----------------------------|
| Redemption of perpetual medium-term notes and perpetual bonds | 3,552,550                     | 9,929,100                   |
| Payments for lease liabilities                                | 148,105                       | 151,355                     |
| Repayment of loans and interests                              | 109,796                       | 313,483                     |
| Total   | 3,810,451                     | 10,393,938                  |



# Financial Statements

For the six months ended 30 June 2024

## 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                     |                                    | Decreasing                     |                                    | Closing balance    |
|--|-------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|--------------------|
|  |                   | Changes arising from cash flow | Changes arising from non-cash flow | Changes arising from cash flow | Changes arising from non-cash flow |                    |
| Short-term borrowings                                | 28,220,281        | 145,272,953                    | 941,717                            | 115,917,760                    | 84,639                             | 58,432,552         |
| Long-term borrowings (including due within one year) | 41,435,783        | 7,906,175                      | 685,358                            | 6,415,899                      | –                                  | 43,611,417         |
| Bonds payable (including due within one year)        | 3,417,153         | 2,280,000                      | 89,017                             | 426,470                        | –                                  | 5,359,700          |
| Lease liabilities (including due within one year)    | 731,706           | –                              | 131,941                            | 148,105                        | 21,376                             | 694,166            |
| Dividends payable                                    | 1,012,864         | –                              | 3,512,737                          | 1,176,135                      | 66,184                             | 3,283,282          |
| Interest payable                                     | 15,768            | –                              | 4,594                              | –                              | –                                  | 20,362             |
| Borrowing funds                                      | 676,011           | –                              | 52,924                             | 109,796                        | –                                  | 619,139            |
| <b>Total</b>   | <b>75,509,566</b> | <b>155,459,128</b>             | <b>5,418,288</b>                   | <b>124,194,165</b>             | <b>172,199</b>                     | <b>112,020,618</b> |

#### (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 period, the Group incurred significant activities not involving current cash receipts and payments, including endorsing and derecognising receivables at FVTOCI on a non-recourse basis and others, involving a total amount of RMB34,752,720,000.

# Financial Statements

For the six months ended 30 June 2024

## 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   | Amount for the<br>current period | Amount for the<br>prior period |
|---|----------------------------------|--------------------------------|
| <b>1. Reconciliation of net profit to cash flows from operating activities</b>                  |                                  |                                |
| Net profit  | 4,700,632                        | 8,678,974                      |
| Add: Provision for impairment losses of assets and credit losses                                | 4,866,064                        | 3,082,085                      |
| Depreciation of fixed assets and right-of-use assets, and amortization of investment properties | 1,479,951                        | 1,426,131                      |
| Amortization of intangible assets   | 537,634                          | 460,272                        |
| Amortization of long-term prepayments   | 41,439                           | 56,676                         |
| Gains on disposal of fixed assets, intangible assets and other long-term assets                 | (847,464)                        | (33,959)                       |
| Loss from write-off of fixed assets   | 2,904                            | 3,875                          |
| Losses from changes in fair value   | 216,602                          | 328,383                        |
| Financial expenses  | 1,142,671                        | 1,027,446                      |
| Investment loss/(income)  | 57,651                           | (185,946)                      |
| Increase in deferred tax assets   | (857,015)                        | (338,300)                      |
| Increase in deferred tax liabilities  | 11,758                           | 4,389                          |
| (Increase)/decrease in inventories  | (1,076,288)                      | 1,320,933                      |
| Increase in contract assets   | (45,361,323)                     | (33,954,171)                   |
| Decrease in contract liabilities  | (2,521,715)                      | (11,527,799)                   |
| Increase in receivables from operating activities   | (47,867,147)                     | (24,102,975)                   |
| Increase in payables from operating activities  | 57,067,486                       | 39,237,567                     |
| Net cash flows from operating activities  | <b>(28,406,160)</b>              | (14,516,419)                   |
| <b>2. Net changes in cash and cash equivalents</b>  |                                  |                                |
| Closing balance of cash   | 35,459,471                       | 47,673,526                     |
| Less: Opening balance of cash   | 33,850,108                       | 33,468,217                     |
| Net increase in cash and cash equivalents   | <b>1,609,363</b>                 | 14,205,309                     |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 70. Supplementary information to the cash flow statements (Continued)

#### (2) The composition of cash and cash equivalents

All amounts in RMB'000

| Items  | 30 June 2024      | 31 December 2023 |
|--|-------------------|------------------|
| <b>Cash</b>                                  | <b>35,459,471</b> | 33,850,108       |
| Including: Cash on hand                      | <b>9,475</b>      | 5,675            |
| Bank deposits without restriction            | <b>35,449,996</b> | 33,844,433       |
| Closing balance of cash and cash equivalents | <b>35,459,471</b> | 33,850,108       |

#### (3) Circumstances where use is restricted but still presented as cash and cash Equivalents

All amounts in RMB'000

|   | 30 June 2024      | 31 December 2023 | Reasons  |
|---|-------------------|------------------|--|
| Special account funds for project agreement               | <b>17,011,386</b> | 15,463,058       | Project-specific, with no substantive restrictions on withdrawal for use on this project                           |
| Special account funds for wage payment of migrant workers | <b>6,895,472</b>  | 7,736,508        | Dedicated to the payment of migrant workers' wages, which can be paid at any time without substantial restrictions |
| Others  | <b>3,708,489</b>  | 1,459,058        | Special funds for exclusive use, without substantial restrictions during use                                       |
| Total   | <b>27,615,347</b> | 24,658,624       |  |

#### (4) Cash and bank balances not classified as cash and cash equivalents

All amounts in RMB'000

|   | 30 June 2024      | 31 December 2023 | Reasons                                  |
|---|-------------------|------------------|--|
| Frozen funds  | <b>4,979,892</b>  | 4,057,706        | Frozen, unable to withdraw at any time   |
| Guarantee funds                                       | <b>3,777,548</b>  | 2,902,329        | Illiquid, unable to withdraw at any time |
| Other funds with restricted ownership or usage rights | <b>3,379,566</b>  | 3,630,126        | Unable to withdraw at any time           |
| Total   | <b>12,137,006</b> | 10,590,161       |  |

# Financial Statements

For the six months ended 30 June 2024

## 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<br>at 30 June 2024 | Exchange rate | RMB at<br>30 June 2024 |
|-------------------------------|-------------------------------------|---------------|------------------------|
| <b>Cash and bank balances</b> |                                     |               | <b>4,524,584</b>       |
| Including: USD                | 366,775                             | 7.1268        | 2,613,932              |
| IDR                           | 867,767,996                         | 0.000444      | 385,289                |
| HKD                           | 105,385                             | 0.9127        | 96,185                 |
| EUR                           | 11,382                              | 7.6617        | 87,205                 |
| AUD                           | 47,619                              | 4.7650        | 226,905                |
| AED                           | 63,402                              | 1.9462        | 123,393                |
| MYR                           | 175,790                             | 1.5095        | 265,355                |
| SAR                           | 96,251                              | 1.9057        | 183,426                |
| Others                        | /                                   | /             | 542,894                |
| <b>Accounts receivable</b>    |                                     |               | <b>3,839,170</b>       |
| Including: USD                | 327,736                             | 7.1268        | 2,335,709              |
| GBP                           | 242                                 | 9.0430        | 2,188                  |
| MYR                           | 413,409                             | 1.5095        | 624,041                |
| SGD                           | 66,830                              | 5.2790        | 352,796                |
| KWD                           | 5,919                               | 23.2266       | 137,478                |
| Others                        | /                                   | /             | 386,958                |
| <b>Other receivables</b>      |                                     |               | <b>2,312,479</b>       |
| Including: USD                | 13,111                              | 7.1268        | 93,439                 |
| HKD                           | 212,999                             | 0.9127        | 194,404                |
| SGD                           | 282,580                             | 5.2790        | 1,491,740              |
| Others                        | /                                   | /             | 532,896                |
| <b>Short-term borrowings</b>  |                                     |               | <b>2,194,197</b>       |
| Including: SGD                | 380,159                             | 5.2790        | 2,006,859              |
| Others                        | /                                   | /             | 187,338                |
| <b>Accounts payable</b>       |                                     |               | <b>3,897,298</b>       |
| Including: USD                | 297,225                             | 7.1268        | 2,118,263              |
| HKD                           | 74,425                              | 0.9127        | 67,928                 |
| EUR                           | 1,007                               | 7.6617        | 7,715                  |
| JPY                           | 330,000                             | 0.0447        | 14,751                 |
| SGD                           | 87,398                              | 5.2790        | 461,374                |
| KWD                           | 26,190                              | 23.2266       | 608,305                |
| Others                        | /                                   | /             | 618,962                |
| <b>Other payables</b>         |                                     |               | <b>1,017,278</b>       |
| Including: USD                | 115,692                             | 7.1268        | 824,514                |
| IDR                           | 85,441,058                          | 0.000444      | 37,936                 |
| Others                        | /                                   | /             | 154,828                |

# Financial Statements

For the six months ended 30 June 2024

## VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 71. Foreign currencies denominated items (Continued)

#### (2) Notes for the foreign business entities

| Full name of the major foreign operations   | Place of business | Representation currency | The basis of select functional currency  |
|---|-------------------|-------------------------|--|
| 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.

## VIII. CHANGES OF THE SCOPE OF CONSOLIDATION

### 1. Business combinations not involving enterprises under common control

During the reporting period, there was no business combinations not involving enterprises under common control in the Group.

### 2. Change of consolidation scope for other reasons

During the reporting period, there was not change of consolidation scope for asset acquisition in the Group.

# Financial Statements

For the six months ended 30 June 2024

## 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/<br>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                        |
| Huatie 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                                | Infrastructure contracting | 2,100,000          | 100.00                               | -        | Invested by shareholders                        |

# Financial Statements

For the six months ended 30 June 2024

## 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)

All amounts in RMB'000

| Name of subsidiary   | Place of business | Place of establishment/<br>incorporation | Business scope  | Registered capital | Proportion of ownership interest (%) |          | Method of obtaining interests in the subsidiary |
|--|-------------------|--|---|--------------------|--------------------------------------|----------|---|
|  |                   |  |   |                    | Direct                               | Indirect |   |
| 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                        |
| 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                                  | Engineering contracting   | 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          | 24.42                                | 64.36    | Established through investments                 |

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For the six months ended 30 June 2024

## 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)

All amounts in RMB'000

| Name of subsidiary                                   | Place of business | Place of establishment/<br>incorporation | Business scope                        | Registered capital | Proportion of ownership interest (%) |          | Method of obtaining interests in the subsidiary |
|--|-------------------|--|---------------------------------------|--------------------|--------------------------------------|----------|---|
|  |                   |  |                                       |                    | Direct                               | Indirect |   |
| MCC Great Wall Investment Co., Ltd.                  | China             | Beijing                                  | Investment management                 | 15,000,000         | 100.00                               | -        | Established through investments                 |
| MCC Real Estate Group Co., Ltd.                      | 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                      |
| MCC Australia Holding Pty Ltd.                       | Australia         | Australia                                | Resource development                  | 49,016             | 100.00                               | -        | Investment by shareholders                      |
| MCC-JJJ 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 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                      |



# Financial Statements

For the six months ended 30 June 2024

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) The constitution of the Group (Continued)

(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.

#### (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 period | Declaration of cash dividends to non-controlling interests in the current period | Non-controlling interests at the end of the period |
|---|---|--|--|--|
| China MCC 17 Group Co., Ltd.                        | 27.61   | 173,126  | –  | 3,624,140  |
| WISDRI Engineering & Research Incorporation Limited | 16.92   | 88,651   | –  | 2,608,509  |
| China MCC 5 Group Corp. Ltd.                        | 1.42  | 22,972   | 11,023   | 2,021,066  |
| Shanghai Baoye Group Corp. Ltd.                     | 1.27  | 17,973   | –  | 1,884,800  |

As at 30 June 2024, the balance of perpetual bonds issued by the Company's subsidiaries totaled RMB 4,000,000,000. 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 six months ended 30 June 2024

## 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                                  | 30 June 2024   |                    |              |                     |                         |                   | 31 December 2023 |                    |              |                     |                         |                   |
|---|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|------------------|--------------------|--------------|---------------------|-------------------------|-------------------|
|   | 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.                        | 35,372,133     | 9,755,659          | 45,127,792   | 32,342,423          | 2,389,618               | 34,732,041        | 27,215,300       | 8,826,485          | 36,041,785   | 24,771,234          | 1,501,461               | 26,272,695        |
| WISDRI Engineering & Research Incorporation Limited | 23,359,122     | 4,448,040          | 27,807,162   | 17,430,472          | 182,301                 | 17,612,773        | 22,147,304       | 4,573,964          | 26,721,268   | 16,633,401          | 197,458                 | 16,830,859        |
| China MCC 5 Group Corp. Ltd.                        | 67,653,789     | 18,759,801         | 86,413,590   | 70,633,971          | 678,241                 | 71,312,212        | 48,830,077       | 17,848,081         | 66,678,158   | 52,081,892          | 712,485                 | 52,794,377        |
| Shanghai Baoye Group Corp. Ltd.                     | 56,351,874     | 15,493,818         | 71,845,692   | 57,794,863          | 506,854                 | 58,301,717        | 46,906,471       | 15,129,492         | 62,035,963   | 48,749,440          | 559,478                 | 49,308,918        |

All amounts in RMB'000

| Name of subsidiary                                  | Amount for the current period |            |                            |                                      | Amount for the prior period |            |                            |                                      |
|---|-------------------------------|------------|----------------------------|--------------------------------------|-----------------------------|------------|----------------------------|--------------------------------------|
|   | 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.                        | 23,311,144                    | 627,252    | 627,040                    | (1,677,881)                          | 29,268,461                  | 853,609    | 853,667                    | (524,743)                            |
| WISDRI Engineering & Research Incorporation Limited | 12,034,709                    | 319,940    | 305,323                    | 561,139                              | 14,607,440                  | 626,100    | 632,699                    | (426,692)                            |
| China MCC 5 Group Corp. Ltd.                        | 42,015,523                    | 1,226,990  | 1,228,620                  | (1,494,555)                          | 45,291,637                  | 1,428,243  | 1,422,882                  | 514,665                              |
| Shanghai Baoye Group Corp. Ltd.                     | 41,321,952                    | 710,761    | 761,144                    | (7,126,892)                          | 40,344,658                  | 977,282    | 998,345                    | (3,430,535)                          |

# Financial Statements

For the six months ended 30 June 2024

## 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     |
| Shiyan Baoye Urban Construction Co., Ltd.  | China                        | Shiyan  | 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 Lianhuo 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     |
| 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 Sijaying 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 six months ended 30 June 2024

## 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                                    | 30 June 2024/<br>Amount recognized<br>in the current period | 31 December 2023/<br>Amount recognized<br>in the period |
|--|---|---|
| Joint ventures                           |   |   |
| Total carrying amount                    | 10,015,078  | 9,993,498   |
| The Group's share of the following items |   |   |
| – Net (losses)/profits                   | (49,504)  | 108,963   |
| – Other comprehensive income             | –   | –   |
| – Total comprehensive (losses)/income    | (49,504)  | 108,963   |
| Associates                               |   |   |
| Total carrying amount                    | 26,106,493  | 26,242,897  |
| The Group's share of the following items |   |   |
| – Net profits/(losses)                   | 68,925  | (2,255)   |
| – Other comprehensive (losses)/income    | (1,463)   | 429   |
| – Total comprehensive income/(losses)    | 67,462  | (1,826)   |

(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 six months ended 30 June 2024

## IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 3. Equity in structured entities included in the consolidated financial statements

As at 30 June 2024, the total amount of main structured entities included in the consolidated financial statements of the Group was approximately RMB 16,041,080,000, of which the amount subscribed by the Group was approximately RMB 7,936,520,000. As at 30 June 2024, the amount paid by the Group was approximately RMB 4,145,634,000, 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 30 June 2024, the Group has cumulatively issued asset-backed securities and asset-backed notes of RMB 23,337,000,000, and the subordinated tranches of the related asset-backed securities and asset-backed notes were RMB 1,192,750,000. 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 22,144,250,000 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 30 June 2024, the total amount of main structured entities not included in the consolidated financial statements participated by certain subsidiaries of the Group was approximately RMB 44,291,265,000, of which approximately RMB 5,252,797,000 was subscribed by the Group and approximately RMB 39,038,468,000 was subscribed by other investors. Such structured entities were not consolidated as the Group does not have control over them. As at 30 June 2024, the Group's paid-in amount was approximately RMB 3,831,729,000, of which approximately RMB 203,120,000 was accounted for in long-term equity investments and approximately RMB 3,628,609,000 was accounted for in other non-current financial assets. The Group's maximum exposure to these structured entities is the carrying amount of the Group's assets as of the balance sheet date. The Group has no obligation or intention to provide financial support to these structured entities.

## X. GOVERNMENT GRANTS

### 1. Liabilities related to government grants

At 30 June 2024, 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 period | Included in other income for the period | Other changes for the period | Closing balance | Related to assets/income |
|-------------------|-----------------|----------|---|---|------------------------------|-----------------|--------------------------|
| Deferred income   | 948,172         | 163,184  | 429   | 95,299                                  | 33,980                       | 981,648         | Related to assets/income |

There were no material government grants refund this period.

# Financial Statements

For the six months ended 30 June 2024

## X. GOVERNMENT GRANTS (CONTINUED)

### 2. The government grants recognized in P/L for the current period

The government grants recognized in P/L for the current period are as follows:

All amounts in RMB'000

| Category                                    | Amount for the current period | Amount for the prior period |
|---|-------------------------------|-----------------------------|
| Asset-related                               |                               |                             |
| Recognized as other income                  | 85,713                        | 14,261                      |
| Income-related                              |                               |                             |
| Recognized as other income                  | 107,050                       | 149,087                     |
| Recognized as non-operating income          | 14,857                        | 5,842                       |
| Deduct operating cost                       | 172                           | 7,554                       |
| Deduct research and development expenditure | 10,028                        | 15,340                      |
| Deduct administrative expenses              | 29,289                        | 23,621                      |
| Total                                       | 247,109                       | 215,705                     |

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 1. Financial instruments by category

As at 30 June 2024, financial assets at fair value through profit or loss totaled RMB 3,955,797,000 (31 December 2023: RMB 4,007,222,000), 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 9,898,518,000 (31 December 2023: RMB 12,257,472,000), mainly presented in receivables financing and other equity investments; financial assets at amortised cost totaled RMB 333,105,983,000 (31 December 2023: RMB 278,410,201,000), mainly presented in currency funds, bills receivable, accounts receivable, other receivables, non-current assets due within one year and long-term receivables; financial liabilities at fair value through profit or loss totaled RMB 643,489,000 (31 December 2023: RMB 453,950,000), mainly presented in derivative financial liabilities; financial liabilities at amortised cost totaled RMB 478,496,016,000 (31 December 2023: RMB 386,333,089,000), mainly presented in short-term borrowings, bills payable, accounts payable, other payables, non-current liabilities due within one year, long-term borrowings, bonds payable and long-term 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.

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## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 2. Financial instruments and risk management (Continued)

#### (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 30 June 2024 are set out in Note VII 71.

As at 30 June 2024, 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 86,892,000 higher/lower (as at 31 December 2023: approximately RMB 67,630,000 lower/higher).

##### (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 difference between the fair value and book value of the fixed rate financial instruments mentioned above can be found in Notes XII 2.

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 30 June 2024, short-term borrowings of the Group were RMB 58,432,552,000 (as at 31 December 2023: RMB 28,220,281,000); long-term interest bearing debts at floating rates due within one year were RMB 5,262,216,000 (as at 31 December 2023: RMB 3,145,481,000); long-term interest bearing debts at floating rates due over one year were RMB 18,314,026,000 (as at 31 December 2023: RMB 20,299,237,000); long-term interest bearing debts at fixed rates due within one year were RMB 4,624,088,000 (as at 31 December 2023: RMB 4,316,063,000); and long-term interest bearing debts at fixed rates due over one year were RMB 22,251,492,000 (as at 31 December 2023: RMB 17,321,842,000) (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 172,342,000 lower/higher (30 June 2023: approximately RMB 184,213,000 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 8,670,000 lower/higher (30 June 2023: approximately RMB 11,816,000 lower/higher).

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 2. Financial instruments and risk management (Continued)

#### (2) Credit risk

As at 30 June 2024, 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, 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 30 June 2024, 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.



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## 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 30 June 2024 were as follows:

*All amounts in RMB'000*

| Items                            | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total       |
|----------------------------------|---------------|--------------|--------------|--------------|-------------|
| Financial liabilities:           |               |              |              |              |             |
| Short-term borrowings            | 59,087,619    | –            | –            | –            | 59,087,619  |
| Derivative financial liabilities | 643,489       | –            | –            | –            | 643,489     |
| Bills payable                    | 32,384,331    | –            | –            | –            | 32,384,331  |
| Accounts payable                 | 289,510,977   | –            | –            | –            | 289,510,977 |
| Other payables                   | 47,572,968    | –            | –            | –            | 47,572,968  |
| Long-term borrowings             | 9,678,759     | 16,728,649   | 13,356,368   | 10,016,726   | 49,780,502  |
| Bonds payable                    | 1,548,051     | 142,800      | 2,320,209    | 2,273,091    | 6,284,151   |
| Lease liabilities                | 210,065       | 143,174      | 255,226      | 180,877      | 789,342     |
| Long-term payables               | 409,592       | 399,242      | 401,387      | 467,313      | 1,677,534   |
| Total                            | 441,045,851   | 17,413,865   | 16,333,190   | 12,938,007   | 487,730,913 |

## XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 3. Transfer of financial assets

#### *Transferred financial assets that are not derecognised in their entirety*

At 30 June 2024, the carrying amount of bank acceptance bills and commercial acceptance bills endorsed and discounted by the Group was RMB 3,792,925,000 (31 December 2023: RMB 3,168,609,000). 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 3,792,925,000 (31 December 2023: RMB 3,168,609,000) at 30 June 2024.

#### *Transferred financial assets that are derecognised in their entirety in which continuing involvement exists*

As at 30 June 2024, the carrying amount of bank acceptance bills endorsed and discounted by the Group but not yet due was RMB 13,513,344,000 (31 December 2023: RMB 15,533,344,000). The derecognised bills had a maturity of 1 to 12 months at 30 June 2024. 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.

As at 30 June 2024, 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 26,065,165,000, and the loss of RMB 401,664,000 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 period ended 30 June 2024, 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 period or cumulatively. The endorsement and discounting has been made evenly throughout the period.

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## 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 30 June 2024 and 31 December 2023 are as follows:

*All amounts in RMB'000*

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Total borrowings:   |              |                  |
| Short-term borrowings ( <i>Note VII 27</i> )  | 58,432,552   | 28,220,281       |
| Long-term borrowings (inclusive of those due within one year)<br>( <i>Note VII 38</i> ) | 43,611,417   | 41,435,783       |
| Bonds payable (inclusive of those due within one year)<br>( <i>Note VII 39</i> )        | 5,359,700    | 3,417,153        |
| Lease liabilities (inclusive of those due within one year)<br>( <i>Note VII 40</i> )    | 694,166      | 731,706          |
| Less: Cash and cash equivalents ( <i>Note VII 70(2)</i> )                               | 35,459,471   | 33,850,108       |
| Net debt  | 72,638,364   | 39,954,815       |
| Shareholders' equity  | 170,054,916  | 167,991,165      |
| Total capital   | 242,693,280  | 207,945,980      |
| The gearing ratio   | 29.93%       | 19.21%           |

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## 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 period

All amounts in RMB'000

| Items   | Fair value as at 30 June 2024           |   |   | 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                                     | 1,341                                   | –                                       | 1,261                                     | 2,602             |
| Receivables at FVTOCI   | –                                       | 8,451,016                               | –   | 8,451,016         |
| Investments in other equity instruments                                 |   |   |   |                   |
| – Listed equity investments   | 426,718                                 | –                                       | –   | 426,718           |
| – Unlisted equity investments   | –                                       | –                                       | 1,020,784                                 | 1,020,784         |
| Other non-current financial assets                                      |   |   |   |                   |
| – Investments in unquoted funds and trust products                      | –                                       | 3,761,257                               | –   | 3,761,257         |
| – Others  | –                                       | –                                       | 191,938                                   | 191,938           |
| <b>TOTAL</b>  | <b>428,059</b>                          | <b>12,212,273</b>                       | <b>1,213,983</b>                          | <b>13,854,315</b> |
| <b>Liabilities that are measured at fair value on a recurring basis</b> |   |   |   |                   |
| Derivative financial liabilities  | –                                       | 643,489                                 | –   | 643,489           |
| <b>TOTAL</b>  | <b>–</b>                                | <b>643,489</b>                          | <b>–</b>                                  | <b>643,489</b>    |

#### (a) The basis of market prices determined on 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 six months ended 30 June 2024

## 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 period (Continued)

#### (b) Qualitative and quantitative information of valuation techniques and key inputs on the fair value hierarchy

| Items  | Valuation techniques        | Key inputs  |
|--|-----------------------------|---|
| Other non-current financial assets<br>– 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 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) Adjustment information for continuous level 3 of the fair value hierarchy

All amounts in RMB'000

| Items   | 31 December 2023 | Additions for the period | Fair value changes for the current period | Disposal for the period | 30 June 2024 |
|---|------------------|--------------------------|---|-------------------------|--------------|
| Financial assets held for trading<br>–Non listed equity investments   | 638              | 623                      | –   | –                       | 1,261        |
| Other equity instrument investments<br>–Investments in non-trading equity instruments in unlisted companies | 814,533          | 207,823                  | (1,572)                                   | –                       | 1,020,784    |
| Other non-current financial assets<br>–Non listed equity investments  | 191,190          | –                        | 748                                       | –                       | 191,938      |

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

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## 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.

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## 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:

| <u>Name of joint ventures and associates</u>  | <u>Relationship with the Group</u> |
|---|------------------------------------|
| MCC Jiaotou Shanzhu Chengdu Prefabricated Building Technology Development Co., Ltd                | Joint venture                      |
| Chongqing Yuxiang Double Track Expressway 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                      |
| Tianjin MCC Mingjin Real Estate Co., Ltd.   | Joint venture                      |
| Cangzhou Xinbei Urban Renewal Co., Ltd  | Joint venture                      |
| First Metallurgical Construction Engineering Xuzhou Co., Ltd.                                     | Joint venture                      |
| Baoding Juncheng Development and Construction Co., Ltd.   | Joint venture                      |
| Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd.                      | Joint venture                      |
| Shiyan Baoye Urban Construction Co., Ltd.   | Joint venture                      |
| Xichang Anmin City Construction Investment Co., Ltd.  | Joint venture                      |
| Yakeshi Health Management Services Co., Ltd.  | Joint venture                      |
| Tangshan Fengrun District Runfeng Municipal Infrastructure Development and Construction Co., Ltd. | Joint venture                      |
| Lanzhou New Area Pipe Gallery Operation Management Co., Ltd.                                      | Joint venture                      |
| Shanghai Ruiyuan Urban Construction Development Co., Ltd.   | Associate                          |
| China 22 MCC Corporation Industrial Technology Service Co., Ltd.                                  | Associate                          |
| Xi'an Jingang Dingsheng Real Estate Co., Ltd.   | Associate                          |
| MCC Jingcheng (Xiangtan) HEAVY Industrial Equipment Co., Ltd.                                     | Associate                          |
| Guangxi Guoye Transportation Investment Co., Ltd  | Associate                          |
| Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.                                | Associate                          |
| Yichang High Speed Railway New Town Construction Co., Ltd.  | Associate                          |
| Handan Jinrong Development and Construction Co., Ltd.   | Associate                          |
| Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.                          | Associate                          |
| Pizhou Hongye Port Investment Co., Ltd.   | Associate                          |
| Dazhou Kaiye Engineering Project Management Co., Ltd.   | Associate                          |
| Dazhou Guanshi Metallurgical Construction Engineering Co., Ltd.                                   | Associate                          |
| Zigong Metallurgical Construction Engineering Co., Ltd.   | Associate                          |
| Hunan Chachang Expressway Construction and Development Co., Ltd.                                  | Associate                          |
| Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.                           | Associate                          |
| Binhai Shengxin Project Management Co., Ltd.  | Associate                          |
| Chongqing Guangjiu Construction Project Management Co., Ltd.                                      | Associate                          |
| Honghe Luqiu Expressway Investment and Development Co., Ltd.                                      | Associate                          |
| Danamira Real Estate Co., Ltd.  | Associate                          |
| Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd.                             | Associate                          |
| Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.  | Associate                          |
| MCC Baoding Development and Construction Co., Ltd.  | Associate                          |
| Yunnan Mangliang Expressway Investment Development Co., Ltd.                                      | Associate                          |
| Sixian Siye Construction Investment Co., Ltd.   | Associate                          |
| Ezhou Xinsheng Construction Engineering Co., Ltd.   | Associate                          |
| Zhengzhou Huituo Urban Rural Construction Co., Ltd.   | Associate                          |
| Baoding Junbao Development and Construction Co., Ltd.   | Associate                          |
| Suining Kaihong Construction Development Co., Ltd.  | Associate                          |

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## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 3. Joint ventures and associates of the Group (Continued)

| Name of joint ventures and associates   | Relationship with the Group |
|---|-----------------------------|
| Wuhan Zhongyi Investment Construction Co., Ltd.   | Associate                   |
| Guigang Guoye Pipe Gallery Construction Co., Ltd.   | Associate                   |
| Shanghai Libo Urban Construction and Development Co., Ltd.  | Associate                   |
| Baoding Gongxing Pipe Corridor Project Management Co., Ltd.   | Associate                   |
| Inner Mongolia Chengye Construction Project Management Co., Ltd.                                      | Associate                   |
| Hangzhou Fuyu Construction Management Co., Ltd.   | Associate                   |
| Baiyin City Comprehensive Pipe Corridor Management Co., Ltd.  | Associate                   |
| Suqian Metallurgical Construction Development Co., Ltd.   | Associate                   |
| Lanzhou Olympic Sports Center Construction and Development Co., Ltd.                                  | Associate                   |
| Qiqihar North MCC Real Estate Co., Ltd.   | Associate                   |
| Chongqing Yunkai Expressway Co., Ltd.   | Associate                   |
| Yunnan Yongmeng Expressway Construction and Development Co., Ltd.                                     | Associate                   |
| Shandong Expressway Jiqing Middle Line Highway Co., Ltd.  | Associate                   |
| Xiongan Xiongshang Real Estate Co., Ltd.  | Associate                   |
| Leshan LEGO Urban Construction Engineering Co., Ltd.  | Associate                   |
| Yuhuan Tianshang Construction and Development Co., Ltd.   | Associate                   |
| Gansu Jingli Expressway Longnan Management Co., Ltd.  | Associate                   |
| Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd. | Associate                   |
| Jiujiang Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd.                    | Associate                   |
| Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.                          | Associate                   |
| Huangshi Urban Green Environment Development Co., Ltd.  | Associate                   |
| Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.   | Associate                   |
| Guangzhou Chengtou Airport Exhibition Investment Development Co., Ltd.                                | Associate                   |
| Fuzhou Cangshan Zhongmin Sangcheng Water Environment Technology Co., Ltd.                             | Associate                   |
| Gansu Business Aviation Travel Mawu Xizhai Expressway Management Co., Ltd.                            | Associate                   |
| Gansu Business Aviation Travel Tianzhuang Expressway Management Co., Ltd.                             | Associate                   |
| Yancheng Chengtou Huaying Real Estate Co., Ltd.   | Associate                   |
| Huaining County Huaiye Construction and Development Co., Ltd.   | Associate                   |
| Guiyang Industrial Control Guandi Construction and Operation Co., Ltd.                                | Associate                   |
| Jiayang Shijiu Tianshun Urban Construction Co., Ltd.  | Associate                   |
| Yiyang MCC Science and Industry Infrastructure Development 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                   |
| Yibin Xuye Engineering Construction Co., Ltd.   | Associate                   |
| Tianjin Tonghe Real Estate Co., Ltd.  | Associate                   |
| Bengbu Jin'an Real Estate Co., Ltd.   | Associate                   |
| Tianjin MCC Heyuan Real Estate Co., Ltd.  | Associate                   |
| Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.                                      | Associate                   |
| Xi'an Metallurgical Pipe Corridor Construction Management Co., Ltd.                                   | Associate                   |
| Shijiazhuang Hengxi Highway Construction Management Co., Ltd.   | Associate                   |
| Taizhou Baoyue Construction Co., Ltd.   | Associate                   |
| Handan Jinxin Xinghua Pipe Gallery Construction Co., Ltd.   | Associate                   |
| Guangzhou Pipe Corridor Construction Investment Co., Ltd.   | Associate                   |
| Lanzhou Zhenghao Pipe Corridor Project Management Co., Ltd.   | Associate                   |
| Jiaxing Wangwu Investment Co., Ltd.   | Associate                   |
| Shanghai Boweida Construction Engineering Co., Ltd.   | Subsidiaries of Associate   |
| Shanghai Siruiwei Urban Construction Engineering Co., Ltd.  | Subsidiaries of Associate   |



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## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 4. Other related parties of the Group

Other related parties entered into transactions with the Group during the period, 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:

| Name of other related parties  | Relationship with the Group   |
|--|---|
| MCC Ruimu Amperex Technology Limited<br>Jiuquan Iron and Steel (Group) Co., Ltd. and<br>all its subsidiaries | Controlled by MCC group<br>Shareholders hold more than 10% of the shares of an<br>important subsidiary of MCC |

### Subsidiaries of China Minmetals Corporation:

|  |   |
|--|---|
| 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 Co., Ltd.  | Under common control of China Minmetals Corporation |
| Minmetals Steel (Wuhan) Limited Company                                | Under common control of China Minmetals Corporation |
| Minmetals Steel Tianjin Co., Ltd.                                      | Under common control of China Minmetals Corporation |
| Minmetals Nonferrous Metals Co., Ltd.                                  | Under common control of China Minmetals Corporation |
| Minmetals Steel Chongqing Co., Ltd.                                    | Under common control of China Minmetals Corporation |
| Minmetals Trading Co., Ltd.  | Under common control of China Minmetals Corporation |
| 23rd Metallurgical Construction Group Co., Ltd.<br>of Minmetals        | Under common control of China Minmetals Corporation |
| Minmetals Steel Guangzhou Co., Ltd.                                    | Under common control of China Minmetals Corporation |
| Minmetals Logistics Group 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 |
| Northern Europe Metal Minerals Co., Ltd.                               | Under common control of China Minmetals Corporation |
| Minmetals Shengshi Guangye (Beijing) Co., Ltd.                         | Under common control of China Minmetals Corporation |
| Minmetals Land Holding Co., Ltd.                                       | Under common control of China Minmetals Corporation |
| Anshan Minmetals Chentaigou Mining Co., Ltd.                           | Under common control of China Minmetals Corporation |
| Hunan Kuangxiang Real Estate Co., Ltd.                                 | Under common control of China Minmetals Corporation |
| Minmetals Salt Lake Co., Ltd.  | Under common control of China Minmetals Corporation |
| Chengdu Hongqiang Property Management<br>Co., Ltd.                     | Under common control of China Minmetals Corporation |
| Beijing Dongxing Metallurgical New Technology<br>Development Co., Ltd. | Under common control of China Minmetals Corporation |
| Minmetals Hanxing Mining (Anhui) Property<br>Management Co., Ltd.      | Under common control of China Minmetals Corporation |
| Minmetals Yueju Property Services (Beijing)<br>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<br>Co., Ltd.          | Under common control of China Minmetals Corporation |
| Minmetals Construction Investment Management<br>(Beijing) Co., Ltd.    | Under common control of China Minmetals Corporation |
| Zhuzhou Smelter Nonferrous Metals Industrial<br>Co., Ltd.              | Under common control of China Minmetals Corporation |
| International Engineering Technology Co., Ltd.                         | Under common control of China Minmetals Corporation |

# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 4. Other related parties of the Group (Continued)

| Name of other related parties                                      | Relationship with the Group   |
|--|---|
| Jianhe Innovation Technology (Hainan) Co., Ltd.                    | Under common control of China Minmetals Corporation   |
| China Minmetals Corporation Limited                                | Under common control of China Minmetals Corporation   |
| Minmetals Property Services (Hunan) 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 |
| Hubei Dongye Construction Investment Co., Ltd.                     | Minmetals holds more than 30% of the equity of a significant impact but is not consolidated |
| Nanyang Yuye Urban Development 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 |
| Longnan Metallurgical Investment Construction Management Co., Ltd. | Minmetals holds more than 30% of the equity of a significant impact but is not consolidated |
| Puyang Guoye Urban Development Construction Co., Ltd.              | Minmetals holds more than 30% of the equity of a significant impact but is not consolidated |

### 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                | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 |
|--|---|---------------------------------------|---------------------------------------|
| Transactions of companies under common control by CMGC (Note 1): | /   | 4,912,700                             | 6,666,746                             |
| Minmetals Steel Chengdu Co., Ltd.                                | Purchase of goods                         | 1,628,721                             | 2,549,495                             |
| Minmetals Steel Shanghai Co., Ltd.                               | Purchase of goods                         | 705,432                               | 1,227,291                             |
| Minmetals Steel Co., Ltd.  | Purchase of goods                         | 446,785                               | 281,727                               |
| Minmetals Steel (Wuhan) Limited Company                          | Purchase of goods                         | 423,348                               | 201,561                               |
| Minmetals Steel Tianjin Co., Ltd.                                | Purchase of goods                         | 340,468                               | 560,648                               |
| Minmetals Nonferrous Metals Co., Ltd.                            | Purchase of goods                         | 335,376                               | 62,584                                |
| Minmetals Steel Chongqing Co., Ltd.                              | Purchase of goods                         | 211,409                               | 381,819                               |
| Minmetals Trading Co., Ltd.                                      | Purchase of goods                         | 152,425                               | 67,633                                |
| Minmetals Logistics Group Co., Ltd.                              | Purchase of goods and receipt of services | 130,179                               | 161,230                               |

# Financial Statements

For the six months ended 30 June 2024

## 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                | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 |
|---|---|---------------------------------------|---------------------------------------|
| 23rd Metallurgical Construction Group Co., Ltd. of Minmetals                        | Purchase of goods and receipt of services | 126,149                               | 77,413                                |
| Minmetals Steel Guangzhou Co., Ltd.   | Purchase of goods and receipt of services | 119,666                               | 345,648                               |
| Minmetals Steel Beijing Co., Ltd.   | Purchase of goods                         | 109,074                               | 210,255                               |
| Minmetals Steel Lanzhou Co., Ltd.   | Purchase of goods                         | 85,244                                | 309,442                               |
| Others  | Purchase of goods and receipt of services | 98,424                                | 230,000                               |
| Transactions with joint ventures and associates (Note 2):                           |   | <b>2,109,791</b>                      | 1,108,487                             |
| Shanghai Boweida Construction Engineering Co., Ltd.                                 | receipt of services                       | 1,178,552                             | –                                     |
| Shanghai Ruiyuan Urban Construction Development Co., Ltd.                           | Purchase of goods                         | 347,587                               | 515,559                               |
| China 22 MCC Corporation Industrial Technology Service Co., Ltd.                    | receipt of services                       | 199,561                               | 156,913                               |
| MCC Jingcheng (Xiangtan) HEAVY Industrial Equipment Co., Ltd.                       | Purchase of goods                         | 131,695                               | 88,904                                |
| Shanghai Siruiwei Urban Construction Engineering Co., Ltd.                          | receipt of services                       | 127,366                               | –                                     |
| MCC Jiaotou Shanzhu Chengdu Prefabricated Building Technology Development Co., Ltd. | Purchase of goods and receipt of services | 83,559                                | 92,350                                |
| Others  | Purchase of goods and receipt of services | 41,471                                | 254,761                               |

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 2024 is RMB26,237,130,000.

Note 2: The Cap for such related transactions in 2024 does not apply.

# Financial Statements

For the six months ended 30 June 2024

## 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              | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 |
|--|---|---------------------------------------|---------------------------------------|
| Transactions with companies under common control of CMGC (Note 1):   |   | 5,934                                 | 23,439                                |
| MCC Ruimu Amperex Technology Limited   | Provision of services                   | 5,934                                 | 23,439                                |
| Transactions with shareholders holding more than 10% of the shares of a significant subsidiary of MCC (Note 1):              |   | 326,183                               | 207,820                               |
| Jiuquan Iron and Steel (Group) Co., Ltd. and all its subsidiaries  | Sale of goods and provision of services | 326,183                               | 207,820                               |
| Transactions of companies under common control by CMC (Note 1):  |   | 2,980,219                             | 3,611,153                             |
| Minmetals Nonferrous Metals Co., Ltd.  | Sale of goods and provision of services | 1,599,605                             | 2,171,861                             |
| Northern Europe Metal Minerals Co., Ltd.   | Sale of goods                           | 250,328                               | 111,697                               |
| Minmetals Shengshi Guangye (Beijing) Co., Ltd.   | Provision of services                   | 150,610                               | 170,977                               |
| Minmetals Land Holding Co., Ltd.   | Provision of services                   | 88,812                                | 113,649                               |
| Anshan Minmetals Chentaigou Mining Co., Ltd.   | Provision of services                   | 79,304                                | 1,395                                 |
| Hunan Kuangxiang Real Estate Co., Ltd.   | Provision of services                   | 74,236                                | 60,281                                |
| Minmetals Salt Lake Co., Ltd.  | Provision of services                   | 72,342                                | 67,182                                |
| Others   | Sale of goods and provision of services | 664,982                               | 914,111                               |
| Transactions with companies in which Minmetals holds more than 30% of the equity interest but are not consolidated (Note 1): |   | 2,464,192                             | 531,104                               |
| Hubei Dongye Construction Investment Co., Ltd.   | Provision of services                   | 1,090,400                             | 130,906                               |
| Nanyang Yuye Urban Development Co., Ltd.   | Provision of services                   | 1,015,268                             | 120,993                               |
| Yantai Tongyuan Tianfu Construction Management Co., Ltd.   | Provision of services                   | 223,655                               | –                                     |
| Longnan Metallurgical Investment Construction Management Co., Ltd.   | Provision of services                   | 82,891                                | 166,928                               |
| Puyang Guoye Urban Development Construction Co., Ltd.  | Provision of services                   | 51,978                                | 112,277                               |

# Financial Statements

For the six months ended 30 June 2024

## 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)

All amounts in RMB'000

| Related parties  | Related party transactions | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Transactions with joint ventures and associates<br>(Note 2):                       |                            | <b>21,274,535</b>                     | 28,534,120                            |
| Guangxi Guoye Transportation Investment Co., Ltd                                   | Provision of services      | <b>1,464,784</b>                      | 26,635                                |
| Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.                 | Provision of services      | <b>1,168,797</b>                      | 864,390                               |
| Yichang High Speed Railway New Town Construction Co., Ltd.                         | Provision of services      | <b>944,392</b>                        | 1,359,907                             |
| Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.           | Provision of services      | <b>768,919</b>                        | 1,505,094                             |
| Xiongan Xiongshang Real Estate Co., Ltd.   | Provision of services      | <b>605,818</b>                        | –                                     |
| Pizhou Hongye Port Investment Co., Ltd.  | Provision of services      | <b>527,513</b>                        | –                                     |
| Dazhou Kaiye Engineering Project Management Co., Ltd.                              | Provision of services      | <b>513,762</b>                        | 357,773                               |
| Dazhou Guanshi Metallurgical Construction Engineering Co., Ltd.                    | Provision of services      | <b>487,873</b>                        | –                                     |
| MCC Baoding Development and Construction Co., Ltd.                                 | Provision of services      | <b>443,737</b>                        | 2,897,140                             |
| Chongqing Yuxiang Double Track Expressway Co., Ltd.                                | Provision of services      | <b>423,883</b>                        | 422,439                               |
| Hunan Chachang Expressway Construction and Development Co., Ltd.                   | Provision of services      | <b>421,468</b>                        | 724,025                               |
| Handan Jinrong Development and Construction Co., Ltd                               | Provision of services      | <b>401,985</b>                        | 65,106                                |
| Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.            | Provision of services      | <b>381,752</b>                        | 1,019,399                             |
| Binhai Shengxin Project Management Co., Ltd.                                       | Provision of services      | <b>357,884</b>                        | –                                     |
| Chongqing Guangjiu Construction Project Management Co., Ltd.                       | Provision of services      | <b>344,035</b>                        | 183,062                               |
| Jiujiang Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd. | Provision of services      | <b>320,614</b>                        | 321,501                               |
| Honghe Luqiu Expressway Investment and Development Co., Ltd.                       | Sale of goods and          | <b>305,286</b>                        | 491,731                               |
| Others   | provision of services      | <b>11,392,033</b>                     | 18,295,918                            |

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 2024 is RMB20,898,310,000.

Note 2: The Cap for such related transactions in 2024 does not apply.

# Financial Statements

For the six months ended 30 June 2024

## 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                                   | Leasing income                                   |
|---|-----------------------|--|--|
|   |                       | recognised for the six months ended 30 June 2024 | recognised for the six months ended 30 June 2023 |
| China Metallurgical Group Corporation (Note)        | Buildings, structures | 2,131  | 2,266  |
| Tangshan Runda Property Service Co., Ltd. (Note)    | Buildings, structures | 1,290  | 794  |
| Anshan Minmetals Chentaigou Mining Co., Ltd. (Note) | Buildings, structures | 514  | –  |
| Others  | Buildings, structures | –  | 5,830  |
| Total   | /                     | 3,935  | 8,890  |

##### (b) As lessee

All amounts in RMB'000

| Name of lessor   | Type of leased assets | Lease liabilities as at 30 June 2024 | Increase of   | Leasing expense                   |
|--|-----------------------|--------------------------------------|---|-----------------------------------|
|  |                       |                                      | historical cost of right-of-use assets for the current period | recognized for the current period |
| China Metallurgical Group Corporation (Note)                               | Buildings, structures | 43,218                               | 6,778   | 29,337                            |
| Tangshan Runda Property Service Co., Ltd. (Note)                           | Buildings, structures | –                                    | –   | 6,381                             |
| Beijing Dongxing Metallurgical New Technology Development Co., Ltd. (Note) | Buildings, structures | 23,317                               | –   | 2,819                             |
| Minmetals Property Services (Hunan) Co., Ltd. (Note)                       | Buildings, structures | –                                    | –   | 1,765                             |
| Beijing Tiancheng Guyun Property Management Co., Ltd.                      | Buildings, structures | –                                    | –   | 1,664                             |
| Chengdu Hongqiang Property Management Co., Ltd. (Note)                     | Buildings, structures | –                                    | –   | 734                               |
| Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd. (Note)      | Buildings, structures | –                                    | –   | 672                               |
| Minmetals Yueju Property Services (Beijing) Co., Ltd.                      | Buildings, structures | –                                    | –   | 329                               |
| Total  | /                     | 66,535                               | 6,778   | 43,701                            |

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 six months ended 30 June 2024

## 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. | 346,674           | 2019/9/5                    | 2027/9/5                     | No  |
| Zhuhai Hengqin Headquarters Building Development Co., Ltd. | 537,344           | 2019/9/5                    | 2027/9/5                     | No  |

##### (b) 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           | 6,570,000                     |
| Minmetals Finance Company (Note 1)          | Acceptance                                   | 500,000        | 2022/11/11        | 2024/11/11           | 99,144                        |
| 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     | /                 | /                    | 6,669,144                     |

# Financial Statements

For the six months ended 30 June 2024

## 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                 |
|---------------------------------------|-----------|----------------|-----------------|-----------------------|
| <b>Borrowing</b>                      |           |                |                 |                       |
| Minmetals Finance Company<br>(Note 1) | 5,700,000 | 2024/5/30      | 2025/6/25       | Borrowings<br>General |
| Total                                 | 5,700,000 | /              | /               | /                     |

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: The line of credit is jointly used by China Metallurgical Group Corporation and its authorized company, Metallurgical Corporation of China Ltd. Of the RMB6,570,000,000 already used this period, China Metallurgical Group Corporation used 870,000,000 yuan, and China Metallurgical Corporation, Ltd used RMB5,700,000,000.

Certain of the loans from/to related parties mentioned above are interest bearing. The interest rates ranged from 1.35% to 2.40%.

#### (5) Debt restructuring

| Related party                      | Related party transactions | Amount for the current period | Amount for the prior period |
|------------------------------------|----------------------------|-------------------------------|-----------------------------|
| Jiaying Wangwu Investment Co., Ltd | Debt restructuring         | 340,248                       | –                           |

#### (6) Compensation of key management personnel

All amounts in RMB'000

| Compensation of key management personnel | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Total                                    | 5,127                         | 5,953                       |



# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (7) Other related party transactions

All amounts in RMB'000

| Related parties   | Related party transactions | Amount for the current period | Amount for the prior period |
|---|----------------------------|-------------------------------|-----------------------------|
| Beijing MCC Mingying Real Estate Development Co., Ltd.                | Interest income            | 57,640                        | 83,860                      |
| Suzhou Zhongyuanrui Real Estate Development Co., Ltd.                 | Interest income            | 47,885                        | 44,540                      |
| Minmetals Finance Company (Note)                                      | Interest income            | 16,539                        | 6,527                       |
| Tianjin MCC Mingjin Real Estate Co., Ltd.                             | Interest income            | 11,932                        | 10,576                      |
| Danamira Real Estate Co., Ltd.  | Interest income            | 9,900                         | 9,008                       |
| Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd. | Interest income            | 9,471                         | 9,984                       |
| Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.                  | Interest income            | 7,139                         | 7,100                       |
| Others  | Interest income            | 12,214                        | 109,792                     |
| <b>Total</b>  |                            | <b>172,720</b>                | <b>281,387</b>              |
| Minmetals Finance Company (Note)                                      | Interest expense           | 38,380                        | –                           |
| China National Foreign Trade Financial & Leasing Co., Ltd. (Note)     | Interest expense           | 3,581                         | 2,901                       |
| China Metallurgical Group Corporation (Note)                          | Interest expense           | 3,150                         | 3,065                       |
| Others  | Interest expense           | –                             | 149,375                     |
| <b>Total</b>  |                            | <b>45,111</b>                 | <b>155,341</b>              |

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 six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties

#### (1) Receivables

All amounts in RMB'000

| Items               | Related parties   | 30 June 2024 |                              | 31 December 2023 |                              |
|---------------------|---|--------------|------------------------------|------------------|------------------------------|
|                     |   | Book value   | Provisions for credit losses | Book value       | Provisions for credit losses |
| Accounts receivable | MCC Baoding Development and Construction Co., Ltd.                      | 848,311      | 13,183                       | 249,608          | 4,043                        |
| Accounts receivable | Yunnan Mangliang Expressway Investment Development Co., Ltd.            | 687,073      | 3,435                        | 450,818          | 2,254                        |
| Accounts receivable | Sixian Siye Construction Investment Co., Ltd.                           | 612,952      | 13,490                       | 683,641          | 11,354                       |
| Accounts receivable | Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd. | 490,439      | 9,287                        | 158,753          | 4,884                        |
| Accounts receivable | Binhai Shengxin Project Management Co., Ltd.                            | 447,220      | 4,477                        | 291,068          | 2,911                        |
| Accounts receivable | Minmetals Construction Investment Management (Beijing) Co., Ltd.        | 441,289      | 4,439                        | 576,795          | 5,778                        |
| Accounts receivable | Zhuhai Hengqin Headquarters Building Development Co., Ltd.              | 436,608      | 3,737                        | 337,365          | 2,209                        |
| Accounts receivable | Ezhou Xinsheng Construction Engineering Co., Ltd.                       | 422,936      | 16,400                       | 566,344          | 14,048                       |
| Accounts receivable | Zhengzhou Huituo Urban Rural Construction Co., Ltd.                     | 413,629      | 5,501                        | 328,961          | 7,256                        |
| Accounts receivable | Baoding Junbao Development and Construction Co., Ltd.                   | 360,998      | 4,801                        | 95,098           | 1,265                        |
| Accounts receivable | Suining Kaihong Construction Development Co., Ltd.                      | 313,562      | 1,568                        | 352,137          | 1,761                        |
| Accounts receivable | Wuhan Zhongyi Investment Construction Co., Ltd.                         | 309,725      | 3,097                        | 128,898          | 1,410                        |
| Accounts receivable | Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.      | 295,293      | 2,953                        | 67,567           | 676                          |
| Accounts receivable | Hunan Chachang Expressway Construction and Development Co., Ltd.        | 287,231      | 2,872                        | 226,936          | 154                          |
| Accounts receivable | Xi'an Jingang Dingsheng Real Estate Co., Ltd.                           | 262,293      | 3,495                        | 55,319           | 734                          |
| Accounts receivable | Guigang Guoye Pipe Gallery Construction Co., Ltd.                       | 253,375      | 8,702                        | 204,753          | 2,936                        |
| Accounts receivable | Shanghai Libo Urban Construction and Development Co., Ltd.              | 249,772      | 3,711                        | 215,265          | 3,207                        |
| Accounts receivable | Baoding Gongxing Pipe Corridor Project Management Co., Ltd.             | 247,664      | 2,477                        | 3,354            | 295                          |
| Accounts receivable | Inner Mongolia Chengye Construction Project Management Co., Ltd.        | 235,949      | 2,359                        | -                | -                            |
| Accounts receivable | Hangzhou Fuyu Construction Management Co., Ltd.                         | 211,918      | 3,158                        | -                | -                            |
| Accounts receivable | Cangzhou Xinbei Urban Renewal Co., Ltd.                                 | 204,918      | 2,346                        | 67,612           | 1,467                        |

# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

| Items               | Related parties   | 30 June 2024      |                              | 31 December 2023  |                              |
|---------------------|---|-------------------|------------------------------|-------------------|------------------------------|
|                     |   | Book value        | Provisions for credit losses | Book value        | Provisions for credit losses |
| Accounts receivable | Baiyin City Comprehensive Pipe Corridor Management Co., Ltd.          | 198,535           | 35,354                       | 128,351           | 26,649                       |
| Accounts receivable | First Metallurgical Construction Engineering Xuzhou Co., Ltd.         | 184,658           | 9,599                        | 126,996           | 11,430                       |
| Accounts receivable | Suqian Metallurgical Construction Development Co., Ltd.               | 183,196           | 5,239                        | 11,614            | 332                          |
| Accounts receivable | Lanzhou Olympic Sports Center Construction and Development Co., Ltd.  | 169,099           | 5,829                        | 142,923           | 5,481                        |
| Accounts receivable | Zigong Metallurgical Construction Engineering Co., Ltd.               | 155,229           | 5,131                        | 107,576           | 3,077                        |
| Accounts receivable | Others  | 8,892,075         | 1,179,086                    | 7,897,691         | 1,165,884                    |
| <b>Total</b>        |   | <b>17,815,947</b> | <b>1,355,726</b>             | <b>13,475,443</b> | <b>1,281,495</b>             |
| Other receivables   | Beijing MCC Mingying Real Estate Development Co., Ltd.                | 2,285,425         | –                            | 2,227,807         | –                            |
| Other receivables   | Shi Gang Jing Cheng Equipment Development and Manufacturing Co., Ltd. | 1,905,814         | 750,625                      | 1,915,614         | 760,614                      |
| Other receivables   | Suzhou Zhongyuanrui Real Estate Development Co., Ltd.                 | 1,305,241         | 67,863                       | 1,256,374         | –                            |
| Other receivables   | Qiqihar North MCC Real Estate Co., Ltd.                               | 1,043,030         | 64,451                       | 1,074,033         | 64,451                       |
| Other receivables   | MCC Baoding Development and Construction Co., Ltd.                    | 638,226           | 5,981                        | 678,792           | 4,748                        |
| Other receivables   | Tianjin MCC Tuanbo Urban Rural Development Co., Ltd.                  | 549,139           | 2,746                        | 542,000           | 2,702                        |
| Other receivables   | Tianjin MCC Mingjin Real Estate Co., Ltd.                             | 470,195           | –                            | 458,023           | –                            |
| Other receivables   | Danamira Real Estate Co., Ltd.  | 403,699           | 2,018                        | 401,154           | 2,006                        |
| Other receivables   | Others  | 4,158,587         | 1,123,750                    | 4,478,403         | 1,089,262                    |
| <b>Total</b>        |   | <b>12,759,356</b> | <b>2,017,434</b>             | <b>13,032,200</b> | <b>1,923,783</b>             |
| Prepayments         | China 22 MCC Corporation Industrial Technology Service Co., Ltd.      | 85,303            | –                            | 60,542            | –                            |
| Prepayments         | Minmetals Nonferrous Metals Co., Ltd.                                 | 77,042            | –                            | 4,183             | –                            |
| Prepayments         | Minmetals Steel Chengdu Co., Ltd.                                     | 21,467            | –                            | 17,241            | –                            |
| Prepayments         | Shanghai Ruiyuan Urban Construction Development Co., Ltd.             | 20,447            | –                            | 24,420            | –                            |
| Prepayments         | MCC Jingcheng (Xiangtan) HEAVY Industrial Equipment Co., Ltd.         | 14,379            | –                            | 18,683            | –                            |
| Prepayments         | Minmetals Logistics Group Co., Ltd.                                   | 14,214            | –                            | –                 | –                            |
| Prepayments         | Others  | 53,528            | –                            | 280,796           | –                            |
| <b>Total</b>        |   | <b>286,380</b>    | <b>–</b>                     | <b>405,865</b>    | <b>–</b>                     |

# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

| Items           | Related parties   | 30 June 2024 |                              | 31 December 2023 |                              |
|-----------------|---|--------------|------------------------------|------------------|------------------------------|
|                 |   | Book value   | Provisions for credit losses | Book value       | Provisions for credit losses |
| Contract assets | Chongqing Yunkai Expressway Co., Ltd.   | 850,612      | 14,205                       | 411,241          | 7,361                        |
| Contract assets | Yunnan Yongmeng Expressway Construction and Development Co., Ltd.                                     | 674,582      | 11,266                       | 588,593          | 10,536                       |
| Contract assets | Hunan Chachang Expressway Construction and Development Co., Ltd.                                      | 531,166      | 10,623                       | 159,114          | 3,182                        |
| Contract assets | Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.                                    | 502,069      | 5,064                        | 518,168          | 5,182                        |
| Contract assets | Shandong Expressway Jiqing Middle Line Highway Co., Ltd.  | 463,332      | 2,317                        | 500,749          | 56,470                       |
| Contract assets | Dazhou Kaiye Engineering Project Management Co., Ltd.   | 398,021      | 6,647                        | 26,179           | 2                            |
| Contract assets | Yunnan Mangliang Expressway Investment Development Co., Ltd.  | 322,482      | 1,612                        | 340,255          | 1,715                        |
| Contract assets | Xiongan Xiongshang Real Estate Co., Ltd.  | 309,922      | 8,864                        | -                | -                            |
| Contract assets | Leshan LEGO Urban Construction Engineering Co., Ltd.  | 299,901      | 6,928                        | 286,867          | 8,739                        |
| Contract assets | Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.                              | 288,217      | 2,504                        | 110,094          | 752                          |
| Contract assets | Yuhuan Tianshang Construction and Development Co., Ltd.   | 286,584      | 2,866                        | 149,457          | 1,495                        |
| Contract assets | Gansu Jingli Expressway Longnan Management Co., Ltd.  | 278,301      | 5,147                        | 144,381          | 2,264                        |
| Contract assets | Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd. | 241,303      | 3,200                        | -                | -                            |
| Contract assets | Jiujiang Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd.                    | 235,636      | 2,356                        | 80,409           | 804                          |
| Contract assets | Henan Ruzhou Science and Education Park Investment and Development Co., Ltd.                          | 226,172      | 6,469                        | 213,072          | 6,094                        |
| Contract assets | MCC Baoding Development and Construction Co., Ltd.  | 218,365      | 2,554                        | 149,956          | 5,835                        |
| Contract assets | Zhuhai Hengqin Headquarters Building Development Co., Ltd.  | 211,124      | 2,631                        | 104,691          | 1,567                        |
| Contract assets | Huangshi Urban Green Environment Development Co., Ltd.  | 209,248      | 2,783                        | 189,634          | 2,522                        |
| Contract assets | Changzhi Zhonghui Sanguan Yiyuan Construction Co., Ltd.   | 202,936      | 2,029                        | 131,905          | 1,319                        |
| Contract assets | Lanzhou Lianhuo Qingzhong Expressway Construction Development Co., Ltd.                               | 201,843      | 2,680                        | 141,735          | 1,885                        |
| Contract assets | Guangzhou Chengtou Airport Exhibition Investment Development Co., Ltd.                                | 200,724      | 5,741                        | 21,880           | 626                          |
| Contract assets | Chongqing Yuxiang Double Track Expressway Co., Ltd.   | 195,710      | 3,268                        | 64,970           | 1,163                        |
| Contract assets | Fuzhou Cangshan Zhongmin Sangcheng Water Environment Technology Co., Ltd.                             | 190,591      | 190,591                      | 191,500          | 191,500                      |

# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (1) Receivables (Continued)

| Items                 | Related parties   | 30 June 2024 |                              | 31 December 2023 |                              |
|-----------------------|---|--------------|------------------------------|------------------|------------------------------|
|                       |   | Book value   | Provisions for credit losses | Book value       | Provisions for credit losses |
| Contract assets       | Tianjin MCC Mingjin Real Estate Co., Ltd.   | 181,173      | 3,623                        | 194,852          | 3,897                        |
| Contract assets       | Gansu Business Aviation Travel Mawu Xizhai Expressway Management Co., Ltd.          | 174,080      | 2,638                        | 109,467          | 1,645                        |
| Contract assets       | Gansu Business Aviation Travel Tianzhuang Expressway Management Co., Ltd.           | 172,331      | 3,447                        | 39,007           | 780                          |
| Contract assets       | Yancheng Chengtuo Huaying Real Estate Co., Ltd.                                     | 167,651      | 10,059                       | 126,886          | 7,613                        |
| Contract assets       | Huaining County Huaiye Construction and Development Co., Ltd.                       | 153,704      | 4,282                        | 107,085          | 3,459                        |
| Contract assets       | Binhai Shengxin Project Management Co., Ltd.  | 146,908      | 2,927                        | 100,560          | 1,386                        |
| Contract assets       | Guiyang Industrial Control Guandi Construction and Operation Co., Ltd.              | 143,359      | 1,434                        | 43,053           | 431                          |
| Contract assets       | Minmetals Construction Investment Management (Beijing) Co., Ltd.                    | 140,279      | 1,403                        | 100,069          | 1,001                        |
| Contract assets       | Jiayang Shijiu Tianshun Urban Construction Co., Ltd.                                | 134,646      | 2,249                        | -                | -                            |
| Contract assets       | Yiyang MCC Science and Industry Infrastructure Development Co., Ltd.                | 131,593      | 1,316                        | 129,394          | 1,294                        |
| Contract assets       | Baoding Juncheng Development and Construction Co., Ltd.                             | 128,523      | 1,285                        | -                | -                            |
| Contract assets       | Others  | 6,749,857    | 146,948                      | 5,435,386        | 167,559                      |
| Total                 |   | 15,962,945   | 483,956                      | 10,910,609       | 500,078                      |
| Long-term receivables | Guizhou MCC Infrastructure Investment Co., Ltd.                                     | 461,910      | 6,882                        | 451,860          | 8,589                        |
| Long-term receivables | Suining Kaihong Construction Development Co., Ltd.                                  | 391,196      | 1,956                        | 368,201          | 1,841                        |
| Long-term receivables | Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd.        | 255,819      | 3,812                        | 251,104          | 4,350                        |
| Long-term receivables | Shuicheng County Blue Ocean Huaxing Education Investment and Construction Co., Ltd. | 249,367      | 14,962                       | 249,367          | 14,962                       |
| Long-term receivables | Weihai Zhiye Health Care Construction Project Management Co., Ltd.                  | 240,944      | -                            | 240,944          | -                            |
| Long-term receivables | Minmetals Land Holding Co., Ltd.  | 126,505      | -                            | 123,852          | -                            |
| Long-term receivables | MCC Baoding Development and Construction Co., Ltd.                                  | 123,812      | 1,013                        | 165,000          | 1,412                        |
| Long-term receivables | Others  | 272,614      | 24,211                       | 244,380          | 26,489                       |
| Total                 |   | 2,122,167    | 52,836                       | 2,094,708        | 57,643                       |

# Financial Statements

For the six months ended 30 June 2024

## 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  | 30 June 2024<br>Book value | 31 December 2023<br>Book value |
|------------------|--|----------------------------|--------------------------------|
| Notes payable    | Shanghai Ruiyuan Urban Construction Development Co., Ltd.                          | 454,258                    | –                              |
| Notes payable    | Minmetals Steel Shanghai Co., Ltd.   | 299,972                    | 639,834                        |
| Notes payable    | Minmetals Steel Co.,Ltd.   | 161,657                    | 452,996                        |
| Notes payable    | Minmetals Steel Beijing Co., Ltd.  | 33,890                     | 139,948                        |
| Notes payable    | Minmetals Trading Co., Ltd.  | 29,745                     | 8,372                          |
| Notes payable    | Minmetals Steel (Wuhan) Limited Company  | 22,773                     | 315,836                        |
| Notes payable    | MCC Jingcheng (Xiangtan) HEAVY Industrial Equipment Co., Ltd.                      | 15,806                     | 5,982                          |
| Notes payable    | Others   | 14,782                     | 285,065                        |
| Total            |  | 1,032,883                  | 1,848,033                      |
| Accounts payable | Shanghai Boweida Construction Engineering Co., Ltd.                                | 713,553                    | 334,209                        |
| Accounts payable | Minmetals Steel Chengdu Co., Ltd.  | 599,046                    | 285,572                        |
| Accounts payable | Minmetals Steel Shanghai Co., Ltd.   | 397,076                    | 57,820                         |
| Accounts payable | Minmetals Steel Tianjin Co., Ltd.  | 346,418                    | 173,459                        |
| Accounts payable | MCC Jiaotou Shanzhu Chengdu Prefabricated Building Technology Development Co., Ltd | 271,137                    | 234,976                        |
| Accounts payable | Minmetals Steel Co.,Ltd.   | 237,827                    | 27,299                         |
| Accounts payable | Yibin Xuye Engineering Construction Co., Ltd.                                      | 204,240                    | 4,240                          |
| Accounts payable | Minmetals Steel Lanzhou Co., Ltd.  | 203,277                    | 242,200                        |
| Accounts payable | Minmetals Steel (Wuhan) Limited Company  | 191,843                    | 7,423                          |
| Accounts payable | Minmetals Steel Beijing Co., Ltd.  | 161,784                    | 180,675                        |
| Accounts payable | Minmetals Trading Co., Ltd.  | 158,778                    | 111,966                        |
| Accounts payable | China 22 MCC Corporation Industrial Technology Service Co., Ltd.                   | 103,446                    | 72,901                         |
| Accounts payable | Others   | 835,792                    | 731,853                        |
| Total            |  | 4,424,217                  | 2,464,593                      |

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For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables (Continued)

| Items                | Related parties   | 30 June 2024 | 31 December 2023 |
|----------------------|---|--------------|------------------|
| Other payables       | Zhuzhou Smelter Nonferrous Metals Industrial Co., Ltd.  | 165,528      | 164,504          |
| Other payables       | Tianjin Tonghe Real Estate Co., Ltd.  | 130,005      | –                |
| Other payables       | Bengbu Jin'an Real Estate Co., Ltd.   | 94,099       | 94,099           |
| Other payables       | Shanghai Baoye Pension Security Service Center  | 86,867       | 89,691           |
| Other payables       | International Engineering Technology Co., Ltd.  | 83,822       | 81,786           |
| Other payables       | China Metallurgical Group Corporation   | 76,497       | 46,673           |
| Other payables       | Tianjin MCC Heyuan Real Estate Co., Ltd.  | 68,469       | 68,469           |
| Other payables       | Yunnan Mangliang Expressway Investment Development Co., Ltd.                                      | 59,840       | 60,094           |
| Other payables       | China Minmetals Corporation   | 54,616       | 46,880           |
| Other payables       | Shanghai Boweda Construction Engineering Co., Ltd.  | 31,733       | 40,675           |
| Other payables       | Zhuhai Hengqin Headquarters Building Development Co., Ltd.  | 30,376       | 16,177           |
| Other payables       | Others  | 471,217      | 560,428          |
| Total                |   | 1,353,069    | 1,269,476        |
| Contract liabilities | Guangxi Guoye Transportation Investment Co., Ltd  | 510,653      | 374              |
| Contract liabilities | Yunnan Luqiu Guangfu Expressway Investment Development Co., Ltd.                                  | 362,671      | 401,456          |
| Contract liabilities | Xi'an Metallurgical Pipe Corridor Construction Management Co., Ltd.                               | 312,895      | 25,737           |
| Contract liabilities | Hunan Xinxin Zhangguan Expressway Construction and Development Co., Ltd.                          | 292,392      | 2,841            |
| Contract liabilities | Shijiazhuang Hengxi Highway Construction Management Co., Ltd.                                     | 195,156      | –                |
| Contract liabilities | Xi'an Jingang Dingsheng Real Estate Co., Ltd.   | 169,450      | –                |
| Contract liabilities | Shiyan Baoye Urban Construction Co., Ltd.   | 137,831      | 16,968           |
| Contract liabilities | Sichuan Baojiang Data Industrial Park Development and Construction Co., Ltd.                      | 136,000      | 71,215           |
| Contract liabilities | Dazhou Guanshi Metallurgical Construction Engineering Co., Ltd.                                   | 132,846      | –                |
| Contract liabilities | Taizhou Baoyue Construction Co., Ltd.   | 127,974      | 410              |
| Contract liabilities | Xichang Anmin City Construction Investment Co., Ltd.  | 119,366      | 148,246          |
| Contract liabilities | Yakeshi Health Management Services Co., Ltd.  | 115,072      | 114,333          |
| Contract liabilities | Handan Jinxin Xinghua Pipe Gallery Construction Co., Ltd.   | 102,509      | 117,502          |
| Contract liabilities | Guangzhou Pipe Corridor Construction Investment Co., Ltd.   | 98,602       | 91,266           |
| Contract liabilities | Lanzhou Zhenghao Pipe Corridor Project Management Co., Ltd.                                       | 98,060       | 91,735           |
| Contract liabilities | Tangshan Fengrun District Runfeng Municipal Infrastructure Development and Construction Co., Ltd. | 97,988       | 233,915          |
| Contract liabilities | Lanzhou New Area Pipe Gallery Operation Management Co., Ltd.                                      | 94,830       | 5,609            |
| Contract liabilities | Others  | 1,567,737    | 2,079,197        |
| Total                |   | 4,672,032    | 3,400,804        |

# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 6. Amounts due from/due to related parties (Continued)

#### (2) Payables (Continued)

| Items                                       | Related parties  | 30 June 2024 | 31 December 2023 |
|---|--|--------------|------------------|
| Non-current liabilities due within one year | China National Foreign Trade Financial & Leasing Co., Ltd. | 71,950       | 80,567           |
| Non-current liabilities due within one year | Jianhe Innovation Technology (Hainan) Co., Ltd.            | 15,855       | -                |
| Non-current liabilities due within one year | China Metallurgical Group Corporation                      | 172          | 192              |
| Total                                       |  | 87,977       | 80,759           |
| Long-term borrowings                        | China Metallurgical Group Corporation                      | 490,910      | 508,880          |
| Total                                       |  | 490,910      | 508,880          |
| Long-term payables                          | China National Foreign Trade Financial & Leasing Co., Ltd. | 164,492      | 194,957          |
| Long-term payables                          | China Minmetals Corporation Limited                        | 47,654       | 43,054           |
| Long-term payables                          | Jianhe Innovation Technology (Hainan) Co., Ltd.            | -            | 15,645           |
| Total                                       |  | 212,146      | 253,656          |



# Financial Statements

For the six months ended 30 June 2024

## XIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

### 7. Deposits in related parties

All amounts in RMB'000

| Related parties           | 30 June 2024 | 31 December 2023 |
|---------------------------|--------------|------------------|
| Minmetals Finance Company | 161,142      | 3,111,348        |
| Total                     | 161,142      | 3,111,348        |

Note: As at 30 June 2024, the annual interest rate of the above deposits is 0.35% to 1.15% (31 December 2023: 0.35% to 1.15%)

## 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                               | 30 June 2024 | 31 December 2023 |
|-------------------------------------|--------------|------------------|
| Buildings, structures and equipment | 23,408,476   | 23,402,373       |
| Intangible assets                   | 4,434,578    | 4,306,071        |
| Total                               | 27,843,054   | 27,708,444       |

# Financial Statements

For the six months ended 30 June 2024

## XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 2. Contingencies

#### (1) Significant contingencies at the balance sheet date

##### (a) Pending litigation or arbitration

As at 30 June 2024, objects of pending litigation or arbitration in which the Group acted as defendant were amounting to RMB 4,155,528,000 (as at 31 December 2023: RMB 2,452,092,000).

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 30 June 2024, management has made provision for pending lawsuits of RMB 224,655,000, details of which are set out in Note VII 43.

##### (b) Financial guarantees given to banks

###### i. Mortgage guarantees

All amounts in RMB'000

| Guarantor           | 30 June 2024 |
|---------------------|--------------|
| Mortgage guarantees | 7,173,290    |

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

| Guarantor                       | Guarantee  | 30 June 2024 |
|---------------------------------|--|--------------|
| China MCC 20 Group Co., Ltd.    | Zhuhai Hengqin Headquarters Building Development Co., Ltd. | 346,674      |
| MCC Real Estate Group Co., Ltd. | Zhuhai Hengqin Headquarters Building Development Co., Ltd. | 537,344      |

# Financial Statements

For the six months ended 30 June 2024

## 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 346,674,000 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 537,344,000, 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 six months ended 30 June 2024

## XV. EVENTS AFTER THE BALANCE SHEET DATE

1. The medium-term notes issued by the Company after the balance sheet date are as follows:

*All amounts in RMB'000*

| <b>Name of midterm-notes</b> | <b>Issue date</b> | <b>Term</b>    | <b>Issue Amount</b> |
|------------------------------|-------------------|----------------|---------------------|
| 24 MCC MTN005A               | 2024-07-24        | 5(5+N) years   | 1,000,000           |
| 24 MCC MTN005B               | 2024-07-24        | 10(10+N) years | 1,000,000           |
| 24 MCC MTN006                | 2024-08-07        | 5(5+N) years   | 2,000,000           |
| 24 MCC MTN007                | 2024-08-09        | 10(10+N) years | 1,200,000           |
| 24 MCC MTN008                | 2024-08-21        | 5(5+N) years   | 2,000,000           |
| 24 MCC MTN009                | 2024-08-22        | 3(3+N) years   | 2,000,000           |
| 24 MCC MTN0010               | 2024-08-23        | 5(5+N) years   | 2,000,000           |
| 24 MCC MTN0011               | 2024-08-26        | 3(3+N) years   | 2,000,000           |
| 24 MCC MTN0012               | 2024-08-27        | 3(3+N) years   | 1,200,000           |

2. On 26 August 2024, the Board of Directors released an announcement about share transfer of the controlling shareholders that CMC intends to transfer 9,171,859,770 A-shares of the Company (accounting for 44.258% of the total share capital of the Company) held by its wholly-owned subsidiary, CMGC, to CMC by gratuitous transfer. Upon completion of the gratuitous transfer, CMC will directly hold 9,171,859,770 A-shares in the Company (accounting for 44.258% of the total share capital of the Company), CMGC will directly hold 1,019,095,530 A-shares in the Company (accounting for 4.918% of the total share capital of the Company). The direct controlling shareholder of the Company will be changed from CMGC to CMC. The ultimate controller of the Company remains unchanged and remains to be the SASAC. Due to 29 August 2024, the above matters are still at the planning stage.

# Financial Statements

For the six months ended 30 June 2024

## 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 in 2023, 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. In the 2023 annual report, the segment reports shall be presented in terms of project contracting, resource development, featured business and comprehensive real estate. Therefore, in the 2024 semi-annual report, segment reports have been prepared in accordance with the adjusted segment reporting standard, and the data for the comparative period in 2023 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 six months ended 30 June 2024

## XVI. OTHER SIGNIFICANT MATTERS (CONTINUED)

### 1. Segment information (Continued)

#### (2) Summarized financial information of reporting segment

(a) Segment information for the period ended 30 June 2024 and as at 30 June 2024

All amounts in RMB'000

| Items                                      | Engineering contracting | Resource development | Featured business | Comprehensive real estate | Others    | Unallocated amounts | Elimination between segments | Total       |
|--|-------------------------|----------------------|-------------------|---------------------------|-----------|---------------------|------------------------------|-------------|
| Operating revenue                          | 277,363,228             | 3,292,328            | 16,031,476        | 5,029,641                 | 343,210   | -                   | (3,218,356)                  | 298,841,527 |
| Including: Revenue from external customers | 275,436,672             | 3,257,374            | 14,965,162        | 5,022,758                 | 159,561   | -                   | -                            | 298,841,527 |
| Revenue between segments                   | 1,926,556               | 34,954               | 1,066,314         | 6,883                     | 183,649   | -                   | (3,218,356)                  | -           |
| Credit impairment Losses                   | (2,506,815)             | (1,214)              | (156,205)         | (110,449)                 | (2,225)   | -                   | -                            | (2,776,908) |
| Impairment losses of assets                | (927,744)               | (27,751)             | (28,046)          | (1,105,615)               | -         | -                   | -                            | (2,089,156) |
| Depreciation and amortization              | 963,764                 | 351,149              | 493,692           | 213,231                   | 37,188    | -                   | -                            | 2,059,024   |
| Total profit/(loss)                        | 6,455,530               | 541,467              | 991,793           | (1,990,775)               | 30,214    | (142,688)           | (204,393)                    | 5,681,148   |
| Net profit/(net loss)                      | 5,656,998               | 525,165              | 832,922           | (1,991,912)               | 24,540    | (142,688)           | (204,393)                    | 4,700,632   |
| Assets                                     | 621,337,183             | 17,569,115           | 50,932,554        | 127,957,912               | 6,520,553 | 3,891,467           | (72,657,352)                 | 755,551,432 |
| Liabilities                                | 496,699,083             | 13,396,967           | 34,493,151        | 106,612,722               | 5,265,506 | 145,342             | (71,116,255)                 | 585,496,516 |

(b) Segment information for the period ended 30 June 2023 and as at 31 December 2023 (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                          | 309,450,947             | 3,569,320            | 16,551,458        | 7,785,121                 | 433,757    | -                   | (3,331,743)                  | 334,458,860 |
| Including: Revenue from external customers | 307,517,391             | 3,446,116            | 15,544,955        | 7,777,308                 | 173,090    | -                   | -                            | 334,458,860 |
| Revenue between segments                   | 1,933,556               | 123,204              | 1,006,503         | 7,813                     | 260,667    | -                   | (3,331,743)                  | -           |
| Credit impairment (Losses)/Gains           | (1,693,632)             | (205)                | (134,775)         | (3,103)                   | 413        | -                   | -                            | (1,831,302) |
| Impairment losses of assets                | (1,039,498)             | (5,125)              | (61,090)          | (145,070)                 | -          | -                   | -                            | (1,250,783) |
| Depreciation and amortization              | 894,436                 | 357,116              | 468,229           | 198,970                   | 24,328     | -                   | -                            | 1,943,079   |
| Total profit/(loss)                        | 9,236,980               | 759,046              | 917,469           | (707,454)                 | 39,026     | (98,550)            | (247,939)                    | 9,898,578   |
| Net profit/(net loss)                      | 8,245,027               | 757,971              | 797,935           | (806,484)                 | 31,014     | (98,550)            | (247,939)                    | 8,678,974   |
| 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 |

# Financial Statements

For the six months ended 30 June 2024

## 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  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Revenue from external customers in China                   | 285,535,847                   | 321,897,372                 |
| Revenue from external customers in other countries/regions | 13,305,680                    | 12,561,488                  |
| Total  | 298,841,527                   | 334,458,860                 |

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Non-current assets in China                   | 104,658,896  | 102,058,183      |
| Non-current assets in other countries/regions | 11,209,930   | 12,516,998       |
| Total   | 115,868,826  | 114,575,181      |

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                     | 30 June 2024 | 31 December 2023 |
|---------------------------|--------------|------------------|
| Current assets            | 573,168,051  | 484,133,951      |
| Less: Current liabilities | 538,575,324  | 448,818,443      |
| Net current assets        | 34,592,727   | 35,315,508       |

# Financial Statements

For the six months ended 30 June 2024

## 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                                 | 30 June 2024 | 31 December 2023 |
|---------------------------------------|--------------|------------------|
| Total Assets                          | 755,551,432  | 661,602,236      |
| Less: Current liabilities             | 538,575,324  | 448,818,443      |
| Total assets less current liabilities | 216,976,108  | 212,783,793      |

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

### 1. Accounts receivable

#### (1) Aging analysis of accounts receivable

All amounts in RMB'000

| Aging                              | 30 June 2024 | 31 December 2023 |
|------------------------------------|--------------|------------------|
| Within 1 year                      | 106,133      | 362,030          |
| 1 to 2 years                       | 300,408      | 52,803           |
| 2 to 3 years                       | 98,794       | 98,794           |
| 3 to 4 years                       | –            | 308              |
| Over 5 years                       | 25,092       | 71,545           |
| Total book value                   | 530,427      | 585,480          |
| Less: Provisions for credit losses | 14,583       | 61,281           |
| Carrying amount                    | 515,844      | 524,199          |

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.

#### (2) Provision for credit losses of accounts receivable

All amounts in RMB'000

| Item                        | 31 December 2023 | Reversal | 30 June 2024 |
|-----------------------------|------------------|----------|--------------|
| Provision for credit losses | 61,281           | (46,698) | 14,583       |



# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 1. Accounts receivable (Continued)

(3) *The five largest accounts receivable, contract assets and other non-current assets receivables collected by arrears at the end of the period*

All amounts in RMB'000

| Name of entity | Balance of accounts receivable as at 30 June 2024 | Balance of Contract assets as at 30 June 2024 | Balance of Other non-current assets as at 30 June 2024 | Contract assets and Other non-current assets as at 30 June 2024 | 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 30 June 2024 |
|----------------|---|---|--|---|--|---|
| Party 1        | 97,741  | –   | 322,871  | 420,612   | 18.92  | 6,267   |
| Party 2        | 232,434   | 103,266                                       | 28,363   | 364,063   | 16.37  | 9,645   |
| Party 3        | –   | 302,997                                       | –  | 302,997   | 13.63  | –   |
| Party 4        | 39,802  | 262,536                                       | –  | 302,338   | 13.60  | –   |
| Party 5        | –   | 58,556  | 195,558  | 254,114   | 11.43  | 7,268   |
| Total          | 369,977   | 727,355                                       | 546,792  | 1,644,124   | 73.95  | 23,180  |

### 2. Other receivables

(1) *Presentation of other receivables*

All amounts in RMB'000

| Items                | 30 June 2024 | 31 December 2023 |
|----------------------|--------------|------------------|
| Interest receivables | 9,109,473    | 8,065,714        |
| Dividends receivable | 3,641,979    | 3,689,884        |
| Other receivables    | 72,106,367   | 60,510,871       |
| Total                | 84,857,819   | 72,266,469       |

(2) *Interest receivables*

All amounts in RMB'000

| Items                              | 30 June 2024 | 31 December 2023 |
|------------------------------------|--------------|------------------|
| Subsidiaries of the Company        | 9,699,905    | 8,656,146        |
| Less: Provisions for credit losses | 590,432      | 590,432          |
| Total                              | 9,109,473    | 8,065,714        |

# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (3) Dividends receivable

All amounts in RMB'000

| Item                        | 30 June 2024 | 31 December 2023 |
|-----------------------------|--------------|------------------|
| Subsidiaries of the Company | 3,641,979    | 3,689,884        |
| Total                       | 3,641,979    | 3,689,884        |

As at 30 June 2024, the closing balance of dividends receivable aged more than one year was RMB 3,607,028,000 (as at 31 December 2023: RMB 3,506,538,000).

#### (4) Other receivables

##### (a) Aging analysis

All amounts in RMB'000

| Aging                              | 30 June 2024 | 31 December 2023 |
|------------------------------------|--------------|------------------|
| Within 1 year                      | 20,530,710   | 10,942,769       |
| 1 to 2 years                       | 5,770,634    | 7,598,193        |
| 2 to 3 years                       | 1,935,555    | 11,696,373       |
| 3 to 4 years                       | 10,519,868   | 2,286,013        |
| 4 to 5 years                       | 6,468,213    | 5,310,740        |
| Over 5 Years                       | 33,337,857   | 29,133,253       |
| Total book value                   | 78,562,837   | 66,967,341       |
| Less: Provisions for credit losses | 6,456,470    | 6,456,470        |
| Carrying amount                    | 72,106,367   | 60,510,871       |

# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables (Continued)

(b) Classified by nature

All amounts in RMB'000

| Nature of other receivables | 30 June 2024      | 31 December 2023 |
|-----------------------------|-------------------|------------------|
| Subsidiaries of the Company | 78,266,698        | 66,560,895       |
| Guarantees and deposits     | 174,215           | 292,551          |
| Others                      | 121,924           | 113,895          |
| Total                       | <b>78,562,837</b> | 66,967,341       |

(c) Disclosed by method of determining provision for credit losses

All amounts in RMB'000

| Category  | Book value        |               | 30 June 2024<br>Provision for credit losses |             | Carrying amount   |
|---|-------------------|---------------|---|-------------|-------------------|
|   | Amount            | Ratio (%)     | Amount                                      | Ratio (%)   |                   |
| provision for credit losses is individually assessed                      | 78,507,160        | 99.93         | 6,404,575                                   | 8.16        | 72,102,585        |
| provision for credit losses is collectively assessed on a portfolio basis | 55,677            | 0.07          | 51,895                                      | 93.21       | 3,782             |
| Total   | <b>78,562,837</b> | <b>100.00</b> | <b>6,456,470</b>                            | <b>8.22</b> | <b>72,106,367</b> |

# Financial Statements

For the six months ended 30 June 2024

## 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)

All amounts in RMB'000

| Category  | Book value<br>Amount | 31 December 2023 |                                       | Carrying<br>amount |
|---|----------------------|------------------|---------------------------------------|--------------------|
|   |                      | Ratio<br>(%)     | Provision for credit losses<br>Amount |                    |
| provision for credit losses is individually assessed                      | 66,911,943           | 99.92            | 6,404,575                             | 60,507,368         |
| provision for credit losses is collectively assessed on a portfolio basis | 55,398               | 0.08             | 51,895                                | 3,503              |
| <b>Total</b>  | <b>66,967,341</b>    | <b>100.00</b>    | <b>6,456,470</b>                      | <b>60,510,871</b>  |

Other receivables for which provision for credit losses is individually assessed are as follows:

All amounts in RMB'000

| Name of entity | 30 June 2024        |                             |                             | Reasons  | 31 December 2023    |                             |
|----------------|---------------------|-----------------------------|-----------------------------|--|---------------------|-----------------------------|
|                | Accounts receivable | Provision for credit losses | Proportion of provision (%) |  | Accounts receivable | Provision for credit losses |
| Party 1        | 40,157,477          | -                           | /                           | 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. | 40,236,196          | -                           |
| Party 2        | 6,821,635           | 3,719,055                   | 54.52                       |  | 6,822,560           | 3,719,055                   |
| Party 3        | 3,161,661           | -                           | /                           |  | 1,681,997           | -                           |
| Party 4        | 2,876,680           | -                           | /                           |  | 2,214,014           | -                           |
| Party 5        | 2,418,598           | 2,414,020                   | 99.81                       |  | 2,417,107           | 2,414,020                   |
| Others         | 23,071,109          | 271,500                     | 1.18                        |  | 13,540,069          | 271,500                     |
| <b>Total</b>   | <b>78,507,160</b>   | <b>6,404,575</b>            | <b>8.16</b> /               |  | <b>66,911,943</b>   | <b>6,404,575</b>            |

# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 2. Other receivables (Continued)

#### (4) Other receivables (Continued)

(d) Provision of credit losses of other receivables

30 June 2024

All amounts in RMB'000

| Items   | Phase 1<br>Future<br>12-month<br>expected<br>credit<br>losses | Phase 2<br>Lifetime<br>expected<br>credit<br>losses<br>(Non-credit-<br>impaired) | Phase 3<br>Lifetime<br>expected<br>credit<br>losses<br>(Credit-<br>impaired) | Total     |
|---|---|--|--|-----------|
| Provision for credit losses at 31 December 2023 | –   | –  | 6,456,470  | 6,456,470 |
| Provision for the current period                | –   | –  | –  | –         |
| Provision for credit losses at 30 June 2024     | –   | –  | 6,456,470  | 6,456,470 |

(e) The five largest other receivables at the end of the period

All amounts in RMB'000

| Name of entity | Relationship with the Company | Nature of other receivables | Aging   | 30 June 2024 | Provision of bad debt | As a percentage of total other receivables (%) |
|----------------|-------------------------------|-----------------------------|---|--------------|-----------------------|--|
| Party 1        | Subsidiary                    | Advances/ internal loans    | Within 1 year, 1 to 2 years, 3 to 5 years, Over 5 years | 40,157,477   | –                     | 51.12  |
| Party 2        | Subsidiary                    | Advances/ internal loans    | Within 1 year, 1 to 3 years, 4 to 5 years, Over 5 years | 6,821,635    | 3,719,055             | 8.68   |
| Party 3        | Subsidiary                    | internal loans              | Within 1 year, 1 to 2 years                             | 3,161,661    | –                     | 4.02   |
| Party 4        | Subsidiary                    | Advances/ internal loans    | Within 1 year, 1 to 3 years, Over 5 years               | 2,876,680    | –                     | 3.66   |
| Party 5        | Subsidiary                    | Advances/ internal loans    | Within 1 year, 1 to 3 years, 4 to 5 years, Over 5 years | 2,418,598    | 2,414,020             | 3.08   |
| Total          | /                             | /                           | /   | 55,436,051   | 6,133,075             | 70.56  |

# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term receivables

#### (1) Long-term receivables

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Subsidiaries of the Company                                 | 390,194      | 390,195          |
| Others  | 2,037        | 2,037            |
| Total book value  | 392,231      | 392,232          |
| Less: Provisions for credit losses of long-term receivables | 138,660      | 138,660          |
| Total net book value  | 253,571      | 253,572          |
| Less: Long term receivables due within one year, net        | 2,040        | 2,041            |
| Long term receivables due after one year, net               | 251,531      | 251,531          |

#### (2) Provision for credit losses of long-term receivables

As of 30 June 2024, 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 30 June 2024 and 31 December 2023 | -  | -   | 138,660   | 138,660 |

### 4. Long-term equity investments

All amounts in RMB'000

| Items                         | 30 June 2024 |                                 |                 | 31 December 2023 |                                 |                 |
|-------------------------------|--------------|---------------------------------|-----------------|------------------|---------------------------------|-----------------|
|                               | Book value   | Provision for impairment amount | Carrying amount | Book Value       | Provision for impairment amount | Carrying amount |
| Subsidiaries                  | 94,470,120   | 175,034                         | 94,295,086      | 95,503,090       | 175,034                         | 95,328,056      |
| Joint ventures and associates | 489,369      | 113,146                         | 376,223         | 489,474          | 113,146                         | 376,328         |
| Total                         | 94,959,489   | 288,180                         | 94,671,309      | 95,992,564       | 288,180                         | 95,704,384      |

# Financial Statements

For the six months ended 30 June 2024

## 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 amount on 31 December 2023 | Increase |           | Carrying amount on 30 June 2024 | Impairment provision at 30 June 2024 | Carrying amount at 30 June 2024 | Cash dividend declared |
|---|-------------------------------------|----------|-----------|---------------------------------|--------------------------------------|---------------------------------|------------------------|
|   |                                     | Increase | Decrease  |                                 |                                      |                                 |                        |
| ACRE Coking & Refractory Engineering Consulting Corporation, MCC    | 1,898,546                           | -        | -         | 1,898,546                       | -                                    | 1,898,546                       | -                      |
| Northern Engineering & Technology Corporation, MCC                  | 826,271                             | -        | -         | 826,271                         | -                                    | 826,271                         | -                      |
| China MCC 3 Group Co., Ltd.   | 1,600,096                           | -        | -         | 1,600,096                       | -                                    | 1,600,096                       | -                      |
| Shen Kan Engineering & Technology Corporation, MCC                  | 344,972                             | -        | -         | 344,972                         | -                                    | 344,972                         | -                      |
| 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 | -                               | -                                    | -                               | 621,504                |
| MCC Tongsin Resources Ltd.  | 3,710,060                           | -        | -         | 3,710,060                       | -                                    | 3,710,060                       | -                      |
| 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                       | -                      |
| 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                       | -                      |
| China 22MCC Group Co., Ltd.   | 3,487,199                           | -        | -         | 3,487,199                       | -                                    | 3,487,199                       | -                      |
| China Non-ferrous Engineering Co., Ltd.                             | 4,357,614                           | -        | -         | 4,357,614                       | -                                    | 4,357,614                       | -                      |
| China Second Metallurgical Group Corporation Limited                | 1,540,924                           | -        | -         | 1,540,924                       | -                                    | 1,540,924                       | -                      |
| Central Research Institute of Building and Construction Co., Ltd.   | 3,059,049                           | -        | -         | 3,059,049                       | -                                    | 3,059,049                       | -                      |
| China Huaye Group Co., Ltd.   | 2,412,037                           | -        | -         | 2,412,037                       | -                                    | 2,412,037                       | -                      |
| 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                       | -                      |
| China MCC5 Group Co., Ltd.  | 5,022,567                           | -        | -         | 5,022,567                       | -                                    | 5,022,567                       | -                      |
| China Metallurgical Construction Engineering Group Co., Ltd.        | 2,085,910                           | -        | -         | 2,085,910                       | -                                    | 2,085,910                       | -                      |
| China MCC19 Group Co., Ltd.   | 3,476,455                           | -        | -         | 3,476,455                       | -                                    | 3,476,455                       | -                      |
| MCC Baosteel Technology Services Co., Ltd.                          | 1,091,924                           | -        | -         | 1,091,924                       | -                                    | 1,091,924                       | -                      |
| China MCC20 Group Co., Ltd.   | 1,680,279                           | -        | -         | 1,680,279                       | -                                    | 1,680,279                       | -                      |
| Shanghai Baoye Group Co., Ltd.                                      | 6,710,953                           | -        | -         | 6,710,953                       | -                                    | 6,710,953                       | -                      |
| Huatian Engineering & Technology Corporation, MCC                   | 2,156,648                           | -        | -         | 2,156,648                       | -                                    | 2,156,648                       | -                      |
| 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                       | -                      |
| China First Metallurgical Group Co., Ltd.                           | 2,045,090                           | -        | -         | 2,045,090                       | -                                    | 2,045,090                       | -                      |
| MCC Changtian International Engineering Co., Ltd.                   | 991,130                             | -        | -         | 991,130                         | -                                    | 991,130                         | -                      |
| Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC    | 523,777                             | -        | -         | 523,777                         | -                                    | 523,777                         | -                      |
| 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 South China Construction Investment Co., Ltd.                   | 51,000                              | -        | -         | 51,000                          | -                                    | 51,000                          | -                      |
| 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.               | 420,991                             | -        | -         | 420,991                         | -                                    | 420,991                         | -                      |
| MCC Road&Bridge Construction Co., Ltd.                              | 686,887                             | -        | -         | 686,887                         | -                                    | 686,887                         | -                      |
| MCC Ecological Environmental Protection Group Co., Ltd.             | 427,000                             | 323,000  | -         | 750,000                         | -                                    | 750,000                         | -                      |
| 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                             | 228,000  | -         | 658,000                         | -                                    | 658,000                         | -                      |
| Total   | 95,503,090                          | 551,000  | 1,583,970 | 94,470,120                      | 175,034                              | 94,295,086                      | 621,504                |

# Financial Statements

For the six months ended 30 June 2024

## 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 2023 | Movements during the current period            |                                       |                               | Carrying amount at 30 June 2024 | Provision for impairment at 30 June 2024 |
|--|-------------------------------------|--|---------------------------------------|-------------------------------|---------------------------------|--|
|  |                                     | Investment income/(losses) under equity method | Other comprehensive income adjustment | Declaration of cash dividends |                                 |  |
| Beijing Jingxi Travel Industry Investment Fund (limited partnership)       | 99,641                              | 2,875  | 2,679                                 | -                             | 105,195                         | -  |
| MCC-Huafa Integrated Pipe Network Co., Ltd.                                | 104,948                             | 723  | -                                     | -                             | 105,671                         | -  |
| MCC Jianxin Investment Fund Management Co., Ltd.                           | 85,589                              | 514  | -                                     | -                             | 86,103                          | -  |
| Shenzhen MCC Utility Tunnel Construction and Investment Co., Ltd.          | 13,046                              | (4,367)  | -                                     | -                             | 8,679                           | -  |
| Yingtian MCC Xinyin industry development partnership (limited partnership) | 73,104                              | 274  | -                                     | (2,803)                       | 70,575                          | -  |
| MCC Xiangxi Mining Industry Co., Ltd.                                      | 113,146                             | -  | -                                     | -                             | 113,146                         | 113,146                                  |
| <b>Total</b>   | <b>489,474</b>                      | <b>19</b>                                      | <b>2,679</b>                          | <b>(2,803)</b>                | <b>489,369</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

All amounts in RMB'000

| Items         | 30 June 2024      | 31 December 2023 |
|---------------|-------------------|------------------|
| Credit loans: |                   |                  |
| RMB           | 22,244,817        | 9,729,089        |
| Others        | 22,224,145        | 9,708,539        |
|               | 20,672            | 20,550           |
| <b>Total</b>  | <b>22,244,817</b> | <b>9,729,089</b> |

As at 30 June 2024, there were no significant short-term borrowings overdue but not yet paid.



# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 6. Other payables

All amounts in RMB'000

| Items                       | 30 June 2024 | 31 December 2023 |
|-----------------------------|--------------|------------------|
| Amounts due to subsidiaries | 35,083,436   | 41,974,872       |
| External dividends payable  | 2,994,355    | 618,645          |
| Others                      | 265,420      | 270,119          |
| Total                       | 38,343,211   | 42,863,636       |

### 7. Non-current liabilities due within one year

All amounts in RMB'000

| Items   | 30 June 2024 | 31 December 2023 |
|---|--------------|------------------|
| Long-term borrowings due within one year (Note XVII 8)  | 168          | 185              |
| Long-term employee benefits payable due within one year | 5,222        | 5,222            |
| Bonds payable due within one year                       | 19,534       | –                |
| Lease liabilities due within one year                   | 11,862       | 20,927           |
| Total   | 36,786       | 26,334           |

### 8. Long-term borrowings

All amounts in RMB'000

| Items  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| Credit loans   | 449,248      | 449,265          |
| Total  | 449,248      | 449,265          |
| Less: Long-term borrowings due within one year (Note XVII 7) | 168          | 185              |
| Long-term borrowings due over one year                       | 449,080      | 449,080          |

For the current period, the weighted average interest rate of long-term borrowings was 1.35% per annum (for the year ended 30 June 2023: 1.35% per annum). As at 30 June 2024, there were no significant long-term borrowings overdue but not yet paid.

# Financial Statements

For the six months ended 30 June 2024

## 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              | Amount for<br>the current period |                    | Amount for<br>the prior period |                    |
|--------------------|----------------------------------|--------------------|--------------------------------|--------------------|
|                    | Operating<br>revenue             | Operating<br>costs | Operating<br>revenue           | Operating<br>costs |
| Principal business | 59,364                           | 105,508            | 347,691                        | 347,094            |
| Other business     | 40,961                           | 243                | 78,227                         | 251                |
| Total              | 100,325                          | 105,751            | 425,918                        | 347,345            |

#### (2) Breakdown of operating revenue

##### (a) Classified by industry

All amounts in RMB'000

| Item                    | Amount for<br>the current period | Amount for<br>the prior period |
|-------------------------|----------------------------------|--------------------------------|
| Engineering contracting | 59,364                           | 347,691                        |
| Total                   | 59,364                           | 347,691                        |

##### (b) Classified by geographic location

All amounts in RMB'000

| Item                    | Amount for<br>the current period | Amount for<br>the prior period |
|-------------------------|----------------------------------|--------------------------------|
| Other countries/regions | 59,364                           | 347,691                        |
| Total                   | 59,364                           | 347,691                        |

# Financial Statements

For the six months ended 30 June 2024

## 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 age revenue of the Company (%) |
|---------|-------------------------------|-------------------|--|
| Party 1 | Third party                   | 63,360            | 63.15  |
| Party 2 | Third party                   | 22,002            | 21.93  |
| Party 3 | Third party                   | 17,808            | 17.75  |
| Total   | /                             | 103,170           | 102.84   |

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 30 June 2024, 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 100,325,000 (for the six months period ended 30 June 2023: RMB 425,918,000).

### 10. Investment income

All amounts in RMB'000

| Items  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Investment income under cost method                                    | 621,504                       | 287,156                     |
| Investment (losses)/income on disposal of long-term equity investments | —                             | 2,098                       |
| Investment income/(losses) under equity method                         | 19                            | (649)                       |
| Other  | (87,910)                      | (22,935)                    |
| Total  | 533,613                       | 265,670                     |

There is no major restriction of investment income repatriation to the Company.

### 11. Credit impairment reversal/(loss)

All amounts in RMB'000

| Items  | Amount for the current period | Amount for the prior period |
|--|-------------------------------|-----------------------------|
| Reversal/(loss) from impairment of accounts receivable | 46,698                        | (3,803)                     |
| Total  | 46,698                        | (3,803)                     |

# Financial Statements

For the six months ended 30 June 2024

## XVII. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 12. Supplementary information to the cash flow statement

#### (1) Supplementary information to the cash flow statements

All amounts in RMB'000

| Supplementary information  | Amount for<br>the current period | Amount for<br>the prior period |
|--|----------------------------------|--------------------------------|
| <b>Reconciliation of net profit to cash flows from operating activities:</b>   |                                  |                                |
| Net profit   | 623,990                          | 428,481                        |
| Add: Credit impairment (reversal)/losses                                       | (46,698)                         | 3,803                          |
| Asset impairment losses/(reversal)   | 554                              | (935)                          |
| Depreciation of fixed assets and right-of-use assets                           | 13,918                           | 11,830                         |
| Amortization of intangible assets  | 618                              | 476                            |
| Gain on disposal of fixed assets, intangible assets and other long-term assets | (49)                             | –                              |
| Losses on write-off of fixed assets  | 276                              | 4                              |
| Losses on changes of fair value  | 212,204                          | 294,812                        |
| Financial expenses   | (373,907)                        | (411,791)                      |
| Gains arising from investments   | (533,613)                        | (265,670)                      |
| (Increase)/Decrease in inventories   | (4,443)                          | 92                             |
| Increase in contract assets  | (35,148)                         | (7,842)                        |
| (Decrease)/increase in contract liabilities                                    | (16,597)                         | 231,563                        |
| Increase in receivables from operating activities                              | (74,791)                         | (461,282)                      |
| Increase in payables from operating activities                                 | 51,168                           | 156,446                        |
| Net cash flows used in operating activities                                    | (182,518)                        | (20,013)                       |
| <b>Net changes in cash and cash equivalents:</b>                               |                                  |                                |
| Cash and cash equivalents at end of period                                     | 887,906                          | 7,932,769                      |
| Less: Cash and cash equivalents at beginning of period                         | 968,955                          | 4,551,152                      |
| Net (decrease)/increase in cash and cash equivalents                           | (81,049)                         | 3,381,617                      |

#### (2) Cash and cash equivalents

All amounts in RMB'000

| Items  | 30 June 2024 | 31 December 2023 |
|--|--------------|------------------|
| I. Cash  | 887,906      | 968,955          |
| Including: Cash on hand                        | 1,623        | 1,198            |
| Bank deposits without restriction              | 886,283      | 967,757          |
| II. Cash and cash equivalents at end of period | 887,906      | 968,955          |

# Financial Statements

For the six months ended 30 June 2024

## XVIII. SUPPLEMENTARY INFORMATION

### 1. Breakdown of non-recurring profit or loss

All amounts in RMB'000

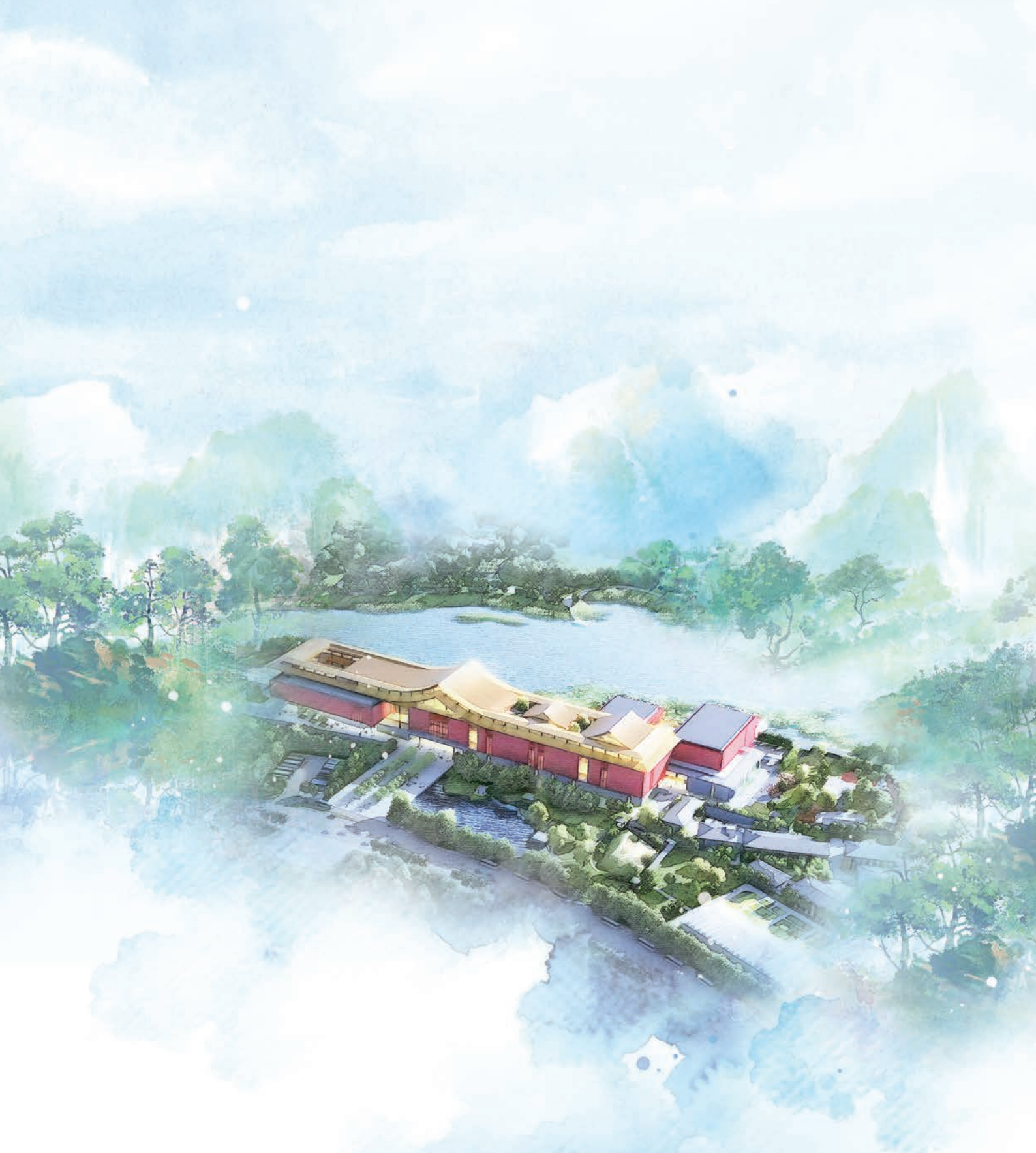
| Items  | Amount for<br>the current period |
|--|----------------------------------|
| Profit or loss on disposal of non-current assets, Including reversal of provision for impairment of assets   | 847,464                          |
| Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and granted according to the unified national standards)  | 222,025                          |
| 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 | (216,602)                        |
| Fund possession cost paid by non-financial enterprises and recorded under current profit and loss  | 16,610                           |
| Reversal of provision for credit losses individually assessed for significant accounts receivable  | 359,261                          |
| Profit or loss of debt restructuring   | 12,725                           |
| Other non-operating income or expenses other than the above items  | (78,315)                         |
| Profit or loss on disposal of long-term equity investments   | 4,123                            |
| Impact on income tax   | (112,176)                        |
| Impact on non-controlling interests (after tax)  | (123,793)                        |
| Total  | <u>931,322</u>                   |

### 2. Return on net assets and earnings per share ("EPS")

| Profit during the reporting period   | Weighted<br>average rate<br>of return<br>on net assets<br>(%) | EPS<br>(RMB) |             |
|--|---|--------------|-------------|
|  |   | Basic EPS    | Diluted EPS |
| Net profit attributable to ordinary shareholders of the Company                        | 2.35  | 0.11         | 0.11        |
| Net profit after deduction of non-recurring profits or losses attributable to ordinary | 1.41  | 0.07         | 0.07        |

Chairman: Chen Jianguang

Approval date by the board of directors: August 29, 2024



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