



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



2021 ANNUAL REPORT

* For identification purpose only

IMPORTANT NOTICE

- I. The Board and the Supervisory Committee of the Company and its Directors, Supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in the information set out in this annual report, and they severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of its contents.
- II. The report was deliberated and approved at the 37th meeting of the third session of the Board on 29 March 2022. All Directors of the Company attended the meeting.
- III. WUYIGE Certified Public Accountants LLP issued an audit report with standard unqualified opinions to the Company.
- IV. Chen Jianguang, the Chairman of the Company, Zou Hongying, the Vice President and the Chief Accountant of the Company, and Fan Wanzhu, the Deputy Chief Accountant and the Head of the Financial Department, have declared that they warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.
- V. The proposal for profit distribution or transfer of capital reserve to share capital for the Reporting Period was considered and approved by the Board

The net profit attributable to Shareholders of the Company in the audited consolidated statement of MCC in 2021 amounted to RMB8,374,970 thousand and the undistributed profit of MCC headquarters amounted to RMB5,846,248 thousand. Based on the total share capital of 20,723,619,170 shares, the Company proposed to distribute a cash dividend of RMB0.78 (tax inclusive) for every 10 shares and the total cash dividend is RMB1,616,442 thousand, the remaining undistributed profit of RMB4,229,806 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 19.30% of the net profit attributable to the Shareholders of the Company in the consolidated statement of MCC in 2021.

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

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

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

No

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

No

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

No

- X. Warning of major risks

1. Trend of macro-economy internationally and domestically

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

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

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

- XI. Others

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

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CONTENTS FOR DOCUMENTS AVAILABLE FOR INSPECTION	Financial statements signed and sealed by the person-in-charge of the Company, the person-in-charge of accounting and the head of accounting firm
	The original auditor's report sealed with the corporate seal of the accounting firm and signed and sealed by the certified public accountant
	Original of all documents and announcements of the Company were publicly disclosed on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period
	2021 Annual Report and 2021 Annual Result Announcement published on the Hong Kong Stock Exchange

ABOUT THE COVER OF 2021 ANNUAL REPORT

The pictures presented on cover of this report are selected from metallurgical construction, engineering contracting, emerging industries and comprehensive real estate projects implemented by the Company. From top to bottom, they are: Baowu Group Zhanjiang Iron and Steel Project (寶武集團湛江鋼鐵項目), Lanzhou Olympic Sports Center Project (蘭州奧體中心項目), Liangshan Prefecture Mianning Wind Power Station Project (涼山州冕寧風電站項目) and Zhuhai MCC•Yijing Mansion Project (珠海中冶•逸璟公館項目).



DEFINITIONS

I. DEFINITIONS

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

Definition of common words

“A Share(s)”	the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SSE and traded in RMB
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of Metallurgical Corporation of China Ltd.*
“Board”	the board of Directors of Metallurgical Corporation of China Ltd.*
“China Minmetals”	China Minmetals Corporation
“Connected person(s)”	Connected party/parties under A Share Listing Rules and connected person(s) under the H Share Listing Rules
“Controlling Shareholder” or “CMGC”	China Metallurgical Group Corporation
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including all executive, Non-executive and Independent Non-executive Directors
“H Share(s)”	the overseas listed foreign invested shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong, PRC
“HKEx Listing Rules”, “H Share Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director” or “Independent Non-executive Director”	a Director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company’s affairs
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Reporting Period”	from 1 January 2021 to 31 December 2021
“Rules of Procedures for Board Meetings”	Rules of Procedures of Board Meetings of Metallurgical Corporation of China Ltd.*
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shareholders’ Meeting”	the shareholders’ meeting of Metallurgical Corporation of China Ltd.*
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the People’s Republic of China
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the Supervisory Committee of Metallurgical Corporation of China Ltd.*
The “Company” or “MCC”	Metallurgical Corporation of China Ltd.*
“USD”	United States dollars, the lawful currency of the United States

CHAIRMAN'S STATEMENT

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



Chen Jianguang Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders:

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

During the Reporting Period, MCC achieved an operating revenue of RMB500.572 billion, representing a year-on-year increase of 25.11%; a total profit of RMB14.012 billion, representing a year-on-year increase of 17.58%; and a net profit attributable to the parent company of RMB8.375 billion, representing a year-on-year increase of 6.52%. The newly signed contract value reached RMB1,204.980 billion, representing an increase of 18.17% over the same period of last year. MCC achieved new breakthroughs in marketing, and successfully won the bidding of 10 large projects with a value of at least RMB10 billion. The market dominant position of the "Metallurgical Construction National Team" continued to be consolidated, the newly signed metallurgical contracts increased by 10.04% year-on-year, and none of the major metallurgical projects at domestic and abroad was lost to others. MCC achieved fruitful performances in excellence and award, and 26 projects have won the National Quality Project Award, among which 14 construction projects have reached a record high. MCC has won the National Excellent Project Gold Award for three consecutive years for its metallurgical projects, and won the Luban Prize for Construction Project for 6 domestic projects. Positive progress has been made in special reforms such as "Double-Hundred Action Pilot Projects" and "Demonstration Action of Technology Enterprises Reform". The quantity and quality of scientific and technological achievements have risen, closely following the goal of "Carbon Peaking and Carbon Neutrality Goals", four MCC Low Carbon Technology Research Institutes and one Carbon Emission Assessment Center have been established; MCC also took the lead in undertaking one national key research and development plan project; 4 scientific and technological achievements led and participated in winning the National Science and Technology Award; added more than 8,000 effective patents, with the number of valid patents reaching more than 40,000, and the number of the effective invention patents exceeding 10,000 for the first time; MCC has also led the formulation of 4 items, published 3 international standards and 9 national standards as the chief editor. MCC continues to maintain its long-term and positive momentum of development.

At present, the external environment is becoming more complex, severe and uncertain, but the economy of China has strong resilience and great room for maneuver, and the fundamentals of long-term improvement have not changed. We will insist on keeping steady and striving for progress while seizing policy opportunities, and will focus on risk prevention and control to ensure the steady growth of the Company. We will seek growth with an open mind, promote reform with an entrepreneurial passion, prevent risks with a sense of hardship, seek promotion with a confident mind, adhere to the focus on the main business, persist in the strategic positioning of "being the world-class national team for metallurgical construction, the vanguard of the main force of capital construction and the vanguard of the leaders in emerging industries, continuing to pursue high-tech, high-quality and innovative development in the long run", and comprehensively improve the overall strength and the management level as well as the spirit of the enterprise, concentrate on doing our own business well, and deal with uncertainties with certainty in our work.

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

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

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



COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

As the largest and the only A+H share listed company 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 China's largest steel structure producer, 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 6th in ENR's Top 250 Global Contractors in 2021.

Adhering to the strategic positioning of "being the world-class national team of metallurgical construction, the main force of infrastructure construction, and the frontrunner and vanguard of emerging industries, and insisting on the road of high-tech and high-quality development in the long term", MCC assumes the national responsibility of leading China's metallurgical industry to a higher level with its advanced core technology, irreplaceable advantages in the integrated whole metallurgy industry chain, and the capacity of continuous innovation. Relying on its outstanding scientific research, exploration, design and construction capabilities, MCC speeds up transformation and upgrading, builds up the "four-beam and eight-pillar" business system, and forges itself into the leading force of national infrastructure construction. By using innovation as the new engine and fuel for corporate development, MCC undertakes the important task to innovate and lead China's development of emerging industries, thus constantly upgrading itself with new 'name card' for promoting sustainable development under the new normal.

As an innovation-oriented enterprise, MCC has 5 comprehensive Class A design qualifications and 41 special-grade construction qualifications for general contracting. Among its subsidiaries, 5 subsidiaries have four special qualifications for general construction contracting, 3 subsidiaries have three special qualifications for general construction contracting, and 4 subsidiaries have two special qualifications for general construction contracting, ranking forefront in China. MCC also has 27 national-level scientific research and development platforms and over 40,000 effective patents. Since 2009, it has won 82 China Patent Awards (winning the China Patent Gold Award for 3 consecutive years from 2015 to 2017). Since 2000, it has won 55 National Science & Technology Awards and published 62 international standards and 602 national standards. It has received the Luban Prize for Construction Projects for 123 projects (including participation), the National Quality Engineering Award for 256 projects (including participation), the Tien-yow Jeme Civil Engineering Prize for 24 projects (including participation), and Metallurgy Industry Quality Engineering Excellent Achievement Award and Metallurgy Industry High Quality Engineering Award for 798 projects (including participation). MCC has over 60,000 engineering technicians, 1 academican 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", 429 staff members enjoying special government allowance from the State Council, 2 winners of the Grand Skill Award of China, 3 gold medalists of the WorldSkills Competition, 75 National Technical Experts and 6 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, respectively. At present, the A Shares of the Company have been selected to be a constituent stock of the SSE Central State-owned Enterprises Index, MSCI Concept Index, SSE 180 Constituent Index and 300 Innovation Index, etc.; while the H Shares have been selected to be a constituent stock of Hang Seng Stock Connect Hong Kong Composite Index, Hang Seng Mainland Composite Index, Hang Seng Infrastructure Index, etc.

I. CORPORATE INFORMATION

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

II. CONTACT PERSONS AND CONTACT METHOD

	Secretary to the Board	Joint Company Secretaries
Name	Zeng Gang	Zeng Gang and 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. BASIC INFORMATION

Registered address of the Company	28 Shuguang Xili, Chaoyang District, Beijing, PRC
The historical change of the registered address of the Company	On 29 June 2010, the 2009 annual general meeting of the Company considered and approved the resolution regarding the Amendments to the Articles of Association of Metallurgical Corporation of China Ltd.*, and approved the change of the registered address of the Company from "No.11, Gaoliangqiao Xie Jie, Haidian District, Beijing" to "28 Shuguang Xili, Chaoyang District, Beijing".
Business address of the Company in the PRC	MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing, 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 address of the Company	http://www.mccchina.com
E-mail	ir@mccchina.com

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

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

V. SHARES OF THE COMPANY

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company	Name	WUYIGE Certified Public Accountants LLP
	Office address	Room 2206, 22nd Floor, No. 1 Zhichun Road, Haidian District, Beijing, PRC
	Signing auditors	Wang Jin, Cai Jinliang
Sponsor performing continuous supervisory duty during the Reporting Period	Name	CITIC Securities Company Limited
	Office address	23/F, CITIC Securities Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing, PRC
	Signing representatives of sponsor	Yang Bin, Chen Shumian
	Period of continuous supervision	CITIC Securities Company Limited was the sponsor for the initial public offering of A Shares of MCC on 21 September 2009 and the non-public issuance of A Shares of MCC in 2016. As the A Shares proceeds raised by MCC have not been fully utilized, CITIC Securities Company Limited continues to supervise MCC on the use of A Shares proceeds, and performs the relevant continuous supervisory duties after the expiry of continuous supervisory period.
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	King & Wood Mallesons
	Office address	13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong

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

(I) Major accounting data

Unit: RMB'000

Major accounting data	2021	2020	Increase/decrease for the period as compared to the corresponding period of the previous year (%)	2019
Operating revenue	500,571,647	400,114,623	25.11	338,637,609
Net profit attributable to Shareholders of the listed Company	8,374,970	7,862,185	6.52	6,599,712
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	7,032,235	7,171,792	-1.95	5,812,260
Net cash flow generated from operating activities	17,640,008	28,031,705	-37.07	17,577,933

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

	At the end of 2021	At the end of 2020	Increase/decrease at the end of the period as compared to the corresponding period of the previous year (%)	At the end of 2019
Net assets attributable to Shareholders of the listed Company	107,494,977	97,891,638	9.81	97,949,725
Total assets	543,470,147	506,392,963	7.32	458,506,213

Major financial indicators	2021	2020	Increase/decrease for the period as compared to the corresponding period of the previous year (%)	2019
Basic earnings per share (RMB/Share)	0.35	0.32	Increased by RMB0.03	0.27
Diluted earnings per share (RMB/Share)	N/A	N/A	-	N/A
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.29	0.29	-	0.23
Weighted average return on net assets (%)	9.05	8.93	Increased by 0.12 percentage point	7.99
Weighted average return on net assets after deducting non-recurring profits and losses (%)	7.38	8.01	Decreased by 0.63 percentage point	6.87

(II) Financial Highlights

1. Overview

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

Operating revenue amounted to RMB500,572 million, representing an increase of RMB100,457 million or 25.11% from RMB400,115 million in 2020.

Net profit amounted to RMB11,607 million, representing an increase of RMB2,225 million or 23.71% from RMB9,382 million in 2020.

Net profit attributable to Shareholders of the listed Company amounted to RMB8,375 million, representing an increase of RMB513 million or 6.52% from RMB7,862 million in 2020.

Basic earnings per share amounted to RMB0.35, and the basic earnings per share in 2020 amounted to RMB0.32.

As at 31 December 2021, total assets amounted to RMB543,470 million, representing an increase of RMB37,077 million or 7.32% from RMB506,393 million as at 31 December 2020.

As at 31 December 2021, Shareholders' equity amounted to RMB151,388 million, representing an increase of RMB11,033 million or 7.86% from RMB140,355 million as at 31 December 2020.

Value of newly signed contracts amounted to RMB1,204,980 million, representing an increase of RMB185,252 million or 18.17% from RMB1,019,728 million in 2020.

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

2. *Operating Revenue from Principal Business Segments*

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

(1) Engineering Contracting Business

Operating revenue amounted to RMB462,290 million, representing an increase of RMB98,325 million or 27.01% from RMB363,965 million in 2020.

(2) Property Development Business

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

(3) Equipment Manufacturing Business

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

(4) Resources Development Business

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

(5) Other Businesses

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

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

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

3. Summary of financial statements

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

(1) Consolidated Income Statement

Unit: RMB'000

Item	Note	2021	2020
I. Total operating revenue		500,571,647	400,114,623
Including: Operating revenue	VII52	500,571,647	400,114,623
II. Total operating costs		480,571,671	384,200,258
Including: Operating costs	VII52	447,435,146	354,685,571
Taxes and levies	VII53	2,515,554	1,967,862
Selling expenses	VII54	2,742,789	2,441,204
Administrative expenses	VII55	10,921,869	11,011,320
Research and development expenses	VII56	15,901,198	12,326,903
Financial expenses	VII57	1,055,115	1,767,398
Including: Interest expenses		2,140,452	2,509,970
Interest income		2,667,996	1,738,474
Add: Other gains	VII58	428,034	451,602
Investment gains (losses)	VII59	(1,793,422)	(1,139,662)
Including: Gains (losses) from investments in associates and joint ventures		(131,052)	(177,587)
Gains (losses) from derecognition of financial assets at amortised cost		(1,491,538)	(870,347)
Gains from changes in fair values	VII60	177,934	33,823
Impairment losses of credit	VII61	(3,714,814)	(3,086,669)
Impairment losses of assets	VII62	(1,624,422)	(593,338)
Gains from disposal of assets	VII63	689,228	232,899
III. Operating profit		14,162,514	11,813,020
Add: Non-operating income	VII64	299,559	475,004
Less: Non-operating expenses	VII65	449,894	370,754
IV. Total profit		14,012,179	11,917,270
Less: Income tax expenses	VII66	2,404,985	2,534,913
V. Net profit		11,607,194	9,382,357
(I) As classified by continuity of operation			
Net profit from continuing operations		11,607,194	9,382,357
Net profit from discontinued operations		-	-
(II) As classified by vested ownership			
Net profit attributable to Shareholders of the parent company		8,374,970	7,862,185
Profit or loss of minority Shareholders		3,232,224	1,520,172

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Item	Note	2021	2020
VI.	Other comprehensive income, net of income tax		
		(73,012)	(570,934)
	Other comprehensive income attributable to Shareholders of the parent company, net of income tax		
		207,063	(240,002)
	(I) Other comprehensive income that cannot be reclassified to loss or profit		
		(4,416)	190,591
	1. Re-measurement of defined benefit plans	3,333	158,075
	2. Other comprehensive income not to be reclassified to profit or loss under equity method	55	-
	3. Change of fair value of investments in other equity instruments	(7,804)	32,516
	(II) Other comprehensive income that will be reclassified to profit or loss		
		211,479	(430,593)
	1. Other comprehensive income that can be reclassified to profit or loss under the equity method		
		30,346	23,780
	2. Changes of fair value of receivables at FVTOCI	(12,449)	(15,986)
	3. Exchange differences on translating financial statements in foreign currencies	193,582	(438,387)
	Other comprehensive income attributable to minority Shareholders, net of income tax	(280,075)	(330,932)
VII.	Total comprehensive income	11,534,182	8,811,423
	Total comprehensive income attributable to Shareholders of the parent company	8,582,033	7,622,183
	Total comprehensive income attributable to minority Shareholders	2,952,149	1,189,240
VIII.	Earnings per share		
	(I) Basic earnings per share		
	<i>(RMB/share)</i>	0.35	0.32
	(II) Diluted earnings per share		
	<i>(RMB/share)</i>	N/A	N/A

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

(2) Summary of Consolidated Total Assets and Total Liabilities at the end of December 2021

Unit: RMB'000

	31 December 2021	31 December 2020
Total assets	543,470,147	506,392,963
Total liabilities	392,082,388	366,037,656
Total Shareholders' equity	151,387,759	140,355,307

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IX. MAJOR FINANCIAL DATA IN 2021 ON A QUARTERLY BASIS

Unit: RMB'000

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

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

Applicable Not applicable

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

Unit: RMB'000

Non-recurring profit and loss items	Amount in 2021	Note	Amount in 2020	Amount in 2019
Profit or loss on disposal of non-current assets	689,228	Note XVII	232,899	67,810
Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature	-		-	-
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 received in a certain amount or fixed quantity in accordance with the state's regulations)	679,750	Note XVII	817,764	593,562
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss	-		-	-
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures	-		-	-
Profit/loss of non-monetary asset swap	-		-	-
Profit/loss from entrusted investment or asset management	-		-	-
Provision for impairment of assets due to force majeure, i.e. natural disaster	-		-	-
Profit/loss from debt restructuring	-		-	-
Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc.	-		-	-
Profit/loss from the excess of the fair value of a transaction of unfair consideration	-		-	-
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 from contingencies irrelevant to the normal operating business of the Company	-		-	-
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments except for those gain/loss relating to the hedging transactions under the Company's normal operating business	200,205	Note XVII	106,863	78,500

COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Non-recurring profit and loss items	Amount in 2021	<i>Note</i>	Amount in 2020	Amount in 2019
Write back of the provision for impairment of accounts receivable and contract assets that is individually tested for impairment	159,461	<i>Note XVII</i>	-	-
Profit/loss from external entrusted loans	-		-	-
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement	-		-	-
Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc.	-		-	-
Income of entrustment fees from entrusted operations	-		-	-
Other non-operating income and expenses other than the above items	-222,673	<i>Note XVII</i>	-59,935	227,720
Other profit or loss items that fall within the meaning of non-recurring profit and loss	148,070	<i>Note XVII</i>	9,511	107,797
Less: Impact on income tax	-148,396	<i>Note XVII</i>	-271,339	-181,056
Impact on minority Shareholders interests (after tax)	-162,910	<i>Note XVII</i>	-145,370	-106,881
Total	1,342,735	<i>Note XVII</i>	690,393	787,452

Explanation on the identification of non-recurring gain or loss items set out 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 gain or loss items

Applicable Not applicable

XI. ITEMS MEASURED UNDER FAIR VALUE

Unit: RMB'000

Item	Balance at the beginning of the period	Balance at the end of the period	Changes during the period	Impact on the profit of the current period
Financial assets held for trading	2,250,940	1,107	-2,249,833	32,988
Receivables financing	11,759,582	11,857,791	98,209	-457,765
Other investments in equity instruments	1,964,664	786,855	-1,177,809	23,338
Other non-current financial assets	4,418,546	4,711,041	292,495	80,745
Derivative financial assets	46,412	114,790	68,378	138,784
Derivative financial liabilities	-	-4,413	-4,413	-4,413
Total	20,440,144	17,467,171	-2,972,973	-186,323

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

I. THE OPERATION RESULT DISCUSSION AND ANALYSIS

In 2021, the Company comprehensively promoted the decision and plan taken by the Party Central Committee and the State Council, sought progress while maintaining stable, focused on the main responsibility of main business, optimized the industrial and market structure, pursued further reform and promoted technological innovation, which ensured the Company a steadily rising operating result.

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

(I) Engineering Contracting Business

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

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

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

(II) Property Development Business

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

(III) Equipment Manufacturing Business

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

With its structural advantages such as sound mechanical properties and high levels of industrialization and recyclability, steel is extensively applied to various areas including super high-rise, large-span spatial structure and infrastructure, and is increasingly valued by governments and recognized in markets. The “Guidelines for the Dimensions of Main Components of Steel Structure Residential Buildings” (鋼結構住宅主要構件尺寸指南), the national standard “Steel Structure Design Standards (Draft for Solicitation of Comments on Partial Modification of Provisions)” (鋼結構設計標準(局部修訂條文徵求意見稿), “General specifications for steel structure (National Standard)” (鋼結構通用規範(國家標準)) and other notices successively issued by the Ministry of Housing and Urban-Rural Development in recent years, propose to comprehensively promote the standardization of steel components, improve design and construction efficiency, and reduce the cost of residential buildings with steel structure in accordance with the spirit of “Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings” (國務院辦公廳關於大力發展裝配式建築的指導意見). With the rapid development of construction industrialisation and steel structure housing industrialisation in China, the industrialisation, standardisation and greening of the construction industry represented by fabricated steel structures will become the main development direction of the steel structure industry of China in the future.

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Resources Development Business

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

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

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

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

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

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

Unit: USD/ton



Source: Wind

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

(I) Engineering Contracting Business

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

Overall operating results of the engineering contracting business in 2021

Unit: RMB'000

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

1. METALLURGICAL ENGINEERING CONSTRUCTION BUSINESS

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

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

Unit: RMB'000

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

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

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Domestic projects		
1	General Contracting Contract for Comprehensive Resource Utilization and Technical Transformation Project of Xuzhou Tian’an Chemical Co., Ltd. (徐州天安化工有限公司資源綜合利用技改項目總承包合同)	28.3
2	EPC General Contracting Contract for No.1 and No.2 Steelmaking Plant of Old District Relocation and Integration Project of HBIS Hansteel (河鋼邯鋼老區退城整合項目煉鋼工程一煉、二煉鋼車間工程EPC總承包合同)	24.6
3	General Contracting Contract for Steelmaking Engineering of the Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換升級改造項目煉鋼工程總承包合同)	21.7
4	General Contracting Contract for Ironmaking Engineering of the Upgrading and Renovation Project for Capacity Replacement of Yukun Iron and Steel Group Co., Ltd. in Yuxi, Yunnan Province (雲南玉溪玉昆鋼鐵集團有限公司產能置換升級改造項目煉鐵工程總承包合同)	21.6
5	(EPC) General Contracting Contract of Annual Output of 1.2 Mtpa of Stamp-charged Coking by Jinchangyuan Coal Industry Co., Ltd. in Zhangye City (張掖市晉昌源煤業有限公司年產120萬噸搗固煉焦項目(EPC)總承包合同)	18.7
6	EPC General Contracting Contract for Coking Construction (Coal Coke and Chemical Production Section) of the Relocation and Integration Project of the HBIS Hansteel Old District in Handan Iron and Steel Group Co., Ltd.(邯鄲鋼鐵集團有限責任公司河鋼邯鋼老區退城整合項目焦化工程EPC總承包(煤焦及化產標段)合同)	16.8
7	General Contracting Contract for the 7m Top Coking Project with an Annual Production Capacity of 1.378 Million Tons of Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司137.8萬噸/年7m頂裝焦化項目總承包合同)	14.5
8	EPC General Contracting Contract of Quanzhou Minguang Blast Furnace Project for Capacity Replacement and Supporting Project of Sangang Group (三鋼集團產能置換及配套項目泉州閩光高爐項目EPC總承包工程合同)	14.5
9	EPC General Contracting Contract for steel-making Project of Relocation from the Urban Area of Hebei Tangyin Iron and Steel Co., Ltd. (河北唐銀鋼鐵有限公司退城搬遷項目煉鋼工程EPC總承包合同)	13.5
10	Blast Furnace Rebuilding Contract for the City Steel Plant Relocation of Hebei Tianzhu Steel Group Co., Ltd. (河北天柱鋼鐵集團有限公司城市鋼廠搬遷改造高爐工程合同)	12.8
Overseas projects		
1	EPC Contract for 2 Million t/a Alumina Plant Project of PT. LAMAN MINING, Indonesia (印度尼西亞LAMAN200萬t/a氧化鋁廠項目EPC合同)	59.9
2	General Contracting Contract for Design and Equipment of 2.7 million tons Project of Malaysia Donggang Group Co., Ltd (馬來西亞東鋼集團有限公司270萬噸工程項目設計及設備總承包合同)	19.6
3	Coking Project Supply Contract for 4.7 million tons/year of Detian Coking (Indonesia) Co., Ltd. (德天焦化(印尼)股份公司470萬噸/年焦化項目供貨合同)	14.9

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

2. NON-STEEL ENGINEERING CONSTRUCTION BUSINESS

① Housing Construction and Infrastructure Construction

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

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

Unit: RMB'000

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

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

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

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Domestic projects		
1	Contract (Phase I to IV) of Eco-environment Oriented Zone of Donghaidao Industrial Park (Expanded Park) and the Project of Supporting Integrated Service Area of Donghaidao Industrial Park in Zhanjiang Economic Development Zone (湛江經開區東海島產業園(擴園)生態環境導向片區綜合開發(一至四期)暨東海島產業園配套綜合服務區項目合同)	201.8
2	EPC Contract for Construction of Infrastructure Project of Jinli High-tech Industrial Development Zone (including Xiangang Town) and Huodao Hengjiang Industrial Park in Zhaoqing (肇慶金利高新技術產業開發區(含覓崗鎮)、活道橫江產業園基礎設施項目施工總承包合同)	152.0
3	EPC Contract for Urban Renewal Unit Project in Xiufeng Industrial City, Jihua Street, Longgang District (龍崗區吉華街道秀峰工業城片區城市更新單元項目工程總承包合同)	120.0
4	Contract for Comprehensive Development Project (package A) in Xingdong New Area, Xingtai City (邢台市邢東新區片區綜合開發項目(A包)合同)	115.0
5	Construction Contract for Urban Renewal and Infrastructure Construction Project of Lingang New Town (East District), in Gaomi City (高密市臨港新城(東區)城市更新及基礎設施建設項目合同)	96.4
6	EPC Contract for PPP Project of Expansion, Renovation and Supporting Project of Qingshuiyi-Zhonghe Section of G30 Lianyungang-Horgos Expressway (G30連霍高速公路清水驛至忠和段擴容改造及配套工程PPP項目合同)	96.0
7	Liuzhou Transit Highway Contract (Luocheng-Liucheng-Luzhai Section) (柳州高速過境線公路(羅城經柳城至鹿寨段)合同)	90.4
8	EPC Contract for PPP Project of Construction of Highway from Luxi to Qiubei to Guangnan to Funing of Yunnan Highway Network (Wenshan Zhou Contracted Section) (雲南省高速公路網瀘西至丘北至廣南至富寧高速公路工程(文山州承建段)PPP項目施工總承包合同)	90.1
9	EPC Contract for Renewal and Renovation Project (Survey and Design-Procurement-Construction) of Northeast Old Town in Puyang City (濮陽市東北舊城更新改造項目(勘察設計-採購-施工)工程總承包(EPC)合同)	87.9
10	EPC Contract for PPP Project of Simao-Jiangcheng (Zhengdong) Expressway (思茅至江城(整董)高速公路工程PPP項目施工總承包合同)	85.3
Overseas projects		
1	General Contracting Engineering Contract of Section CR101 of Singapore Cross Island Line – Changi East Depot (新加坡地鐵跨島線標段CR101-樟宜東車輻段車廠總承包工程合同)	50.6
2	Construction Contract of Section 01/02 of Tashkent Conch Cement 5,000t/d Clinker Cement Production Line Construction Project (塔什干海螺水泥5000t/d熟料水泥生產線建築工程01/02標段施工合同)	10.6

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② Emerging Industries

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

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

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

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In terms of the new energy industry, the Company has actively introduced a diversified strategy in recent years. Leveraging the advantages of engineering technologies, we focused on advancing into the high-tech and emerging industries such as photovoltaic power generation, new energy vehicles and semiconductors, and recorded a significant increase in market shares. In terms of photovoltaic and wind power generation, the Company signed new photovoltaic and wind power generation projects in 2021 such as Huangshi-Xingang-Dacheng 100MW photovoltaic power station project combining fishery and photovoltaic generation (黃石新港大成100MW漁光互補光伏電站), Lingshou Xinmeng New Energy 200MW Photovoltaic Power Generation Project (靈壽縣新盟新能源200MW光伏發電項目), and Zhaowang New Energy Wulatzhongqi Bayin Wulanyuan Grid Charge Storage Integration 50MW Wind Storage Heating Project (照旺新能源烏拉特中旗巴音烏蘭源網荷儲一體化50MW風儲供熱項目). In the fields of new energy vehicles and semiconductors, in 2021, the Company signed a new batch of large-scale projects such as Car Body Workshop Project in Production Area of Pure Electric Passenger Car Project of Volkswagen (AnHui) Automotive Company Limited (大眾汽車(安徽)有限公司純電動乘用車項目生產區車身車間工程), Project for the Hefei Xinqiao Intelligent Electric Automobile Industrial Park (Phase I) (合肥新橋智能電動汽車產業園(一期)), Integration Project of Silicon Material Processing City Monocrystalline Silicon Rod in Lijiang (麗江市硅材料加工一體化項目-單晶硅棒) and Semiconductor R&D and Industrialization Project of Quanzhou San'an Semiconductor Technology Co., Ltd. (泉州三安半導體科技有限公司半導體研發與產業化項目).

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

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

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

No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Environment Management Engineering Projects		
1	EPC Project (Second Contract Section) Contract of Comprehensive Land Improvement in Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目(第二標段)合同)	29.6
2	EPC Project (First Contract Section) Contract of Comprehensive Land Improvement in Guangxi Zhuang Autonomous Region (廣西壯族自治區土地綜合整治EPC項目(第一標段)合同)	29.2
3	Ecological (Landscape) Improvement and Urban Development Project Contract of Shizi River Area, Shanting District (山亭十字河生態(景觀)治理及十字河片區城市開發項目合同)	8.9
4	Water Area Operation and Maintenance Contract for PPP Project of Comprehensive Water Environment Improvement in Urban Centres of Ma'anshan (馬鞍山中心城區水環境綜合治理PPP項目水域運維合同)	8.3
Healthcare and Senior Care Projects		
1	Phase I Project Contract of China Qingtian Yunshangju Health and Recreation Town (中國青田雲上居康養小鎮一期項目合同)	14.5
2	Phase I Contract of Yinghua Mountain Tourism and Healthcare and Recreation Industrial Park in Shifang City (什邡市瑩華山旅遊康養產業園(一期)合同)	12.4
3	EPC Engineering Contract for "Xingyue Lake" Health and Recreation Center Project in Heze City (菏澤"星月湖"康養中心項目EPC工程合同)	10.0
4	Phase I Engineering Contract for Jiuhua Mountain Furongli Pastoral Health Resort Project (九華山芙蓉里田園康養度假區項目一期工程合同)	9.8
5	EPC General Contracting Contract of Wencheng Modern Cultural Tourism and Health and Recreation Project (Phase I) (文成現代文旅康養項目(一期)EPC總承包合同)	7.5
Beautiful Country Projects		
1	Xinnongchuang Chaiwen River 24 Ji YuZhuang Countryside Complex Project (River Treatment) Contract (新農創柴汶河24集漁莊田園綜合體項目(河道治理)合同)	13.0
2	Xinnongchuang Chaiwen River 24 Ji YuZhuang Countryside Complex Project (land levelling) Contract (新農創柴汶河24集漁莊田園綜合體項目(土地平整)合同)	10.0
3	Project Contract of Rural Revitalization Project in Chutouling Town, Jizhou District, Tianjin (天津市薊州區出頭嶺鎮鄉村振興工程項目合同)	9.9
4	EPC Project Contract of Urban Village Renovation and Construction of Housing for Villagers' Living Security in Yaojia Village, Lixia District, Jinan City (濟南市歷下區姚家村城中村改造村民生活保障用房建設項目(EPC)合同)	9.3
5	EPC Project Contract for the Infrastructure Construction of Old Communities and "Beautiful County" in Yongshan County (永善縣老舊小區及"美麗縣城"基礎設施建設EPC項目合同)	5.7
6	The First Batch of Project Contracts for the Construction of "Beautiful County" in Malipo County (麻栗坡縣建設"美麗縣城"第一批項目合同)	5.5

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No.	Name of Project (Contract)	Contractual Amount (RMB100 million)
Intelligent City Projects		
1	Construction Contract of Big Data Smart Ecological Park in Puyang City (濮陽大數據智慧生態園建設工程合同)	11.3
2	Contract of Sichuan Tianfu Sunshine Medical Health Smart City Project (四川天府陽光醫養健康智慧城市項目合同)	9.0
Special Town Projects		
1	Project Design and Construction Integration (EPC) Project Contract of Jinhua County Modern Intelligent Agricultural Approval Center (金湖縣現代化智慧農批中心項目設計、施工一體化(EPC)項目合同)	24.9
2	Contract of Changshou Lake Characteristic Hot Spring Town Project (長壽湖特色溫泉小鎮項目合同)	15.0
3	Contract of Fengming Huagu Countryside Complex Construction Project in Yucheng District, Ya'an City (雅安市雨城區鳳鳴花谷田園綜合體建設項目合同)	12.0
4	Phase I Engineering Contract of Project for Jiuhua Mountain Furongli Pastoral Health Resort Project (九華山芙蓉里田園康養度假區項目一期工程合同)	9.8
5	Contract of Yuan Longping Town Comprehensive Project (袁隆平小鎮綜合項目合同)	9.6
6	Phase I Engineering (Second Contract Section) Contract of Chongqing Science Center, Chinese Academy of Sciences (中國科學院重慶科學中心一期工程(二標段)合同)	9.3
7	Phase I and Phase II Engineering General Contracting Contract of Baishou Health Culture Tourism Theme Town Project in Yongfu County (永福縣百壽養生文化旅遊主題小鎮項目(一期)、(二期)工程總承包合同)	8.0
Theme Park Projects		
1	Contract of Cangzhou Garden Expo Park Project, a Key Project of the Grand Canal Cultural Belt in in Downtown Cangzhou (滄州市中心城區大運河文化帶重點項目滄州市園博園項目合同)	14.1
2	Supporting Construction Project Contract of Culture and Tourism in Tianfu Art Park • Wenbofang Area Site (天府藝術公園•文博坊片區文旅配套建設項目合同)	8.5
3	EPC Contract of Cuiyunfeng Forest Park Upgrading and Reconstruction Project of Luoyang Jinyucheng Group Co., Ltd. (洛陽金隅城集團有限公司翠雲峰森林公園提升改造項目EPC合同)	7.8
4	Contract of Kaihua Tanhua Valley Construction Project in National East Park (國家東部公園開化曇華谷建設項目合同)	6.8
5	Contract of Puyang Central Park Project (濮陽市中心公園項目合同)	6.0
6	EPC + O (Design, Procurement, Construction + Operation) Contract of Qianjiao Qilin Lake (Smart Town) City Park Comprehensive Development and Construction Project (全椒麒麟湖(智慧小鎮)城市公園綜合開發建設項目EPC+O(設計、採購、施工+運營)合同)	5.3

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(II) Property development business

During the Reporting Period, the Company strictly complied with the real estate macro-control policy, adhered to the principle of “houses are for living in but not for speculative investment (房住不炒)”, adopted different policies that were tailored to the characteristics of each category and each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. In 2021, the Company has acquired 11 commercial housing projects in aggregate, covering a site area of 829,300 sq.m and permissible gross floor area of 1,559,800 sq.m.

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

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

The overall operation results of the property development business in 2021

Unit: RMB'000

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

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

(III) Equipment Manufacturing Business

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

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

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

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

The overall operation results of the equipment manufacturing business in 2021

Unit: RMB'000

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

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

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(IV) Resources Development Business

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

The overall operation results of the resources development business in 2021

Unit: RMB'000

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

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

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

(1) Papua New Guinea Ramu Nico Project

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

(2) Pakistan Saindak Copper-Gold Mine Project

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

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

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

(4) *Afghanistan Aynak Copper Mine Project*

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

(5) *Luoyang Silicon Polysilicon Project*

The Company's subsidiary Luoyang Silicon High Technology Company Limited ("Luoyang Silicon") electronic information material transformation and upgrading project is developed in two phases. The first phase of the project is planned to invest RMB1.55 billion, covering an area of 350 mu, to build 300t/a of fusion grade polysilicon, 6,000t/a of VAD tetrachlorosilicon, 120t/a of PCVD grade tetrachlorosilicon, 80t/a of electronic grade tetrachlorosilicon, 2,000t/a of electronic grade trichlorosilicon, 500t/a of electronic grade dichlorodihydrosilicon, 50t/a of raw material grade hexachloroethylsilane, 50t/a of electronic grade hexachloroethylsilane, and 500t/a of electronic grade ethyl orthosilicate. The project is planned to be completed and put into production in October 2022. The second phase of the project plans to invest RMB2.6 billion and reserve 365 mu of land for anchoring new products that have made breakthroughs, expanding the production scale of high-purity polysilicon, and building 10 new products such as electronic special gas and precursor materials. In 2021, Luoyang Silicon achieved a sales revenue of RMB876 million, representing a year-on-year increase of 161%, of which sales revenue of new products exceeded RMB110 million, a year-on-year increase of 350% and net profit of RMB115 million.

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

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IV. ANALYSING ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

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

In the emerging industry field, in recent years, the Company has made continuous efforts in emerging industries such as ecological and environmental protection, feature themes engineering, beautiful countryside and smart city, healthcare and senior care, and has achieved a leading position in the industry. The Company has a large number of patented technologies and proprietary technologies with independent intellectual property rights in areas of energy and environmental protection such as sewage treatment, water environment treatment, air pollution treatment, soil remediation, solid waste treatment, waste incineration, and comprehensive utilization of resources of waste heat and pressure. The Company accounts for 60% of the market share in the field of large-scale incineration power generation consulting and design in China. The Company has 27 national technological research and development platforms and technology research institutes involving pipeline and galleries, sponge cities, beautiful countryside and smart city, theme park, water environment, and healthcare and senior care. The Company has more than 40,000 active patents in total. In particular, Institute for Theme Park Studies in China, the sole professional design institute of theme park, has achieved "made in China" in terms of theme park design, raw materials and construction, with the manufacturing capacity of the strong steel structure and especially the figure steel. In addition, the Company has established a design institute with the strongest comprehensive strength in nonferrous metallurgy in China, possessing well-developed mining and smelting processes and equipment technologies of copper, lead, zinc, nickel, cobalt and plenty of other metal, and having developed digital measurement and geographic information system and geotechnical engineering investigation technology for complicated geological conditions. In terms of metallurgical mining, the Company plays a leading role in large scale underground iron ore mining technology and large-scale open mining technology in China.

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

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

V. TECHNOLOGICAL INNOVATION

2021 is the beginning year of the “14th Five-Year Plan”. MCC actively implemented all tasks relating to technological innovation, rapidly built 4 low-carbon technology institutes and initiated the “181 Plan” and significant non-steel research and development projects. MCC has been awarded 4 National Science and Technology Award and the recommendation right of Tien-yow Jeme Civil Engineering Prize, with over 40,000 effective patents. The Company took the lead to formulate 4 international standards and issue 3 international standards. The Company actively developed technologies, standards and intellectual property systems that support the transformation and upgrading of the Company’s main business to comprehensively enhance the core competitiveness, drove the development of enterprises with technological innovation and recreated new advantages of enterprises with technology.

- 1. We ensure continuous and stable investment in science and technology.** In 2021, the Company’s investment in technology amounted to RMB17.398 billion, accounting for 3.48% of the annual operating income. The Company made good use of research and development investment in the technological innovation of intellectualization, greenization and decarbonization, provided more support for “bottleneck” significant research and development project and original disruptive innovation project, as well as fully aroused the enthusiasm of researchers. Currently, the Company has more than 5,000 people to effectively meet the needs of the Company’s scientific and technological research and development.
- 2. Building new advantages for metallurgical construction of the national team in an all-rounded way.** Focusing on the new positioning of the national team for metallurgical construction, the Company quickly launched the first batch of 37 projects and the second batch of 25 major R&D projects under the “181 Plan”, covering the fields of process, green development, intelligent manufacturing and cutting-edge key technologies. Through the implementation of the projects, we vigorously developed green and low-carbon metallurgical technologies, strengthened the core capabilities of green development and intelligent manufacturing, and created a new development pattern of “one body and two wings”. At present, mission statements have been signed for 62 projects initiated under the “181 Plan”. Focusing on new infrastructure and new urbanisation, we have organized and completed the establishment of 20 key R&D projects in the non-steel field, and signed project mission statements with the project undertaker, and we are actively promoting the implementation of the projects.

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- 3. Better results has been made in science and technology awards.** In 2021, the Company won a total of 4 national science and technology awards. Among them, “Key technologies and applications for improving the service efficiency of prestressed structures”, which was nominated and led by the Company, was granted the second prize of National Technology Invention; “Technology and application of industrial flue gas multi-pollutant collaborative advanced treatment” in which the Company participated, was granted the first prize of National Science and Technology Progress Award; and “Technology and application of multi-process multi-pollutant ultra-low emission control in iron and steel industry” and “Development and application of technology under heavy pressure at the end of continuous casting solidification” were granted the second prize of National Science and Technology Progress Award. At the same time, the Company won the recommendation right in respect of China Civil Engineering Zhan Tianyou Award in 2021 and won five prizes under it, the projects involved includes “Chengdu Open-air Music Park” by China MCC5, “Sri Lanka Airport Expressway (CKE) project” by China MCC20, etc. In addition, the Company received 20 Metallurgical Science and Technology Awards from China Iron and Steel Industry Association and China Metals Society in 2021, including 3 first prizes; 10 Science and Technology Awards of China Nonferrous Metals Industry, including 5 first prizes; 4 “Mao Yisheng Science and Technology Award – Builder Award”; and 12 Engineering Construction Science and Technology Awards from China Association of Construction Enterprise Management. The achievement of these honors has further expanded our influence in the industry and enhanced our right to speak in the industry.
- 4. The technological innovation platform system has been continuously improved.** In 2021, the Company continued to strengthen the construction platform system by actively promoting the implementation of the national strategy of “carbon emissions peak and carbon neutrality”, quickly establishing four low-carbon technology institutes in Beijing, Chongqing and Wuhan and the Company established China MCC Carbon Emission Assessment and Certification Centre. Through the construction of low-carbon technology research and development platform, we vigorously promoted the development of green and low-carbon technologies in metallurgy, and earnestly shouldered the responsibility of playing a leadership role in advancing China into a “steel power” characterised by intelligent, green, low-carbon and high-efficiency development in terms of metallurgy. In 2021, MCC CCID Information Technology Co., Ltd. was approved as a National Enterprise Technology Centre. By the end of 2021, the Company has established 27 national-level scientific and technological innovation platforms approved by the Ministry of Science and Technology, the National Development and Reform Commission and other ministries. In addition, in order to co-ordinate relevant resources to develop underground space business in depth in order to continuously enhance the brand influence and core competitiveness in the field of underground space, China MCC Underground Space Technology Institute was established.
- 5. The patent quality further improved.** The Company further improved the Company’s intellectual property management, strengthened and improved the patent layout, intensified international patent applications, and increased the proportion of invention patents and design patents. The Company applied for 11,868 new patents throughout the year, including 5,648 patents for invention and 112 patents for PCT; 7,881 authorized patents, including 1,554 patents for invention and 53 foreign patents; accumulated 40,477 valid patents, including 10,641 inventions and 245 foreign patents. At the same time, the Company won 9 outstanding awards in the 22nd China Patent Awards, indicating that the patent quality of the Company further improved.

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- 6. Level of international standardization continues to improve.** The Company continued to strengthen the international standardization work by actively organising the application of international standardization projects. Among which, the Company was approved to undertake one special project of standard innovation management of the State Administration for Market Regulation, namely “Demonstration of overseas application of Chinese standards for Sri Lanka expressway project” and has been accepted; the Company was approved to lead the formulation of four international standards respectively titled Stainless Steel Bars for the Reinforcement of Concrete (ISO/NP6435), Steel for Reinforced Concrete Part 3: Welding Mesh (ISO/NP69353), General Technical Requirements for Emergency Medical Modular Isolation Units, and an ISO international standard being Corrosion of Metals and Alloys Test and Evaluation Method for Corrosion of Steel Bars in Concrete Structures in Total Corrosion Zone of Marine Environment; three international standards formulated under leadership of the Company were approved for implementation, namely “The Test Method of Permanent Linear Change Rate on Heating of Refractory Slurry” (ISO 13765.7), “Industrial Furnaces and Associated Processing Equipment – Safety Requirements for Steel Converter and Associated Equipment” (ISO 23495: 2021), and “Speed-regulating Electric Drive System Part 1: General requirements for Rating of Low-voltage DC Speed-regulating Electric Drive System”. In addition, the Company completed the project declaration and expert review of its enterprise technical standards, with a total of 30 standards being declared and 6 standards being published.
- 7. Promote the demonstration and application of new technologies in the construction industry.** In 2021, the Company continued to push forward the promotion of 10 new technologies in the construction industry and build the brand of MCC demonstration project. We set up 81 demonstration projects involving the application of new technologies of MCC and organized 36 inspection and acceptance work. At the same time, the Company held the 2021 MCC BIM Technology Contest to give full play to the important role of BIM technology in engineering project management, and constantly improves the research and development and application capabilities of intelligent steel and intelligent construction. Participating the 12th “Innovation Cup” BIM contest organized by the China Association For Exploration, the Company achieved excellent results, winning 28 awards containing 1 special prize and 5 first prizes.

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VI. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

During the Reporting Period, the operating revenue of the Company amounted to RMB500,571,647 thousand, representing a year-on-year growth of 25.11%, the total profit amounted to RMB14,012,179 thousand, representing a year-on-year growth of 17.58% and the net profit attributable to shareholders of parent company amounted to RMB8,374,970 thousand, representing a year-on-year growth of 6.52%.

(I) Analysis on major operating business

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

Unit: RMB'000

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

2. Analysis on revenue and costs

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

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

1) Trend of macro-economy internationally and domestically

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

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

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

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

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

① Impact from changes in the tax policy

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

② Impact of the fluctuation in exchange rate and monetary policy

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

- 4) Overseas tax policies and their changes

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

- 5) Changes in major raw materials prices

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

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6) Construction subcontracting expenses

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

7) Enhancement in the quality of operational management

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

8) Uneven distribution of revenue

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

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

Unit: RMB'000

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

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

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

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

1) Explanation on Major Business by Segment

① Engineering contracting business

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

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

Unit: RMB'000

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

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

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② Property development business

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

③ Equipment manufacturing business

The Company's equipment manufacturing business mainly included metallurgical equipment, steel structures and other metal products. For the years of 2021 and 2020, the gross profit margin of the Company's equipment manufacturing business was 15.12% and 13.92%, respectively, with a year-on-year increase of 1.20 percentage points. The increase was mainly due to the Company's continuous efforts to strengthen cost control, promote the standardization of steel components, and improve the effect of design and construction.

④ Resources development business

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

2) Explanation on Major Business by Region

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

(3) Table of production and sales volume analysis

Applicable Not applicable

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

Applicable Not applicable

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(5) Table of cost analysis

Unit: RMB'000

Segment	Costs component	Amount for the current period	By segment		Proportion of the amount for the same period in the previous year to the total costs (%)	Percentage change in the amount for the current period as compared to that for the same period in the previous year (%)
			Proportion of the amount for the current period to the total costs (%)	Amount for the same period in the previous year		
Engineering contracting	operating costs	419,814,524	92.28	326,948,449	90.40	28.40
Property development	operating costs	16,386,721	3.60	19,132,860	5.29	-14.35
Equipment manufacturing	operating costs	9,865,876	2.17	9,518,033	2.63	3.65
Resources development	operating costs	3,823,828	0.84	3,145,663	0.87	21.56

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

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

Unit: RMB'000

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

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

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

Applicable Not applicable

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

Applicable Not applicable

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

A. Information of major sales customers of the Company

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

Unit: RMB'000

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

B. Information of major suppliers of the Company

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

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Unit: RMB'000

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

3. Expenses

(1) Selling expenses

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

(2) Administrative expenses

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

(3) Financial expenses

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

(4) Research and development expenses

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

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4. Research and development expenditure

(1) Table of research and development expenditure

Unit: RMB'000

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

(2) R&D personnel table

Number of R&D personnel in the Company	5,667
The ratio of R&D personnel to the total number of our employee (%)	5.8%

Educational structure of R&D personnel

Education type	Number
PhD	210
Master	2,328
Undergraduate	2,830
Junior college	288
High school education or less	11

Age structure of R&D personnel

Age category	Number
Under 30 (excluding)	1,601
30-40 (including 30, excluding 40)	2,099
40-50 (including 40, excluding 50)	1,350
50-60 (including 50, excluding 60)	613
60 and above	4

(3) Situation explanation

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

The cash flows of the Company are as follows:

Unit: RMB'000

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

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(1) Operating activities

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

(2) Investing activities

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

(3) Financing activities

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

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

Applicable Not applicable

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis on Assets and Liabilities

1. Assets and Liabilities

Unit: RMB'000

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

(1) Analysis on the structure of assets

Cash and bank balances

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

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

Accounts receivable

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

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Inventories

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

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

Contract assets

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

Intangible assets

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

(2) Analysis on the structure of liabilities

Long-term and short-term borrowings

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

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

Accounts payable

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

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Contract liabilities

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

2. Overseas assets

(1) Asset size

Among them: overseas assets 38,758,722 (Unit: RMB'000), accounting for 7.13% of the total assets.

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

Applicable Not applicable

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

For details of the restrictions on assets, please refer to "VII.70. Assets with title restrictions" on page 304 of this report.

(IV) Analysis on the Operational Information in the Industry

Analysis on the operational information in the construction industry

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

Unit: RMB'000

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

Unit: RMB'000

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

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

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2. Projects under construction during the Reporting Period

Unit: RMB'000

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

Unit: RMB'000

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

3. Overseas projects during the Reporting Period

Unit: RMB'000

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

4. Significant projects under construction

Applicable Not applicable

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

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

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

As at the end of the Reporting Period, the outstanding contractual value of construction orders with an amount of over RMB50 million amounted to RMB1,599.116 billion. In particular, the outstanding contract value of the projects that have been signed but yet to be commenced amounted to RMB 497.935 billion, and the amount of the outstanding portion of the projects under construction was RMB1,101.181 billion.

7. Competency for construction projects of the Company

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

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

In addition, five of the subsidiaries have the construction engineering design integrated qualification of Grade A.

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

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

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

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

9. *Financing arrangements of the Company*

(1) Debt financing and financing by other equity instruments of the Company

As at the end of the Reporting Period, the balance of debt financing and financing by other equity instruments of the Company amounted to RMB94.349 billion, representing a decrease of 4.32% as compared to the beginning of the period, which better satisfied the capital needs for enterprise development and industrial structure adjustment. In particular, the balances of debt financing and financing by other equity instruments amounted to RMB60.285 billion and RMB34.064 billion, respectively, which contributed to the further optimization of financing structure; the balance of financing due within one year and the long-term financing balance amounted to RMB34.263 billion and RMB60.086 billion, respectively.

(2) Overseas perpetual bonds issuance

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

(V) Investment analysis

1. *Overall analysis on external equity investments*

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

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2. Substantial equity investments

Applicable Not applicable

3. Substantial non-equity investment

Applicable Not applicable

4. Financial assets measured at fair value

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

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

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

Unit: RMB'000

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

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Equity interests in non-listed financial companies held

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

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

Applicable Not applicable

(VI) Disposal of material assets and equity

Applicable Not applicable

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(VII) Analysis on holding company and joint stock company

Unit: RMB'000

No.	Name of subsidiary	Business scope	Place of establishment/ incorporation	Registered capital	Total assets	Net assets	Net profit
1	China MCC 5 Group Co., Ltd.	Engineering contracting	Chengdu	5,004,178	39,056,037	8,698,142	1,884,332
2	MCC-JJJ Mining Development Company Limited	Resource development	Beijing	3,095,703	8,578,773	410,478	1,503,601
3	China MCC 17 Group Co., Ltd.	Engineering contracting	Ma'anshan	2,050,000	23,998,318	5,895,107	1,154,597
4	WISDRI Engineering & Research Incorporation Limited	Design, scientific research, EPC	Wuhan	3,350,000	27,359,832	8,218,919	1,020,963
5	Shanghai Baoye Group Co., Ltd.	Engineering contracting	Shanghai	5,285,230	47,028,417	9,480,799	1,010,178
6	China Metallurgical Construction Engineering Group Co., Ltd.	Engineering contracting	Chongqing	2,100,000	20,420,162	5,185,821	670,451
7	MCC Baosteel Technology Services Co., Ltd.	Repair work	Shanghai	1,200,000	7,162,785	4,323,442	641,322
8	China MCC 19 Group Co., Ltd.	Engineering contracting	Panzhuhua	3,010,000	20,390,542	4,346,887	517,348
9	China First Metallurgical Group Co., Ltd.	Engineering contracting	Wuhan	2,019,027	25,790,495	5,365,987	460,649
10	CISDI Group Co., Ltd.	Design, service	Chongqing	2,300,000	21,063,263	5,185,062	423,577
11	China Second Metallurgical Group Corporation Limited	Engineering contracting	Baotou	1,500,000	19,140,826	2,816,574	369,330
12	MCC Capital Engineering & Research Incorporation Limited	Design, scientific research, EPC	Beijing	3,283,104	22,245,837	4,572,142	322,820
13	China Non-ferrous Engineering Co., Ltd.	Design, scientific research, EPC	Beijing	2,300,000	12,750,969	4,720,266	307,763
14	China Huaye Group Co., Ltd.	Engineering contracting	Beijing	1,434,900	11,875,487	2,269,958	265,580
15	China MCC 20 Group Co., Ltd.	Engineering contracting	Shanghai	2,050,000	30,763,431	5,357,377	204,330
16	China MCC 22 Group Co., Ltd.	Engineering contracting	Tangshan	2,780,000	28,406,099	4,498,984	201,837
17	Central Research Institute of Building and Construction Co., Ltd.	Design, scientific research, EPC	Beijing	2,905,110	13,370,919	4,396,496	193,804
18	MCC Changtian International Engineering Co., Ltd.	Design, scientific research, EPC	Changsha	677,301	6,402,310	2,484,546	189,615
19	MCC Tongsin Resources Ltd.	Resource development	British Virgin Islands	US\$12,500,000	4,397,720	3,301,935	155,605
20	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	Design, scientific research, EPC	Anshan	1,296,600	8,028,154	2,342,983	132,600

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

Unit: RMB'000

No.	Name of entity	Operating revenue	Operating cost	Operating profit	Net profit	Net profit attributable to the parent company
1	China MCC 5 Group Co., Ltd.	68,060,967	62,169,722	2,127,460	1,884,332	1,880,420
2	MCC-JJJ Mining Development Company Limited	3,920,611	1,965,910	1,503,168	1,503,601	1,503,601

(VIII) Structured entities controlled by the Company

Applicable Not applicable

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

(I) Landscape and trend of the industry

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

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

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

In the year of 2021, the total output value of China's construction industry reached RMB29,307.9 billion, representing a year-on-year increase of 11%, and the growth rate outperformed the national GDP. With the rapid growth of the construction industry, the industry is also developing with diversification and specialisation. On the one hand, some leading enterprises have entered into a new round of rapid development channel through transformation. Under the influence and drive of new business models such as PPP, F+EPC and ABO, large construction enterprises have set up subsidiaries involved in consulting, investment, finance, procurement, finance, operation, etc. to build a comprehensive engineering construction group of the whole industrial chain; on the other hand, a considerable number of small and medium-sized enterprises have encountered difficulties in surviving under the shrinking market, resulting in accelerated integration and restructuring. The Guiding Opinions on Promoting the Coordinated Development of Intelligent Construction and Building Industrialisation (《關於推動智能建造與建築工業化協同發展的指導意見》) jointly issued by 13 ministries and commissions including the Ministry of Housing and Urban-Rural Development in 2020, proposed that by 2025, the policy system and industrial system of the coordinated development of intelligent construction and building industrialization in China will be basically established, which will promote the formation of a number of leading enterprises in intelligent construction, lead the transformation and upgrading of small and medium-sized enterprises to intelligent construction and create an upgraded version of "Made in China". In 2022, the Company will continue to promote digital transformation to become a leading enterprise in intelligent construction, thus taking the edge in the new wave of digital development of the construction industry.

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

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

(II) Development strategy of the Company

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

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

(III) Operational plan

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

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

(IV) Possible risks and measures adopted by the Company

1. *Risks associated with macro-economy*

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

4. *Risks associated with the property development business segment*

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

5. Risks associated with financial segment

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

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

6. Risks associated with bulk commodity prices

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

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

7. Risks associated with international operations

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

8. *Environmental and safety production risks*

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

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

9. *Risks associated with data fraud or theft*

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

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

10. *Cyber risk and security*

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

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

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

Applicable Not applicable

IX. OTHER DISCLOSURES

(I) Major Customers and Suppliers

For details of the major customers and suppliers of the Company, please refer to "Information of major customers and major suppliers" on page 42 of this report.

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

(II) Reserves and Distributable Reserves

During the Reporting Period, details of movements in the reserves of the Company are set out in the consolidated statement of changes in shareholders' equity from pages 170 to 171 of this report and Note VII 51 to the consolidated financial statements on page 289.

Pursuant to the Company Law of the People's Republic of China (the "Company Law"), undistributed profits could be distributed as dividend upon deducting statutory surplus reserve. As at 31 December 2021, the undistributed profit of the Company amounted to RMB5, 846.248 million.

(III) Donations

During the Reporting Period, the Company donated a total of RMB2,184,600, including donating anti-epidemic vaccine transportation expenses and related materials to the overseas mineral resources projects of the Company, and donating anti-epidemic disaster relief expenses and materials to relevant cities and counties in Henan Province and the Red Cross Society of Alashan League in Inner Mongolia.

In addition, the Company allocated RMB8,679,140 of assistance funds to designated poverty alleviation targets, and completed consumption assistance of about RMB29 million.

For details of poverty alleviation donations, please refer to "III. Consolidating and Expanding the Achievements of Poverty Alleviation and Rural Revitalization" on page 122 of this report.

(IV) Dividends

For the details of the cash dividend distribution proposal of the Company during the Reporting Period, please see "XVIII. Proposal for Profit Distribution or Transfer of Capital Reserve to Share Capital" on page 97 of this report.

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

(V) Properties Held for Development or Sale

Locations	Current use of land Usage	Site area (sq.m.)	Floor area (sq.m.)	Status of project	Progress towards completion	Estimated completion date	Percentage of the interest attributable to the Company in the development projects
To the west of Jiangbian Road, east of Huilong Bridge, west of Jiangbian Road, north of Yangtze River Bridge, south of Guihua Road, Xiaguan District, Nanjing City	Sales after development, planned use are mainly residential, commercial, etc.	321,952.01	823,172.83	Under construction	99.27%	2022	98.52%
Nantumen Village, Hongshila Village, Xinglong Town, Xinglong County, Chengde City, Hebei Province	Sales after development, planned use are mainly residential, commercial, etc.	647,735.77	625,003.49	Under construction	65.08%	2023	100.00%
No. 333, Hongyanhe Yi Road, Jimo District, Qingdao City	Sales after development, planned use are mainly residential, commercial, etc.	190,021.00	487,925.00	Under construction	64.06%	2022	100.00%
Binhai Road, Muping District, Yantai City	Sales after development, planned use are mainly residential, commercial, etc.	711,882.00	604,732.00	Under construction	44.59%	2025	51.00%
To the south side of Jingu Street and the west side of Northwest East Road in Sanhe City; to the north side of Jingu South Street and the west side of Northwest East Road	Sales after development, planned use are mainly residential, commercial, etc.	146,476.00	292,952.00	Under construction	57.65%	2023	100.00%
Jiangbei District, Chongqing	Commercial and residential	678,259.00	383,319.00	Under construction	52.38%	2026	100.00%

(VI) Risk Factors

For risk factors faced by the Company, please refer to “(IV) Possible risks and measures adopted by the Company” on page 58 of this report.

(VII) The Company’s environmental policy and performance

MCC has consistently adhered to Xi Jinping’s thoughts on ecological civilization, guided by the Opinions on Strengthening Ecological Environment Protection and Resolutely Fighting against Pollution and Prevention to fully implement the laws and regulations, standards and guidance and policies of the state and the ministries on energy conservation and environmental protection. At the same time, the Company vigorously developed the environmental protection industry, conscientiously implemented the responsibility of environmental protection and environmental protection, actively promoted energy conservation and emission reduction, and promoted green construction and other related work.

The Company creates an energy-saving and environmental protection industry platform, and develops energy-saving and environmental protection comprehensive services to enhance the strength of the environmental protection industry in all aspects. We establish a number of professional service enterprises in the areas of comprehensive water environment management, garbage incineration, hazardous waste treatment, soil restoration, ecological environment management of mines, and photovoltaic power generation, etc. We also build energy-saving and environmental protection brands and increase publicity efforts to enhance brand awareness.

REPORT OF THE BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company promote resource conservation and recycling by turning waste into wealth and implementing green construction. We actively promote green construction, adopt organizational management methods such as general contracting and whole-process engineering consultation, strengthen integrated collaborative management of design and construction, and save resource consumption through double optimisation measures. We actively promote the factory-based processing of materials to realise precise blanking and fine management, thus reducing the loss rate of building materials. We make full use of surplus materials such as concrete, steel bars and formwork to implement recycling. We fully consider the combination of temporary and permanent construction facilities to realise the combination of “permanent facilities” and “temporary facilities” to reduce construction waste. In 2021, the Company submitted 64 green construction level evaluation projects to the China Association of Construction Enterprise Management.

(VIII) EMPLOYEES

For details of the employees, please refer to “XVII. Employees of the Parent Company and Principal Subsidiaries” on page 95 of this report.

(IX) LEGAL LIABILITIES WHICH HAVE SIGNIFICANT IMPACT ON THE COMPANY

During the Reporting Period, the Company was not under investigation by judicial authorities or subject to administrative penalties by relevant government authorities due to violation of laws, regulations and policies which have significant impact on the businesses of the Company. For details of the quality control system, compliance with laws and regulations in relation to production safety and operation of the production safety system of the Company, please refer to “8. The Operation of the Quality Control System and Production Safety System of the Company” on page 50 of this report.

(X) LIST OF DIRECTORS

For the list of Directors during the Reporting Period and as at the date of this report, please refer to “V. Particulars of Directors, Supervisors, Senior Management” on page 68 of this report.

(XI) LIABILITY INSURANCE PURCHASED FOR DIRECTORS AND SUPERVISORS

In 2021, the Company renewed the liability insurance of Directors, Supervisors and senior management with Huatai Property Insurance Co., Ltd. and People’s Insurance Company of China Limited for Directors, Supervisors, senior management and management personnel with management and supervising responsibilities.

(XII) EQUITY-LINKED AGREEMENTS

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

(XIII) INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

The shareholders of the Company are taxed and/or enjoy tax relief for the dividend income received from the Company in accordance with the Individual Income Tax Law of the People’s Republic of China, the Enterprise Income Tax Law of the People’s Republic of China, and relevant administrative rules, governmental regulations and normative documents. Please refer to the announcement published by the Company on the website of SSE on 12 July 2021 for the information on income tax in respect of the dividend distributed to the holders of A Shares and on the HKEX news website of Hong Kong Stock Exchange on 9 July 2021 for the information on income tax in respect of the dividend distributed to the holders of H Shares during the Reporting Period.

I. EXPLANATION ON CORPORATE GOVERNANCE

During the Reporting Period, adhering to the two “consistent implementation principles”, the Company further promoted the unity of strengthening the Party’s overall leadership and improving corporate governance, and built a modern enterprise system with Chinese characteristics, and continued to comply strictly with the laws and regulations including the Company Law, the Securities Law, the relevant requirements of regulatory authorities such as the CSRC, as well as the relevant requirements of the SSE and the Hong Kong Stock Exchange, constantly optimized the establishment and operation of governance system of the general meeting, the Board, the Supervisory Committee, as well as the management and its subsidiaries. As an important part of the corporate governance structure, the Board, the Party Committee and the management of the Company discharge their own duties under respective terms of reference, take 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 was further improved, laying a favorable foundation for promoting company development and improving shareholder value.

During the Reporting Period, the Board had four special committees, namely Strategy Committee, Finance and Audit Committee, Nomination Committee and Remuneration and Appraisal Committee. On 26 January 2022, upon consideration and approval at the 35th meeting of the 3rd session of the Board, the Board of Directors of the Company established the Sustainability Committee. As of the disclosure date, the Company has five special committees. The Board places great emphasis on the complementary decision-making function and the professional procedural and advisory functions of each of the specialized committees. Before the professional issues are submitted to the Board for consideration, the relevant specialized committees will conduct thorough studies to form specific opinions to provide the Board with the basis for decision-making. During the Reporting Period, the Board and its subordinate special committees discharge their duties in strict compliance with the duties and work requirements as authorized by regulatory requirements, and carried out their work pursuant to the Company Law, regulatory rules of the listing place(s), Articles of Association, Rules of Procedures for General Meeting and the Board of Directors and other relevant requirements. For the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders’ interests, the Company continue to follow the function of “making strategy, making decisions, and preventing risks”, captured the development opportunity to target strategic layout to dedicate in reform and innovation, continue to strictly control risks and facilitate development of the Company in a stable manner.

During the Reporting Period, the Company deeply implemented General Secretary Xi Jinping’s important remarks on the reform and development of state-owned enterprises and Party building. The Company actively implemented the three-year state-owned enterprise reform and the demands for the reform of board of directors of its subsidiaries to further improve the governance system of its subsidiaries and realize that the board of directors of the 84 tier-two or three enterprises to be included in the board of directors shall “build up” and “allocate sufficiently and competently”, and the Company shall complete most of the relevant work that the external directors take up a majority. At the same time, the Company formulated the “Administrative Measures for External Directors (Supervisors) of MCC”, specified the performance requirements, work guidelines and daily mechanisms of the external Directors and Supervisors, and provided the basis for the selection, management, assessment and service of the external Directors, so as to ensure the smooth implementation of the compliance of the various subsidiaries and external Directors.

During the Reporting Period, the Board of the Company was awarded the “Golden Round-table • Best Board of Directors” of listed companies for the third time; the Company was awarded Tianma Award, namely the Chinese Listed Companies “Best Investor Relations Company Award”; the Best IR Hong Kong Stock Company Award by New Fortune; China Securities “Golden Bauhinia”, namely the “Listed Companies with Best Investment Value Award during the Fourteenth Five-year Plan Period”; 2021 China ESG Golden Award Best Corporate Governance Award; for the first time selected as the “2021 China Company Top50 with Potential Value” by the “Barron Weekly”, and the CSRC “Listed Company’s Excellent Practice Cases of Performance Meeting for the 2020 Annual Report. Meanwhile, the Company was once again rated Class A (the top class) Listed Company for SSE Information Disclosure for five consecutive years.

Corporate Governance

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

Applicable Not applicable

II. COMPLIANCE OF CORPORATE GOVERNANCE CODE BY THE COMPANY

The Board has reviewed the corporate governance report of the Company. The Board is of the view that during the Reporting Period, the Company has complied with the requirements of the Corporate Governance Code, and adopted recommended best practices as appropriate, except for the code provision E.1.2 of the Corporate Governance Code. Pursuant to the code provision E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. Guo Wenqing, the then chairman of the Company, was not able to attend the 2020 annual general meeting of the Company due to other business engagements. Pursuant to the relevant requirements, through joint election of more than half of the Directors, Mr. Zhang Mengxing, an executive Director and the president of the Company, presided over the meeting.

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

Applicable Not applicable

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

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

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

Applicable Not applicable

IV. SUMMARY OF THE GENERAL MEETINGS

Sessions of the meeting	Convening date	Enquiry index of the designated website for the publication of the resolutions	Date of publication of the resolutions	Resolutions of the meeting
2020 Annual General Meeting	25 June 2021	www.sse.com.cn www.hkexnews.hk	26 June 2021	The meeting considered and approved the "Resolution on the Work Report of the Board of MCC for the Year 2020", the "Resolution on the Work Report of the Supervisory Committee of MCC for the Year 2020", the "Resolution on the Report of MCC on Final Accounts for the Year 2020", the "Resolution on Profit Distribution of MCC for the Year 2020", the "Resolution on the Appointment of the Auditor of the Financial Report and Internal Control Auditor of the Company for the Year 2021"; the "Resolution in relation to the Emoluments of Directors and Supervisors of MCC for the Year 2020", the "Resolution on the Guarantee Plan of MCC for the Year 2021", and the "Resolution on Application for Adjustment of the Annual Cap of the Daily Connected Transactions/Continuing Connected Transactions from the Year 2021 to 2022".
2021 First Extraordinary General Meeting	29 September 2021	www.sse.com.cn www.hkexnews.hk	29 September 2021	The meeting considered and approved the "Resolution on the Amendment to the Articles of Association of MCC".
2022 First Extraordinary General Meeting	26 January 2022	www.sse.com.cn www.hkexnews.hk	27 January 2022	The meeting considered and approved the "Resolution on Election of Non-independent Directors of the Company for the Third Session of the Board" and the "Resolution on Election of Independent Directors of the Company for the Third Session of the Board".

Shareholders of preferred shares whose voting rights have been restored request to convene an extraordinary general meeting

Applicable Not applicable

Corporate Governance

General Meeting

On 25 June 2021, the Company convened the 2020 Annual General Meeting, where Mr. Zhang Mengxing being the Director of the Company, and Mr. Yin Sisong, being the Chairman of the Supervisory Committee, Ms. Zhang Yandi and Mr. Chu Zhiqi, all being Supervisors of the Company, and Mr. Zeng Gang, being Secretary to the Board, attended the meeting.

On 29 September 2021, the Company convened the 2021 First Extraordinary General Meeting, where Mr. Zhang Mengxing and Mr. Yan Aizhong, all being Directors of the Company, and Mr. Yin Sisong, being the Chairman of the Supervisory Committee, Ms. Zhang Yandi and Mr. Chu Zhiqi, all being Supervisors of the Company, and Mr. Zeng Gang, being Secretary to the Board, attended the meeting.

On 26 January 2022, the Company convened the 2022 First Extraordinary General Meeting, where Mr. Zhang Mengxing, Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Yan Aizhong, all being Directors of the Company, Mr. Chen Jianguang, Mr. Lang Jia and Mr. Liu Li, all being Directors-designate, Mr. Yin Sisong, being the Chairman of the Supervisory Committee, Ms. Zhang Yandi and Mr. Zhu Zhiqi, all being Supervisors and Mr. Zeng Gang, being Secretary to the Board, attended the meeting.

V. PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

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

Unit: share

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from the Company during the Reporting Period (RMB'000)	Whether obtained remuneration from the connected parties of the Company
Current											
Chen Jianguang ⁽¹⁾	Chairman and executive Director	Male	56	2022-01-26	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	0	Yes
Zhang Mengxing	Executive Director and president	Male	58	2019-03-12	Till the expiry date of the term of office of the third session of the Board	60,032	60,032	0	-	207.79	No
Zhou Jichang	Independent Non-executive Director	Male	71	2019-03-12	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	28.3	No
Lang Jia ⁽¹⁾	Non-executive Director	Male	68	2022-01-26	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	0	No
Liu Li ⁽¹⁾	Independent Non-executive Director	Male	67	2022-01-26	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	0	No
Ng, Kar Ling Johnny	Independent Non-executive Director	Male	62	2020-04-29	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	26.8	No

Corporate Governance

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from the Company during the Reporting Period	Whether obtained remuneration from the connected parties of the Company
										(RMB'000)	
Yan Aizhong	Employee representative Director	Male	54	2020-08-31	Till the expiry date of the term of office of the third session of the Board	0	0	0	-	179.2	No
Yin Sisong	Chairman of the Supervisory Committee	Male	57	2020-10-15	Till the expiry date of the term of office of the third session of the Supervisory Committee	28,100	28,100	0	-	115.28	No
Zhang Yandi	Supervisor	Female	42	2019-03-12	Till the expiry date of the term of office of the third session of the Supervisory Committee	0	0	0	-	110.02	No
Chu Zhiqi	Employee Representative Supervisor	Male	51	2019-03-12	Till the expiry date of the term of office of the third session of the Supervisory Committee	0	0	0	-	97.26	No
Zou Hongying	Vice President and Chief Accountant	Female	57	2019-03-12	Till the appointment of the next session of senior management by the next session of the Board	40,000	40,000	0	-	183.99	No
Qu Yang	Vice President	Male	51	2019-03-12	Till the appointment of the next session of senior management by the next session of the Board	70,000 ⁽²⁾	70,000 ⁽²⁾	0	-	177.41	No
Zeng Jianzhong	Vice President	Male	56	2019-03-12	Till the appointment of the next session of senior management by the next session of the Board	0	0	0	-	175.62	No
Liu Fuming	Vice President	Male	58	2019-03-12	Till the appointment of the next session of senior management by the next session of the Board	0	0	0	-	159.36	No
Bai Xiaohu	Vice President	Male	53	2020-08-28	Till the appointment of the next session of senior management by the next session of the Board	0	0	0	-	118.49	No
Zhu Guangxia	Vice President	Male	42	2020-08-28	Till the appointment of the next session of senior management by the next session of the Board	0	0	0	-	140.77	No
Zeng Gang	Secretary to the Board	Male	57	2019-03-12	Till the appointment of the next session of senior management by the next session of the Board	0	0	0	-	0	Yes

Corporate Governance

Name	Position	Gender	Age	Commencement date of term of office	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from the Reporting Period	Whether remuneration from the connected parties of the Company
Resigned											
Guo Wenqing ⁽¹⁾	Chairman and executive Director (Resigned)	Male	57	2019-03-12	2022-01-26	130,000	130,000	0	-	0	Yes
Yu Hailong	Independent Non-executive Director (Resigned)	Male	71	2019-03-12	2022-01-26 ⁽⁴⁾	0	0	0	-	26.6	No
Ren Xudong	Independent Non-executive Director (Passed away due to illness)	Male	/	2019-03-12	2021-01-02 ⁽⁵⁾	0	0	0	-	0	No
Total	/	/	/	/	/	328,132	328,132	0	/	1,746.89	/

Notes: (1) On 26 January 2022, Mr. Chen Jianguang was elected as an executive Director of the third session of the Board at the first extraordinary general meeting of the Company in 2022. Mr. Lang Jia was elected as a non-executive Director of the third session of the Board and Mr. Liu Li was elected as an independent non-executive Director of the third session of the Board. On the same day, Mr. Chen Jianguang was elected as the chairman of the third session of the Board at the 35th meeting of the Board.

(2) The Shares held by Mr. Qu Yang are H Shares.

(3) On 26 January 2022, the Board of the Company received the written resignation of Mr. Guo Wenqing. Mr. Guo resigned from the positions of an executive Director, the chairman of the Board and a special committee of the Board of the Company due to the needs of work.

(4) Mr. Yu Hailong has served as an independent non-executive Director of the Company since 13 November 2014 until the expiry of his term of office on 12 November 2020 with a term of six consecutive years. As the resignation of Mr. Yu upon the expiration of their term of office would cause the number of independent Directors being less than the statutory minimum requirement, pursuant to the relevant requirements of the "Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies" (《關於在上市公司建立獨立董事制度的指導意見》) and the "Filing and Training Guidelines of Independent Directors of Companies Listed on the Shanghai Stock Exchange"* (《上海證券交易所上市公司獨立董事備案及培訓工作指引》), before the completion of the election process of new independent Directors at a general meeting, Mr. Yu continued to perform the duties of independent Directors and the relevant position of the Board according to the applicable laws and regulations and the Articles of Association. On 26 January 2022, new independent Directors were elected at the first extraordinary general meeting of the Company in 2022, and Mr. Yu resigned from his position as an independent Director and the members of the relevant special committees of the Board. For details, please refer to the relevant announcement dated 27 January 2022 issued by the Company.

(5) On 2 January 2021, the Company received a notice from the family of Mr. Ren Xudong (an independent non-executive Director) that Mr. Ren unfortunately passed away due to illness. For details, please refer to the relevant announcement dated 5 January 2021 issued by the Company.

Corporate Governance

Name	Major work experience
Chen Jianguang	<p>Born in April 1966, Chinese nationality with no right of abode overseas, Mr. Chen is currently the Chairman, executive Director of the Company, and concurrently serves as a vice general manager and a member of the Communist Party Committee of China Minmetals Corporation as well as the Chairman and secretary of the Communist Party Committee of CMGC. Mr. Chen previously served as Manager of Overseas Section, director of the office, Assistant to chairman, the secretary to the board of directors and deputy chief accountant of China Construction Second Engineering Bureau Co. Ltd ("CCSEB"). He served as the chief accountant, deputy director and member of the standing committee of the Communist Party Committee from January 2003 to February 2006 of CCSEB. He served as the director, general manager and deputy secretary of the Communist Party Committee of CCSEB from February 2006 to December 2007. He served as chairman of the board of directors and secretary of the Communist Party Committee of CCSEB from December 2007 to December 2019, during the period concurrently served as the chairman of the board of directors of Power Construction Corporation of China Ltd. He served as the general manager of the investment department of China State Construction Engineering Corporation from December 2019 to October 2021. He served as the deputy general manager and a member of the Communist Party Committee of China Minmetals Corporation since October 2021, and the chairman of the board of directors and secretary of the Party Committee since December 2021. Mr. Chen graduated from Guangdong University of Foreign Studies, majoring in English (bachelor's degree), and University of Chinese Academy of Sciences (中國科學院大學), majoring in management science and engineering (doctoral graduate). Mr. Chen is a senior economist.</p>
Zhang Mengxing	<p>Born in August 1963, Chinese nationality with no right of abode overseas, Mr. Zhang currently serves as the executive Director, the president, vice secretary to the Party committee of the Company and concurrently, the vice secretary to the Party committee of CMGC. Mr. Zhang served as the deputy manager, the acting manager and the manager of the No. 2 Company and the deputy manager of the Tianjin Branch of China MCC 20th Construction Corporation (中國第二十冶金建設公司), successively. From February 1999 to October 2006, Mr. Zhang served as the deputy general manager of China MCC 20th Construction Corporation and the deputy manager and the manager of its Tianjin Branch. From October 2006 to October 2012, he served as a director and the general manager of China MCC 20th Construction Corporation (中國二十冶建設有限公司) (subsequently renamed as China MCC 20 Group Co., Ltd. (中國二十冶集團有限公司)). From October 2012 to September 2014, he served as the chairman of the board of directors and the secretary to the Party committee of China MCC 20 Group Co., Ltd. From September 2014 to May 2015, he served as the chief economist of the Company and concurrently served as the chairman of the board of directors of MCC International Incorporation Ltd. (中冶國際工程集團有限公司). Mr. Zhang served as the vice president of the Company from May 2015 to October 2016, the chairman of the board of directors of MCC International Incorporation Ltd. from May 2015 to October 2017 and the vice secretary to the Party committee of the Company from October 2016 to December 2021. He has served as the president, the vice secretary to the Party committee of CMGC since October 2016, the director of of CMGC since August 2020, the executive director of the company since October 2020 and the secretary to the Party committee of the Company since December 2021. Mr. Zhang graduated from the Department of Architectural Engineering of Baotou Institute of Iron and Steel Technology (包頭鋼鐵學院) and obtained a bachelor's degree in engineering majoring in industrial and civil construction. Mr. Zhang is a senior engineer.</p>

Corporate Governance

Name	Major work experience
Zhou Jichang	<p>Born in December 1950, Chinese nationality with no right of abode overseas, Mr. Zhou currently serves as an independent non-executive Director the Company, a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (英達公路再生科技(集團)有限公司), honorary president of China Highway Construction Association (中國公路建設業協會), and a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Zhou successively served as technician, engineer, deputy officer of the bridge design workshop, personnel director and deputy director of CCCC First Highway Survey & Design Institute (交通部第一公路勘察設計院) from January 1977 to May 1992. He served as vice chairman of the board of directors, deputy general manager, chairman of the board of directors and general manager of China Road and Bridge Construction Corporation (中國公路橋樑建設總公司) from May 1992 to November 1997. He served as chairman of the board of directors, president and secretary of the Communist Party Committee of China Road and Bridge Corporation (中國路橋(集團)總公司) from November 1997 to August 2005. He served as chairman of the board of directors, general manager and deputy secretary of the Communist Party Committee of China Communications Construction Group (Limited) (中國交通建設集團有限公司), and chairman of the board of directors and secretary of the Communist Party Committee of China Communications Construction Company Limited (中國交通建設股份有限公司) from August 2005 to April 2013. Mr. Zhou is a senior engineer with a master's degree.</p>
Lang Jia	<p>Born in February 1954, Chinese nationality with no right of abode overseas, Mr. Lang currently serves as a non-executive director of the Company. Mr. Lang previously served as a division-Head level cadre of Executive Office of the Liaoning Provincial Government, procurator of Supreme People's Procuratorate of the People's Republic of China and the head of the secretarial division of the general office from August 1992 to February 1996; deputy director of the discipline inspection office in the China National School of Administration from August 1996 to June 2001; Director of the discipline inspection office of China National School of Administration (Director) and the Deputy Secretary of the Council's Party Committee from June 2001 to June 2006; a member of the Communist Party Committee, Discipline Inspection Team Leader and chief legal counsel of China Electronics Corporation from June 2006 to December 2014; Chairman of the Supervisory Committee of China Greatwall Technology Group CO.,LTD. from August 2006 to July 2014, director of China Electronics Corporation from March 2008 to 2014; the chairman of CRIDC from July 2013 to December 2014 and an External Director of China Minmetals Corporation; external director of China Minmetals Corporation from April 2015 to July 2021. Mr. Lang graduated with a bachelor's degree in Chinese from Liaoning Normal University in July 1982 and participated in a one-year training course for the middle-aged and youth organized by the Central Community Party School in 2003.</p>
Liu Li	<p>Born in September 1955, Chinese nationality with no right of abode overseas, Mr. Liu currently serves as an independent non-executive Director the Company, the Professor of Guanghua School of Management of Peking University. He is concurrently an independent director of China International Capital Corporation Limited and CNPC Capital Company Limited. Mr. Liu Li taught at Beijing Institute of Iron and Steel from September 1984 to December 1985, and has been teaching in Guanghua School of Management (formerly known as Economic Management Department of School of Economics) of Peking University since January 1986. Mr. Liu was an independent non-executive director of listed companies, including Bank of Communications Co., Ltd., China Machinery Engineering Corporation and Zhongyuan Special Steel Co., Ltd., etc. Mr. Liu served as an external director of Metallurgical Corporation of China Ltd. from December 2006 to September 2008 and an independent non-executive Director of the Company from November 2008 to November 2014. Mr. Liu obtained a master degree in physics from Peking University in July 1984 and MBA from Catholic University of Louvain in Belgium in July 1989. Mr. Liu is a professor.</p>

Corporate Governance

Name	Major work experience
Ng, Kar Ling Johnny	<p>Born in December 1960, Mr. Ng is a resident of the Hong Kong Special Administrative Region, currently serves as an independent non-executive Director, independent director of China Petroleum & Chemical Corporation (中國石油化工股份有限公司), China Vanke Co., Ltd. (萬科企業股份有限公司) and Fangdd Network Group Ltd. (房多多網路集團有限公司). He is concurrently a vice director member of the second session of the Independent Director Specialized Committee of China Association for Public Companies (中國上市公司協會). Mr. Ng obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1984 and 1999, respectively. Mr. Ng joined KPMG (Hong Kong) in 1984 and became a partner in 1996. He subsequently became the vice chairman of KPMG (China). He is currently a practising certified public accountant in Hong Kong, a practising auditor and certified public accountant in Macau, a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Association of Chartered Certified Accountants (FCCA), and a fellow member of the Institute of Chartered Accountants in England and Wales (FCA).</p>
Yan Aizhong	<p>Born in June 1967, Mr. Yan is of Chinese nationality with no right of abode overseas and is currently the employee representative Director and deputy secretary of the Party Committee of the Company, and also serves as the employee representative Director and deputy secretary of the Party Committee of MCC Group. Mr. Yan successively served as the deputy secretary of the Party Committee (presided over the work), the secretary of the Discipline Committee, Chairman of the Trade Union, the secretary of the Party Committee of the Machinery and Electric Branch of China Second Metallurgical Construction Corporation Limited* (subsequently renamed as China Second Metallurgical Group Corporation Limited* ("CSMGC")), and an assistant to the general manager of CSMGC. He served as the deputy general manager, the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the chairman of the labour union of CSMGC from January 2010 to September 2012, the head of the Party Committee promotion department the Company from September 2012 to January 2013, the director of the general office of the Company from January 2013 to November 2014 (during which, he concurrently served as the director of the general office to the board of directors of the Company from May 2014 to November 2014). He served as the head of Party Committee organization department of the Company and the head of human resources department from November 2014 to May 2016. He served as the head of Party Committee organization department of the Company from May 2016 to March 2022. He has been a Supervisor of MCC from August 2016 to March 2019, and has been an assistant to the president of MCC from May 2017 to March 2018. Mr. Yan has been the vice president of the Company from March 2019 to September 2019. He served as the deputy secretary of the Company since September 2019 and the deputy secretary of the Party Committee of CMGC. Since August 2020, he has served as the employee representative Director of the Company and the employee representative Director of MCC Group. Mr. Yan graduated from the mechanical and electrical engineering department of Baotou Iron & Steel College, majoring in industrial electrical automation, with a bachelor's degree, and from Inner Mongolia Autonomous Region Committee Party School, majoring in economic management, with a postgraduate degree. Mr. Yan is a professorate senior engineer.</p>

Corporate Governance

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

Corporate Governance

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

Corporate Governance

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

Corporate Governance

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

Corporate Governance

Name	Major work experience
Zhu Guangxia	<p>Born in July 1979, Chinese nationality with no right of abode overseas, Mr. Zhu is currently vice president of the Company. Mr. Zhu successively served as deputy head and head of the First Electrical Installation Engineering Division of China MCC17 Group Co., Ltd., assistant manager of the mechanical and electrical installation company, and manager at Project Management Department of Jiuquan Iron and Steel (Group) Co., Ltd., manager of the Gansu Branch of China MCC17 Group; deputy general manager of China MCC17 Group and general manager with the Gansu Branch of the Company; from July 2016 to November 2017, he served as director, general manager and deputy Party committee secretary of China Second Metallurgy Group Corporation Limited; from November 2017 to July 2019, he served as chairman, general manager, and deputy secretary of the Party Committee at Second Metallurgy and chairman and Party secretary of Second Metallurgy from July 2019 to July 2020; from January 2020 to August 2020, he served as assistant to the president of the Company; since August 2020, he has been serving as vice president of the Company. Mr. Zhu graduated from Xi'an University of Architecture and Technology, where he majored in engineering management. Mr. Zhu is a senior engineer.</p>
Zeng Gang	<p>Born in October 1964, Chinese nationality, with no right of overseas abroad outside the PRC, Mr. Zeng currently serves as the secretary to the Board and the Joint Company Secretary of the Company and he also currently serves as director of the office, director of the office of party leading group, director of the board office, director of administrative service center, and Secretary of the board of China Minmetals, and concurrently served as secretary to the Board of China Minmetals. Mr. Zeng served as engineer, deputy director and director of Personnel Department of Beijing Central Engineering Institute for Nonferrous Metallurgical Industries from 1985 to 2003; deputy secretary of the Communist Party Committee, secretary of Commission for Discipline Inspection and Vice President of China Nonferrous Engineering and Research Institute (now known as China Nonferrous Engineering and Research Institute Co., Ltd.) from December 2003 to November 2013; director of China ENFI from December 2005 to November 2013; director, deputy general manager, deputy secretary of the Communist Party Committee, secretary of Commission for Discipline Inspection, secretary to the board of directors, and chief legal counsel of MCC Capital Engineering & Research Incorporation Limited from November 2013 to September 2016. From September 2016 to July 2020, he served as the director of the company's office (Party Committee Office); from April 2018 to July 2020, he served as the assistant to the president of the Company; from March 2019, he served as the secretary of the board of directors and joint company of the Company; from July 2020, he served as director of the office, director of the office of party leading group, director of the board office, director of the administrative service center, and secretary to the Board of China Minmetals. Mr. Zeng graduated from Department of Management Engineering of Central South Institute of Mining and Metallurgy, majoring in Management Engineering (undergraduate) and Graduate School of the Party School of the Central Committee of the CPC (postgraduate), majoring in Economic Management; and he is a senior engineer.</p>

Corporate Governance

(II) Employment status of current and resigned Directors, Supervisors and senior management

1. Employment status at shareholder entities

Name	Name of shareholder entities	Position in shareholder entities	Commencement date of term of office	End date of term of office
Employment status of current directors, supervisors and senior management at shareholder entities				
Chen Jianguang	China Minmetals Corporation	Deputy general manager, member of Communist Party Committee	October 2021	-
	China Metallurgical Group Corporation	Chairman, Secretary of the Communist Party Committee	December 2021	-
Zhang Mengxing	China Metallurgical Group Corporation	Director	August 2020	-
		Deputy secretary of the Communist Party Committee	October 2016	-
Lang Jia	China Minmetals Corporation	External Director	April 2015	July 2021
Yan Aizhong	China Metallurgical Group Corporation	Employee Representative Director	August 2020	-
		Deputy secretary of the Communist Party Committee	September 2019	-
Yin Sisong	China Metallurgical Group Corporation	Chairman of the Supervisory Committee	July 2020	-
Zhang Yandi	China Metallurgical Group Corporation	Supervisor	August 2018	-
Chu Zhiqi	China Metallurgical Group Corporation	Employee representative Supervisor	August 2018	-
Liu Fuming	China Metallurgical Group Corporation	Deputy general manager	September 2019	-
Zeng Gang	China Minmetals Corporation	Secretary to the Board, Offices (General office of the Communist Party Committee, General office of the board of directors), director of the Administrative Service Center	October 2020	-
Employment status of resigned directors, supervisors and senior management at shareholder entities				
Guo Wenqing	China Minmetals Corporation	Director, General Manager, Deputy secretary of the Communist Party Committee	May 2016	-
	China Metallurgical Group Corporation	Chairman	August 2014	December 2021
Positions in Shareholder Entities	Nil.			

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2. *Employment status at other entities*

Name	Name of other entities	Position in other entities	Commencement date of term of office	End date of term of office
Employment status of current directors at other entities				
Zhou Jichang	Freotech Road Recycling Technology(Holdings) Limited (英達公路再生科技(集團)有限公司)	Non-Executive Director	February 2021	-
Ng, Kar Ling Johnny	China Petroleum & Chemical Corporation	Independent Director	May 2018	-
	China Vanke Co., Ltd.	Independent Director	July 2017	-
	Fangdd Network Group Ltd.	Independent Director	October 2018	-
Liu Li	China International Capital Corporation Limited	Independent Director	June 2016	-
	CNPC Capital Company Limited	Independent Director	June 2017	-
	Research Center of Finance & Securities of Peking University	Deputy Director and supervisor for doctoral students	September 1997	-
Employment status of resigned directors at other entities				
Yu Hailong	China State Construction Engineering Corporation (中國建築股份有限公司)	Independent Director	June 2014	May 2021
Positions in other entities	Nil.			

(III) Remuneration of Directors, Supervisors and senior management

Determination procedures for remuneration of Directors, Supervisors and senior management	The remuneration of Directors and Supervisors of the Company who are not representatives of employees shall be reviewed and approved by the general meeting. The remuneration of senior management is proposed by the Remuneration and Appraisal Committee of the Board and reviewed and approved by the Board.
Basis for determination of remuneration of Directors, Supervisors and senior management	The remuneration of the independent non-executive Directors of the Company is determined according to the market level and the actual situation of the Company. Executive Directors do not receive remuneration for their positions as directors, but receive remuneration according to their positions in the Company and their assessments. The Supervisors of the Company obtain remuneration in accordance with the remuneration and assessment management policies of the headquarters and the positions they hold. The remuneration of the senior management of the Company shall be implemented in accordance with the management regulations of the superior department and the remuneration management policies of the senior management of the Company.
Remuneration actually paid to Directors, Supervisors and senior management	RMB17,469,074.67
Total actual remuneration received by all Directors, Supervisors and senior management at the end of the Reporting Period	RMB17,469,074.67

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The remuneration of Directors and Supervisors in office of the Company as of the end of the Reporting Period in 2021 was as follows:

Unit: RMB

Name	Total of basic salary, housing allowances and other allowances	Pension scheme contributions (pension insurance borne by the Company)	Performance remuneration	Total annual remuneration
Guo Wenqing	-	-	-	-
Zhang Mengxing	1,114,326.00	52,302.72	911,275.00	2,077,903.72
Zhou Jichang	283,000.00	-	-	283,000.00
Yu Hailong	266,000.00	-	-	266,000.00
Ren Xudong	-	-	-	-
Ng, Kar Ling Johnny	268,000.00	-	-	268,000.00
Yan Aizhong	1,006,926.00	52,302.72	732,800.00	1,792,028.72
Subtotal of Directors	2,938,252.00	104,605.44	1,644,075.00	4,686,932.44
Yin Sisong	899,526.00	52,302.72	201,000.00	1,152,828.72
Zhang Yandi	420,351.71	52,302.72	627,574.00	1,100,228.43
Chu Zhiqi	383,406.00	52,302.72	536,920.00	972,628.72
Subtotal of Supervisors	1,703,283.71	156,908.16	1,365,494.00	3,225,685.87

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

(IV) Changes of directors, supervisors and senior management of the Company

Name	Position	Change	Reason
Chen Jianguang	Chairman and Executive Director	Elected	Appointed by election
Lang Jia	Non-executive Director	Elected	Appointed by election
Liu Li	Independent Non-executive Director	Elected	Appointed by election
Guo Wenqing	Chairman, Executive Director	Resigned	Resigned due to work demand
Yu Hailong	Independent Non-executive Director	Resigned	Expiry of his term
Ren Xudong	Independent Non-executive Director	Resigned	Passed away due to illness

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

VI. THE COMPOSITION OF THE BOARD

In the beginning of 2021, the third session of the Board comprised 7 Directors with Mr. Guo Wenqing as an executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director and the President, Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Ng, Kar Ling Johnny as independent non-executive Directors, and Mr. Yan Aizhong as an employee representative Director.

On 2 January 2021, the Company received a notice from the family of Mr. Ren Xudong, an independent non-executive Director of the Company that Mr. Ren Xudong passed away due to illness. Mr. Yu Hailong, an independent non-executive Director, has served as an independent non-executive Director of the Company since 13 November 2014 until the expiry of his term of office on 12 November 2020 with a term of six consecutive years. As the resignation of Mr. Yu upon the expiration of their term of office would cause the number of independent non-executive Directors being less than the statutory minimum requirement, pursuant to the relevant requirements of the “Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies” (《關於在上市公司建立獨立董事制度的指導意見》) and the “Filing and Training Guidelines of Independent Directors of Companies Listed on the Shanghai Stock Exchange” * (《上海證券交易所上市公司獨立董事備案及培訓工作指引》), before the completion of the election process of new Independent Directors at a general meeting, Mr. Yu continued to perform the duties of independent Directors and members of the relevant special committees of the Board according to the applicable laws and regulations and the Articles of Association. As of the end of 2021, the members of the third session of the Board of the Company were: Mr. Guo Wenqing as an executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director and the President, Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny as independent non-executive Directors, and Mr. Yan Aizhong as an employee representative Director. On 26 January 2022, the Company held the first extraordinary general meeting of 2022, at which Mr. Chen Jianguang was elected as an executive Director of the Company, Mr. Lang Jia was elected as a non-executive Director of the Company, and Mr. Liu Li was elected as an Independent Non-executive Director of the Company. On the same date, Guo Wenqing resigned from his duty as a Director of the Company due to his work commitments. On the same date, the Company held the thirty-fifth meeting of the third session of the Board, at which Mr. Chen Jianguang was elected as the Chairman of the Company. Members of the third session of the Board changed to: Mr. Chen Jianguang as an executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director, Mr. Zhou Jichang, Mr. Lang Jia as a non-executive Director, Mr. Liu Li and Mr. Ng, Kar Ling Johnny as independent non-executive Directors and Mr. Yan Aizhong as an employee representative Director.

Pursuant to the Hong Kong Listing Rules and the Work Rules for the Relevant Special Committees of the Company, the Nomination Committee and the Remuneration and Appraisal Committee were comprised of 3 to 5 members, of which independent Directors shall account for over half of the members. During the Reporting Period, because of the passing away of Mr. Ren Xudong, the Company was not in compliance with (i) Rule A.5.1 of Appendix 14 of the Hong Kong Listing Rules. On 26 January 2022, the thirty-fifth meeting of the third session of the Board of the Company considered and approved the Proposal on the Establishment of the Sustainable Development Committee of the Board of MCC (《關於增設中國中冶董事會可持續發展委員會的議案》) and the Proposal on the Adjustment to Members of Special Committees of the Board of MCC (《關於中國中冶董事會專門委員會成員調整的議案》). Members of the Company’s Special Committees have complied with the regulatory requirements.

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

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

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

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

Name of Directors	Contents of training/study
Guo Wenqing	CCP History Class for Leading Cadres of Central Enterprises, Online Roundtable Conference of China-Chile Business Council
Zhang Mengxing	2021 Supervision Work Conference of Listed Companies in Beijing Jurisdiction, Seminar on "Century-old Party History" – In-depth Interpretation of the Central Economic Work Conference, Seminar on Interpretation of the Sixth Plenary Session of the 19th CPC Central Committee and Macroeconomic Policy Analysis
Zhou Jichang	2021 Phase I Follow-up Training for Independent Directors organized by SSE
Yu Hailong	2021 Phase I Follow-up Training for Independent Directors organized by SSE
Ng, Kar Ling Johnny	2021 HKICPA Auditing/Accounting Training Update, 2021 Macao Institute of Certified Public Accountants Code of Ethics Training, 2021 Institute of Chartered Certified Accountants Annual Training Update, KPMG Training Course and Ernst & Young Training Course
Yan Aizhong	2021 Seventh Session of Training Program for Directors and Supervisors of Listed Companies in Beijing Jurisdiction, Seminar on " Century-old Party History" – In-depth Interpretation of the Central Economic Work Conference, Seminar on Interpretation of the Sixth Plenary Session of the 19th CPC Central Committee and Macroeconomic Policy Analysis

VII. DUTIES AND OPERATION OF THE BOARD

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

Corporate Governance

The roles of Chairman and President of the Company are segregated and Mr. Guo Wenqing serves as the Chairman. Mr. Zhang Mengxing serves as the President. On 26 January 2022, Mr. Chen Jianguang was elected as the Chairman of the Company at the thirty-fifth meeting of the third session of the Board of MCC. The Chairman and the President perform their respective duties in accordance with the relevant requirements regarding division of duties set out in rules such as the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for President of the Company.

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

The President is accountable to the Board and is mainly responsible for taking charge of the Company's production, operation and management and reporting his work to the Board, coordinate to implement resolutions of the Board, coordinate to implement of the Company's annual business plans and investment plans, drafting plans for the establishment of the Company's internal management structure, drafting the Company's basic management system, formulating specific rules and regulations of the Company, preparing the merger, demerger or restructuring plans for subsidiaries of the Company, and performing other duties required by laws, administrative regulations, department rules or the Articles of Association, and authorized by the Board. The Vice President assists the President in his work and is accountable to the President, and perform the following duties with a clear division of work: participate in the preparation of proposals, plans, reports and documents submitted by the President to the Board; responsible for organizing the implementation of annual business plan, investment plan, annual financial budget plan and final accounts assigned to him; and responsible for other matters assigned to him.

The Board and its subordinate special committees performed their duties in strict compliance with the duties and work requirements as authorized by regulatory requirements, and carried out their work pursuant to the Company Law, regulatory rules of the listing place(s), Articles of Association, Rules of Procedures for General Meeting and the Board of Directors and other relevant requirements. For the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders' interests, the Company continue to follow the function of "making strategy, making decisions and preventing risks", captured the development opportunity to target strategic layout and phased development goal to dedicate in reform and innovation, continue to strictly control risks and facilitate continuous progress of the Company.

Directors are accountable to financial reports. When preparing the financial statements for the year ended 31 December 2021, Directors have chosen and applied appropriate accounting policies and made prudent and reasonable judgments and estimations to truly and fairly reflect the position, results and cash flow of the financial year. statement made by the auditor of the Company on their reporting responsibilities is set out in the "Auditor's Report" beginning on page 154 of this annual report.

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VIII. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Sessions of the meeting	Convening date	Resolutions of the meeting
The twenty-fifth meeting of the third session of the Board	3 February 2021	Resolutions were considered and approved at the meeting, including the Proposal on the Commencement of the Securitisation Business of the Equity Consolidated Partnership and the Proposal on the Issuance of Overseas Sustainable Bonds to Repay Maturing Overseas US Dollar Sustainable Bonds.
The twenty-sixth meeting of the third session of the Board	29 March 2021	14 resolutions were considered and approved at the meeting, including the Proposal on the 2020 Annual Report of MCC and the Proposal on the Report of MCC on Final Accounts for the Year 2020.
The twenty-seventh meeting of the third session of the Board	29 April 2021	The Proposal on 2021 First Quarterly Report of MCC was considered and approved at the meeting.
The twenty-eighth meeting of the third session of the Board (Via communication)	28 May 2021	The Proposal on Air Freight Costs for MCC Tongsin's Assistance of Covid-19 Vaccine to Afghanistan was considered and approved at the meeting.
The twenty-ninth meeting of the third session of the Board	20 July 2021	5 resolutions were considered and approved at the meeting, including the Proposal on Renewal of Directors' and Supervisors' Management Liability Insurance for the Year 2021.
The thirtieth meeting of the third session of the Board (Via communication)	29 July 2021	The Proposal on the Acquisition of Tangshan Maodun Construction Engineering Co., Ltd. by MCC 22 Group was considered and approved at the meeting.
The thirty-first meeting of the third session of the Board	30 August 2021	10 resolutions were considered and approved at the meeting, including the Proposal on the 2021 Interim Report of MCC and the Proposal on the 2021 Interim Financial Report of MCC.
The thirty-second meeting of the third session of the Board	29 October 2021	4 resolutions were considered and approved at the meeting, including the Proposal on the 2021 Third Quarterly Report of MCC and the Proposal on Information Disclosure Management System of MCC and Relevant Systems.
The thirty-third meeting of the third session of the Board	24 December 2021	10 resolutions were considered and approved at the meeting, including the Proposal on the Outline of the Company's Strategic Plan for the Year 2021-2025 and the Proposal on the Remuneration Plan of the Senior Management for the Year 2020 and the Distribution Plans of Monthly Salary for the Year 2021.

IX. THE PERFORMANCE OF DUTIES BY DIRECTORS

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

Name of Directors	Whether they are Independent Directors	Number of attendance at Board meetings required for the year	Attendance at Board Meetings			Number of absence	Whether they did not attend in person for two times consecutively	Attendance at general meetings
			Number of meetings attended in person	Number of meetings attended via communication	Number of meetings attended by proxy			Number of general meetings attended
Guo Wenqing	No	9	4	2	3	0	Yes	0
Zhang Mengxing	No	9	7	2	0	0	No	2
Zhou Jichang	Yes	9	6	2	1	0	No	0
Yu Hailong	Yes	9	3	3	2	1	No	0
Ng, Kar Ling Johnny	Yes	9	3	6	0	0	No	0
Yan Aizhong	No	9	7	2	0	0	No	1

Explanation on the absence from Board meeting for two times consecutively

On 29 October 2021, the Company held the thirty-second meeting of the third session of the Board. The then Chairman Guo Wenqing was unable to attend the meeting in person due to other official duties, and after reviewing the information on the meeting proposals, he appointed Director Zhang Mengxing in writing to attend and vote on his behalf.

On 24 December 2021, the Company held the thirty-three meeting of the third session of the Board. The then Chairman Guo Wenqing was unable to attend the meeting in person due to other official duties, and after reviewing the information on the meeting proposals, he appointed Director Zhang Mengxing in writing to attend and vote on his behalf.

Number of Board meetings held during the year	9
Including: Number of on-site meetings	3
Number of meetings convened via communication	2
Number of meeting convened by combination of on-site meeting and communication	4

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

Applicable Not applicable

Corporate Governance

X. THE SPECIAL COMMITTEE UNDER THE BOARD

(I) Members of the Special Committees under the Board ^{Note}

Category of the Special Committees	Name of the members
Members of the Special Committees during the Reporting Period (as of 31 December 2021)	
Finance and Audit Committee	Convener: Ng, Kar Ling Johnny (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Yu Hailong (Independent Non-executive Director)
Nomination Committee	Convener: Ren Xudong (Independent Non-executive Director, deceased) Committee member: Guo Wenqing (Executive Director, Chairman of the Board), Yu Hailong (Independent Non-executive Director)
Remuneration and Appraisal Committee	Convener: Yu Hailong (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Ren Xudong (Independent Non-executive Director, deceased)
Strategy Committee	Convener: Guo Wenqing (Executive Director, Chairman of the Board) Committee member: Zhang Mengxing (Executive Director), Zhou Jichang (Independent Non-executive Director)
Members of the Special Committees on the date of disclosure (as of 30 March 2022)	
Finance and Audit Committee	Convener: Ng, Kar Ling Johnny (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Liu Li (Independent Non-executive Director)
Nomination Committee	Convener: Zhou Jichang (Independent Non-executive Director) Committee member: Chen Jianguang (Executive Director, Chairman of the Board), Liu Li (Independent Non-executive Director)
Remuneration and Appraisal Committee	Convener: Liu Li (Independent Non-executive Director) Committee member: Zhou Jichang (Independent Non-executive Director), Lang Jia (Non-executive Director)
Strategy Committee	Convener: Chen Jianguang (Executive Director, Chairman of the Board) Committee member: Zhang Mengxing (Executive Director), Lang Jia (Non-executive Director)
Sustainable Development Committee	Convener: Lang Jia (Non-executive Director) Committee member: Zhang Mengxing (Executive Director), Ng, Kar Ling Johnny (Independent Non-executive Director)

Note: On 31 December 2021, there are four special committees under the Board of the Company in total, namely the Strategy Committee, the Finance and Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee.

On 26 January 2022, Mr. Guo Wenqing resigned as an executive Director and Mr. Yu Hailong, an independent non-executive Director, retired upon expiration of term of service. The Company elected Mr. Chen Jianguang as an executive Director, Mr. Lang Jia as a non-executive Director and Mr. Liu Li as an independent non-executive Director at the first extraordinary general meeting of 2022. On the same date, the thirty-fifth Meeting of the third session of the Board of the Company considered and approved the "Proposal on the Establishment of the Sustainable Development Committee of the Board of MCC" and the "Proposal on Adjustment of Members of the Special Committees of the Board of MCC". The Board established the Sustainable Development Committee and made corresponding adjustment to the members of each of the other special committees.

(II) The Performance of Duties by Special Committees

During the Reporting Period, there are four special committees under the Board of the Company in total, namely the Strategy Committee, the Finance and Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. Independent Non-executive Directors formed the majority of the special committees (except the Strategy Committee) and served as the convener of the above Committees.

During the Reporting Period, the Board gave more prominence to the supporting role and professional discussion and consultation function of each special committee. Before professional issues were submitted to the Board for consideration, such issues would be thoroughly studied by the relevant special committees, where specific review opinions were raised and thus provided a basis of decision-making for the Board.

1. *Strategy Committee*

In accordance with the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Strategy Committee, the Strategy Committee is accountable to the Board and is mainly responsible for conducting research and giving recommendations on the Company's mid-to-long term development strategies and major investment decisions, and discharging other duties authorized by the Board.

During the Reporting Period, the Strategic Committee convened two meetings through communication tools. Three committee members attended the meeting. The meeting discussed about four matters which involve, among others, integration of the inspection and testing business of MCC, establishment of the fund centre, and cancellation of the financial company and the Company's outline of strategic planning in 2021–2025.

2. *Finance and Audit Committee*

In accordance with the requirements of the Articles of Association, the Rules of Procedures for Board Meetings and the Work Rules for the Finance and Audit Committee, the Finance and Audit Committee of the Board is accountable to the Board and is mainly responsible for reviewing major financial control objectives, supervising the implementation of financial regulatory system and guiding the financial work of the Company, formulating guarantee management policies and reviewing guarantee business, reviewing annual financial budgets and final accounts and supervising the implementation thereof, reviewing the financial analysis of major investment projects, monitoring the execution outcome of investment projects, and arranging for the review of the subsequent evaluation of major investing and financing projects. The Finance and Audit Committee is also accountable for reviewing the Company's proposals for profit distribution and making up for losses and making recommendations in respect thereof, reviewing the construction plan, regulatory system, work flows and major control objectives for the comprehensive risk management and internal control system; reviewing the annual work plans and annual reports of comprehensive risk management and submitting the same to the Board; supervising the soundness, reasonableness and effectiveness of the execution of the risk management and internal control system, and instructing the comprehensive risk management and internal control of the Company; suggesting the engagement or replacement of external auditors for financial statements and internal control; reviewing the financial information of the Company and its disclosure, independently auditing the financial report and providing opinions; being responsible for the control and management of connected transactions of the Company, examining the Company's feedback channels to ensure employees can raise objections to the improprieties in financial reporting, internal control and other areas, as well as performing any other duties authorized by the Board.

Corporate Governance

During the Reporting Period, the Finance and Audit Committee convened six meetings in total, of which two meetings were convened on-site, three meetings were convened via a combination of on-site and communication tools, one meeting was convened through communication tools. Three committee members attended the meetings.

The attendance by each committee member at meetings is as follows:

Name of Directors	Number of attendance required for the Directors	Number of meetings attended in person (Including attendance via communication)
Ng, Kar Ling Johnny	6	6
Zhou Jichang	6	6
Yu Hailong	6	4

3. *Nomination Committee*

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

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

During the Reporting Period, no meeting of the Nomination Committee was held.

Corporate Governance

4. Remuneration and Appraisal Committee

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

During the Reporting Period, the Remuneration and Appraisal Committee convened 2 meetings in total and all were held via communication. Three issues were studied and discussed at the meetings, which involved the adjustment on the remuneration of independent directors of MCC, the remuneration plan of Directors and Supervisors of the Company for the year 2020, the remuneration plan of the senior management for the year 2020 and the distribution plans of monthly salary for the year 2021 and other issues.

(III) Meetings of Special Committees

1. The Strategy Committee held 2 meetings during the Reporting Period

Convening date	Meeting content	Important comments and suggestions
26 March 2021	The first meeting of the Strategy Committee of the Third Session of the Board in 2021 heard the "Report on the Company's Outline of the Strategic Plan in 2021–2025".	The meeting agreed to the contents of the report and submitted to the Board for consideration.
23 December 2021	The second meeting of the Strategy Committee of the Third Session of the Board in 2021 considered the "Resolution on Integration of MCC's Inspection, Testing and Certification Business", the "Resolution on the Establishment of a Capital Centre at MCC's Headquarter", the "Resolution on the Dissolution and Liquidation of MCC Finance Corporation Ltd.", and the "Resolution on the Company's Outline of the Strategic Plan in 2021–2025".	The meeting agreed on the above resolutions and submitted them to the Board for consideration.

Corporate Governance

2. *The Finance and Audit Committee held 6 meetings during the Reporting Period*

Convening date	Meeting content	Important comments and suggestions
1 February 2021	The first meeting of the Finance and Audit Committee of the third session of the Board in 2021 received the "Report on the Company's Budget for the Year 2021", and considered the "Resolution on Conducting Securitization Business of Equity Consolidated Partnership" and the "Resolution on Repaying Matured Overseas USD Perpetual Bonds through Issuing Overseas Perpetual Bonds".	The meeting agreed on the above resolutions and reports, and submitted them to the Board for consideration. It was considered in the meeting that the preparation of the Company's budget for the year 2021 is fully scientific and reasonable, which is in compliance with the management and control requirements of the Board and the actual operation of the Company. The meeting made comments and suggestions on issues such as increasing research and development expenses, strengthening corporate innovation, paying close attention to the development of the epidemic and improving project control capability.
26 March 2021	The second meeting of the Finance and Audit Committee of the Third Session of the Board in 2021 and the communication meeting between independent Directors and auditors received of the summary report of WUYIGE Certified Public Accountants LLP on the audit work of MCC's 2020 annual report, considered 14 resolutions, including the "Resolution on MCC's 2020 Annual Report", the "Resolution on the Report of MCC on Final Accounts for the Year 2020".	The meeting agreed on the above resolutions and submitted them to the Board for consideration. It was considered in the meeting that the preparation of the Company's annual report and final accounts report for the year 2020 was in compliance with the relevant requirements of the regulatory authorities and the Listing Rules, and was in line with the Company's operating reality. The meeting expressed full recognition of the Company's operation work in 2020 and made comments and suggestions on strengthening the management of cash flow and investment projects, paying attention to changes in the international situation, and enhancing the daily management and supervision of connected transactions.
28 April 2021	The third meeting of the Finance and Audit Committee of the third session of the Board in 2021 considered the "Resolution on MCC's 2021 First Quarterly Report" and received the "Report on Updating the List of MCC's Related Parties".	The meeting agreed on the above resolutions and reports, and submitted them to the Board for consideration. The meeting expressed affirmation of the Company's operation in the first quarter, and at the same time put forward opinions and suggestions on improving business gross margin, strengthening off-balance sheet asset control, enhancing cash flow management, and standardizing the management of affiliated transactions.
26 August 2021	The fourth meeting of the Finance and Audit Committee of the third session of the Board in 2021 and the communication meeting between independent directors and auditors received the report of WUYIGE Certified Public Accountants LLP on the review of MCC's 2021 interim report and considered 7 resolutions, including the "Resolution on MCC's 2021 Interim Report", the "Resolution on MCC's Financial Report for the First Half of 2021" and so on.	The meeting agreed on the above resolutions and reports, and submitted them to the Board for consideration. The meeting fully affirmed the operating results achieved by the Company in the first half of the year. In order to ensure the achievement of the annual target, the meeting put forward opinions and suggestions on strengthening project control, improving cash flow, and managing subsidiaries by category.

Corporate Governance

Convening date	Meeting content	Important comments and suggestions
28 October 2021	The fifth meeting of the Finance and Audit Committee of the third session of the Board in 2021 and the communication meeting between independent directors and auditors received the report of WUYIGE Certified Public Accountants LLP on the auditing plan of MCC in 2021, the "Resolution on the Internal Control and Risk Management and Inspection Report in 2021", and considered the "Resolution on MCC's 2021 Third Quarterly Report", the "Resolution on the Decision-Making Matters Required for the Equity Acquisition of China 20 Metallurgical".	The meeting agreed on the above resolutions and reports, and submitted them to the Board for consideration. The meeting fully recognized the results achieved by the Company in the first three quarters, and put forward opinions and suggestions on operational cash flow management, real estate operation, fine project management, strengthening communication with investors and other matters.
23 December 2021	The sixth meeting of the Finance and Audit Committee of the third session of the Board in 2021 received the "Resolution on Resettlement Housing Works in Urban Villages of Shantytowns in Yangguan Area, Guanshanhu District, Guiyang City, Guizhou Province by China Metallurgical Construction Engineering in PPP Mode".	It was considered in the meeting that the related transaction was conducted in accordance with market rules, in line with the principle of openness, fairness and impartiality. Without prejudice to the interests of the Company and its shareholders, the transaction did not dilute the interests of the listed company, which was legal and reasonable economic act. Therefore, the meeting agreed on the resolution and submitted it to the Board for consideration.

3. *The Nomination Committee did not hold any meeting during the Reporting Period*

4. *The Remuneration and Appraisal Committee held 2 meetings during the Reporting Period*

Convening date	Meeting content	Important comments and suggestions
26 March 2021	The first meeting of the Remuneration and Appraisal Committee of the third session of the Board held in 2021 considered the "Resolution on the Remuneration of Directors and Supervisors of MCC in 2020".	The meeting agreed on the remuneration proposal of directors and supervisors in 2020 and submitted it to the Board for consideration.
23 December 2021	The second meeting of the Remuneration and Appraisal Committee of the third session of the Board held in 2021 considered the "Resolution on the Management Measures for the Business Performance of Leaders of the Headquarters of Metallurgical Corporation of China Ltd.", and the "Resolution on the Remuneration Proposal for Senior Management in 2020 and the Monthly Remuneration Proposal in 2021".	The meeting agreed on the above resolutions and submitted them to the Board for consideration.

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(IV) Explanations on Objections

Applicable

Not applicable

XI. EXPLANATION ON THE RISKS OF THE COMPANY IDENTIFIED BY THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company convened 4 meetings of the Supervisory Committee, details of which are as follows:

On 29 March 2021, the 11th meeting of the third session of the Supervisory Committee was convened by way of on-site meeting. Mr. Yin Sisong, Chairman of the Supervisory Committee, Ms. Zhang Yandi, Supervisor, and Mr. Chu Zhiqi, Employee Supervisor, attended the meeting. The Resolution on the Annual Report of MCC for the Year 2020, the Resolution on the Report of MCC on Final Accounts for the Year 2020, the Resolution on Profit Distribution of MCC for the Year 2020, the Resolution on Special Report on Capital Occupied by Controlling Shareholders and Other Related Parties of MCC for the Year 2020, the Resolution on the Work Report of the Supervisory Committee of MCC for the Year 2020, the Resolution on the Social Responsibility Report of MCC for the Year 2020, the Resolution on the Internal Control Evaluation Report of MCC for the Year 2020, the Resolution on the Special Report on A-share Raised Funds and the Reporting of the Special Report on H-share Raised Funds, the Resolution on the Temporary Supplement of Liquidity by A-share IPO Idle Raised Funds, and the Resolution on the Temporary Supplement of Liquidity by H-share IPO Idle Raised Funds were considered at the meeting.

On 28 April 2021, the 12th meeting of the third session of the Supervisory Committee was convened by way of on-site meeting. Mr. Yin Sisong, Chairman of the Supervisory Committee, Ms. Zhang Yandi, Supervisor, and Mr. Chu Zhiqi, Employee Supervisor, attended the meeting. The Resolution on the First Quarterly Report of MCC for the Year 2021 were considered and approved, and the Report on the Update of the MCC Related Person List, and the Report on Two Metals of MCC were heard at the meeting.

On 30 August 2021, the 13th meeting of the third session of the Supervisory Committee was convened by way of on-site meeting. Mr. Yin Sisong, Chairman of the Supervisory Committee, Ms. Zhang Yandi, Supervisor, and Mr. Chu Zhiqi, Employee Supervisor, attended the meeting. The Resolution on the Interim Report of MCC for the Year 2021, the Resolution on the Interim Financial Report of MCC for the Year 2021, and the Resolution on the Special Report on A-share Raised Funds and the Reporting of the Special Report on H-share Raised Funds were considered and approved at the meeting.

On 29 October 2021, the 14th meeting of the third session of the Supervisory Committee was convened by way of on-site meeting. Mr. Yin Sisong, Chairman of the Supervisory Committee, Ms. Zhang Yandi, Supervisor, and Mr. Chu Zhiqi, Employee Supervisor, attended the meeting. The Resolution on the Third Quarterly Report of MCC for the Year 2021 were considered and approved at the meeting.

During the Reporting Period, the Supervisory Committee has not identified any risk in the Company and had no objection to the supervision items during the Reporting Period.

XII. MANAGEMENT CONTRACTS

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

XIII. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

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

XIV. DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

During the Reporting Period and as of the latest practicable date before the publication of this report (being 29 March 2022), none of the Directors had any interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

XV. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

XVI. DIRECTORS' AND SUPERVISORS' RIGHTS REGARDING SHARE ACQUISITION

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

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

(I) Employees

Number of existing staff of the parent company	289
Number of existing staff of principal subsidiaries	97,683
Total number of existing staff	97,972
Number of resigned or retired staff to whom the parent company and principal subsidiaries are liable	127,615

Composition of professions

Type of profession	Number of professionals
Engineering contracting	87,929
Real estate development and others	3,117
Equipment manufacture	5,902
Resources development	1,024
Total	97,972

Corporate Governance

Educational Level

Category of Educational Level	Number <i>(in persons)</i>
Above postgraduate	13,425
Undergraduate	52,367
College degree	14,460
Below college degree	17,720
Total	97,972

(II) Remuneration policies

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

(III) Training programs

In 2021, according to the hierarchical management model, the Company implemented extensive education and training for cadres and employees, with 84,000 participants throughout the year. The political ability of management talents, professional and technical talents and skilled talents at all levels was further strengthened, and their professional competence and practical skills were continuously improved, laying a good foundation for the Company's production, operation and reform and development.

(IV) Outsourcing of labour service

Annual average number of migrant workers (in persons)	648,655
Total salaries of migrant workers (RMB 0'000)	5,854,418

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

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

The profit distribution policy prescribed in the Articles of Association is as below:

1. *Basic principles for the profit distribution policy*

- (1) The Company has given sufficient consideration to the returns to investors and the prescribed ratio of the Company's profit available to be distributed for the current year will be distributed to Shareholders per annum.
- (2) The Company's profit distribution policy shall maintain consistency and stability and shall also take into the account of the Company's long-term interests, the interests of all Shareholders as a whole and the sustainable development of the Company.
- (3) The Company shall give priority to distribute profit in the form of cash dividends. The Company shall take various factors into account, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, to propose a differentiated policy for distributing cash dividend pursuant to the procedures stipulated in the Articles of Association. The proportion of cash dividend to profits of the year shall be determined in compliance with the relevant laws, administrative regulations, normative documents and rules of the stock exchange(s).

2. *Specific policy regarding the Company's profit distribution*

- (1) Forms of profit to be distributed: The Company may distribute dividend in the form of cash, shares or a combination of cash and shares. Under conditional circumstances, the Company may distribute interim dividends.
- (2) The specific conditions and ratios for the Company's cash dividend

Except for special occasions, if the Company makes a profit for a year and the accumulated undistributed profit is positive, the Company may distribute dividend in the form of cash, and the profits distributed in cash every year shall not be less than 15% of the Company's profit available to be distributed for the current year.

Special occasions shall refer to one of the followings:

- ① the Company's operating net cash flow for the year is negative;
- ② such other occasions occur when upon approval by the general meeting, less than 15% of the Company's profit available to be distributed for the current year is to be distributed in the form of cash dividend, including but not limited to no distribution of cash dividend due to major investment needs of the Company. The criteria of such major investment: the Company's expected total investment for next year exceeds 15% of the net assets in the Company's consolidated statement for the current year.
- (3) Conditions for distributing dividends in shares by the Company: The Company's business is in a sound condition, and the Board considers that the Company's stock price does not reflect its share capital and distributing dividend in shares will be favourable to all shareholders of the Company as a whole, provided that the above conditions for cash dividend distribution are met.

Corporate Governance

3. *Procedures for considering the distribution policy*

- (1) The profit distribution policy of the Company shall be proposed by the Company's President Office and then submitted to the Company's Board of Directors and Supervisory Committee for consideration and approval. The Board will fully discuss the reasonableness of such profit distribution proposal. The special resolution is passed thereby and then submitted to the Shareholders' Meeting for consideration. Prior to the consideration of cash dividend distribution plan at the Shareholders' general meeting, the Company shall proactively communicate with its Shareholders, in particular, minority Shareholders, through various channels to receive opinions and request of those minority Shareholders and respond to their concerns in a timely manner.
- (2) The Board shall fully take into account matters such as the timing, the conditions and minimum ratio, the conditions for adjustment and the requirements of the decision-making procedures in regard to distributing dividends in cash. The independent Directors shall explicitly give their views. The independent Directors shall seek the opinions of the minority shareholders, prepare a dividend distribution proposal accordingly and present it directly to the Board of Directors for consideration. When the Board resolves that the profit which is less than 15% of the Company's profit available to be distributed for the current year will be distributed in the form of cash and the profit distribution proposal so formed will be submitted to the Shareholders' Meeting for consideration, the Company shall make internet voting accessible to Shareholders subject to the applicable laws and regulations.

4. *The withholding and exemption of dividend income tax shall be conducted in accordance with the relevant laws and regulations.*

5. *2021 profit distribution proposal*

The net profit attributable to Shareholders of the listed Company in the audited consolidated statement of MCC in 2021 amounted to RMB8,374,970 thousand and the undistributed profit of MCC headquarters amounted to RMB5,846,248 thousand. Based on the total share capital of 20,723,619,170 shares, the Company proposed to distribute a cash dividend of RMB0.78 (tax inclusive) for every 10 shares and the total cash dividend is RMB1,616,442 thousand, the remaining undistributed profit of RMB4,229,806 thousand will be used for the operation and development of the Company and rolled over to the coming year for distribution. The total cash dividend proposed by the plan accounts for 19.30% of the net profit attributable to the Shareholders of the listed Company in the consolidated statement of MCC in 2021.

6. *Explanation on 2021 profit distribution proposal and opinions of independent Directors*

- (1) The reason for the total proposed cash dividend to be distributed being less than 30% of the net profit attributable to the Shareholders of the listed company in the consolidated statements

The profit distribution proposal has complied with the requirements of the relevant laws and regulations, and Articles of Association, and is in line with the industry characteristics, development stage and business model of the Company. The construction industry where the company is located is a fully competitive industry, and the Company itself has entered a new stage of high-quality development of the Company and enhance the overall value of the Company, which is also in line with the fundamental interests of the shareholders.

The annual cash dividend of MCC implements the general working principle of "focusing on stability while seeking progress", and the amount of dividends increases steadily, which reflects the steady development and sustainable dividend of MCC, and demonstrates the attitude of MCC towards returning shareholders with results of operations and earnestly safeguarding Shareholders' investment interests.

Corporate Governance

(2) Exact use of the undistributed profits retained and expected earnings

Focusing on the major national strategic deployment and the “14th Five-Year Plan”, MCC and its subsidiaries paid close attention to the current period of important strategic opportunities for economic development, and actively participated in national infrastructure construction. In order to further strengthen the Company’s market competitiveness and sustainable development capability, retained earnings will be used for the strategic development and daily turnover of the Company. The retained earnings accumulated by the Company belong to all shareholders, and the Company will continuously improve the efficiency of capital operation, improve the overall profitability of the Company and better reward the Shareholders.

(3) Opinions of the independent Directors

The Company’s 2021 profit distribution proposal complies with the provisions of the relevant laws, regulations and the Articles of Association, reflects the rationality and moderate growth of the profit distribution, and also takes into the account the reasonable returns to investors and the sustainable development of the Company, fulfilling the long-term interests of investors and the needs of the Company’s development. The interests of minority Shareholders are not impaired. We agree to the Resolution regarding MCC’s 2021 Profit Distribution (《關於中國中冶2021年度利潤分配的議案》) and agree to submit the same to the 2021 annual general meeting for consideration and approval.

(II) Special explanation of cash dividend distribution policy

Whether to comply with the provisions of the Articles of Association or the requirements of the resolutions of general meetings Yes No

Whether the standard and proportion of dividends are explicit and clear Yes No

Whether relevant decision making procedures and mechanisms are adequate Yes No

Whether the independent Directors have performed their duties and played their due roles Yes No

Whether small and medium shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights and interests have been fully protected Yes No

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

Applicable Not applicable

Corporate Governance

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

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

Applicable Not applicable

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

Equity incentives

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee stock ownership plan

Applicable Not applicable

Other incentive measures

During the Reporting Period, CISDI Group Chongqing Information and Technology Co., Ltd. (a subsidiary of the Company) continued to promote employee shareholding-related work in accordance with laws and regulations. WISDRI Engineering & Research Incorporation Limited has carried out the dividend sharing work for positions in science and technology enterprises during the Reporting Period with the approval of the competent authorities.

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

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

Applicable Not applicable

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

The appraisal of senior management of the Company is mainly carried out by taking into account the Company's operating results, personal capabilities, work performance and service attitude. The Board completes the appraisal of work performance of senior management based on corporate reports on final accounts and statistics, the report of the President regarding the completion of operating results appraisal targets last year and the work report of vice President and Chief Accountant. Meanwhile, the remunerations of senior management are determined pursuant to the appraisal.

XX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

XXI. AUDITING INSTITUTION AND ITS REMUNERATION

The Company appointed WUYIGE Certified Public Accountants LLP ("Daxin") as its annual auditors. In addition to the annual financial audit, Daxin also provided the Company with internal control audit services in relation to financial reports and provided part of its domestic subsidiaries with statutory financial audit services.

For details of the remuneration of independent auditors for the year 2021, please refer to "VI. Appointment and Dismissal of Accounting Firm" on page 126 of this report.

XXII. INFORMATION DISCLOSURE AND INVESTOR RELATIONS

During the Reporting Period, with the strict compliance with the regulations and requirements of regulatory authorities, such as the CSRC, the SSE and the Hong Kong Stock Exchange, the Company disclosed its company information in a truthful, accurate, complete, timely and fair manner. It also timely revised systems such as the Management System of Information Disclosure, the Measures for the Administration of Information Disclosure in the Stock Market, and Measures for the Administration of Inside Information, which is in line with the new changes in regulatory policies, to constantly improve the quality and level of disclosure work. Meanwhile, the Company continues to adhere to the principle of combining statutory disclosure with voluntary disclosure, fully demonstrating the Company's investment value from various angles and continuously enhance the pertinence and effectiveness of information disclosure. The Company attaches great importance to the administration of inside information, strictly completes the registration, submission and confidential work of inside information insider, and effectively protects the legitimate rights and interests of shareholders and other stakeholders. In 2021, the Company was rated Class A (the top class) Listed Company for SSE Information Disclosure for the fifth consecutive year.

The Company always closely follows the strategic goals to explore performance highlights and investment value, and actively communicate with and respond to the capital market. During the Reporting Period, the Company organised roadshows and reverse roadshows, participated in various brokerage strategy meetings, convened telephone communication meetings and received visiting institutional investors for a total of more than 70 times, and communicated directly with more than 300 institutional investors and more than 100 small and medium investors. On the basis of regular performance announcement and daily communication, the Company combined its strategic positioning and market focus to carry out special activities such as targeted roadshows and communication meetings. The Company presented its excellent performance and reform highlights to the capital market through the combination of live meetings, live video broadcasts and text broadcasts. As a result, it was selected as the "Outstanding Practice Cases of Annual Report Performance Presentation of Listed Companies" by CSRC. The Company organized and held reverse roadshows themed with "steel structure" and "theme park" respectively in spring and autumn, and organized and held "2021 Online Investor Reception Day" for small and medium investors, which received good feedbacks.

Corporate Governance

XXIII. RIGHTS OF SHAREHOLDERS

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

XXIV. COMPANY SECRETARIES

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

For details of profile of Mr. Zeng Gang, please refer to page 78 of this report.

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

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

For the purpose of complying with Rule 3.29 of the Hong Kong Listing Rules, the company secretaries attended relevant professional training for the year for not less than 15 hours as of 31 December 2021.

XXV. THE ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD (SELF-EVALUATION REPORT OF INTERNAL CONTROL)

In accordance with the regulatory requirements for listed companies and taking into account the internal control evaluation work, the Company has prepared the "MCC 2021 Internal Control Evaluation Report", the full text of which is published on the websites of the SSE (<http://www.sse.com.cn>), the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.mccchina.com>).

There was no significant defect of internal control in the financial report on the base date of Internal Control Evaluation Report. The evaluation conclusion of internal control of the financial report is valid. The Board of Directors is of view that the Company has maintained effective internal control in the financial report in all material respects in accordance with the requirements of the enterprise internal control system and relevant regulations. No significant defect of internal control has been discovered in the non-financial report by the Company on the base date of Internal Control Evaluation Report. From the base date of Internal Control Evaluation Report to the issuance date of the Internal Control Evaluation Report, there is no factor incurred affecting the evaluation conclusion of internal control effectiveness.

Corporate Governance

It is the responsibility of the Board of Directors of the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the Internal Control Evaluation Report in accordance with the provisions of the enterprise internal control system. The objectives of the Company's internal control are to provide reasonable assurance of legal compliance of operation and management, safety of assets, truthfulness and integrity of financial reports and related information, to improve the efficiency and effectiveness of operations and to facilitate the achievement of development strategies. Because of the inherent limitations of internal control, it can only provide reasonable assurance of achieving the above objectives. In addition, there is a risk that the effectiveness of future internal controls may be inferred from the results of internal control evaluations because of changes in circumstances that may cause internal controls to become inappropriate or the extent to which control policies and procedures are followed to be reduced.

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

The main features of risk management and internal control system are as follows: pursuant to regulatory requirements, the Company implemented the Basic Standards for Corporate Internal Control (《企業內部控制基本規範》) and its accompanying guidelines since 2011. Based on the Guideline on Comprehensive Risk Management for State Enterprises (《中央企業全面風險管理指引》) published by the SASAC of the State Council, the Company established the framework at company level and business level by integrating the risk management and internal control systems. Under the framework, through preparing risk control matrix to establish the relationship of mutual mapping between key risk and control, the Company implemented the risk identification, evaluation and corresponding control measures to various internal business processes in the enterprise in order to achieve the organic integration between risk management and internal control, significantly improving the capabilities of risk prevention and control of the enterprise and providing effectiveness to the management of the enterprise.

Corporate Governance

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

The Company places heavy emphasis on dynamic monitoring of risk management. According to internal and external changes of the Company, the Company analyzed the collected risk information, evaluated various risks which might create possibilities of impacts on and loss to the operation procedures of the Company, timely identified and systematically analyzed the relevant risks between the operating activities and implementation of internal control targets, and reasonably determined the risk tolerance of the Company and corresponding strategies for the risks. The Company paid special attention to the control of significant risks and formulated risk management measures by refining solutions, and deeply analyzing the source of significant risks, reasons of the risks, possible impact and corresponding strategies to be taken in respect of the significant risks evaluated.

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

The procedures for making up severe deficiencies of the internal control system: for the identified significant defects and important defects, MCC will promptly adopt corresponding strategies to effectively control the risks within a bearable level and pursue the liabilities of the relevant department or personnel.

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

The Company has established an internal audit function which analyzes and independently evaluates the adequacy and effectiveness of the risk management and internal monitoring and control systems of the Company and reports to the Board the results at least once a year. MCC has, in practice, started the supervision and evaluation as well as defect rectification inspection of internal control and risk management pursuant to the plan on evaluation of work and standard of evaluation in order to ensure the defects are rectified properly. Meanwhile, the subsidiaries are required to conduct half-year and annual self-evaluation and special evaluation work in order to provide the base for the issue of internal control evaluation report. The review period of risk management and internal control system covered is from 1 January 2021 to 31 December 2021.

Corporate Governance

For the year ended 31 December 2021, the Board has inspected the effectiveness of the internal monitoring and control and risk management systems of the Company to ensure that the management maintained and managed a well-functioning system based on the control procedures and standards. The Board has confirmed that there was no significant defect of internal control in the financial report in 2021, and no significant defect of internal control has been discovered in the non-financial report. According to the inspection and assessment results of internal control of the Company, the risk management and internal monitoring and control of the Company is effective and is able to fulfill the internal control objectives.

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

Explanation on material defects in internal control during the Reporting Period

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

XXVI. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

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

During the Reporting Period, Inspection and Certification Co., Ltd. MCC, which is a subsidiary of Central Research Institute of Building and Construction Co., Ltd. (a subsidiary of the Company) has integrated the institutions of internal inspection and testing business within the Company. The Company demands to expand and strengthen its business of inspection, testing and certification, and establish a professional brand image of “MCC testing”.

XXVII. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL

WUYIGE Certified Public Accountants LLP has issued the internal control audit report for the Company and is of the opinion that as at 31 December 2021, the Company maintained an effective internal control over its financial report in all material aspects pursuant to the Basic Standards for Enterprise Internal Control (《企業內部控制基本規範》) and relevant requirements. According to the audit report of internal control issued by WUYIGE Certified Public Accountants LLP, the Board has inspected the risk management and internal monitoring and control systems of the Company and its subsidiaries, and is of the view that they are still effective. The internal control audit report issued by the accounting firm is consistent with the internal control evaluation report of the Company. The full text of the “MCC 2021 Internal Control Evaluation Report” is published on the websites of the SSE (<http://www.sse.com.cn>), the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.mccchina.com>).

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

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

Corporate Governance

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

The Company has completed the filling and submission of the Special Self-Inspection List of Governance of Listed Companies on time in accordance with the requirements of the Announcement of Special Action on Governance of Listed Companies issued by CSRC, and carefully inspected its corporate governance against the list. Self-inspection reflects that the corporate governance structure of the Company is perfect, and each governance mechanisms is under normal operation except for two items that need to be rectified. The rectification of self-inspection problems of the Company is as follows:

1. Independent Directors having served for a term of more than 6 consecutive years.

Yu Hailong and Ren Xudong had been serving as Independent non-executive Directors of the Company since 13 November 2014, and their terms of office expired on 12 November 2020 with a term of six consecutive years. As the resignation of the two Directors upon the expiration of their term of office would result in the proportion of Independent Directors of the Company being lower than the statutory minimum requirement, pursuant to relevant requirements such as the “Guiding Opinions on the Establishment of Independent Director System in Listed Companies” by CSRC and the “Filing and Training Guidelines of Independent Directors of Companies Listed on the Shanghai Stock Exchange”, the two Directors continued to serve as independent Directors and perform related duties in accordance with laws and regulations and the Articles of Association, until new Independent Directors are elected at the general meeting. On 2 January 2021, Ren Xudong passed away due to illness. On 26 January 2022, Lang Jia was elected as the new non-executive Director, Liu Li was elected as the new independent Director, and Yu Hailong resigned from the independent Director and relevant duties of the Board of Directors at the same time at the first extraordinary general meeting of the Company of 2022. (For details, please refer to the relevant announcement issued by the Company on 26 January 2022.) So far, all Independent Directors of the Company have met the relevant requirements of continuous service.

2. Senior management personnels of listed companies who are part-time in controlling shareholder’s entities.

Liu Fuming, Vice President of the Company, and Zeng Gang, Secretary to the Board, take relevant positions in CMGC and China Minmetals respectively due to work requirements. They have been engaged in corporate management for many years and have accumulated extensive experience in corporate governance and business operation of listed companies. During their term of office, they performed their duties with dedication and diligence, strictly implemented the resolutions of general meetings and the Board of Directors, and well coordinated the relationship between the Company and the controlling shareholders. As the relevant management personnel of the Company are in the process of adjustment, and the adjustment and replacement of relevant candidates are also subject to certain cadre appointment and removal procedures, it still needs a certain transitional period to resolve the part-time issue. During this period, the Company will continue to strictly comply with the commitments of non-competition and standardized connected transactions, perform information disclosure obligations related to part-time of senior management personnels in a timely manner, and strictly restrict and regularly inspect the performance of senior management personnels, so as to ensure that they have sufficient time and energy to participate diligently and responsibly in the management of the Company, and prioritize the performance their duties of senior management of the Company. Meanwhile, the Company will actively communicate with the entities of controlling shareholders to jointly promote the rectification of part-time issues.

XXIX. CHANGES IN ARTICLES OF ASSOCIATION

According to the actual situation of the Company, part of the Articles of Association of Metallurgical Corporation of China Ltd. was amended at the 2021 First Extraordinary General Meeting of MCC convened on 29 September 2021. The main amendment was: In Article 5 of the Articles of Association of the Company, “the Chairman of the Company shall be the legal representative of the Company” was amended to “the President of the Company shall be the legal representative of the Company”.

Other contents remained unchanged.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

(I) Environmental protection of the Company and its subsidiaries categorised 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 2021 published by the state, provincial and municipal environmental protection departments, among all subsidiaries of MCC, Xiangyang Enfi Environmental Protection Energy Co., Ltd. (“Xiangyang Enfi”), a subsidiary of China Nonferrous Engineering Co., Ltd. (“China Non-ferrous”), Ganzhou Enfi Environmental Protection Energy Co., Ltd. (“Ganzhou Enfi”), Guan Enfi Environmental Protection Energy Co., Ltd. (“Gu’an Enfi”), Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (“Xiaogan Enfi”) and China City New Energy Development Dafeng Co., Ltd. (“China City Dafeng”), a subsidiary of WISDRI Engineering & Research Incorporation Limited (“WISDRI”), were included in the list of enterprises under special supervision of exhaust gas; Luoyang Silicon, a subsidiary of China Non-ferrous, Guan Enfi and Xiaogan Enfi were included in the list of enterprises under special supervision of wastewater treatment plants; and a total of 34 sewage treatment plants under China Non-ferrous, WISDRI, MCC Huatian Engineering & Technology Co., Ltd. and MCC Ecological Environmental Protection Group Co., Ltd. (“MCC Ecological Environmental Protection”) were included in the list of enterprises under special supervision of sewage treatment. During the Reporting Period, each environmental protection facility of all units under the Name 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.

The Company has been adhering to the guidance of Xi Jinping’s ecological civilization thought, firmly establishing the concept of greenery development of “green construction and clean production”, constantly promoting structural reform, transformation and upgrading. Regarding the concept of greenery development as a long-term goal, the Company formulated the “Administrative Measures for Energy Conservation and Ecological Environmental Protection of MCC” (《中國中冶能源節約與生態環境保護管理辦法》), the “Implementation Rules for Energy Conservation and Ecological Environmental Protection Responsibility System of MCC” (《中國中冶能源節約與生態環境保護責任制實施細則》), the “Implementation Rules for Energy Conservation and Environmental Protection Inspections of MCC” (《中國中冶節能環保檢查實施細則》), the “Implementation Rules for Energy Conservation and Ecological Environmental Protection Reports of MCC” (《中國中冶能源節約與生態環境保護報告實施細則》), the “Implementation Rules for Responsibility Investigation of Safety and Environmental Protection Accidents of MCC” (《中國中冶安全環保事故責任追究實施細則》), the “Integrated Emergency Response Plan of Environmental Emergencies of MCC” (《中國中冶突發環境事件綜合應急預案》) and the “Green Construction Demonstration Atlas of MCC” (《中國中冶綠色施工示範圖集》) and other documents, which cover contents such as overall requirements of energy conservation and environmental protection management, supervision and inspection, responsibility of reporting, education and training, assessment, rewards and punishment, as well as integrated emergency response management of environmental emergencies. Such rules and regulations could satisfy the latest national requirements on energy conservation and environmental protection management, proactively advocate energy conservation and emission reduction of the Company, and promote green construction and related work, so as to fully accomplish the management objectives on energy conservation and environmental protection during the year. Having proactively devoted itself to environmental governance and environmental protection and advocated the concept of environmental protection for years, the Company strived to enhance the efficiency of energy utilization and establish a resource-conserving and environment-friendly enterprise.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Information about pollution discharge

① 34 enterprises under special supervision of sewage treatment

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants		Executive standard	Emission standard ^{note}	Actual emission	Total emission rate	Discharge flow
			(mg/L)	(mg/L)		(10,000t/day)			
1	Chuzhou Huatian Water Corporation MCC (滁州市中冶華天水務有限公司)	Main vent from Chuzhou Huatian Water Corporation MCC WS-01904	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	30.60	14.56	Qingliu River (清流河)
			5(8)			1.05			
2	Lai'an Huatian Water Corporation MCC (來安縣中冶華天水務有限公司)	Vent from Lai'an Huatian Water Corporation MCC Wastewater Treatment Plant	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	30.33	6.15	Lai River (來河)
			5(8)			0.39			
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	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	17.08	3.50	Chao River (潮河)
			5(8)			0.60			
4	Shouguang North Water Corporation MCC (壽光市城北中冶水務有限公司)	Vent outside Shouguang North Water Corporation MCC	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	30	19.70	8.10	Zhangseng River (張僧河)
			1.5			0.49			
5	Tianchang Huatian Water Corporation MCC (Tianchang Wastewater Treatment Plant) (天長市中冶華天水務有限公司(天長市污水處理廠))	Vent No. WS-009	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	40	20.00	6.10	Chuanqiao River (川橋河)
			2(3)			0.66			
6	Qinlan Wastewater Treatment Plant of Tianchang Huatian Water Corporation MCC (天長市中冶華天水務有限公司秦欄鎮污水處理廠))	Mixed inflow of sewage emission in Qinlan Town and Jiangwei County of Tianchang City	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	22.90	0.58	Qinlan River (秦欄河)
			5(8)			0.74			
7	Yangcun Water Treatment Plant of Tianchang Huatian Water Corporation MCC (天長市中冶華天水務有限公司(楊村鎮污水處理廠))	Mixed inflow of sewage emission in Yangcun Wastewater Treatment Plant of Tianchang City	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	25.28	0.47	Yangcun River (楊村河)
			5(8)			1.61			
8	Wastewater Treatment Plant of Tianchang Economic Development Zone of Tianchang Huatian Water Corporation MCC (天長市中冶華天水務有限公司(天長市經濟開發區污水處理廠))	Vent No. WS-04303	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	24.38	2.00	New Chuanqiao River(新川橋河)
			5(8)			0.58			
9	Tongcheng Water Treatment Plant of Tianchang Huatian Water Corporation MCC (天長市中冶華天水務有限公司(銅城鎮污水處理廠))	Vent No. WS-04305	COD	Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	26.17	0.58	Tonglong River(銅龍河)
			5(8)			0.29			

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard ^{note} (mg/L)	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
10	MCC Xinglong Water Co., Ltd. (興隆縣中冶水務有限公司)	Vent of disinfecting tank WS-001	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	15.85 0.35	2.26	Liu River (柳河)
11	MCC Dingyuan Water Co., Ltd. (定遠縣中冶水務有限公司)	Wastewater discharge vent WS-50004	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	18.33 0.30	5.02	Maqiao River (馬橋河)
12	Lu'an Water Corporation MCC (六安市中冶水務有限公司)	Main vent WS00075	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	15.03 1.02	2.17	Su Da Yan (蘇大堰)
13	Cha He Water Treatment Plant of Lai'an Huatian Water Corporation MCC (來安縣中冶華天水務有限公司漢河污水處理廠)	Vent from Cha He Water Treatment Plant (漢河污水處理廠污水排放口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	16.97 0.26	1.91	Chu River (滁河)
14	Ma'anshan Water Corporation MCC (馬鞍山市中冶水務有限公司)	Ma'anshan Huatian Water Corporation MCC (馬鞍山市中冶華天水務有限公司) WS-090801	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	8.90 0.25	1.66	Xiangcheng River (襄城河)
15	Huangshi Water Corporation MCC (黃石市中冶水務有限公司)	Vent from Huangshi Tuanchengshan Wastewater Treatment Plant (黃石團城山污水處理廠排放口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	12.66 0.93	3.90	Chi-hu Lake (磁湖)
16	Shouguang MCC Huatian Water Co., Ltd. (壽光市中冶華天水務有限公司)	Vent from Shouguang MCC Huatian Water Co., Ltd. WS-37078309	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	30 1.5	25.76 0.63	11.81	Xiaqing River (小清河)
17	Qinhuangdao Funing District MCC Water Co., Ltd. (秦皇島市撫寧區中冶水務有限公司)	Main vent from Funing Wastewater Treatment Plant	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	23.68 0.27	4.80	Discharged into artificial river
18	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) WS-26616	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	27.90 0.43	5.17	Min River (閩江)
19	MCC Xuancheng Water Co., Ltd. (宣城市中冶水務有限公司)	Vent from Xuancheng Wastewater Treatment Plant (宣城污水廠出口)	COD Ammoniacal nitrogen	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50 5(8)	12.40 0.15	0.91	Shuiyang River (水陽江)

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard ^{note} (mg/L)	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
20	Beijing Zhongshe Water Treatment Co., Ltd. (北京中設水處理有限公司)	Main vent (Phase I)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level 1 Standard A of current wastewater plant) DB11/890-2012	20	15.00	6.00	Ciwei River (刺蝟河)
			Ammoniacal nitrogen		1.0(1.5)	0.31		
			Total phosphorus		0.2	0.13		
		Main vent (Phase II)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level 1 Standard A of new wastewater plant) DB11/890-2012	20	13.00	4.00	
			Ammoniacal nitrogen		1.0(1.5)	0.27		
			Total phosphorus		0.2	0.11		
21	Lanzhou Zhongtuo Water Corporation (蘭州中投水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard B	60	23.40	22.67	Yellow River
			Ammoniacal nitrogen		8(15)	1.05		
			Ammoniacal nitrogen		1	0.23		
22	Xiaogan Zhongshe Water Co., Ltd. (孝感中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	15.00	13.00	Gunzi River (滾子河)
			Ammoniacal nitrogen		5(8)	0.68		
			Total phosphorus		0.5	0.22		
23	Wenxian Zhongtuo Water Co., Ltd. (溫縣中投水務有限公司)	Main vent of the First Wastewater Treatment Plant	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	14.00	3.44	Rongqu River(榮曲河)
			Ammoniacal nitrogen		5(8)	0.49		
			Total phosphorus		0.5	0.26		
		Main vent of the Second Wastewater Treatment Plant	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	26.00	1.96	Xinmang River (新蟒河)
			Ammoniacal nitrogen		5(8)	1.17		
			Total phosphorus		0.5	0.14		
24	Changzhou Enfi Water Co., Ltd. (常州恩非水務有限公司)	Main vent	COD	Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plant & Key Industries of Taihu (DB32/1072-2018)	60	40.94	2.41	Cailing Port (採菱港)
			Ammoniacal nitrogen		5	0.46		
			Total phosphorus		0.5	0.12		

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard ^{note} (mg/L)	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
25	Wuzhi County Zhongshe Water Co., Ltd. (武陟縣中設水務有限公司)	Main vent	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002) Level I Standard A	50	36.95	1.38	Lao River in District 2 and 4 (二四區澇河)
			Ammoniacal nitrogen		5(8)	0.78		
			Total phosphorus		0.5	0.05		
26	Pingyuan Zhongshe Water Co., Ltd. (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	29.20	4.74	Ma Hong Trunk Sewers (馬洪幹渠)
			Ammoniacal nitrogen		5(8)	0.41		
			Total phosphorus		0.5	0.17		
27	Luanping Zhongshe Environmental Protection Co., Ltd. (樂平中設環保有限公司)	Main vent	COD	Level II of Environmental Quality Standard for Surface Water (《地表水環境質量標準》) (GB3838-2002)	15	6.93	0.09	Huodoushan River(火門山河)
			Ammoniacal nitrogen		0.5	0.11		
			Total phosphorus		0.1	0.03		
28	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	15.90	0.74	North Juma River South Branch (北拒馬河南支)
			Ammoniacal nitrogen		1.5(2.5)	0.92		
			Total phosphorus		0.3	0.13		
29	Zhuozhou Zhongshe Environmental Protection Co., Ltd. (涿州中設環保有限公司)	Main vent of the West Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.06	3.16	North Juma River(北拒馬河)
			Ammoniacal nitrogen		1.5(2.5)	0.23		
			Total phosphorus		0.3	0.10		
		Main vent of the East Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.91	3.06	North Drainage Channel into Baigou River (北排幹渠道入白溝河)
			Ammoniacal nitrogen		1.5(2.5)	0.25		
			Total phosphorus		0.3	0.12		
		Main vent of the Development Zone Plant	COD	Water Pollution Discharge Standard of Daqing River Basin (DB13/275/2018)	30	11.31	1.94	North Drainage Channel into Baigou River (北排幹渠道入白溝河)
			Ammoniacal nitrogen		1.5(2.5)	0.16		
			Total phosphorus		0.3	0.09		

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Major pollutants and characteristic pollutants	Executive standard	Emission standard ^{note} (mg/L)	Actual emission (mg/L)	Total emission rate (10,000t/day)	Discharge flow
30	Wuhan Urban Environmental Water Co., Ltd. (都市環保武漢水務有限公司)	Vent from Wuhan Baoxie Wastewater Treatment Plant (武漢市豹瀟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	8.92	4.19	Yangtze River (長江)
			Ammoniacal nitrogen		5(8)	0.10		
			Total phosphorus		0.5	0.26		
31		Main vent of Zuoling Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd.(都市環保武漢水務有限公司左義污水處理廠廢水總排放口)	COD		50	12.25	7.86	
			Ammoniacal nitrogen		5(8)	0.25		
			Total phosphorus		0.5	0.23		
32	Zhuxi Urban Environmental Water Co., Ltd. (都市環保竹溪縣水務有限公司)	Vent from ZhuxiDongcheng 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) Level I Standard A	50	18.6	0.86	Zhuxi River (竹溪河)
			Ammoniacal nitrogen		5(8)	3.13		
			Total phosphorus		0.5	0.24		
33	Macheng Urban Environmental Water Co., Ltd. (都市環保麻城水務有限公司)	Vent from Macheng Urban Environmental Wastewater Treatment Plant(都市環保麻城污水處理廠廢水排放口)	COD	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant(GB18918-2002) Level I Standard A	50	14.84	2	Jushui River (舉水河)
			Ammoniacal nitrogen		5(8)	0.17		
			Total phosphorus		0.5	0.09		
34	Lai'an MCC Huatian Water Environment Investment Co., Ltd. (Second Wastewater Treatment Plant)(來安縣中冶華天水環境投資有限公司(第二污水處理廠))	Main vent of wastewater DW001	COD	Level II of Integrated Wastewater Discharge Standards (《污水綜合排放標準》)(GB8978-1996)	120	72.4	1.25	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		

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

② Enterprises under special supervision of exhaust gas (5 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	Xiangyang Enfi Environmental Protection Energy Co., Ltd. (襄陽恩菲環保能源有限公司)	Exhaust vent #1 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	35.18	2.39	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	165.45	10.45	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	9.16	0.33	
		Exhaust vent #2 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	41.93	2.62	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	157.08	10.76	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	9.36	0.39	
		Exhaust vent #3 from Xiangyang Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	30.25	2.06	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	172.24	13.66	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	0.85	0.05	
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 ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	4.76	0.40	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	144.74	13.47	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	3.5	0.32	
		Exhaust vent #2 from Ganzhou Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	2.30	0.18	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	146.66	15.20	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	4.7	0.45	
		Exhaust vent #3 from Ganzhou Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	17.09	1.50	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	123.81	15.04	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	6.289	0.55	

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

No.	Company name	Discharge vent	Name of main pollutant and characteristic		Emission standard	Actual emission	Total emission rate (kg/h)	Discharge flow
			pollutant	Executive standard				
3	Guan Enfi Environmental Protection Energy Co., Ltd. (固安恩菲環保能源有限公司)	Exhaust vent #1 from Guan Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	34.56	1.59	Atmosphere
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	45.62	1.42	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	3.46	0.09	
		Exhaust vent #2 from Guan Enfi Waste Incineration Power Plant	SO ₂	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	100mg/Nm ³	45.23	2.48	
			NO _x	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	300mg/Nm ³	43.71	2.48	
			Smoke and dust	Standard for pollution control on the municipal solid waste incineration (GB18485-2014)	30mg/Nm ³	1.54	0.05	
4	Enfi Urban Solid Waste (Xiaogan) Co., Ltd. (恩菲城市固廢(孝感)有限公司)	Exhaust vent of Xiaogan Enfi	SO ₂	Standard for pollution control on the hazardous waste incineration(GB18484-2020)	100mg/Nm ³	38.57	0.12	Atmosphere
			NO _x	Standard for pollution control on the hazardous waste incineration(GB18484-2020)	300mg/Nm ³	46.41	0.86	
			Smoke and dust	Standard for pollution control on the hazardous waste incineration(GB18484-2020)	30mg/Nm ³	16.54	0.09	
5	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 1# gas exhaust gas	SO ₂	Discharge Standard of Pollutants for Thermal Power Plant (GB13223-2011)	100mg/m ³	8.8	0.0472	Atmosphere
			NO _x		100mg/m ³	61.35	0.539	

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

No.	Company name	Discharge vent	Name of main pollutant and characteristic pollutant		Emission		Total emission rate (kg/h)	Discharge flow	
			Executive standard	standard	Actual emission				
1	China Silicon Corporation Ltd. -The First Subsidiary (洛陽中硅高科技有限公司一分公司)	Main vent of wastewater	pH	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	6~9	7.98	/	Sewage treatment plant of New District, Luoyang	
			SS	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	400mg/L	72.44	3.37		
			COD	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	500mg/L	37.37	1.74		
			Ammoniacal nitrogen	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	/	0.21	0.01		
			Cl-	Discharge Standard of Chlorides for Salt and Alkali Industry DB41/276-2011	350mg/L	200.69	7.25		
			F	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three)	20mg/L	2.57	0.11		
		Chimney of Exhaust Washing Tower	HCl	Integrated Emission Standards of Air Pollutants Level Two	100mg/Nm ³ 0.915kg/h	13.36 0.02	0.09		Atmosphere
		Chimney of Acid Fume Purification Tower	HF	Integrated Emission Standards of Air Pollutants Level Two	9mg/Nm ³ 0.38kg/h	1.50 0.01	0.03		
			NOx	Integrated Emission Standards of Air Pollutants Level Two	240mg/Nm ³ 2.85kg/h	21.30 0.13	0.27		
2	Guan 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 Three) and requirements for influent water quality of Gu'an Lvluan Urban Sewage Treatment Co., Ltd.	500mg/L	133.13	5.21	Gu'an Lvluan Urban Sewage Treatment Co., Ltd. (固安綠源城區污水處理有限公司)	
			Ammoniacal nitrogen		45mg/L	1.00	0.03		
			PH		6~9	8.12	/		
3	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 Three) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan	400mg/L	37.72mg/L	0.12	Sewage treatment plant of Dengjiahe, Xiaogan	
			Ammoniacal nitrogen	Integrated Wastewater Discharge Standard (GB8978-1996) (Level Three) and Water Collection Standard of Sewage Treatment Plant of Dengjiahe, Xiaogan	40mg/L	1.08mg/L	0.0037		

2. Construction and operation of pollution prevention facilities

The Company attached high importance to energy conservation and emission reduction, pollution prevention and control, and other related tasks. By continuously strengthening the management of pollution prevention and treatment facilities and their operations, in 2021, the production of each key enterprise was running in an orderly and well-managed manner, and the pollution prevention and control facilities were all running normally and steadily, effectively ensuring that the emission standards were met.

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The wastewater treatment facility of Luoyang Silicon – The First Subsidiary is equipped with a three wastes treatment station, 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 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 refuse incineration power plants kept increasing control over percolate, fly ash, flue gas purification system, etc., in order to guarantee waste water treatment and smoke and dust emission compliant with requirements.

During the Reporting Period, Beijing ENFI Environmental Protection Co., Ltd. kept increasing management and control over wastewater treatment facility, operation, etc., in order to guarantee all effluent meets standards. The standard increase and modification project (standard A in Beijing) of Liangxiang Sewage Treatment Plant · plain reconstruction and expansion project and Luanping Wastewater Treatment Project have been completed. The standard increase and medication projects (Grade 1A) of Lanzhou Yan'erwan Sewage Plant are all in progress, Zhuozhou Zhongshe Environmental Protection West Plant, East Plant and Development Zone Plant, and Zhuozhou Zhongshe Water Treatment Songlindian Plant are all in progress.

Wastewater treatment process used in 19 wastewater treatment plants operated by MCC Ecological Environmental Protection mainly adopted primary treatment (physical and chemical treatment process) + secondary treatment (biochemical treatment process) + tertiary treatment (advanced treatment process), in which the plants mainly executed the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (Level 1 Standard A) (GB18918–2002) for effluent quality.

Baoxie Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd. adopted hydrolytic acidification + modified A/A/O + coagulation and filtration process with enhanced biological denitrification and phosphorus removal function. Effluent disinfection adopted disinfection by sodium hypochlorite.

Zuoling Wastewater Treatment Plant of Wuhan Urban Environmental Water Co., Ltd. adopted modified MSBR + coagulation and filtration process with enhanced biological denitrification and phosphorus removal function. Effluent disinfection adopted disinfection by sodium hypochlorite.

Wastewater treatment process used in Lai'an County second wastewater treatment plant mainly adopted primary treatment (physical and chemical treatment process) + secondary treatment (biochemical treatment process) + tertiary treatment (fenton oxidation process), in which the plants mainly executed the Integrated Wastewater Discharge Standard (GB8978-1996) (Level Two) for effluent quality.

The units of China City Dafeng are currently in normal operation and are equipped with “SNCR (urea injection at high temperature section of furnace, selective non-catalytic reduction denitrification system)”, “furnace desulfurization system (injection of dry lime powder into high temperature combustion zone in the furnace)” and “two-level dust removal system comprising of cyclone dust remover + dust collection bag”, respectively.

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

The environmental impact assessment and administrative approval status of relevant sewage treatment plants and solid waste treatment plants operated by subsidiaries of the Company are as follows:

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Phase II of Ganzhou Enfi Environmental Protection Energy Co., Ltd. was approved by the Administrative Approval Bureau of Ganzhou City (赣州市行政审批局) on 3 September 2019, and environmental protection acceptance monitoring was carried out in September 2020. On 16 December 2020, the environmental protection inspection for completion was conducted by the expert inspection team. It was publicized on the national information system of acceptance of environmental protection for completion of construction projects from 9 February to 12 March 2021, and filed with the district and municipal ecological environment departments in the month of publicity.

The standard enhancement by Xiaogan Sewage Treatment Plant had received opinions on the acceptance of environmental protection for completion of construction works; the standard enhancement and modification project of Liangxiang Sewage Treatment Plant has obtained the EIA approval (Fanghuan Shen [2018] No. 0022); the standard enhancement and modification projects of Lanzhou Yan'erwan Sewage Plant have obtained the EIA approval (Lan Huan Fu [2018] No. 18); Wuzhi County Wastewater Treatment Plant 3 has passed the acceptance of environmental protection for completion of construction works.

Guan Enfi has obtained the EIA approval from Langfang Ecological Environment Bureau (Lang Huan Han [2020] No. 37) On 2 April 2020, and the requirements in the EIA approval during the project construction has been strictly implemented. We have organized our own experts to complete the environmental protection facilities and accepted them independently on 31 December 2021.

Xiaogan Enfi has obtained the EIA approval (Xiao Huan Han [2019] No. 101) on 11 July 2019 : the independent completion and acceptance of environmental protection has been completed on 20 October 2021, and the environmental protection requirements in the EIA and acceptance approval documents have been fully implemented.

The wastewater treatment project of Luanping Zhongshe Environmental Protection Co., Ltd. has obtained the EIA approval "Luan Huan Ping [2019] No. 43" and the independent acceptance opinion of environmental protection (5 August 2021). Zhuozhou Zhongshe Environmental Protection East Plant, Development Zone Plant and Waste Plant have obtained the EIA approval "Zhuo Huan Biao [2020] No. 123", "Zhuo Huan Biao [2020] No. 121" and "Zhuo Huan Biao [2020] No. 122" respectively. Songlindian Plant of Zhuozhou Zhongshe Water Treatment Co., Ltd. has obtained the EIA approval "Zhuo Huan Shu [2019] No. 09".

Macheng Wastewater Treatment Plant project has obtained the EIA approval (Huang Huan Han [2017] No. 230) and pollutant discharge permits, and the environmental protection requirements in the EIA and acceptance approval documents have been fully implemented.

Zhuxi Dongcheng District Wastewater Treatment Plant Construction Project has received the EIA approval (Shi Huan Han [2019] No. 481), the environmental protection in the EIA approval document has been fully implemented. The stage acceptance of environmental protection for the completion of the Phase I of the project has been completed.

4. *Contingency plans for environmental emergencies*

The contingency plan for environmental emergencies set out by a subsidiary of Luoyang Silicon The First Subsidiary was filed with Luoyang Ecological Environment Bureau Luolong District on 23 November 2020, with reference number:410311-2020-04-H.

The contingency plan for environmental emergencies set out by Ganzhou Enfi was filed with Ganzhou Ecological Environment Bureau Gan County on 18 June 2020, with reference number: 360721-2020-075-2.

The contingency plan for environmental emergencies set out by Gu'an Enfi was filed with Langfang Ecological Environment Bureau Guan County Branch on 30 December 2021, with reference number: 131022-2021-044-M.

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The contingency plan for environmental emergencies set out by Xiaogan Enfi was filed with Xiaogan Environmental Protection Bureau Xiaonan District on 25 September 2020, with reference number: 420902-2020-7-H.

The contingency plan for environmental emergencies set out by China City Dafeng. was filed with Yancheng Environmental Protection Bureau Dafeng District on 3 November 2020, with reference number: 320982-2020-114-L.

All sewage treatment companies have worked out contingency plans for environmental emergencies and filed them with the local Ecological Environment Bureau.

5. *Environmental self-monitoring plans*

Luoyang Silicon, Xiangyang Enfi, Ganzhou Enfi, Gu'an Enfi, Xiaogan Enfi, China City Dafeng and each sewage treatment companies have worked out environmental self-monitoring plans to ensure that monitoring data is transmitted and monitored in real time by local environmental protection authorities via the internet.

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

Applicable Not applicable

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

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

Applicable Not applicable

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

1. *Administrative punishment due to environmental problems*

During the Reporting Period, the subsidiaries of the Company were subject to 29 administrative penalties for environmental problems such as noise, dust and sewage, with fines of RMB1,975,000 in total. The rectifications of such issues have been completed so far.

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

(1) Information about pollution discharge

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

- 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 pollutant is 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 and waste water, and the main air pollutants include volatile organic compounds, particulate matter, nitrogen oxides and sulfur dioxide, the emission concentrations of which all meet the emission standards. The main water pollutants include ammonia nitrogen, suspended solids and chemical oxygen demand, the discharge concentration of which meets the discharge standards.
 - 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 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 mist cannon trucks, spraying cars, car washing stations, garbage stations and other facilities. In addition, bare soil is covered with dense mesh and noise reduction measures are taken for high-noise operations. The specific construction contents are as follows:

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

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

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

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

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

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

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Exhaust gas pollution control measures: three sets of smoke and dust purification and treatment devices (filter cartridge dust collector) + three 20m-high exhaust pipes are equipped for treating smoke and dust as a result of cutting; three sets of central smoke and dust purification and treatment systems + three 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 and 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 exhaust gas as a result of natural gas combustion in the drying burner, smoke and dust, SO₂ and NO_x.

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

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

4) Engineering projects

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

Waste water prevention and control measures: drainage facilities are set up on the construction site, and waste water is treated by pretreatment facilities such as tertiary sedimentation tanks. After the water in monitoring wells passes quality tests, part of the waste water is reused for greening irrigation, water spraying and dust reduction, etc. The remaining waste water is discharged into the municipal sewage pipe network or the pipe network designated by the owner.

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

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

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

All enterprises of the Company with Significant Waste Disposal have timely submitted environment monitoring data to the Environmental Statistics Reporting System for Enterprises under Special Supervision (《國家重點監控企業的環境統計直報系統》) or published on relevant online platforms.

Xiangyang Enfi and Ganzhou Enfi, as entities open their environmental protection facilities and urban sewage and garbage treatment facilities to the public and environmental education bases, have carried out more than 10 offline environmental protection facilities to the public in 2021, and received more than 500 visitors in total.

In 2021, Beijing Enfi Environmental Protection Co., Ltd. has obtained a total of 20 ecological and environmental protection related patents such as a new type of rotary tangential flow high-efficiency vertical flow sedimentation tank, a microbial gel ball, and a simple hydraulic pull code.

Chuzhou Huatian Water Corporation MCC was awarded the municipal-level advanced unit for water and soil pollution prevention and control in 2021, and was listed as an entity of which the environmental protection facility and urban sewage and waste treatment facility are open to the public.

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

To actively respond to climate change and formulate a scientific and feasible action plan for energy conservation and emission reduction as soon as possible, the Company has issued the "Notice on Conducting a Survey of Greenhouse Gas Emissions" to further find out the energy consumption and greenhouse gas emissions of its subsidiaries. It provides basic data to analyze the "dual carbon" target and develop work programs.

Based on the above, the Company is preparing the "Action Plan for Carbon Peaking and Carbon Neutrality", further clarifying its "dual carbon" target, as well as its ways for realizing it. On the one hand, the Company will support and lead carbon reduction in all stages of the industries of iron and steel metallurgy and nonferrous metallurgy, and transform the metals and minerals industries towards a low-carbon and greener future. On the other hand, the Company will apply and disseminate green buildings and green construction for the energy conservation and carbon reduction in fundamental construction and property development, and formulate specific action plans.

The Company focuses on developing technologies related to energy conservation and environmental protection, thereby facilitating energy conservation and consumption reduction in the iron and steel metallurgy industry. The Company has initiated major research and development projects for the "181 Plan", covering the fields of steel metallurgical process flow, green development, intelligent manufacturing and cutting-edge key technologies. In addition, the Company greatly develops green and low-carbon metallurgical technology. We put green steel at the centre of development, fully integrating research and development resources, and actively pushing forward the synergistic innovation of different subsidiaries. Focusing on energy conservation and consumption reduction, energy recycling, waste treatment and resource utilization in metallurgical production, the Company starts to research and develop key technologies, and has made positive progress.

The Company closely follows China's low carbon strategy for the development, and takes innovative technology in environmental protection fields as its starting point, to play an active role as the national metallurgy team. We accelerate our layout in the green industries such as green metallurgy, sewage treatment, waste-to-energy, and clean energy, absorb green and low-carbon loans and other financial resources, to take the lead in transformation toward green development.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Company has quickly established the MCC Institution of Low-Carbon Technologies(中國中冶低碳技術研究院). We have established the MCC Institution of Low-Carbon Technologies (Beijing) with the support from MCC Capital Engineering & Research Incorporation Limited, the MCC Institution of Low-Carbon Technologies (Chongqing) with the support from CISDI Group Co., Ltd., the MCC Institution of Low-Carbon Technologies (Wuhan) with the support from WISDRI Engineering & Research Incorporation Limited, and the MCC Institution of Low-Carbon Technologies (Non-ferrous) with the support from China ENFI. Meanwhile, we have established an assessment and certification centre of MCC for carbon emission with the support from CRIBC. Leveraging the research and development platform of low-carbon technologies, we greatly advance the development of green and low-carbon technology in the metallurgical industry, to earnestly shoulder the responsibility of leading China's metallurgical industry to an intelligent, green, low-carbon and high-efficient future, so as to be an "advanced manufacturer" in the development of China.

II. THE WORK TO ACTIVELY FULFIL SOCIAL RESPONSIBILITIES

Following the social responsibility philosophy of "Developing innovatively and sustainably, building the future of the world together", the Company actively improves its social responsibility management system. Besides, we have been communicating with all stakeholders through various ways proactively, listening to their voices and working with them to achieve sustainable development goals. In 2021, the Company actively fulfilled its social responsibilities and made positive contributions in rural revitalization, rescue and disaster relief, voluntary communities, and overseas donations, and was successfully selected as "2021 People's Corporate Social Responsibility Case" by People's Daily with the green practice of the National Snowmobile and Sled Center of the Winter Olympics.

For details about the Company's fulfillment of social responsibilities, please refer to the "MCC 2021 Social Responsibility Report and ESG Report" separately disclosed by the Company.

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

During the Reporting Period, the Company selected and appointed three new officers to conduct work in designated assistance counties, ensuring there is no gap in talent assistance and work handover.

In 2021, the Company fully allocated the aid fund of RMB8,679,140 for poverty alleviation, including: allocating RMB4,877,000 to support eight agricultural projects in Yanhe County; RMB1,000,000 to support five agricultural projects in Dejiang County; RMB723,000 to Qilian County to conduct a project integrating animal husbandry with people's livelihood; and RMB2,079,140 to Panzihua Technician College to implement the "Mine Heart" vocational education program.

At the same time, in order to consolidate the achievements in poverty alleviation and respond to the call of rural revitalization, the Company extensively mobilized its subsidiaries and members of labor union to consume for assistance in several designated assistance counties, and continued to expand consumption in poverty-stricken areas, especially those heavily affected by the pandemic last year. Through the above, we increased consumption of products from poor areas to increase farmers' income, prevented returning to poverty, and fostered and strengthened the industries with regional characteristics and advantages. In 2021, the Company expended more than RMB29 million for assistance, and achieved appreciable results.

IV. FIGHTING AGAINST THE COVID-19 PANDEMIC

During the Reporting Period, the Company has never dropped our guard for the fight against COVID-19, and has always put the prevention and control of COVID-19 as our top priority. We are committed to fulfilling our primary responsibilities and obeying the unified arrangement in the region in prevention and control of COVID-19. We have strengthened the management and control of personnel movements, enhanced management of office buildings, kept up our good performance in vaccination, and strictly implemented the prevention and control measures, so as to effectively consolidate the hard-earned success in pandemic prevention and control.

In terms of pandemic prevention and control in overseas projects, the Company put the lives and safety of employees in the first place, and strived to overcome multiple constraints such as overseas medical standards, political environment, and prevention and control policies. The Company successfully sent home the overseas project personnel and achieved the normalized prevention and control of overseas projects.

SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	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 situations and the characteristics and development trend of the industry in which it operates, actively adopts different methods such as entrusted management, asset restructuring, equity swap and business adjustment to minimize the business overlap between the two parties.</p> <p>2. Upon the completion of the acquisition, China Minmetals and its other controlled companies will not, in whatever form, directly or indirectly, engage in new businesses competing with MCC, and will not establish controlling subsidiaries which engage in the same or similar businesses that will constitute substantial horizontal competition with MCC. China Minmetals will supervise its controlled companies and adopt certain measures when necessary.</p> <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 be entitled to preferentially acquire the assets in relation to these products or services or 100% equity of China Minmetals in the subsidiaries. MCC shall be entitled to determine the time to request China Minmetals to sell the abovementioned competing businesses at its discretion.</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>	17 February 2016	No	Yes	-	-

SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	Whether it is strictly performed in a timely manner	If not performed timely, specify the reasons in detail	If not performed timely, specify further plans
			5. China Minmetals undertook that it will strictly comply with the relevant regulations of the CSRC and the SSE, and the Articles of Association and other rules and regulations of MCC, and equally exercise the shareholder's rights and perform the shareholder's obligations. It also undertook not to take advantage of its privileged positions as the substantial shareholder nor impair the legal interests of MCC or other shareholders. The commitments continue to be valid, cannot be altered and are irrevocable during the period in which China Minmetals has control over MCC or there is relatively material impact. If there is any breach of the above commitments, China Minmetals shall assume all losses to MCC.					
Undertakings in relation to the initial public offering	Solution to and prevention of horizontal competition	CMGC	CMGC, the Controlling Shareholder of MCC, undertook to avoid being engaged in or taking part in any business which may compete horizontally with the principal business of MCC.	5 December 2008	No	Yes	-	-
Undertakings in relation to the corporate bonds	Others	MCC	During the term of Corporate Bonds (First Tranche) for 2017 under the Public Issuance by Metallurgical Corporation of China Ltd.* ("2017 Corporate Bonds"), if the Company does not expect to pay the principal and interest for this tranche of bonds on time or fails to pay the principal and interests on time on the maturity date of this tranche of bonds, at least the following measures will be taken: (1) no distribution of profits to the ordinary Shareholders; (2) no reduction in registered capital.	25 October 2017 to 25 October 2022	Yes	Yes	-	-
			During the term of Corporate Bonds (First Tranche) for 2018 under the Public Issuance by Metallurgical Corporation of China Ltd.* ("2018 Corporate Bonds"), if the Company does not expect to pay the principal and interest for this tranche of bonds on time or fails to pay the principal and interest on time on the maturity date of this tranche of bonds, at least the following measures will be taken: (1) no distribution of profits to the ordinary Shareholders; (2) no reduction in registered capital.	8 May 2018 to 8 May 2023	Yes	Yes	-	-
			The funds raised from 2017 Corporate Bonds and 2018 Corporate Bonds are used only for production and operating activities of enterprises that comply with national laws, regulations and policies. Such raised funds will be used strictly in accordance with the agreed purpose mentioned in the prospectus. Such funds will not be used by others and will not be used as non-production expenditures and real estate business. A practical and effective monitoring mechanism and isolation mechanism for raised funds will be established.	The issuance dates to the Maturity Date of 2017 Corporate Bonds and 2018 Corporate Bonds	Yes	Yes	-	-

SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Date and duration of undertaking	Whether there is a time limit for performance	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 non-financial corporate debt financing instruments	Others	MCC	The funds raised from the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2020 First Tranche and the Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-
			The funds raised from the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.* are used only for production and operating activities of enterprises that comply with national laws, regulations and policies, and shall not be used for land, real estate, equity, securities, futures and other areas prohibited by national regulations. Funds raised for the current period will be used to meet the liquidity requirements that comply with national laws, regulations and policies, and shall not be used for long-term investment. During the term of above Medium-term Notes, if the uses of funds are changed, the relevant information will be disclosed in a timely manner.	The issuance dates to redemption dates of the 2021 First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.*	Yes	Yes	-	-

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

Realised Not Realised Not applicable

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

Applicable Not applicable

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. EXPLANATION ON THE “NON-STANDARD AUDIT REPORT” ISSUED BY THE ACCOUNTING FIRM OF THE BOARD OF DIRECTORS

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Communication with former accounting firm

Applicable Not applicable

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit: RMB

Current Appointment

Name of domestic accounting firm	WUYIGE Certified Public Accountants LLP (Special General Partnership)
Remuneration of domestic accounting firm	7,880,000
Term of audit by domestic accounting firm	2 years

	Name	Remuneration
Accounting firm for internal control audit	WUYIGE Certified Public Accountants LLP (Special General Partnership)	1,500,000

Note: In 2021, the audit remuneration of other accounting firms of subsidiaries of the Group within the scope of consolidation totaled RMB6,430,000.

SIGNIFICANT EVENTS

Description of appointment and dismissal of accounting firm

With the approval of the Shareholders in the 2020 annual general meeting of the Company, WUYIGE Certified Public Accountants LLP (Special General Partnership) was re-appointed as the Company's auditor for the 2021 financial report, review auditor of the interim financial report and the Company's 2021 internal control audit accounting firm, responsible for the annual audit and interim review of the Company's financial statements prepared in accordance with China Accounting Standards for enterprises. At the same time, WUYIGE Certified Public Accountants LLP (Special General Partnership) also provides internal control audit services related to financial reports and financial statutory audit services for some subsidiaries.

The certified public accountants who signed the 2021 audit report of the Company are Wang Jin and Cai Jinliang.

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

Applicable Not applicable

VII. RISK EXPOSURES TO SUSPENSION OF LISTING

(I) Reasons for suspension of listing risk warning

Applicable Not applicable

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

Applicable Not applicable

(III) Situation of and reasons for delisting

Applicable Not applicable

VIII. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the year

The Company had no material litigation and arbitration during the year

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

Applicable Not applicable

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

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

SIGNIFICANT EVENTS

XII. MATERIAL CONNECTED TRANSACTIONS

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

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

Overview of the Matter	Query Indexes
At the 26th meeting of the third session of the Board of Directors convened on 29 March 2021, the "Resolution on Adjusting Annual Caps for Daily Related Party Transactions/Continuing Connected Transactions in 2021-2022" was considered and approved to meet the needs of business development. It was agreed that the Company would adjust the annual caps of certain types of the Group's daily related party transactions with China Minmetals and its subsidiaries other than the Company in 2021-2022.	For details, please refer to the relevant announcement disclosed by the Company on 30 March 2021.

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

Applicable Not applicable

3. Events not disclosed in interim announcements

Unit: RMB'000

Party to connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Annual caps for 2021	Price of connected transaction	Amount of connected transaction	Percentage to similar transactions (%)	Payment method for connected transaction	Market price	Reason for significant difference between transaction price and reference market price
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Purchase of commodities	Purchase and sales of materials - expense	Agreed price	16,753,000	-	12,721,297	9.64%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Sales of commodities	Purchase and sales of materials - income	Agreed price	5,322,000	-	2,731,835	15.84%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of labour services	Engineering construction - income	Agreed price	18,420,000	-	943,145	0.22%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of labour services	Engineering construction - expense	Agreed price	5,835,000	-	310,635	0.14%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Provision of labour services	Metallurgical and management service-income	Agreed price	548,000	-	51,372	0.26%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Acceptance of labour services	Metallurgical and management service-expense	Agreed price	43,000	-	17,725	1.37%	-	-	-
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Interest expenses	Industrial financing services - financing costs - credit services	Agreed price	1,600,000	-	22,333	1.04%	-	-	-

SIGNIFICANT EVENTS

Party to connected transaction	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Annual caps for 2021	Price of connected transaction	Amount of connected transaction	Percentage to similar transactions (%)	Payment method for connected transaction	Market price	Reason for significant difference between transaction price and reference market price
China Minmetals and its subsidiaries (Except MCC)	Indirect controlling shareholder	Other outflow	Property leasing – expenses	Lease contracts	167,000	-	68,526	29.37%	-	-	-
MCC Ruimu Amperex Technology Limited	Subsidiaries of shareholders	Borrowings to related parties	Financial services – daily maximum balance of provision of loan and bill discounting services and bill discounting services	Agreed price	800,000	-	200,000	-	-	-	-
MCC Ruimu Amperex Technology Limited	Subsidiaries of shareholders	Borrowings to related parties	Financial services – daily maximum balance of provision of financial leasing services	Agreed price	500,000	-	250,084	-	-	-	-
MCC Ruimu Amperex Technology Limited	Subsidiaries of shareholders	Interest income	Financial services – interest income	Agreed price	88,000	-	11,046	0.66%	-	-	-
Total				/	50,076,000	/	17,327,998		/	/	/
Details of return of sold goods in large quantities				Not Applicable							
Description of connected transaction				Not Applicable							

Note: In 2021, the Company recognized the fees in relation to property lease trading amounting to RMB68.526 million. For details of the amount of right-of-use assets recognized by the Company as lessee due to the newly signed property leasing contract, please refer to note “related party transactions” in the financial report.

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

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

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

SIGNIFICANT EVENTS

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

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

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

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

Overview of the Matter	Query Indexes
At the 31st meeting of the third session of the Board of Directors convened on 30 August 2021, the "Proposal on the Application of China First Metallurgical Group Co., Ltd. to Repurchase the Assets of the East and West Yards of the Former First Metallurgical Road and Bridge Company in Qingshan District, Wuhan" was considered and approved. It was agreed that China First Metallurgical Group Co., Ltd. would purchase 2 pieces of land at No.80 Yejin Avenue, Qingshan District, Wuhan from Beijing Dongxing Metallurgical New-Tech & Development Corp. by means of non-public agreement transfer, at a price of RMB83,247,900.	For details, please refer to the relevant announcement published by the Company on 31 August 2021.

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

Applicable Not applicable

3. *Events undisclosed in an interim announcement*

Applicable Not applicable

SIGNIFICANT EVENTS

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

Applicable Not applicable

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

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

Overview of the Matter

Query Indexes

At the 33rd meeting of the third session of the Board of Directors convened on 24 December 2021, the "Proposal on China Metallurgical Construction Engineering Group Co., Ltd. Implementing the Reconstruction and Resettlement Housing Project of Shantytowns in Yangguan District, Guanshanhu District, Guiyang City, Guizhou Province by PPP Mode" was considered and approved. It was agreed that China Metallurgical Construction Engineering Group Co., Ltd. would invest RMB57.4974 million to jointly establish a joint venture company with Minmetals Securities Co., Ltd. and Guiyang Industrial Control Public Housing Construction Investment Co., Ltd.

For details, please refer to the relevant announcement published by the Company on 25 December 2021.

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

Applicable Not applicable

3. *Events undisclosed in an interim announcement*

Applicable Not applicable

(IV) Related creditors' rights and debt transactions

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

Applicable Not applicable

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

Applicable Not applicable

3. *Events not disclosed in interim announcements*

Applicable Not applicable

SIGNIFICANT EVENTS

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

1. Deposits

During the Reporting Period, the deposits of MCC Ruimu Amperex Technology Limited ("MCC Ruimu Amperex", a subsidiary of CMGC, the controlling shareholder) in MCC Finance Corporation Ltd. (referred to as "Finance Company", a subsidiary of the Company) are as follows:

Unit: RMB

Related party	Connection	Daily maximum deposit limit	Interest rate range of deposits	Balance at the beginning of the period	Amount for the period		Balance at the end of the period
					Total deposits for the period	Total withdrawal amount for the period	
MCC Ruimu Amperex	Subsidiary of the Controlling Shareholder	/	0.42%-1.26%	150,579,597.81	1,283,395,191.22	1,138,307,823.34	295,666,965.69
Total	/	/	/	150,579,597.81	1,283,395,191.22	1,138,307,823.34	295,666,965.69

2. Loan business

During the Reporting Period, the loan business of Finance Company (a subsidiary of the Company) to MCC Ruimu Amperex (a related party of the Company) are as follows:

Unit: RMB

Related party	Connection	Loan facility	Interest rate range of loans	Balance at the beginning of the period	Amount for the period		Balance at the end of the period
					Total loans for the period	Total repayment for the period	
MCC Ruimu Amperex	Subsidiary of the Controlling Shareholder	300,000,000.00	3.85%	100,000,000.00	200,000,000.00	100,000,000.00	200,000,000.00
Total	/	/	/	100,000,000.00	200,000,000.00	100,000,000.00	200,000,000.00

3. Credit granting or other financial business

During the Reporting Period, the credit granted by Finance Company (a subsidiary of the Company) to MCC Ruimu Amperex (a related party of the Company) is as follows:

Unit: RMB

Related party	Connection	Business types	Total	Actual amount
MCC Ruimu Amperex	Subsidiary of the Controlling Shareholder	Credit granting	400,000,000.00	200,000,000.00

SIGNIFICANT EVENTS

XIII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, contracting and leasing

1. Custody

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Unit: RMB

External guarantees provided by the Company (excluding guarantees provided to subsidiaries)															
Guarantor	Relationship between the guarantor and the listed company		Guaranteed amount	Date of guarantee			Type of guarantee	Security (if any)	Whether execution of guarantee has been completed			Expired amount of the guarantee	Counter-guarantee	Whether guarantee is provided to related parties	Connected relationship
	Guaranteed party	Guaranteed		(Signing date of agreement)	Inception date of guarantee	Expiration date of guarantee			Is the guarantee expired	Is the guarantee completed					
MCC Real Estate	Wholly-owned subsidiary	Zhuhai Hengqin Headquarter Building Development Co., Ltd.	543,466,654.17	2019-9-4	2019-9-4	2024-9-4	Joint liability guarantee	Nil	No	No	0	Nil	No	Nil	
China MCC 20 Group Co., Ltd	holding subsidiary	Zhuhai Hengqin Headquarter Building Development Co., Ltd.	350,623,647.85	2019-9-4	2019-9-4	2024-9-4	Joint liability guarantee	Nil	No	No	0	Nil	No	Nil	

Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries) 566,331,346.79

Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees to subsidiaries) 894,090,302.02

Guarantees provided by the Company and its subsidiaries to their subsidiaries

Total amount of guarantees provided to its subsidiaries during the Reporting Period -2,875,450,002.81
Total balance of guarantees provided to its subsidiaries as at the end of the Reporting Period (B) 19,418,474,554.91

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

Total amount of guarantees (A+B) 20,312,564,856.93
Total amount of guarantees as a percentage in the net assets of the Company (%) 18.90%
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) 8,023,068,129.05
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) 8,023,068,129.05
Explanation on the potential joint repaying liability arising from outstanding guarantees Nil
Explanation on guarantees See below

SIGNIFICANT EVENTS

Explanation on guarantees: Zhuhai Hengqin Headquarters Building Development Co., Ltd. (珠海橫琴總部大廈發展有限公司) is 31% owned by MCC Real Estate, a subsidiary of the Company, 20% owned by another subsidiary of the Company, China MCC 20 Group Co., Ltd. 30% owned by Zhuhai Da Hengqin Real Estate Co., Ltd. (珠海大橫琴置業有限公司), and 19% owned by Hong Kong Jimei Property Development Co., Ltd. (香港集美地產發展有限公司). In July 2016, Zhuhai Da Hengqin Real Estate Co., Ltd. agreed to act in concert with MCC Real Estate on voting at the Board meeting, and issued an Acting in Concert Letter. The control of Zhuhai Hengqin Headquarters Building Development Co., Ltd. acquired by MCC Real Estate was included in the scope of consolidation in August 2016. On 5 September 2019, MCC Real Estate and China MCC 20 Group Co., Ltd. provided guarantees in the amount of up to RMB930 million and RMB600 million respectively, on a pro-rata basis, for Zhuhai Hengqin Headquarters Building Development Co., Ltd. (for details, please refer to the announcement of the Company dated 30 August 2019 in relation to the provision of guarantees for its subsidiaries). In March 2020, Zhuhai Da Hengqin Real Estate Co., Ltd. cancelled the Letter of Acting in Concert with MCC Real Estate, and Zhuhai Hengqin Headquarters Building Development Co., Ltd. cease to be included in the scope of MCC Real Estate Group Co., Ltd. The guarantee provided by MCC Real Estate. and China MCC 20 Group Co., Ltd. then became a guarantee provided for an external company (excluding the guarantee provided for the subsidiaries).

(III) Entrusting third parties with cash asset management

1. Entrusted financial management

(1) Overall entrusted wealth management

Applicable Not applicable

(2) Individual entrusted wealth management

Applicable Not applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not applicable

2. Entrusted loans

(1) Overall entrusted loans

Applicable Not applicable

(2) Individual entrusted loans

Applicable Not applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not applicable

(IV) Other material contracts

Applicable Not applicable

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

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. *Changes in shares*

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

2. *Explanation on the changes in shares*

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of securities for the Reporting Period

Unit: 0'000 Yuan Currency: RMB

Types of shares and their derivative securities	Issue date	Issue price (or interest rate)	Issuing amount	Listing date	Amount of shares permitted to be listed for trading	Termination date of transaction
Bonds (including enterprise bonds, corporate bonds and non-financial corporate debt financing instruments)						
2021 first tranche of medium-term notes	26 July 2021 to 27 July 2021	3.55%	200,000	2021/7/28	200,000	3+N(3)
2021 second tranche of medium-term notes	17 August 2021 to 18 August 2021	3.47%	200,000	2021/8/19	200,000	3+N(3)
2021 third tranche of medium-term notes	24 August 2021 to 25 August 2021	3.50%	200,000	2021/8/26	200,000	3+N(3)
2021 fourth tranche of medium-term notes	28 December 2021 to 29 December 2021	3.30%	50,000	2021/12/30	50,000	3+N(3)

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

During the Reporting Period, the Company issued non-financial corporate debt financing instruments, including 2021 first tranche of medium-term notes of RMB2 billion, 2021 second tranche of medium-term notes of RMB2 billion, 2021 third tranche of medium-term notes of RMB2 billion, and 2021 fourth tranche of medium-term notes of RMB500 million.

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

Applicable Not applicable

(III) Existing internal employee shares

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of Shareholders

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

(II) Shareholdings of the Top Ten Shareholders and Top Ten Holders of Tradable Shares (or holders of shares not subject to selling restrictions) as at the end of the Reporting Period ⁽¹⁾

Unit: share

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholder (full name)	Shareholding of the top 10 Shareholders						
	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	0	63,516,600	0.31	0	Nil	0	Others

Name of Shareholder	Shareholding of the top 10 Shareholders not subject to selling restrictions		
	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
China Metallurgical Group Corporation	10,190,955,300	RMB-denominated ordinary shares	10,190,955,300
HKSCC Nominees Limited ⁽²⁾	2,841,867,551	Overseas-listed foreign shares	2,841,867,551
China National Petroleum Corporation	1,227,760,000	RMB-denominated ordinary shares	1,227,760,000
China Securities Finance Corporation Limited	589,038,427	RMB-denominated ordinary shares	589,038,427
Hong Kong Securities Clearing Company Limited	372,793,247	RMB-denominated ordinary shares	372,793,247
Bank of Communications Co., Ltd. – GF China Securities Trading – Index Securities Investment Open-ended Fund	69,659,900	RMB-denominated ordinary shares	69,659,900
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
EFund – Agricultural Bank – EFund China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of the top 10 Shareholders not subject to selling restrictions

Name of Shareholder	Number of tradable Shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
Da Cheng Fund – Agricultural Bank – DaCheng China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
GF Fund – Agricultural Bank – GF China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
China Southern Fund – Agricultural Bank – China Southern China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	63,516,600	RMB-denominated ordinary shares	63,516,600
Explanations on the special account for repurchase of the top ten shareholders			Not applicable
Explanations on the aforesaid shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights			Not applicable
Explanations on the connections or parties acting in concert among the aforesaid Shareholders		The Company is not aware of the existence of any connections or parties acting in concert among the aforesaid Shareholders	
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held			Not applicable

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

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

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

Applicable Not applicable

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

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. PARTICULARS OF CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

(I) Controlling Shareholder

1. Legal person

Name	China Metallurgical Group Corporation
Person in charge	Chen Jianguang
Date of incorporation	1982-12-18
Principal business operations	General contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technological development, technical services, technical exchange and transfer of technology of new materials, new techniques, and new products related to engineering and construction; development, production and sales of equipment required for the metallurgical industry; property development and operation; bidding agent; undertaking various types of international industrial and civilian construction, engineering consulting, surveying, design and leasing of equipment; import and export business; sales of mechanical and electrical products, cars, building materials, instrument and apparatus, and hardware and electric materials; research, planning, surveying, design, supervision and services for construction and installation projects of mechanical and electrical equipment and its related technology; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services. (The Company independently selects operational projects and carries out operational activities in accordance with laws; for projects subject to approval according to laws, operational activities shall be carried out according to the approved contents upon approval by related authorities; and the Company shall not engage in operational activities of projects prohibited or restricted by the municipal industrial policies.)
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	As at the end of the Reporting Period, CMGC held 27% equity interest in MCC Huludao Nonferrous Metals Group Co., Ltd., which in turn had a shareholding of 23.59% in Huludao Zinc Industry Co., Ltd. (000751). CMGC had a shareholding of 0.31% in PetroChina Company Limited (601857).
Other explanations	Nil.

2. Natural person

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

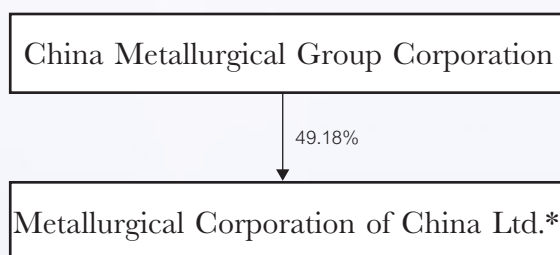
3. *Special explanation on the Company not having any controlling shareholder*

Applicable Not applicable

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

Applicable Not applicable

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



(II) De Facto Controller

1. *Legal person*

Applicable Not applicable

The de facto controller of the Company is the SASAC.

2. *Natural person*

Applicable Not applicable

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

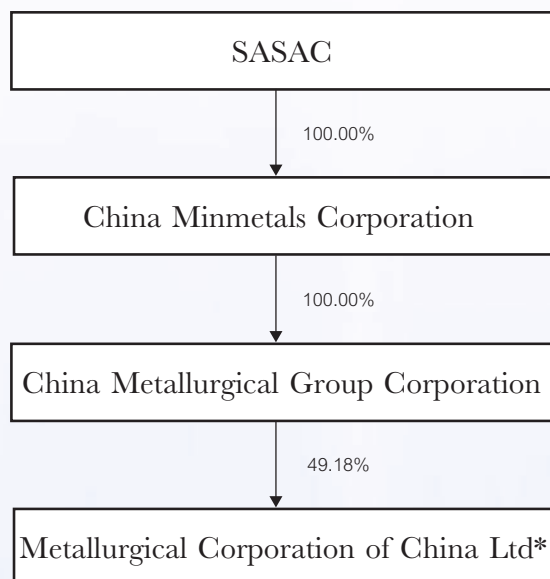
Applicable Not applicable

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

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VII. RESTRICTION ON REDUCTION IN SHAREHOLDING

Applicable Not applicable

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

VIII. DISCLOSURE OF INTERESTS

(I) 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 31 December 2021, as far as the Company is aware, interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code or the rights granted for the purchase of shares or debentures of the Company or any of its associated corporations are as follows:

Unit : share

Name	Position	Class of shares	Long/short position	Capacity	Number of shares	Percentage of the relevant class of shares in issue (%)	Percentage of the total number of shares in issue (%)
Directors							
Guo Wenqing	Chairman and Executive Director	A Shares	Long position	Beneficial owner	130,000	0	0
Zhang Mengxing	Executive Director and President	A Shares	Long position	Beneficial owner	60,032	0	0
Supervisors							
Yin Sisong	Chairman of Supervisory Committee	A Shares	Long position	Beneficial owner	28,100	0	0

Save as disclosed above, as at 31 December 2021, as far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company or their associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

As at 31 December 2021, as far as the Company is aware, interests of other senior management of the Company in the Shares of the Company are as follows:

Unit : share

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

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

As at 31 December 2021, the Company was informed that the following persons had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Holders of A Shares

Unit : share

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

CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Holders of H Shares

Unit : share

Name of substantial Shareholder	Capacity	Number of H Shares	Nature of interest	Approximate percentage of the total issued H Shares (%)	Approximate percentage of the total issued shares (%)
Citigroup Inc.	Interest of a controlled corporation	142,470,812	Long position	4.96	0.69

Save as disclosed above, as far as the Directors, Supervisors and chief executives of the Company are aware, as at 31 December 2021, 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.

IX. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

X. MINIMUM PUBLIC FLOAT

During the Reporting Period and as of the latest practicable date prior to the publication of this report (i.e. 29 March 2022), the Company has maintained sufficient public float, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

XI. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

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

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

BONDS

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

(I) Enterprise bonds

Applicable Not applicable

(II) Corporate bonds

1. Basic information on corporate bonds

Unit: Yuan Currency: RMB

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

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

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Payment of bond interest during the Reporting Period

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

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

As of the date of approval of the annual report, no option clauses have been set for issuer or investor in the corporate bonds issued by the Company; no investor protection clauses were triggered by the corporate bonds issued by the Company.

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

Name of the intermediaries	Office address	Contact persons	Contact No.
China Merchants Securities Co., Ltd.	17th Floor, 3rd Building, China Merchant Bank Mansion, No. 1 Yuetan South Street, Xicheng District, Beijing, PRC	Zhao Xin, Yang Dong	010-60840890
China Chengxin International Credit Rating Co., Ltd.	Galaxy SOHO5, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing, PRC	Zhang Xinyu, Du Peishan	010-66428877

Changes in the aforesaid intermediaries

Applicable Not applicable

BONDS

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

Unit: Yuan Currency: RMB

Name of bonds	Total amount of proceeds	Amount used	Amount unused	Operation of special account for proceeds (if any)	Rectification of unauthorized use of proceeds (if any)	Is it in line with the intended use, plan of use and other purposes as stipulated in the prospectuses
2017 Corporate Bonds (First Tranche) undue the Public Issuance	570,000,000	570,000,000	-	Operating under - governance	-	Yes
2018 Corporate Bonds (First Tranche) undue the Public Issuance	220,000,000	220,000,000	-	Operating under - governance	-	Yes

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

Applicable Not applicable

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

Applicable Not applicable

5. Adjustment of credit rating results

Applicable Not applicable

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

Status	Implementation	Change or not	After the change	Reason for the change	Whether the change has been approved by the competent authority	Effect of changes on the interests of bond investors
As of the date of approval of the annual report, no credit enhancement mechanism has been set in the corporate bonds issued by the Company, and the debt repayment plan and other debt repayment guarantee measures have not changed	The debt repayment plan and other debt repayment guarantee measures are consistent with the agreements and relevant commitments in the prospectus	No	-	-	No	-

7. Other information on corporate bonds

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

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

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

Unit: Yuan Currency: RMB

Name of bonds	Short name	Stock code	Issue date	Value date	Expiry date	Outstanding bonds	Interest rate (%)	Method to pay principal and interests	Stock exchange	Investor suitability arrangements (if any)	Trading mechanism	Is there any risk of termination of listing and trading
2020 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20 MCC MTN001	102001274	22 June 2020 to 23 June 2020	24 June 2020	Exercise Date of Options redeemed by the issuer, with the first exercise date on 24 June 2023	2,000,000,000	3.90	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No
2020 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	20 MCC MTN002	102001293	24 June 2020 to 29 June 2020	29 June 2020	Exercise Date of Options redeemed by the issuer, with the first exercise date on 29 June 2023	1,000,000,000	3.89	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN001	102101395	26 July 2021 to 27 July 2021	28 July 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 28 July 2024	2,000,000,000	3.55	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN002	102101593	17 August 2021 to 18 August 2021	19 August 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 19 August 2024	2,000,000,000	3.47	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN003	102101685	24 August 2021 to 25 August 2021	26 August 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 26 August 2024	2,000,000,000	3.50	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	21 MCC MTN004	102103353	28 December 2021 to 29 December 2021	30 December 2021	Exercise Date of Options redeemed by the issuer, with the first exercise date on 30 December 2024	500,000,000	3.30	Interests payable per annum, and principal and interest payable upon maturity	National Interbank - Bond Market	-	Bidding transaction	No

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

Applicable Not applicable

BONDS

Overdue bonds

Applicable Not applicable

Bond interest payment during the Reporting Period

Name of bonds	Explanations on bond interest payment
2020 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Interest payment has been completed on 24 June 2021
2020 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	Interest payment has been completed on 29 June 2021

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

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

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

Name of the intermediaries	Office address	Contact persons	Contact No.
Bank of Shanghai Co., Ltd.	No. 168, Yincheng Central Road, Pudong New District, Shanghai	Yan Yijia	021-68476439
China CITIC Bank Co., Ltd.	Dongfang Wenhua Building, No. 9, Chaoyangmen North Street, Dongcheng District, Beijing	Liu Haiping	010-89937968
Shanghai Pudong Development Bank Co., Ltd.	17/F, Dongyin Building, No. 689, Beijing East Road, Shanghai	Zhang Ying	010-57395455
Postal Savings Bank of China Co., Ltd.	Jinding Building, No. 3, Financial Street, Xicheng District, Beijing	Zhao Lu, Zhang Jialu	010-68858049
China Chengxin International Credit Rating Co., Ltd.	Galaxy SOHO5, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing, PRC	Zhang Xinyu, Du Peishan	010-66428877

Changes in the aforesaid intermediaries

Applicable Not applicable

BONDS

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

Unit: Yuan Currency: RMB

Name of bonds	Total amount of proceeds	Amount used	Amount unused	Operation of special account for proceeds (if any)	Rectification of unauthorized use of proceeds (if any)	Is it in line with the intended use, plan of use and other purposes as stipulated in the prospectuses
2020 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	2,000,000,000	2,000,000,000	-	-	-	Yes
2020 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	1,000,000,000	1,000,000,000	-	-	-	Yes
2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	2,000,000,000	2,000,000,000	-	-	-	Yes
2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	2,000,000,000	2,000,000,000	-	-	-	Yes
2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	2,000,000,000	2,000,000,000	-	-	-	Yes
2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd.	500,000,000	500,000,000	-	-	-	Yes

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

Applicable Not applicable

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

Applicable Not applicable

5. Adjustment of credit rating results

Applicable Not applicable

Other explanations

Applicable Not applicable

BONDS

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

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

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

2020 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd., 2020 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd., 2021 First Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd., 2021 Second Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd, 2021 Third Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd, and 2021 Fourth Tranche of Medium-term Notes of Metallurgical Corporation of China Ltd. are all targeted at institutional investors in national interbank bond market through public issuance.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Unit: RMB'000

Major indicators	2021	2020	Increase/decrease as compared to the same period of last year
EBITDA	19,698,322	18,048,789	Increased by 9.14%
Current Ratio	1.15	1.17	Decreased by 0.02
Quick Ratio	0.72	0.74	Decreased by 0.02
Asset-liability Ratio(%)	72.14	72.28	Decreased by 0.14 percentage point
EBITDA/Total Liabilities	0.05	0.05	–
Interest Protection Multiples	3.98	3.30	Increased by 0.68
Cash Dividend Protection Multiples	4.95	7.99	Decreased by 3.04
EBITDA/Interest Protection Multiples	4.86	4.13	Decreased by 0.73
Loan Repayment Ratio(%)	100	100	–
Interest Payment Ratio(%)	100	100	–

Note: EBITDA = Total profit for the period + Interest expense charged to profit or loss for the period + Depreciation and amortisation

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

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

FINANCIAL STATEMENTS

For the year ended 31 December 2021

I. AUDITOR'S REPORT

DAXIN SHEN ZI [2022] No. 1-01958

TO THE SHAREHOLDERS OF METALLURGICAL CORPORATION OF CHINA LTD.:

1. Opinion

We have audited the attached financial statements of Metallurgical Corporation of China Ltd. (the "Company"), which comprise the consolidated and Company's balance sheet as at 31 December 2021, and the consolidated and Company's income statement, the consolidated and Company's cash flow statements and the consolidated and Company's statements of changes in shareholders' equity for 2021 then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and Company's financial position as at 31 December 2021, and the consolidated and Company's results of operations and cash flows for 2021 then ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We confirm that the matters below are key audit matters that need to be communicated in the auditor's report.

(1) *Recognition of revenue from engineering contracting service contracts*

Description

Refer to Note V 23 and Note V 27(5) (b) (i) in the financial statements, for the engineering contracting services contracts in which a performance obligation is satisfied during a period of time, the Group determines the progress of performance by using input method, namely, determines the progress of performance based on the proportion of the accumulative costs incurred accounting for the expected total costs. The management needs to make reasonable estimates on the transaction price of the engineering contracting service contracts (estimated total revenue) and the expected total costs to further determine the progress toward satisfaction of a performance obligation. The estimates should be evaluated and updated on a regular basis during the execution of the contracts. We therefore identified it as a key audit matter as recognition of revenue from engineering contracting service contracts involves significant accounting estimates of the management.

FINANCIAL STATEMENTS

For the year ended 31 December 2021

I. AUDITOR'S REPORT (CONTINUED)

3. Key Audit Matters (Continued)

(1) *Recognition of revenue from engineering contracting service contracts (Continued)*

How our audit addressed the key audit matter

Our audit procedures in relation to recognition of revenue from engineering contracting service contracts mainly included:

- (1) We tested the internal controls related to the engineering contracting service contract budget and revenue recognition;
- (2) We obtained the ledger of engineering contracting service contracts and selected samples to review whether the management had made correct judgments on identifying the contract, identifying single performance obligation, determining the transaction price and other aspects. We recalculated the accuracy of the progress of performance of engineering contracting service contracts;
- (3) We selected samples of engineering contracting service contracts and inspected the contracts and budget information on which the transaction price (estimated total revenues) and expected total costs were based, and evaluated whether the management had made reasonable estimates on transaction price (estimated total revenues) and expected total costs;
- (4) We selected samples to test the cost of performance of contracts incurred in the current year, and
- (5) We selected a sample of engineering contracting service contracts to inspect the progress of construction project on site, confirmed the degree of completion with project management department, compared with the progress of performance recorded in the Group's ledger, and performed further review procedures for the unusual difference.

(2) *Impairment of accounts receivable and contract assets*

Description

As stated in Note V 10(2) and Note V 27(5) (b) (ii) to the financial statements, the provision for impairment of accounts receivable and contract assets recognized by MCC is based on expected credit losses. The management evaluates expected credit losses by considering all reasonable and supportable historical and forward-looking information available. We therefore identified the impairment of accounts receivable and contract assets as a key audit matter as it involves significant accounting estimates and judgments of the management.

FINANCIAL STATEMENTS

For the year ended 31 December 2021

I. AUDITOR'S REPORT (CONTINUED)

3. Key Audit Matters (Continued)

(2) *Impairment of accounts receivable and contract assets (Continued)*

How our audit addressed the key audit matter

Our audit procedures in relation to the impairment of accounts receivable and contract assets mainly included:

- (1) We tested the internal controls related to the daily management and evaluation for impairment of accounts receivable and contract assets;
- (2) We reviewed the management's considerations and objective evidence related to expected credit losses of accounts receivable and contract assets;
- (3) We selected samples of accounts receivable and contract assets for which expected credit losses assessed on an individual basis, and reviewed the basis and reasonableness of the management's estimate on the cash flows expected to receive, and
- (4) For accounts receivable and contract assets for which expected credit losses assessed on a collective basis, we reviewed and evaluated the appropriateness of the ECL model used by the management, and the rationality of the proportion of the provision for impairment losses which are made by the management relying upon the historical credit loss experience and forward-looking information.

4. Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL STATEMENTS

For the year ended 31 December 2021

I. AUDITOR'S REPORT (CONTINUED)

5. Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

FINANCIAL STATEMENTS

For the year ended 31 December 2021

I. AUDITOR'S REPORT (CONTINUED)

6. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.
Beijing, China

Chinese Certified Public Accountants:

Wang Jin
(Engagement Partner)

Chinese Certified Public Accountants:

Cai Jinliang
29 March 2022

This auditor's report of the financial statements and the accompanying financial statements are English translations of the auditor's report and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the balance sheet and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

31 December 2021

All amounts in RMB'000

Items	Notes	31 December 2021	31 December 2020
Current Assets:			
Cash and bank balances	VII 1	41,824,464	53,095,827
Financial assets held for trading	VII 2	1,107	2,250,940
Derivative financial assets	VII 3	114,790	46,412
Bills receivable	VII 4	3,425,229	6,646,606
Accounts receivable	VII 5	83,881,695	69,436,480
Receivables at FVTOCI	VII 6	11,857,791	11,759,582
Prepayments	VII 7	46,111,033	34,369,714
Other receivables	VII 8	67,766,635	64,225,288
Inventories	VII 9	61,847,522	60,581,435
Contract assets	VII 10	91,185,630	83,199,483
Non-current assets due within one year	VII 11	2,241,185	1,499,007
Other current assets	VII 12	2,058,563	2,142,781
Total Current Assets		412,315,644	389,253,555
Non-current Assets:			
Long-term receivables	VII 13	30,386,163	25,576,642
Long-term equity investments	VII 14	30,328,766	25,676,955
Investments in other equity instruments	VII 15	786,855	1,964,664
Other non-current financial assets	VII 16	4,711,041	4,418,546
Investment properties	VII 17	7,327,797	5,641,674
Fixed assets	VII 18	25,117,809	24,684,160
Construction in progress	VII 19	4,379,190	4,915,570
Right-of-use assets	VII 20	591,878	473,971
Intangible assets	VII 21	20,878,147	17,491,859
Goodwill	VII 22	55,896	160,928
Long-term prepayments	VII 23	293,791	295,584
Deferred tax assets	VII 24	6,056,805	5,637,114
Other non-current assets	VII 25	240,365	201,741
Total Non-current Assets		131,154,503	117,139,408
TOTAL ASSETS		543,470,147	506,392,963

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2021

All amounts in RMB'000

Items	Notes	31 December 2021	31 December 2020
Current Liabilities:			
Short-term borrowings	VII 26	21,395,848	29,252,171
Derivative financial liabilities	VII 27	4,413	-
Bills payable	VII 28	37,616,532	30,472,634
Accounts payable	VII 29	155,265,041	133,722,043
Receipts in advance	VII 30	135,118	238,753
Contract liabilities	VII 31	87,092,166	85,653,732
Employee benefits payable	VII 32	2,055,773	2,020,325
Taxes payable	VII 33	5,097,306	3,984,563
Other payables	VII 34	27,582,380	26,710,566
Non-current liabilities due within one year	VII 35	13,218,552	12,238,104
Other current liabilities	VII 36	9,426,537	7,498,360
Total Current Liabilities		358,889,666	331,791,251
Non-current Liabilities:			
Long-term borrowings	VII 37	25,332,533	25,631,067
Bonds payable	VII 38	220,000	790,000
Lease liabilities	VII 39	369,145	237,042
Long-term payables	VII 40	1,050,081	1,047,205
Long-term employee benefits payable	VII 41	3,887,979	4,103,656
Provisions	VII 42	811,797	777,275
Deferred income	VII 43	1,465,004	1,584,325
Deferred tax liabilities	VII 24	56,183	61,235
Other non-current liabilities	VII 44	-	14,600
Total Non-current Liabilities		33,192,722	34,246,405
TOTAL LIABILITIES		392,082,388	366,037,656
Shareholders' Equity:			
Share capital	VII 45	20,723,619	20,723,619
Other equity instruments	VII 46	23,700,000	20,500,000
Including: Perpetual bond		23,700,000	20,500,000
Capital reserve	VII 47	22,612,919	22,461,602
Other comprehensive income	VII 48	(201,624)	(284,396)
Special reserve	VII 49	12,550	12,550
Surplus reserve	VII 50	2,692,992	2,016,768
Retained earnings	VII 51	37,954,521	32,461,495
Total shareholders' equity attributable to shareholders of the Company		107,494,977	97,891,638
Non-controlling interests		43,892,782	42,463,669
TOTAL SHAREHOLDERS' EQUITY		151,387,759	140,355,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		543,470,147	506,392,963

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S BALANCE SHEET

31 December 2021

All amounts in RMB'000

Items	Notes	31 December 2021	31 December 2020
Current Assets:			
Cash and bank balances	XVI 1	5,017,042	9,618,084
Derivative financial assets		114,325	38,524
Accounts receivable	XVI 2	173,325	228,188
Prepayments		717,175	1,797,943
Other receivables	XVI 3	60,379,167	43,536,273
Inventories		1,107	1,016
Contract assets		1,482,927	944,863
Non-current assets due within one year	XVI 4	2,037	2,037
Other current assets		1,481	1,481
Total Current Assets		67,888,586	56,168,409
Non-current Assets:			
Long-term receivables	XVI 4	632,590	2,082,190
Long-term equity investments	XVI 5	97,647,601	94,532,711
Other equity instrument investments		553	454
Fixed assets		11,947	12,478
Right-of-use assets		691	21,360
Intangible assets		3,758	5,445
Total Non-current Assets		98,297,140	96,654,638
TOTAL ASSETS		166,185,726	152,823,047

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S BALANCE SHEET (CONTINUED)

31 December 2021

All amounts in RMB'000

Items	Notes	31 December 2021	31 December 2020
Current Liabilities:			
Short-term borrowings	XVI 6	16,032,447	20,932,888
Accounts payable		1,734,094	1,407,149
Contract liabilities		973,037	2,114,560
Employee benefits payable		16,219	15,407
Taxes payable		54,690	46,768
Other payables	XVI 7	32,902,591	18,485,432
Non-current liabilities due within one year	XVI 8	2,830,724	3,152,522
Total Current Liabilities		54,543,802	46,154,726
Non-current Liabilities:			
Long-term borrowings	XVI 9	-	2,000,000
Bonds payable	VII 38	220,000	790,000
Lease liabilities		138	695
Long-term payables		20,456,990	20,444,550
Long-term employee benefits payable		62,011	61,513
Provisions		-	99,806
Deferred income		3,598	3,598
Total Non-current Liabilities		20,742,737	23,400,162
TOTAL LIABILITIES		75,286,539	69,554,888
Shareholders' Equity:			
Share capital		20,723,619	20,723,619
Other equity instruments	VII 46	23,700,000	20,500,000
Including: Perpetual bond		23,700,000	20,500,000
Capital reserve		37,925,332	37,925,332
Other comprehensive income		(1,554)	(355)
Special reserve		12,550	12,550
Surplus reserve		2,692,992	2,016,768
Retained earnings		5,846,248	2,090,245
TOTAL SHAREHOLDERS' EQUITY		90,899,187	83,268,159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		166,185,726	152,823,047

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
I Total operating revenue		500,571,647	400,114,623
Including: Operating revenue	VII 52	500,571,647	400,114,623
II Total operating costs		480,571,671	384,200,258
Including: Operating costs	VII 52	447,435,146	354,685,571
Taxes and levies	VII 53	2,515,554	1,967,862
Selling expenses	VII 54	2,742,789	2,441,204
Administrative expenses	VII 55	10,921,869	11,011,320
Research and development expenses	VII 56	15,901,198	12,326,903
Financial expenses	VII 57	1,055,115	1,767,398
Including: Interest expenses		2,140,452	2,509,970
Interest income		2,667,996	1,738,474
Add: Other income	VII 58	428,034	451,602
Investment gains(losses)	VII 59	(1,793,422)	(1,139,662)
Including: Gains (losses) from investments in associates and joint ventures		(131,052)	(177,587)
Gains (losses) from derecognition of financial assets at amortized cost		(1,491,538)	(870,347)
Gains from changes in fair values	VII 60	177,934	33,823
Impairment losses of credit	VII 61	(3,714,814)	(3,086,669)
Impairment losses of assets	VII 62	(1,624,422)	(593,338)
Gains on disposal of assets	VII 63	689,228	232,899
III Operating profit		14,162,514	11,813,020
Add: Non-operating income	VII 64	299,559	475,004
Less: Non-operating expenses	VII 65	449,894	370,754
IV. Total profit		14,012,179	11,917,270
Less: Income tax expenses	VII 66	2,404,985	2,534,913
V. Net profit		11,607,194	9,382,357
(I) Net profit classified by operating continuity			
Net profit from continuing operations		11,607,194	9,382,357
Net profit from discontinued operations		–	–
(II) Net profit classified by ownership ascription			
Net profit attributable to shareholders of the Company		8,374,970	7,862,185
Profit or loss attributable to non-controlling interests		3,232,224	1,520,172

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
VI Other comprehensive income, net of income tax	VII 67	(73,012)	(570,934)
Other comprehensive income attributable to shareholders of the Company, net of income tax		207,063	(240,002)
(I) Items that will not be reclassified to profit or loss		(4,416)	190,591
1. Re-measurement of defined benefit obligations		3,333	158,075
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method.		55	–
3. Changes in fair values of investments in other equity instruments		(7,804)	32,516
(II) Items that may be reclassified to profit or loss		211,479	(430,593)
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		30,346	23,780
2. Changes of fair value of receivables at FVTOCI		(12,449)	(15,986)
3. Exchange differences on translating financial statements in foreign currencies		193,582	(438,387)
Other comprehensive income attributable to non-controlling interests, net of income tax		(280,075)	(330,932)
VII. Total comprehensive income		11,534,182	8,811,423
Total comprehensive income attributable to shareholders of the Company		8,582,033	7,622,183
Total comprehensive income attributable to non-controlling interests		2,952,149	1,189,240
VIII. Earnings per share	XV 3		
(I) Basic earnings per share (RMB/ share)		0.35	0.32
(II) Diluted earnings per share (RMB/ share)		N/A	N/A

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S INCOME STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
I Total operating revenue	XVI 10	3,552,768	2,359,983
Less: Operating costs	XVI 10	3,249,717	2,224,072
Taxes and levies		3,612	5,051
Administrative expenses		273,575	281,682
Financial expenses		179,015	95,846
Including: Interest expenses		2,119,621	1,909,236
Interest income		1,895,214	1,613,230
Add: Other income		676	951
Investment income	XVI 11	6,713,361	2,818,991
Including: Gains (losses) from investments in associates and joint ventures		17,701	(16,069)
Gains from changes in fair values		140,960	38,524
Impairment losses of credit	XVI 12	68,561	67,525
Impairment losses of assets		(3,672)	–
Gains (losses) from disposal of assets		–	(24)
II. Operating profit		6,766,735	2,679,299
Add: Non-operating income		2	417
Less: Non-operating expenses		317	23
III. Total profit		6,766,420	2,679,693
Less: Income tax expenses		4,182	1,391
IV. Net profit		6,762,238	2,678,302
Net profit from continuing operations		6,762,238	2,678,302
Net profit from discontinued operations		–	–
V Other comprehensive income, net of income tax		(1,199)	(1,339)
(I) Items that will not be reclassified to profit or loss		(1,219)	(1,370)
1. Changes in re-measurement of defined benefit obligations		(1,318)	(1,576)
2. Changes in fair values of investments in other equity instruments		99	206
(II) Items that will be reclassified to profit or loss		20	31
1. Items that may be reclassified to profit or loss in equity method		20	31
VI. Total comprehensive income		6,761,039	2,676,963

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
I Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		469,930,650	416,368,849
Receipts of tax refunds		573,918	354,583
Other cash receipts relating to operating activities	VII 68(1)	5,555,846	5,340,090
Sub-total of cash inflows from operating activities		476,060,414	422,063,522
Cash payments for goods purchased and services received		399,596,402	340,872,351
Cash payments to and on behalf of employees		29,261,065	25,296,206
Payments of various types of taxes		11,429,292	10,236,827
Other cash payments relating to operating activities	VII 68(2)	18,133,647	17,626,433
Sub-total of cash outflows from operating activities		458,420,406	394,031,817
Net Cash Flows from Operating Activities	VII 69(1)	17,640,008	28,031,705
II Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		3,135,749	199,798
Cash receipts from investment income		424,781	327,537
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		548,126	152,769
Net cash receipts from disposal of subsidiaries and other business units	VII 69(2)	88,266	58,568
Other cash receipts relating to investing activities	VII 68(3)	801,548	1,071,994
Sub-total of cash inflows from investing activities		4,998,470	1,810,666
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,551,383	3,743,025
Cash payments to acquire investments		4,971,778	4,120,134
Other cash payments relating to investing activities	VII 68(4)	9,042,539	6,234,940
Sub-total of cash outflows from investing activities		17,565,700	14,098,099
Net Cash Flows from Investing Activities		(12,567,230)	(12,287,433)

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
III Cash Flows from Financing Activities:			
Cash receipts from capital contributions		11,048,169	31,464,045
Including: Cash receipts from capital contributions by non-controlling interests of subsidiaries		3,348,169	23,964,045
Cash receipts from issue of perpetual bond		7,700,000	7,500,000
Cash receipts from borrowings		106,816,090	101,155,602
Other cash receipts relating to financing activities	VII 68(5)	322,886	932,237
Sub-total of cash inflows from financing activities		118,187,145	133,551,884
Cash repayments of borrowings		117,884,912	117,429,893
Cash payments for distribution of dividends or profits or settlement of interest expenses		8,489,370	8,107,723
Including: Payments for distribution of dividends or profits to non-controlling interests of subsidiaries		1,934,726	899,891
Other cash payments relating to financing activities	VII 68(6)	8,049,346	13,325,548
Sub-total of cash outflows from financing activities		134,423,628	138,863,164
Net Cash Flows from Financing Activities		(16,236,483)	(5,311,280)
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		215,227	(82,590)
V Net Increase in Cash and Cash Equivalents		(10,948,478)	10,350,402
Add: Opening balance of Cash and Cash equivalents		42,165,302	31,814,900
VI Closing Balance of Cash and Cash Equivalents	VII 69(3)	31,216,824	42,165,302

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

Chairman:
Chen Jianguang

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Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
I Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		1,479,193	2,484,498
Receipts of tax refunds		–	951
Other cash receipts relating to operating activities		619,518	412,698
Sub-total of cash inflows from operating activities		2,098,711	2,898,147
Cash payments for goods purchased and services received		1,547,900	2,429,988
Cash payments to and on behalf of employees		183,255	158,539
Payments of various types of taxes		5,359	21,061
Other cash payments relating to operating activities		863,627	231,413
Sub-total of cash outflows from operating activities		2,600,141	2,841,001
Net Cash Flows from Operating Activities	XVI 13(1)	(501,430)	57,146
II Cash Flows from Investing Activities:			
Cash receipts from investment income		5,371,439	2,201,950
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		–	21
Other cash receipts relating to investing activities		2,864,952	4,070,698
Sub-total of cash inflows from investing activities		8,236,391	6,272,669
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,659	2,347
Cash payments to acquire investments		2,923,814	4,707,949
Other cash payments relating to investing activities		99,952	–
Sub-total of cash outflows from investing activities		3,025,425	4,710,296
Net Cash Flows from Investing Activities		5,210,966	1,562,373

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2021

All amounts in RMB'000

Items	Notes	2021	2020
III Cash Flows from Financing Activities:			
Cash receipts from investments		7,700,000	7,500,000
Including: Cash receipts from issue of perpetual bond		7,700,000	7,500,000
Cash receipts from borrowings		78,012,556	89,223,195
Other cash receipts relating to financing activities		103,050	444,550
Sub-total of cash inflows from financing activities		85,815,606	97,167,745
Cash repayments of borrowings		86,119,183	73,821,239
Cash payments for distribution of dividends or profits or settlement of interest expenses		4,504,147	4,752,421
Other cash payments relating to financing activities		4,500,000	13,021,025
Sub-total of cash outflows from financing activities		95,123,330	91,594,685
Net Cash Flows from Financing Activities		(9,307,724)	5,573,060
IV Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(1,872)	(42,392)
V Net Increase in Cash and Cash Equivalents		(4,600,060)	7,150,187
Add: Opening balance of Cash and Cash equivalents		9,606,574	2,456,387
VI Closing Balance of Cash and Cash Equivalents	XVI 13(2)	5,006,514	9,606,574

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

Items	For the year ended 31 December 2021								
	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits		
I Closing balance of the preceding year	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior years' errors	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II Opening balance of the current year	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307
III Changes for the year	-	3,200,000	151,317	82,772	-	676,224	5,493,026	1,429,113	11,032,452
(I) Total comprehensive income	-	-	-	207,063	-	-	8,374,970	2,952,149	11,534,182
(II) Shareholders' contributions and reduction in capital	-	3,200,000	151,317	-	-	-	-	226,515	3,577,832
1. Capital contribution from shareholders	-	-	-	-	-	-	-	122,166	122,166
2. Capital contribution and reduction of holders of other equity instruments (Note VII 46)	-	3,200,000	-	-	-	-	-	74,661	3,274,661
3. Others	-	-	151,317	-	-	-	-	29,688	181,005
(III) Profit distribution	-	-	-	-	-	676,224	(3,006,235)	(1,749,551)	(4,079,562)
1. Transfer to surplus reserve	-	-	-	-	-	676,224	(676,224)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,330,011)	(1,749,551)	(4,079,562)
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	(124,291)	-	-	124,291	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings (Note VII 15)	-	-	-	(124,291)	-	-	124,291	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current year	-	-	-	-	7,189,775	-	-	606,714	7,796,489
2. Amount utilized in the current year	-	-	-	-	(7,189,775)	-	-	(606,714)	(7,796,489)
(VI) Others	-	-	-	-	-	-	-	-	-
IV Closing balance of the current year	20,723,619	23,700,000	22,612,919	(201,624)	12,550	2,692,992	37,954,521	43,892,782	151,387,759

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

All amounts in RMB'000

Items	For the year ended 31 December 2020									
	Attributable to shareholders of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits			
I Closing balance of the preceding year	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	
Corrections of prior years' errors	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	
II Opening balance of the current year	20,723,619	25,924,290	22,476,448	(59,618)	12,550	1,748,938	27,123,498	18,955,783	116,905,508	
III Changes for the year	-	(5,424,290)	(14,846)	(224,778)	-	267,830	5,337,997	23,507,886	23,449,799	
(I) Total comprehensive income	-	-	-	(240,002)	-	-	7,862,185	1,189,240	8,811,423	
(II) Shareholders' contributions and reduction in capital	-	(5,424,290)	(14,846)	-	-	-	-	23,139,761	17,700,625	
1. Capital contributed by shareholders	-	-	-	-	-	-	-	16,024,065	16,024,065	
2. Capital contribution and reduction of holders of other equity instruments	-	(5,424,290)	-	-	-	-	-	7,692,172	2,267,882	
3. Others	-	-	(14,846)	-	-	-	-	(576,476)	(591,322)	
(III) Profit distribution	-	-	-	-	-	267,830	(2,508,964)	(821,115)	(3,062,249)	
1. Transfer to surplus reserve	-	-	-	-	-	267,830	(267,830)	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	(2,241,134)	(821,115)	(3,062,249)	
3. Others	-	-	-	-	-	-	-	-	-	
(IV) Transfers within shareholders' equity	-	-	-	15,224	-	-	(15,224)	-	-	
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-	-	
5. Other comprehensive income carried forward to retained earnings	-	-	-	15,224	-	-	(15,224)	-	-	
6. Others	-	-	-	-	-	-	-	-	-	
(V) Special reserve	-	-	-	-	-	-	-	-	-	
1. Transfer to special reserve in the current year	-	-	-	-	5,712,378	-	-	462,644	6,175,022	
2. Amount utilized in the current year	-	-	-	-	(5,712,378)	-	-	(462,644)	(6,175,022)	
(VI) Others	-	-	-	-	-	-	-	-	-	
IV Closing balance of the current year	20,723,619	20,500,000	22,461,602	(284,396)	12,550	2,016,768	32,461,495	42,463,669	140,355,307	

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts in RMB'000

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

FINANCIAL STATEMENTS

For the year ended 31 December 2021

II. FINANCIAL STATEMENTS (CONTINUED)

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

All amounts in RMB'000

Items	For the year ended 31 December 2020							
	Share capital	Other equity instruments (Perpetual bond)	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I Closing balance of the preceding year	20,723,619	25,924,290	38,001,042	984	12,550	1,748,938	1,920,906	88,332,329
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior years' errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II Opening balance of the current year	20,723,619	25,924,290	38,001,042	984	12,550	1,748,938	1,920,906	88,332,329
III Changes for the year	-	(5,424,290)	(75,710)	(1,339)	-	267,830	169,339	(5,064,170)
(I) Total comprehensive income	-	-	-	(1,339)	-	-	2,678,302	2,676,963
(II) Shareholders' contributions and reduction in capital	-	(5,424,290)	(75,710)	-	-	-	-	(5,500,000)
1. Capital contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution and reduction of holders of other equity instruments	-	(5,424,290)	-	-	-	-	-	(5,424,290)
3. Others	-	-	(75,710)	-	-	-	-	(75,710)
(III) Profit distribution	-	-	-	-	-	267,830	(2,508,963)	(2,241,133)
1. Transfer to surplus reserve	-	-	-	-	-	267,830	(267,830)	-
2. Distributions to shareholders	-	-	-	-	-	-	(2,241,133)	(2,241,133)
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Changing amount of defined benefit plan carried forward to retained earnings	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Transfer to special reserve in the current year	-	-	-	-	-	-	-	-
2. Amount utilized in the current year	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-
IV Closing balance of the current year	20,723,619	20,500,000	37,925,332	(355)	12,550	2,016,768	2,090,245	83,268,159

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

Chairman:
Chen Jianguang

General Accountant:
Zou Hongying

Financial Controller:
Fan Wanzhu

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

III. BASIC CORPORATE INFORMATION

1. Basic information of the Company

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

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

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

In 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 thousand A shares of the Company (accounting for 5.92% of the Company’s total share capital) to China National Petroleum Corporation (“CNPC”) for free. After the completion of the free transfer, China Metallurgical Company’s shareholding and voting rights in the Company have been reduced from 55.10% to 49.18%, and CMGC remains as the controlling shareholder of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

III. BASIC CORPORATE INFORMATION (CONTINUED)

1. Basic information of the Company (Continued)

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

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

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

2. Scope of consolidated financial statements

Details of the scope of consolidated financial statements are set out in Note IX “Interest in other entities”, whereas the changes of the scope of consolidation are set out in Note VIII “Changes of the scope of consolidation”.

IV. BASIS OF PREPARATION

1. Basis of preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IV. BASIS OF PREPARATION (CONTINUED)

2. Accrual basis and measurement principle

The Group has adopted the accrual basis of accounting. Except for certain financial instruments set out in Note XI 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 assume the current obligation, 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 are determined on this basis whether it is observable or estimated by valuation techniques.

The following table provides an analysis, grouped into Levels 1 to 3 based on the degree to which the fair value input is observable and significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. Going concern

The Group has performed an assessment of the going concern for the following 12 months from 31 December 2021 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

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

2. Accounting period

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

3. Business cycle

Business cycle refers to the period that starts from the purchase of assets for production and ends with the realization of cash or cash equivalent. 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 are in 12 months in general.

4. Reporting currency

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

5. Business combinations

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred. Direct issue costs incurred in respect of equity instruments or liabilities issued pursuant to the business combination should be charged to the respect equity instruments or liabilities upon initial recognition of the underlying equity instruments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations

(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 costs of business combination are the fair value of the assets paid, liabilities happened or bore and equity instruments issued by the acquirer for the purpose of achieving the control rights of the acquiree. If the business combination is achieved in stages, the cost of business combination is the sum of total consideration paid at the acquisition date and the re-measured fair value of acquirer's previously held equity interests in the acquiree at the acquisition date. The acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit or loss. Other comprehensive income associated with equity interest in the acquiree already held by the acquirer before the acquisition date is reclassified to investment income at the date on which acquisition is made.

The intermediary costs such as audit, legal services and assessment consulting costs and other related management costs that are directly attributable to the combination by the acquirer are charged to profit or loss in the period in which they are incurred. Direct issue costs incurred in respect of equity instruments or liabilities issued pursuant to the business combination should be charged to the respect equity instruments or liabilities upon initial recognition of the underlying equity instruments or liabilities.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current year.

The goodwill raised because of the business combination should be separately disclosed in the combination financial statement and measured by the amount of costs deducted by the accumulative provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Basis for preparation of consolidated financial statements

The scope of consolidation in consolidated financial statements is determined on the basis of control. 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.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in consolidated income statement and consolidated statement of cash flows.

For a subsidiary acquired through a business combination involving enterprises under common control, it will be fully consolidated into consolidated financial statements from the date on which the subsidiary was ultimately under common control by the same party or parties.

The significant accounting policies and accounting years adopted by the subsidiaries are determined based on the uniform accounting policies and accounting years set out by the Company. For those subsidiaries acquired through business combinations not involving enterprises under common control, the identifiable assets and liabilities recorded in the financial statements of the acquired subsidiaries should be adjusted based on the fair value determined at the acquisition date.

All significant intra-group balances, transactions and unrealized profits are eliminated on consolidation. The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the shareholders' equity in consolidated balance sheet. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of equity interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of shareholders' interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Classification of joint arrangement and accounting methods for joint management

Joint arrangement involves by two or more parties jointly control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

The Group makes the classification of the joint arrangements according to the rights enjoyed and obligations bore in the joint arrangements. 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 refers to whereby the parties that have joint control of the arrangement 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.

8. 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.

9. Translation of transactions and financial statements denominated in foreign currencies

(1) Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated into RMB using the spot exchange rate prevailing at the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period are recognized as other comprehensive income.

When preparing financial statements involving foreign operations, if there is any foreign currency monetary items which in substance forms 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.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Translation of transactions and financial statements denominated in foreign currencies (Continued)

(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; 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".

The opening balances and the comparative figures of prior year are presented at the translated amounts in the prior year's financial statements.

On disposal of the Group's entire equity interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain equity interest in it or other reasons, the Group transfers the accumulated exchange fluctuation reserve, which is attributable to the owners' equity of the Company and presented under other comprehensive income to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange fluctuation reserve is re-attributed to non-controlling interests and is not recognized in profit and loss. For partial disposals of equity interest in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange fluctuation reserve is reclassified to profit or loss.

10. 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 is 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 balances 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

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, including 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) Categorized into 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 method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

– Effective interest method and amortized cost

For financial assets measured at amortized cost, the Group recognizes interest income using effective interest method. The Group calculates and recognizes interest income through book value of financial assets multiplying effective interest, 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(1) Classification and measurement of financial assets (Continued)

- (b) Categorized into 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 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) Categorized into 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.

Other than financial assets included in a portion of hedging relations, the Group subsequently measured these financial assets at fair value, gains or losses arising from changes in fair value and dividends and interest income related to these financial assets shall be recognized into profit or loss for the period.

The Group’s financial assets measured at FVTPL include monetary funds, tradable equity instrument investments, investments in private funds 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(1) Classification and measurement of financial assets (Continued)

- (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, when the financial assets are derecognized, the accumulative gains or losses previously recognized in other comprehensive income shall be removed from other comprehensive income and recognized in retained earnings. During the period that the Group holds these non-tradable equity instrument, 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 will recognize dividends 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 makes a loss allowance against amount of expected credit losses during the whole life of the contract assets and accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting New Standards for Revenue.

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 makes 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. 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 judges that the financial instruments solely has 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, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and 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, the financial instrument is considered to have a lower credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(2) Impairment of financial instruments (Continued)

(b) Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial assets. Objective evidence that a financial asset is impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- Purchase or originate a financial asset with a large scale of discount, which reflects 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. 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 is transferred to the transferee; or (iii) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but 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.

For a transfer of a financial asset in its entirety that 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 instrument designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a part of transfer of a financial asset that 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 (1) 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 (2) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) Classification and measurement of financial liabilities

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only 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 transactional:

- 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 there is a short-term profits will presence 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) Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue 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.

That the Group and its counterparty modify or renegotiate the contract does not result in 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 make amortization during the remaining term of the modified financial liability.

The term of the financial liability measured at amortized cost is under one year (inclusive), the financial liability is presented as current liability; the financial liability with the term over one year but will fall due within one year (inclusive) since the balance sheet date, it is presented as non-current liability due within one year; others are presented as non-current liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

(4) *Classification and measurement of financial liabilities (Continued)*

(c) Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder suffering losses in case 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: (i) amount of loss allowance; and (ii) 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.

(6) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The issuance (including refinance), repurchase, selling or cancellation of these instruments are treated as change in equity. Change of fair value of equity instruments is not recognized by the group. The related transaction costs are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividend paid do not affect total amount of shareholders' equity.

(7) *Derivatives*

Derivatives of the Group include Forward foreign exchange settlement and sale contracts and USD foreign exchange option. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories

(1) *Categories of inventories and initial measurement*

The Group's inventories are initially measured at cost. Inventories mainly include raw materials, material procurement, outsourced processing materials, work in progress, finished goods, materials in transit, costs to fulfil a contract, properties under development, completed properties held for sale etc.

(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.

(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, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their carrying amount, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) *The perpetual inventory system is maintained for stock system.*

(5) *Amortization method for low cost and short-lived consumable items and packaging materials*

Materials in transit include packaging materials and low cost and short-lived consumable items. Packaging materials and low cost and short-lived consumable items are using either one-off amortization method or multiple-stage amortization method.

(6) *Properties under development and completed properties held for sale*

Costs of properties under development and completed properties held for sale mainly consist of acquisition cost of land use rights, expenditures of land development, infrastructure costs, construction costs, capitalized borrowing costs and other relevant costs. The expenditure of development land is included in the development cost. The construction expenditures of public facilities (the facilities approved by the relevant government departments such as roads) form part of property development costs and are allocated to respective individual properties projects. Cost of property development product is calculated based on actual costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

Long-term equity investments include long-term equity investments in subsidiaries and equity investments in 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.

(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, etc. at the acquisition date after making appropriate adjustments to be confirmed with the Group's accounting policies and accounting period. The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. 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 investment loss for the period. For the changes in equity in addition to the net profit or loss, other comprehensive income and profits distribution, adjust the carrying value of long-term equity investment when the investee declares dividend distribution and included in shareholders' equity. The Group recognizes its share of the dividends of the investee should be adjusted, and reduces 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, the impairment losses on the transferred assets are not eliminated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(3) *Basis for determining control, joint control and significant influence over investee (Continued)*

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 V18).

(5) *The disposal of long-term equity investment*

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

If the Group loses its control over the investee because of the disposal of partial equity investment and the remaining equity investment still have joint control or significant influence on the investee, then equity method should be adopted to record long-term equity investment when preparing the financial statements as if the equity investment is all the way accounted for under equity method from the date the Group acquired this investment. If the remaining equity investment does not have joint control or significant influence on the investee, the equity investment should be recorded according to the recognition and measurement of financial assets and the difference between the carrying amount and fair value of the equity investment on the date of losing control shall be included in profit or loss for the current year. The other comprehensive income recognized before the Group had controlled over the investee under equity method or the financial assets recognition and measurement standard should be treated referring to the same fundamental of disposing related assets and liabilities on losing its control over the investee. The other changes in shareholders' equity of the investee's net assets except the net profit or loss, other comprehensive income and profit distribution will be included in profit or loss for the current year of losing its control over the investee. If the residual interests were measured under the equity method, the Group proportionally carries over the other comprehensive income and other shareholders' equity. If the residual interests were measured under the financial assets recognition and measurement standard, the Group wholly carries over the other comprehensive income and other shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment properties include properties held to earn rentals or for capital appreciation or properties in construction which will be used to earn rentals or for capital appreciation in the future. An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are 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 useful lives <i>(year)</i>	Estimated residual values <i>(%)</i>	Annual depreciation (amortization) rate <i>(%)</i>
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. The carrying amounts of the buildings remain unchanged before and after the purpose change.

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 amount, the carrying amount will be reduced to the recoverable amounts (Note V18).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. 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 acquisition. 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 amount approved by the State-owned assets management authority.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Those old fixed asset items are replaced by other new fixed asset items, the old fixed asset items should be de-recognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(2) Depreciation of each category of fixed assets

Fixed asset is depreciated based on the cost of fixed asset recognized less expected net residual value over its useful life using the straight-line method. The fixed asset after impairment, 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	Useful life (year)	Residual value (%)	Annual depreciation rate (%)
Buildings and structures	the straight-line method	15-40	3-5	2.38-6.47
Temporary buildings and structures	the straight-line method	3-5	3-5	19.00-32.33
Machinery and equipment	the straight-line method	3-14	3-5	6.79-32.33
Transportation vehicles	the straight-line method	5-12	3-5	7.92-19.40
Office equipment and others	the straight-line method	5-12	3-5	7.92-19.40

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

(3) Other explanations

If a fixed asset is upon disposal 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 amount, the carrying amount will be reduced to the recoverable amounts (Note V18).

15. 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 amount, the carrying amount will be reduced to the recoverable amounts (Note V18).

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently should be charged to profit or loss. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expenses 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.

Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, exchange differences on foreign currency specific-purpose borrowing are fully capitalized whereas exchange differences on foreign currency general-purpose borrowing is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets

(1) Valuation methods, service life, impairment test

The Group's intangible assets include land use rights, concession assets, mining rights, software, patent and proprietary technology etc. 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 approved in the obtained land use rights certificates.

(b) Mining rights

Amortization is calculated based on the units of production method based only on proved mining reserves.

(c) The right to use 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 asset 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 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. The Financial asset is measured in accordance with Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

(1) Valuation methods, service life, impairment test (Continued)

(d) Software

Software is amortized on the straight-line basis over its estimated useful life of 3 to 5 years.

(e) Patent and proprietary technologies

Patent and proprietary technologies are amortized on the straight-line basis over their useful lives of 5 to 20 years according to the contracts.

(f) Review 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 amount, the carrying amount will be reduced to the recoverable amounts (Note V18).

(2) Research and development expenditure

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 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 asset when the underlying project is ready for an intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of long-term assets

The Company assesses at each balance sheet date whether there is any indication that the fixed assets, construction in progress, right of use assets, intangible assets with finite useful lives, investment properties measured at historical cost, investments in subsidiaries, joint ventures and associates may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

19. Long-term prepayments

Long-term prepayments include improvement expenses on leased fixed 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 by the net amount of actual expenditure less accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. 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 assets associated costs according to the actual amount. The non-monetary employee benefits are measured at fair value.

Regarding to 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 employees benefits payable and include these expenses in the profits or losses of the current year or recognized as respective assets costs.

(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 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. For the reporting period, the post-employment benefits of the Group include basic endowment insurance, unemployment insurance and corporation pension plan paid for employees, being recognized as defined contribution plans.

The Group provides supplementary pension benefits to certain retired employees, which is considered as defined benefit plans. The defined benefit plans obligation is calculated semiannually by independent actuaries using the projected unit credit method. The Group's defined benefit plans include the following components: (i) Service cost include current year service cost, past-service cost and settlement gain or loss. Current year service cost means the increase of the value of defined benefit plans resulted from the current year service offered by employee. Past-service cost means the increase or decrease of the value of defined benefit plans resulted from the revision of the defined benefit plans related to the prior year service offered by employee. (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits(Continued)

(3) Termination benefits

Liabilities arising from termination benefits and staff internal retirement plan are recognized after the edition of the termination agreement or notice to the employee. The Group should recognize the employee benefits liabilities related to the compensation of the labor relationship termination and charge to profit or loss at the time when the below two signals which happens earlier: (i)The Group cannot withdraw from the compensation plan of the labor relationship termination by itself. (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 employee to accept the termination of the labor relationship voluntarily, the termination benefits are recognized based on the expected number of employee who are willing to take the compensation plans. The specific terms of the termination and early retirement plan varies according to the occupation, seniority and location etc.

The Group provides internal retirement benefits to employees who are willing to retire voluntarily. Internal 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 to profit or loss of the current year.

21. 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 be exceeding the respective provision amount.

At the balance sheet date, the carrying amount of provision should be re-assessed to reflect the best estimation then.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Perpetual bonds or other financial instruments

Perpetual bonds or other financial instruments issued by the Group are equity instruments if, and only if both conditions (1) and (2) below are met:

- (1) 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.
- (2) 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.

Except for the other financial instruments as stated above which can be classified as equity, all other financial instruments issued by the Group are classified as financial liabilities.

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 change in equity. The related transaction costs are deducted from equity.

23. Revenue

The Group's revenue is mainly from the following business types:

- Engineering contracting
- Real estate development
- Equipment manufacturing
- Resources development

The Group shall recognize revenue when the Group satisfies a performance obligation in the Contract, namely, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

Where the contract entered into by the Group and the customer satisfies all of the following conditions at the same time, the Group will recognize revenue when the customer obtains control over relevant goods or services:

- The parties to the contract have approved the contract and are committed to perform their respective obligations;
- The contract can identify each party's rights and obligation regarding goods or services to be transferred;
- The contract can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
- It is probable that the Group will recover the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

If a contract meets the above criteria at contract inception, the Group shall not reassess those criteria unless there is an indication of a significant change in facts and circumstances. If a contract does not meet the above criteria at contract inception, the Group shall continue to assess the contract and make accounting treatment when the above criteria are met. When a contract does not meet the above criteria, the Group shall recognize the consideration received as revenue only when the Group has no remaining obligations to transfer goods or services to the customers and the consideration received from the customer is non-refundable; otherwise, the Group shall recognize the consideration received from the customer as a liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(1) *Determining the transaction price*

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. The Group shall consider the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group may consider effects of factors such as the variable consideration, a significant financing component, consideration payable to a customer and non-cash considerations.

(a) Variable consideration

In case of the existence of variable consideration (performance bonuses and penalties etc.) in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulative recognized revenue which is the most probably to be significantly reversed when elimination of relevant uncertainty. At each balance sheet date, the Group re-estimate the amount of variable consideration which should be included in transaction price.

(b) A significant financing component

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortized using effective interest method during the contract life. At contract inception, if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group would not consider the significant component in the contract.

(c) Consideration payable to a customer

In case of the existence of consideration payable to a customer in the contract, the Group shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. The Group shall recognize the reduction of revenue at the later of recognizing relevant revenue and paying (or promising to pay) the consideration.

(d) Non-cash consideration

In case of non-cash consideration paid by the customer, the Group shall determine transaction price at fair value of non-cash consideration. If the fair value of the non-cash consideration is not be estimated reasonably, the Group shall measure the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(2) *Identification of stand-alone performance obligations in the contract*

At contract inception, the Group assesses the contract and identify stand-alone performance obligations. Performance obligations refer to commitment of the Group to transfer a distinct good or service to the customer.

In the following circumstances, the Group takes the commitments to transfer of a good or services to the customer as stand-alone performance obligations: (i) commitment to transfer of a distinct good or services (or a group of goods or services); (ii) commitment to transfer of a series of distinct goods or services with the same substances and the same transfer model.

If the goods or services committed by the Group to the customer meets the following two conditions at the same time, those can be taken as distinct goods or services: (i) the customer is able to benefit from the stand-alone good or services or from the good or services together with other available source, namely, the good or services its own can be distinct; (ii) the commitment to transfer the good or services is separated from other commitments in the contract, namely, the commitment to transfer of the good or services is distinct in the contract.

When determining whether the commitment to transfer the good or services can be distinct, the Group uses judgement and comprehensively considers all facts and circumstances. The following circumstances generally reflect that the commitment to transfer the good or services is not separated from other commitments in the contract: (i) the Group provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output for which the customer has contracted; (ii) the goods or services significantly modifies or customizes other goods or services promised in the contract; (iii) the goods or services are highly interrelated with other goods or services promised in the contract.

(3) *Transaction price allocated to each stand-alone performance obligation*

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligation. Stand-alone selling price refers to the price of single sales of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all reasonably acquired relative information and maximum use of observable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(4) Revenue recognition at satisfying each stand-alone performance obligation

At contract inception, the Group identifies each stand-alone performance obligation included in the contract, determines whether the performance obligation satisfied during a period of time or at a point in time, and recognizes revenue when satisfying each stand-alone performance obligation.

(a) Performance obligation satisfied during a period of time

It is a performance obligation satisfied during a period of time if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now.

For performance obligations satisfied during a period of time, the Group will recognize revenue according to progress of performance within such period, however, other than circumstances that the progress of performance cannot be reasonably determined. The Group determines progress of performance using input method, namely, determines the progress of performance based on the proportion of the accumulative actual cost accounting for the expected total cost. When the progress of performance cannot be reasonably determined, the costs incurred are expected to be compensated, the Group recognizes revenue based on the amount of costs incurred till the progress of performance can be reasonably determined.

(b) Performance obligation satisfied at a point in time

For performance obligation satisfied not during a period of time but at a point in time, the Group will recognize revenue at the point in time when the customer obtains control over relative goods or services.

When judging whether the customer has obtain control over the goods or services, the Group will consider the following indications.

- The Group has a present right of receivables for the good or services, namely, a customer is presently obliged to pay for the good or services;
- The Group has transferred the legal title of the good to the customer, namely, the customer has physically possessed the good;
- The Group has transferred the significant risks and rewards of ownership of the good to the customer, namely, the customer has obtained the significant risks and rewards of ownership of the good;
- The customer has accepted the good or services;
- Other indications reflecting that the customer has obtained the control over the good or services.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(5) Accounting treatment of specific transaction

(a) Sales attached with quality warranty terms

For sales attached with quality warranty terms, if such quality warranty provides an individual service other than that the Group have made commitments that the sold goods or services meet the established criteria, such quality warranty constitutes a single performance obligation, otherwise, the Group will make accounting treatment for quality warranty liability in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies.

(b) A principal and an agent

To determine whether the Group is a principal or an agent, the Group identifies the specified goods or services to be provided to the customer, and assesses whether it controls those goods or services before they are transferred to the customer. If the Group can control those goods or services before they are transferred to the customer, the Group is a principal, recognizing revenue at the total consideration received or receivable; otherwise, the Group is an agent, recognizing revenue at the amount of commissions or service charges expected to be entitled to collection, such amount shall be determined based on net amount of total consideration received or receivable less amounts payable to other related parties, or on established amounts or proportions of commissions.

(6) Contract costs

(a) Costs of obtaining a contract

The incremental costs of obtaining a contract (i.e. it would not have incurred if the contract had not been obtained) which are expected to be collected shall be recognize as an asset. If the amortization period of the asset is less than one year, it will be included in profit or loss when incurred. Other expenditures incurred to obtain the contract are included in profit or loss when incurred, except for expenditures clearly borne by the customer.

(b) Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of other accounting standards for business enterprises the new revenue standards as well as satisfies the following conditions at the same time, the costs will be recognized as an asset: (i) the costs relate directly to a contract or to an anticipated contract; (ii) the costs enhance resources of the Group that will be used in satisfying performance obligations in the future; (iii) the costs are expected to be recovered.

(c) Amortization of the related assets of contract costs

An asset associated with contract costs shall be amortized on the same basis as the revenue recognition of goods or services associated with the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue (Continued)

(6) *Contract costs (Continued)*

(d) Impairment of the related assets of contract costs (Continued)

The Group shall make impairment allowance and recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset associated with contract costs recognized exceeds: (i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less (ii) the costs expected to be incurred to transfer the relative goods or services.

The Group shall recognize in profit or loss a reversal of an impairment loss previously recognized when the impairment conditions have changed. The reversed carrying amount of the asset at the reversal date shall not exceed the amount that would have been determined if no impairment loss had been recognized previously.

(7) *Contract asset and contract liability*

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Please refer to Note V 10 (2) for accounting policies on impairment of contract asset. The Group's right of unconditional (i.e. solely depending on the passage of time) collection of consideration from the customer shall be separately set out as receivables.

Contract liability refers to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. 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.

(1) *The basis of judgment and accounting treatments of the government grants related to assets*

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.

(2) *The basis of judgment and accounting treatments of the government grants related to income*

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 difficult to distinguish as the ones 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.

(3) *Interest subsidy received under policy loans*

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.

(4) *Accounting treatment for repayments of government grants*

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Deferred tax assets/ deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

All taxable temporary differences are recognized as related deferred tax liabilities under normal circumstances. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized. However, for deductible temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, 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.

Except for those current income tax and deferred tax charged to comprehensive income or shareholders' equity in respect of those transactions or events which have been directly recognized in other comprehensive income or shareholders' equity, and deferred tax recognized on business combinations, all other current income tax and deferred tax items are charged to profit or loss in the current year.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset from the lessor to the lessee for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(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 account 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 is 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.

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 V18).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(1) The Group as the lessee (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(1) The Group as the lessee (Continued)

(d) Lease liabilities (Continued)

After the commencement date of the lease, 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 is 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 is 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 do 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.

(f) Lease modifications

The Group accounts for a lease modification as a separate lease if there is a lease modification and both of the following apply:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Lease (Continued)

(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 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.

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 deposit 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) *Sales and leaseback transactions (The Group acts as a seller-lessee)*

The Group assesses whether the transfer of the asset in the sales 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. 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) *Production safety expenses*

The Group accrues for production safety expenses pursuant to the Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilization <Cai Qi [2012] No.16>, issued by the MOF and the State Administration of Work Safety.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current year, and provided as a fund in 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 XV1 (1).

(4) *Discontinued operation*

Discontinued operation refers to the separately identifiable components that have been disposed of or classified as held for sale and meet one of the following conditions:

- The component represents an independent main business or a major business area;
- This component is a part of a related plan that intends to dispose an independent main business or a separate main operating area;
- This component is a subsidiary acquired exclusively for resale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) 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.

(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) Perpetual bond

According to the terms of the issue, the issued perpetual bond has no maturity date. The Company has the right to defer interest payment and the option for redemption of perpetual bond. The Company 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, so the perpetual bond is classified as equity instrument, meeting the qualifying conditions in Note V22 to be recorded as equity instrument. Details are set out in Note VII46.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(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, namely, 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) Credit loss provision

Under expected credit loss method, the Group makes a loss allowance against amount of expected credit losses during the whole life of the contract assets and accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting New Standards for Revenue. The management's judgment and estimation are required in the recognition of the credit loss provision. If re-estimations differ from the original estimates, such differences will affect the profit and carrying amount of account receivable and contract assets in the period in which the estimate changes.

As at 31 December 2021, the net book value of the Group's accounts receivable is RMB 83,881,695,000 (As at 31 December 2020: RMB 69,436,480,000), from which the provision for bad debts of RMB 14,973,590,000 has been deducted (As at 31 December 2020: RMB 12,977,047,000), refer to Note VII5(1) for details.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) Significant accounting estimates and judgments (Continued)

(b) The key assumptions and uncertainties used in accounting estimates (Continued)

(iii) Useful lives and residual values of fixed assets

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

At the end of each year, the Group reviews and makes appropriate adjustment for expected service life and expected net salvage value of fixed assets.

(iv) Impairment losses of assets

The Group makes a loss allowance against amount of expected credit losses during the whole life of the contract assets that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting New Standards for Revenue. As at 31 December 2021, the net book value of the Group's contract assets is RMB 91,185,630,000 (As at 31 December 2020: RMB 83,199,483,000), from which the provision for bad debts of RMB 4,509,647,000 has been deducted (As at 31 December 2020: RMB 3,661,638,000), refer to Note VII10(1) for details.

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired, such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite life and investment properties measured at cost model. The recoverable amount of the asset or assets group is the higher of the present value of future cash flow estimated to be derived from the asset and the fair value less costs to sell.

The Group estimates the recoverable amount on a series of assumptions and estimations, which include estimated useful life of the asset, a reasonable expectation of future margin, projected future revenue and profit margin and the discount rate. The Group performs test for impairment for assets with indication of impairment. The Group estimated the present value of future cash flows with a pre-tax discount rate of 14.29% to 15.00 % for the reporting period (for the year ended 31 December 2020: 14.29% to 17.33 %).

If management revises the assumption of estimated future revenue and profit margin in future cash flow calculation of an asset group or set of asset groups, and if the revised revenue and profit margin is lower than current assumption, the Group would correspondingly revise the estimated recoverable amount of long-term assets to make a further judgment on whether additional impairment provision is necessary.

If management revises the assumption of estimated pre-tax discount rate in future cash flow calculation, and if the revised discount rate is higher than current assumption, the Group would correspondingly revise the estimated recoverable amount of long-term assets to make a further judgment on whether additional impairment provision is necessary.

If the actual revenue and profit margin is higher than management estimation or the pre-tax discount rate is lower than management estimation, the Group should not reverse the impairment losses on long-term assets in subsequent accounting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Other significant accounting policies and accounting estimates (Continued)

(5) 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.

28. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

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

(2) Changes in significant accounting estimates

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION

1. Major categories of taxes and respective tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax ("VAT")	VAT payable(VAT payable is imposed on the taxable sales amount multiplied by the tax rate (output-VAT) less deductible input-VAT of current year)	3%, 5%, 6%, 9% and 13%
City maintenance and construction tax ("CCT")	Payment for VAT and consumption tax	1%, 5% and 7%
Education surcharges	Payment for VAT and consumption tax	3%
Enterprise income tax ("EIT")	Taxable income	25%
Land appreciation tax	Appreciation amount on the transfer of real estate	30% to 60%

(1) *The domestic entities subject to different enterprise income tax rates are disclosed in Note VI 2.*

(2) *The foreign business entities subject to non-25% income tax rates*

Subject of tax payment	Enterprise income tax rate
MCC Minera Sierra Grande S.A	35%
MCC Luba International (Private) Ltd.	35%
ENFI Zambia Ltd.	35%
China 19 MCC Group Namibia Co., Ltd.	35%
MCC International Venezuelan Ltd.	34%
China ENFI (Namibia) Ltd.	33%
China Metallurgical Construction Zimbabwe Co., Ltd.	33%
China ENFI Congo (DRC) Co. Ltd.	30%
MCC Australia Holding Pty Ltd.	30%
MCC Australian Gold Mines Ltd.	30%
MCC Mining (Western Australia) Pty Ltd.	30%
MCC Shijiu Papua New Guinea Co., Ltd.	30%
ACRE Coking & Refractory (India) Engineering Consulting Corporation, MCC	30%
Papua New Guinea subsidiary of Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	30%
China ENFI (Chile) SAS	28%
China First Metallurgical India (Private) Ltd.	25.17%
China First Metallurgical Construction Malaysia Co., Ltd.	24%
MCC Malaysia Overseas Ltd.	24%
MCC Real Estate Malaysia Ltd.	24%
MCC Construction Engineering (Malaysia) Co., Ltd.	24%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

1. Major categories of taxes and respective tax rates (Continued)

(2) *The foreign business entities subject to non-25% income tax rates (Continued)*

Subject of tax payment	Enterprise income tax rate
Shanghai Baoye (Malaysia) Co., Ltd.	24%
CCEPC Malaysia BHD	24%
MCC Tian Gong (Malaysia) Engineering Technology Co., Ltd.	24%
MCC East Malaysia Sdn Bhd.	24%
CISDI Engineering(America) Co., Ltd.	21%
MCC CISDI Engenharia do Brasil Ltd.	20%
MCC Tian Gong (Kampuchea) Engineering Technology Co., Ltd.	20%
China 22MCC Group Russia Co., Ltd.	20%
MCC Kampuchea Overseas Ltd.	20%
MCC Constructing (Tailand) Ltd.	20%
China Cambodia Development Construction Co., Ltd.	20%
MCC International (Kampuchea) Ltd.	20%
Shanghai Baoye (Kampuchea) Co., Ltd.	20%
China Nineteen Metallurgical Group Vietnam Co., Ltd.	20%
17th Metallurgical Group Tashkent Foreign Enterprise Co., Ltd.	20%
MCC Jianyan (Cambodia) Co., Ltd.	20%
China Jingye Engineering Corporation Ltd. (Singapore Branch)	17%
MCC Real Estate Singapore Ltd.	17%
MCC Potong Pasir Ltd.	17%
MCC Real Estate Tampines Co., Ltd.	17%
MCC Hong Kong Overseas Ltd.	16.5%
Nan Hua International Engineering Ltd.	16.5%
MCC Real Estate Hong Kong Co., Ltd.	16.5%
Chinese Metallurgical Engineering Technology (Hong Kong) Co., Ltd.	16.5%
MCC Holding (Hong Kong) Corporation Limited	16.5%
MCC Science and Industry CISDI Brazil GUSA Co., Ltd.	15%
MCC Tian Gong (Mongolia) Ltd.	10%
MCC Vietnam Operation Co., Ltd.	10%
MCC Vietnam Engineering Technology Co., Ltd.	10%
China MCC International Economic and Trade (Hong Kong) Co., Ltd.	8.25%
MCC 20 Indonesia Construction Co., Ltd.	3%
MCC Huaye Duda Mining Co.,Ltd.	0%
MCC Ramu NiCo Ltd.	0%
Ramu NiCo Management (MCC) Ltd.	0%
MCC Tongsin Resources Ltd.	0%
MCC JCL Anak Mining Co., Ltd.	0%
China Metallurgical Group Duda Mining Development Co., Ltd.	0%
China Metallurgical Group Resources Development Co., Ltd.	0%
China Metallurgical New Energy (Pakistan) Ltd.	0%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive

(1) *Preferential Tax Policies for the Development of the Western Regions*

According to the Circular of the MOF, the State Administration of Taxation and the General Administration of Customs on Issues Concerning Preferential Tax Policies for the Development of the Western Regions ("Cai Shui [2001] No.202"), Guoshui [2002] No.47 and Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies ("Cai Shui [2011] No.58") (hereinafter referred to as the "Circular"), a series of tax policies to further support the development of the western region are made clear. The above circular had been implemented since 1 January 2011. From 1 January 2011 to 31 December 2020, enterprise income tax may be levied at a reduced tax rate of 15% on enterprises that are established in the western region engaging in those industries with tax incentive.

According to the Announcement of the MOF, the State Administration of Taxation and the NDRC on Issues Concerning Continuing Preferential Tax Policies for the Development of the Western Regions ("[2020] No.23") (hereinafter referred to as the "Announcement"), a series of tax policies to further support the development of the western region are made clear. The above circular had been implemented since 1 January 2011. From 1 January 2021 to 31 December 2030, enterprise income tax may be levied at a reduced tax rate of 15% on enterprises that are established in the western region engaging in those industries with tax incentive.

According to the regulation, the following subsidiaries of the Company were approved by the local tax bureau to enjoy preferential tax policies for the development of the western regions, and they need to submit application for applying relevant tax incentive every year:

- (a) MCC-SFRE Heavy Industry Equipment Co., Ltd. has been levied at a preferential tax rate of 15% from 2006 to 2030.
- (b) China Metallurgical Construction Engineering Group Co., Ltd. has been levied at a preferential tax rate of 15% from 2007 to 2030.
- (c) Chongqing CISDI Engineering Management Consultants Co., Ltd., CISDI Industrial Furnace Co., Ltd., CISDI Engineering Co., Ltd., CISDI Equipment Co., Ltd., MCC Xi'an Electric Furnace Institute Co., Ltd. and ENFI New Energy (Zhongwei) Co., Ltd. have been levied at a preferential tax rate of 15% from 2011 to 2030.
- (d) Chongqing CISDI Construction Drawing Examination and Consulting Co., Ltd. and China Metallurgical Construction Engineering Group Chongqing Steel Structure Co., Ltd. have been levied at a preferential tax rate of 15% from 2015 to 2030.
- (e) CISDI Group Chongqing Information and Technology Co., Ltd. has been levied at a preferential tax rate of 15% from 2016 to 2030.
- (f) CISDI Chongqing Environmental Consulting Co., Ltd. has been levied at a preferential tax rate of 15% from 2017 to 2030.
- (g) CISDI Technology Research Center Co., Ltd. has been levied at a preferential tax rate of 15% from 2018 to 2030.
- (h) MCC CISDI Data Science and Technology (Chengdu) Co.,Ltd., Ganzhou ENFI Environmental Energy Co.,Ltd., MCC 5 Yibin Construction Engineering Co., Ltd. and MCC Western Steel Structure Co.,Ltd. have been levied at a preferential tax rate of 15% from 2021 to 2030.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(2) Preferential Tax Policies for High-Technology Enterprises

The following subsidiaries of the Company have been identified as high-technology enterprises by the provincial Department of Science and other related government authorities, these enterprises can enjoy the related tax incentives of high-technology enterprises:

- (a) China MCC 20 Group Co., Ltd., Panzhihua Tianyu Engineering Detection Co., Ltd., MCC South Handan Wupeng Furnace Lining New Material Co., Ltd., MCC Wuhan Metallurgical Construction Research Institute Co., Ltd., MCC CISDI Shanghai Engineering Technology Co., Ltd., MCC CISDI Electric Technology Co., Ltd., MCC Dongfang Engineering Technology Co., Ltd., China Metallurgical (Guizhou) Construction Investment Development Co., Ltd., MCC 17 Group Co., Ltd., Tianjin Yejian Special Materials Co., Ltd., MCC Tiangong Tianjin Co., Ltd., MCC North (Dalian) Engineering Technology Co., Ltd., Hunan MCC Changtian Heavy Industry Technology Co., Ltd., China Metallurgical Construction Research Institute (Shenzhen) Co., Ltd., MCC Energy Conservation and Environmental Protection Co., Ltd., MCC Dadi Engineering Consulting Co., Ltd. and MCC Jiaonai (Dalian) Engineering Technology Co., Ltd. have been levied at a preferential tax rate of 15% from 2019 to 2021.
- (b) MCC Zhicheng (Wuhan) Engineering and Technology Co., Ltd., Hunan Hetian Engineering Project Management Co., Ltd., China ENFI Engineering Corporation, MCC South (Wuhan) Automation Co., Ltd., MCC South (Wuhan) Information Technology Engineering Co., Ltd., China Metallurgical Construction Research Institute (Shanghai) Co., Ltd., China First Metallurgical Group Co., Ltd., MCC South (Wuhan) Thermal Engineering Co., Ltd., MCC South Engineering Technology Co., Ltd., China MCC 19 Group (Fangchenggang) Structure of the Equipment Co., Ltd., Shanghai Baoye Metallurgical Engineering Co., Ltd., Zhengzhou Baoye Steel Structure Co., Ltd., Luoyang China Silicon Corporation Ltd., China MCC 5 Group Co., Ltd., MCC Communication Construction Group Co., Ltd., CERI Phoenix Industrial Furnace Co., Ltd., CERI Long Product Co., Ltd., CERI Eco Technology Co., Ltd., CERI Technology Co., Ltd., CERI Manufacturing Executive & Managing System Co., Ltd., Central Research Institute of Building and Construction Co., Ltd., China Jing Ye Engineering Technology Co., Ltd., CERI Hua Yu Architectural Design & Research Institute Co., Ltd., Shen Kan Engineering & Technology Corporation, MCC, Ceristar Electric Co., Ltd., Beijing Tianrun Construction Co., Ltd., CERI ZeYu Energy Environmental Protection Engineering Technology Co., Ltd., Beijing ENFI Environmental Protection Technology Co., Ltd., Beijing ENFI Environmental Protection Co., Ltd., Inspection and Certification Co., Ltd. MCC, Beijing Jingcheng Serui Information Technology Co., Ltd., Shanghai Baoye Engineering Technology Corp., Ltd., Shanghai Baoye Group Co., Ltd., ZHONGYE Chang Tian International Engineering Co., Ltd., MCC Capital Engineering & Research Incorporation Limited, China Metallurgical Construction Engineering (Tianjin) Co., Ltd., MCC Changtian (Changsha) Intelligent Technology Co., Ltd., MCC Urban Investment Holding Co., Ltd., MCC Huatian Engineering Technology Co., Ltd., MCC Huatian Nanjing Engineering Technology Co., Ltd., MCC Southern Metropolis Environmental Engineering Technology Co., Ltd. and MCC Southern Continuous Casting Technology Engineering Co., Ltd. have been levied at a preferential tax rate of 15% from 2020 to 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(2) Preferential Tax Policies for High-Technology Enterprises (Continued)

- (c) Shanghai MCC 20 Group Co., Ltd., MCC Wuhan Survey Research Institute Co., Ltd., MCC-SFRE Heavy Industry Equipment Co., Ltd., Wuhan First Metallurgical Steel Structure Co., Ltd., MCC Shenkan (Qinhuangdao) Engineering Design and Research Institute Co., Ltd., Fangchenggang Zhongyi Heavy Industry Co., Ltd., Beijing Yuanda International Engineering Management Consulting Co., Ltd., Beijing Jinwei Welding Materials Co., Hebei Guopeng Building Material Co., Ltd., Shanghai Baoye Building Decoration Co., Ltd., Xi'an Huijin Technology Co., Ltd., Beijing China Metallurgical Equipment Research and Design Institute Co., Tianjin Xinbin Engineering Technology Testing Co., Ltd., MCC Tiangong Group Co., Ltd., MCC Huatian Nanjing Electric Engineering Technology Co., Ltd., Shanghai MCC Environmental Engineering Technology Co., Ltd., MCC Baosteel Technical Service Co., Ltd., MCC 19th Group Co., Ltd., MCC CISDI Engineering Technology Co., Ltd., China Second Metallurgical Group Corporation Limited, MCC South Wuhan Iron and Steel Design and Research Institute Co., Ltd., WISDRI Urban Design and Construction Co., Ltd., MCC ACRE Automation Co., Ltd., Chongqing CISDI Construction Drawing Examination and Consulting Co., Ltd., Hunan Zhongye Changtian Energy Conservation and Environmental Protection Technology Co., Ltd., Beijing Chongjian Project Co., Ltd., Wuye Group Shanghai Co., Ltd., MCC (Beijing) Transportation Technology Development Co., Ltd., Ma'anshan Seventeen Metallurgical Engineering Technology Co., Ltd., MCC Chengdu Research Institute Co., Ltd., China Metallurgical Tiangong (Tianjin) Equipment Manufacturing Co., Ltd., MCC 22nd Group Co., Ltd., MCC Heavy Industry (Xinjiang) Co., Ltd., China 22nd Metallurgical Group Equipment Manufacturing Co., Beijing Jingcheng Kelin Environmental Protection Technology Co., Ltd. and Beijing Zhongshe Water Treatment Co., Ltd. have been levied at a preferential tax rate of 15% from 2021 to 2023.

(3) The other major preferential tax benefits

- (a) According to the relevant regulation of the preferential tax policies about the projects of environmental protection in clause 88 of Chapter IV of the Implementing Regulations of the Law of the People's Republic of China on Enterprise Income Tax, the Order of the President of the People's Republic of China ("[2007] No.63") and the Order of the State Council No.512:Fuzhou City Changle District MCC Water Co., Ltd., Wuhan Urban Environmental Water Co., Ltd. and Zhanjiang MCC Environmental Operation Management Co., Ltd. are qualified for a preferential tax policy that from the tax year when the enterprise has obtained the first piece of revenue to the third year, the enterprise income tax is exempted, and in the following 3 years, the enterprise income tax is half exempted.

Among them, the preferential policy of Zhanjiang MCC Environmental Operation Management Co., Ltd. have come into effect in 2015 and the applicable tax rate for the current year was 12.5%. Fuzhou City Changle District MCC Water Co., Ltd. and Wuhan Urban Environmental Water Co., Ltd. have come into effect in 2016 and the applicable tax rate for the current year was 12.5%.

- (b) According to the Item 3 of Article 27 of the Law of the People's Republic of China on Enterprise Income Tax as well as Article 87 of the Implementing Regulations of the Law of the People's Republic of China on Enterprise Income Tax, following examination and approval by the tax authorities, Ejina Ken ENFI New Energy Limited has enjoyed the favorable corporate income tax policy of "3-year tax exemption followed by 3-year tax 50%-reduction" since 2017. Therefore, the applicable tax rate for this year was 12.5%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (c) According to the MOF and the State Administration of Taxation on issues concerning VAT, Business Tax and Enterprise Income Tax Policies for the Promotion of the Development of the Energy-Conservation Service Industry (“Cai Shui [2010] No.110”), qualified energy conservation service companies implementing energy management contract projects that meet the relevant provisions of the Enterprise Income Tax Law shall be exempted from enterprise income tax from the first tax year when it obtains the first piece of revenue from their production and business operation to the third year and followed by 50% reduction of income tax rate of 25% from the fourth year to the sixth year.

Hunan Zhongye Changtian Energy Conservation and Environmental Protection Technology Co., Ltd. and MCC Energy Conservation Environmental Protection Co., Ltd. have a number of energy management contract projects. Each project is subject to income tax independently, and shall be exempted from enterprise income tax from the first tax year when it obtains the first piece of revenue from its production and business operation to the third year and followed by 50% reduction of income tax rate of 25% from the fourth year to the sixth year.

- (d) According to the Notice of the MOF and State Administration of Taxation on Issues Relevant to Implementation of the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences (“Cai Shui [2008] No.46”), if enterprises have engaged in public infrastructure projects subject to conditions and technology standards provided in the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences with approval since 1 January 2008, their income from investments and operations can be exempted from tax in the first, second and third year and halved in the fourth, fifth and sixth year from the taxable year of earning the first operating income.

MCC Huakang (Zhenjiang) New Energy Co., Ltd., as qualified for aforementioned policies, enjoy a 50%-reduction for the year.

- (e) According to Cai Shui [2009] No.166 “Notice of Ministry of Finance, State Administration of Taxation and National Development and Reform Commission on Publication of Catalogue for Enterprise Income Tax Preferences for Environmental Protection and Energy and Water Conservation Enterprises (Trial)”, where the enterprises obtain revenue from projects satisfying “Catalogue for Enterprise Income Tax Preferences for Environmental Protection and Energy and Water Conservation Enterprises”, they are entitled to the enterprise income tax preference of “3-year tax exemption followed by 3-year tax 50%-reduction”.

Urban Environmental Protection Zhuxi County Water Affairs Co., Ltd., Urban Environmental Macheng Water Co., Ltd., Urban Environmental Protection Wuhan Water Co., Ltd. and Ganzhou ENFI Environmental Energy Co., Ltd. are applicable to the above provisions and subject to tax rate of 0.00% for the current year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (f) According to the article II of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementation of Inclusive Tax Exemption and Reduction Policies for Small Low-Profit Enterprises* ("Cai Shui [2019] No.13"): for small low-profit enterprises, the portion of taxable income not exceeding RMB 1 million is subject to 25% reduction and applies enterprise income tax rate of 20%; the portion exceeding RMB 1 million but not exceeding RMB 3 million is subject to reduction of 50% and applies enterprise income tax rate of 20%.

According to the article I of the *Announcement of the Ministry of Finance and the State Administration of Taxation on Implementation of Preferential Tax Policies for Small Low-Profit Enterprises and Individual Businesses* ("Cai Shui [2021] No.12"): for small low-profit enterprises, the portion of taxable income not exceeding RMB 1 million is subject to 50%-reduction after applying to the above provisions of Cai Shui [2019] No.13:

In 2021, Industrial Construction Magazine Agency, Beijing Anhui Property Management Co., Ltd., Steel Magazine (Hubei) Co., Ltd., Chongqing MCC Property Management Co., Ltd., MCC Refractory Materials Testing Center, Shanghai Zhongye Baosteel Technology Occupation Skill Training Center, Dalian China Metallurgical Jiaonai Dragon Instrument Co., Ltd., Chongqing Tuoye Construction Engineering Quality Inspection Co., Ltd., Shanghai Baosteel MCC 5 Dedusting Equipment Co.,Ltd., MCC 5 Group Shanghai Yuanzhu New Building Materials Co.,Ltd., MCC Real Estate Service Co., Ltd., Beijing MCC Capital Engineering & Research Incorporation Limited, Shanghai ZhiDa Electronic Co., Ltd., Shanghai Baoding Environmental Engineering Technology Service Co., Ltd., Shanghai Baoye Education and Training Center, Shanghai Baoye Engineering Management Co., Ltd., Baotou Beilei Supervision Consulting Co., Ltd., Shanghai Baosteel No.5 Metallurgy Metal Structure Co., Ltd., MCC 5 Shanghai Engineering & Research Construction Co., Ltd., MCC 5 Chengdu Tianfu New Area Construction Co., Ltd., Sichuan Metallurgy Construction Engineering Quality Checking and Measuring Co., Ltd., Guangzhou Shirong International Trade Co., Ltd., MMC 19 Shenzhen Construction Co., Ltd., Ma'anshan Water Corporation, MCC , China Metallurgical (Hainan) Investment Development Co., Ltd., Chongqing MCC Real Estate Development Co., Ltd., Qingdao MCC Oriental Hotel Management Co., Ltd., Shanghai Baoye Vocational Skills Training Center, Shanghai Xinding Construction Engineering Technology Co., Ltd.,Wuye Group Chengdu New Construction Technology Service Co., Ltd.,Chengdu MCC Yanjing Real Estate Co., Ltd.,Wuye Group Shanghai Equipment Material Supply Co., Ltd.,Lu'an MCC Water Co., Ltd., Beijing Jingqiu Energy Saving New Technology Co., Ltd., Shenzhen MCC Mingsheng Investment Co., Ltd.,Shanghai Baoye Municipal Engineering Co., Ltd.,Shanghai MCC Xianglin Property Management Co.,Ltd.,MCC ACRE (Xichang) Water Co., Ltd.,Urban Environmental Protection Operating Qian'an Co., Ltd., Hainan MCC 2 Industrial Development Co., Ltd.,Urban Environmental Protection Zhuxi County Water Affairs Co., Ltd., Duhuan Inspection Wuhan Co., Ltd.,Shenzhen MCC 20 Group Co., Ltd., Shanghai Baoshan District Jianguyuan Training Center, Beijing Jingcheng Serui Information Technology Co., Ltd., MCC 5 Zhongyuan Construction (Henan) Co., Ltd., Wuye Chengdu Concrete Engineering Co., Ltd., Inspection and Certification (Shanghai)Co., Ltd. MCC,Wuye (Guangzhou) Construction and Development Co., Ltd., MCC Wukan (Shanghai) Engineering Design Co., Ltd., MCC Shenyang Inspection Engineering Co., Ltd., MCC International Metallurgy Engineering(Beijing) Co., Ltd., Beijing Zhongye Jianyan Property Management Co.,Ltd., MCC Zhongyuan Construction Investment Co., Ltd.,Hunan Changyuan Property Management Co., Ltd.,Tianjin Xinbin Engineering Technology Testing Co., Ltd.,MCC ACRE Shanghai Engineering and Technology Co., Ltd.,Fangchenggang MCC Xinggang Real Estate Co., Ltd.,Beijing ENFI Property Management Co., Ltd. and Shanghai Baoshan District Jianguyuan Training Center satisfy the criteria of small and low-profit enterprise and are entitle to the tax preference, i.e. the portion of taxable income not exceeding RMB 1 million is subject to 25% reduction and applies enterprise income tax rate of 20%,then 50%-reduction of the enterprise income tax; the portion exceeding RMB 1 million but not exceeding RMB 3 million is subject to reduction of 50% and applies enterprise income tax rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (g) According to the circular Guoshui [2009]185 On the Issue of Enterprise Income Tax Preferential Management of the Comprehensive Utilization of Resources and Cai Shui [2008]117 Enterprise Income Tax Directory of Comprehensive Utilization of Resources (2008 Edition), from 1 January 2008, enterprises use these resources as raw material for the production of non-restricted and non-prohibited products which are in line with national and industry standard products, their income is reduced to 90% included in the total taxable revenue for that year.

China City Environment Protection Engineering Limited Company enjoyed the aforesaid preferential policy in 2021.

- (h) According to the relevant regulation of Law of the People's Republic of China on Enterprise Income Tax, the Implementing Regulations of the Law of the People's Republic of China on Enterprise Income Tax ("Order of the State Council No.512") and Circular on Issues Concerning the Enterprise Income Tax Incentives on Enterprises That Recruit the Disabled ("Cai Shui [2009] No.70"), enterprise could deduct all the salary payment for the disabled employees and again claim additional 100% deduction of the aforesaid salary payment.

MCC Baosteel Technology Services Co., Ltd., Shanghai Baohong Industry and Trade Co., Ltd., China MCC 19 Group Co., Ltd., MCC TianGong Tianjin Co., Ltd., China MCC 20 Group Co., Ltd., Shanghai MCC 20 Group Co., Ltd., Sichuan MCC 19 Group Property Service Co.,Ltd.,MCC TianGong Group Corporation Limited.,Shanghai Wugang Equipment Engineering Co.,Ltd.,MCC Changtian (Changsha) Intelligent Technology Co., Ltd., and Yibin Mengziwan Construction and Investment Co.,Ltd. could deduct all the salary payment for the disabled employees and again claim additional 100% deduction of the aforesaid salary payment in 2021.

- (i) According to the regulations of the Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses ("Cai Shui [2018] No.99"), for the R&D expenses that are actually incurred by an enterprise and have been included in the current loss and profit while intangible assets are not created, another 75% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in addition to the deduction as prescribed to the extent of the amount actually incurred for the period from 1 January 2018 to 31 December 2020. In addition, according to the article I of the *Announcement of the MOF and the State Administration of Taxation on Extending the Perform Period of some Preferential Tax Policies* ("Cai Shui [2021] No.6"), 16 documents about preferential tax policies that are expired, such as Cai Shui [2018] No.99, will be extended to 31 December 2023.

According to the article I of the *Announcement of the MOF and the State Administration of Taxation on Further Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses* ("Cai Shui [2021] No.13"), for the R&D expenses that are actually incurred by a manufacturing enterprise and have been included in the current loss and profit while intangible assets are not created, another 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in addition to the deduction as prescribed to the extent of the amount actually incurred since 1 January 2021; for R&D expenses creating intangible assets, 200% of the cost of intangible assets shall enjoy pre-tax amortization since 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

(i) (Continued)

The following enterprises of the Group shall enjoy the two preferential treatments upon the approval of the local tax bureau:

BERIS Engineering and Research Co., Ltd., China MCC 20 Group Co., Ltd., China MCC 19 Group Co., Ltd., China MCC 19 Group of Chengdu Construction Co., Ltd., Panzhihua Tianyu Engineering Detection Co., Ltd., MCC TianGong Tianjin Co., Ltd., MCC TianGong Group Corporation Limited, China MCC 5 Group Co., Ltd., MCC 5 Group (Shanghai) Co., Ltd., China First Metallurgical Group Co., Ltd., MCC Wuhan Research Institute of Metallurgical Construction Co., Ltd., Huatian Engineering & Technology Corporation, MCC, MCC Huatian Engineering & Technology(Nanjing) Co., Ltd., CISDI Shanghai Engineering Technology Co., Ltd., CISDI Engineering Co., Ltd., CISDI Industrial Furnace Co., Ltd., CISDI Group Chongqing Information and Technology Co., Ltd., MCC CISDI Electric Technology Co., Ltd., Zhong Ye Chang Tian International Engineering Co., Ltd., Hunan Zhongye Changtian Heavy Industry Technology Co., Ltd. Hunan Zhongye Changtian Energy Conservation and Environmental Protection Technology Co., Ltd., MCC Tian Gong (Tianjin) Equipment Manufacturing Co., Ltd., Hunan Hetian Engineering Project Management Co., Ltd., MCC Chengdu Reconnaissance and Research Institute Limited, Tianjin Xinbin Engineering Technology Detection Co., Ltd., Shanghai MCC 20 Group Co., Ltd., Shanghai Baoye Group Co., Ltd., Shanghai Baoye Metallurgical Engineering Co. Ltd., Fangchenggang Zhongyi Heavy Industry Co., Ltd., Shanghai Baoye Building Decoration Co., Ltd., Shanghai ZhiDa Electronic Co., Ltd., Shanghai Xinding Construction Engineering Technology Co., Ltd., Zhejiang MCC 20 Group Co., Ltd., MCC ACRE Automation Co., Ltd., MCC Huatian Nanjing Electrics Engineering & Technology, Xi'an Huijin Technology Co., Ltd., Beijing Metallurgical Equipment Research Design Institute Co., Ltd., Shanghai Baoye Engineering Technology Corp., Ltd., Shanghai Baoye Group Nanjing Construction Co., Ltd., Ceristar Electric Co., Ltd., Beijing Jingcheng Kelin Environmental Protection Technology Co., Ltd., Chongqing CISDI Engineering Management Consultants Co., Ltd., MCC (Shanghai) Inspection and Certification Co., Ltd., China Metallurgical Construction Engineering Group Co., Ltd., MCC Dadi Engineering Consulting Co., Ltd., MCC North (Dalian) Engineering Technology Co., Ltd., Beijing Yuanda International Engineering Management Consulting Co., Ltd., Zhanjiang MCC Environmental Operation Management Co., Ltd. enjoy the preferential tax policy of another 75% deduction in addition to the deduction as prescribed to the extent of the amount actually incurred in this year in 2021.

MCC Baosteel Technology Services Co., Ltd., China MCC 19 Group (Fangchenggang) Structure of the Equipment Co., Ltd., Wuhan Yi Ye Steel Structure Co., Ltd., WISDRI (Wuhan) Automation Co., Ltd., WISDRI(Wuhan) Informatology Engineering Co., Ltd., WISDRI Engineering&Research Incorporation Limited, MCC South (Wuhan) Thermal Engineering Co., Ltd., WISDRI City Environment Protection Engineering Co., Ltd., MCC Southern Continuous Casting Technology Engineering Co., Ltd., MCC Xi'an Electric Furnace Institute Co., Ltd., Shanghai MCC Environmental Engineering Technology Co., Ltd., WISDRI Urban Design and Construction Co., Ltd., WISDRI Wuhan Steel Design & Research Co., Ltd., Shanghai Wugang Equipment Engineering Co., Ltd., MCC South Handan Wupeng Furnace Lining New Material Co., Ltd., Zhengzhou Baoye Steel Structure Co. Ltd., MCC (Shanghai) Steel Structure Technology Co., Ltd., CERI Phoenix Industrial Furnace Co., Ltd., MCC-SFRE Heavy Industry Equipment Co., Ltd. and MCC Changtian (Changsha) Intelligent Technology Co., Ltd. enjoy the preferential tax policy of another 100% calculation and deduction in addition to the deduction as prescribed to the extent of the amount actually incurred in this year in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (j) According to “Cai Shui [2015] No.78”, The MOF and the State Administration of Taxation on issuing the Notice of the Comprehensive Utilization of Resources “Products and Services” of Value Added Tax Preferential Directory, enterprises provide products and labor service using the above resources can enjoy VAT refund policy.

Xiaogan Zhongshe Water Co.,Ltd., Beijing Zhongshe Water Treatment Co.,Ltd., Lanzhou Zhongtuo Water Corporation, Changzhou ENFI Water Co., Ltd., Laian Huatian Water Corporation MCC, Shouguang Huatian Water Corporation MCC, Shouguang North Water Corporation MCC, Tianchang Huatian Water Corporation MCC, Lu’an Water Corporation MCC, Ma’anshan Water Corporation MCC, Wuhan Urban Environmental Water Co., Ltd., Zhejiang Chunnan Sewage Treatment Co., Ltd., Fuzhou City Changle District MCC Water Co., Ltd., MCC Xinglong Water Co., Ltd., China City Environment Protection Engineering Limited Group, Wenxian Zhongtuo Water Supply Co., Ltd., Xiangyang ENFI Environmental Protection Energy Co., Ltd., Dingyuan Water Corporation MCC, MCC Xuancheng Water Co., Ltd., Urban Environmental Macheng Water Co., Ltd., Urban Environmental Protection Zhuxi County Water Affairs Co., Ltd., Pingyuan Zhongshe Water Co., Ltd., Beijing ENFI New Energy Technology Co., Ltd., Wushe County Zhongshe Water Co., Ltd., Luanping Zhongshe Environmental Protection Co., Ltd., Zhuozhou Zhongshe Environmental Protection Co.,Ltd., Zhuozhou Zhongshe Water Treatment Co.,Ltd. and Ganzhou ENFI Environmental Energy Co., Ltd. enjoyed the policy of “levy and refund” of value-added tax refund of 70% for the sewage treatment services since July 1, 2015.

- (k) According to the MOF and the State Administration of Taxation on issues concerning VAT, Business Tax and Enterprise Income Tax Policies for the Promotion of the Development of the Energy-Conservation Service Industry (“Cai Shui [2010] No.110”), the taxable income earned by qualified energy conservation service companies for implementing energy management contract projects shall be temporarily exempted from VAT.

Hunan Zhongye Changtian Energy Conservation and Environmental Protection Technology Co., Ltd. and MCC Energy Conservation Environmental Protection Co., Ltd. have a number of energy management contract projects, which are exempted from VAT.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (l) According to the Circular of the MOF, the State Administration of Taxation and the General Administration of Customs on Issues Concerning Tax Policies for Encouraging the Development of Software and Integrated Circuit Industries (“Cai Shui [2000] No.25”), MCC ACRE Automation Co., Ltd. enjoyed the policy of “levy and refund” of value-added tax of selling software products since 2010, with the refund rate of 10%.
- (m) According to the MOF and the State Administration of Taxation on issuing Concerning Value-added Tax Policy on Software Products (“Cai Shui [2011] No.100”), the refund-upon-collection policy shall be applied to the VAT part in excess of 3% of their actual tax burden of selling software products.

CISDI Group Chongqing Information and Technology Co., Ltd. enjoyed the policy of “levy and refund” of value-added tax of selling software products from 2015 to 2021, with the refund rate of 10%. CISDI Electrics Technology Co., Ltd. enjoyed the policy of “levy and refund” of value-added tax of selling software products for long-term, with the refund rate of 10%.
- (n) According to “Cai Shui [2013] No.37” issued by the State Administration of Taxation, the technology development business income of Beijing ENFI Environmental Protection Technology Co., Ltd., China ENFI Engineering Corporation and Beijing ENFI Environmental Protection Co., Ltd. was exempted from value-added tax in 2021.
- (o) According to the “Cai Shui [2010] No.42” issued by the MOF and the State Administration of Taxation, Wuhu MCC Real Estate Group Co., Ltd. enjoyed the exemption from land use tax (the annual amounts of land-use tax per square meter is RMB12-15 before), and the property transfer book was exempted from stamp duty in 2021. China Metallurgical Construction (Shenyang) Co., Ltd. enjoyed the exemption from land use tax in 2021.
- (p) According to the “Cai Shui [2013] No.101” Tax Policy on Reconstruction of Shanty Towns issued by the MOF and the State Administration of Taxation, China Metallurgical Construction (Shenyang) Co., Ltd. enjoyed the exemption from local education surcharge and stamp duty in 2021.
- (q) According to the Tax Policies on Education (“Cai Shui [2004] No.39”) issued by the MOF and the State Administration of Taxation, MCC Capital Real Estate (Yantai) Co., Ltd. enjoyed preferential policies of exemption of deed tax, cultivated land occupancy tax, land use tax and property tax for the land used by the school in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VI. TAXATION (CONTINUED)

2. Tax incentive (Continued)

(3) The other major preferential tax benefits (Continued)

- (r) According to the article VII of *Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform* [2019] No.39: from 1 April 2019 to 31 December 2021, the tax payers of production and living service industry enjoys additional 10% deduction on the basis of the deductible input VAT for the current period.

Industrial Construction Magazine Agency., MCC CISDI Technology Research Center Co., Ltd, CISDI Group Chongqing Information and Technology Co., Ltd., MCC CISDI Chongqing Environmental Consulting Co., Ltd., Chongqing CISDI Property Management Co., Ltd., Chongqing CISDI Engineering Management Consultants Co., Ltd.; Qingdao Oriental Hotel Management Co., Ltd., Beijing Anhui Property Management Co., Ltd., MCC Real Estate Beijing Property Management Co., Ltd, China Metallurgical (Hainan) Investment Development Co., Ltd., Shanghai Xinding Construction Engineering Technology Co., Ltd., Shouguang Huatian Water Corporation MCC, MCC Qinhuangdao Water Co., Ltd., Fuzhou City Changle District MCC Water Co., Ltd., Ma'anshan Water Corporation MCC, Lu'an Water Corporation MCC, Huangshi Water Corporation MCC, Chongqing CCIDA Data Technology Co., Ltd., MCC Chongqing Hongcheng Real Estate Corporation, Beijing Zhongye Jianyan Property Management Co., Ltd., MCC Capital Real Estate (Yantai) Co., Ltd., Qingdao MCC Minghua Development Co., Ltd., MCC Rail Transit Co., Ltd., and Beijing ENFI Property Management Co., Ltd. applicable to this policy since 2021.

- (s) According to the Notice No.83 TT-BTC Announcement issued by Ministry of Finance of Vietnam in 2016, the qualified science-and-technology enterprise enjoys enterprise income tax exemption for 4 years or 50% reduction for 9 years. MCC Vietnam Operation Co., Ltd. enjoys this policy in 2021.

- (t) According to the Notice of the Ministry of Finance on Adjusting the Relevant Policies of Certain Government-Managed Funds ("Cai Shui [2019] No. 46") issued by the Ministry of Finance, from 1 July 2019 to 31 December 2024, the tax of the construction fee of cultural undertakings classified to the central revenue shall be levied at 50% of the amount of contributions payable of the taxpayer; the tax of the construction fee of cultural undertakings classified to local revenue, the Ministry of Finance and Party Committee Publicity Departments of each province (district, city) could be levied at an exempted percentage within 50% in combination with local economic development level, publicity, ideological and cultural development and other factors. Zhong Ye Chang Tian International Engineering Co., Ltd. adopts this policy in 2021.

- (u) According to the article V of *Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Supporting the Prevention and Control of the Novel Coronavirus Pneumonia* [2020] No.8: the taxable income earned by providing public transportation service, life service, as well as necessities-of-life- delivering service for residents was exempted from value-added tax. Shanghai Baoye Vocational Skills Training Center, Shanghai Baoye Education and Training Center, Qingdao MCC Oriental Hotel Management Co., Ltd., adopts this policy in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

All amounts in RMB'000

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

As at 31 December 2021, restricted cash and bank balances of the Group were RMB 10,607,640,000 (as at 31 December 2020: RMB 10,930,525,000) (Note VII70), which mainly including deposits for issuing acceptance bills and statutory deposit reserve at the central bank, etc.

2. Financial assets held for trading

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Financial assets at FVTPL	1,107	2,250,940
Including: Currency funds	–	2,250,132
Equity instruments held for sale	1,107	808
Total	1,107	2,250,940

The fair values of held-for-sale financial assets are based on their prices of publicly traded market on the last trading day of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Derivative financial assets

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Forward foreign exchange settlement and Sale contracts	114,790	46,412
Total	114,790	46,412

For method of determining the fair value of derivative financial assets, refer to Note XI 3.

4. Bills receivable

(1) Bills receivable analyzed by category

All amounts in RMB'000

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

(2) Pledged bills receivable at 31 December 2021

All amounts in RMB'000

Items	31 December 2021
Bank acceptance bills	278,038
Commercial acceptance bills	30,432
Total	308,470

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Bills receivable (Continued)

(3) *Bills receivable endorsed to other parties or discounted but not yet due at 31 December 2021*

As at 31 December 2021, bills receivable endorsed to other parties or discounted with recourse but not yet due were RMB 1,134,407,000 (as at 31 December 2020: RMB980,211,000), among which the amount derecognized was 0 (as at 31 December 2020: RMB 605,993,000). The Group is of the view that the risk of not honoring the bills by the issuers upon maturity is remote if the issuers have good credibility, substantially all the risks and rewards of ownership of the above endorsed bills receivable and discounted bills receivable have been transferred, the Group derecognized these bills receivable from the financial statements. The amount not derecognized was RMB 1,134,407,000 (as at 31 December 2020: RMB 374,218,000). The Group is of the view that the Group retains nearly all the risks and rewards of ownership of the above endorsed and discounted bills receivable, including default risk, the Group didn't derecognize these bills receivable from the financial statements.

(4) As at 31 December 2021, the balance of impairment provision for the Group's bills receivable is RMB396,360,000 (as at 31 December 2020: RMB 15,400,000). The reversed credit losses were RMB 380,960,000 in the current year.

(5) Bills receivable with title restriction as at 31 December 2021 are set out in Note VII 70.

5. Accounts receivable

(1) *Aging analysis of accounts receivable was as follows:*

All amounts in RMB'000

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

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-point of the project.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (Continued)

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

All amounts in RMB'000

Category	31 December 2021					31 December 2020				
	Book value		Provision for credit losses			Book value		Provision for credit losses		
	Amount	Ratio (%)	Amount	Ratio (%)	Carrying amount	Amount	Ratio (%)	Amount	Ratio (%)	Carrying amount
Accounts receivable for which provision for credit losses is individually assessed (a)	28,719,762	29.05	7,145,146	24.88	21,574,616	23,253,301	28.22	5,879,358	25.28	17,373,943
Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis (b)	70,135,523	70.95	7,828,444	11.16	62,307,079	59,160,226	71.78	7,097,689	12.00	52,062,537
Total	98,855,285	100.00	14,973,590	/	83,881,695	82,413,527	100.00	12,977,047	/	69,436,480

(a) Accounts receivable for which provision for credit losses is individually assessed at the end of the year

All amounts in RMB'000

Accounts receivable (per entity)	31 December 2021			Reasons
	Accounts receivable	Provision for credit losses	Proportion of provision (%)	
Party 1	1,532,217	-	-	The Group considered the reasonable and supported information related to other party (including forwardlooking information), then evaluated the anticipated credit losses and made provision for credit losses.
Party 2	1,417,351	566,940	40.00	
Party 3	571,959	571,959	100.00	
Party 4	518,827	518,827	100.00	
Party 5	498,294	-	-	
Others	24,181,114	5,487,420	22.69	
Total	28,719,762	7,145,146	/	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (Continued)

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

- (b) Accounts receivable for which provision for credit losses is collectively assessed on a portfolio basis at the end of the year

All amounts in RMB'000

Aging	31 December 2021		
	Accounts receivable	Provision for credit losses	Proportion of provision (%)
Within 1 year	50,335,632	1,526,532	3.03
1 to 2 years	9,514,215	906,562	9.53
2 to 3 years	4,049,774	873,641	21.57
3 to 4 years	1,820,785	762,857	41.90
4 to 5 years	1,772,837	1,165,350	65.73
Over 5 years	2,642,280	2,593,502	98.15
Total	70,135,523	7,828,444	11.16

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Accounts receivable (Continued)

(3) Provision for credit losses of accounts receivable

All amounts in RMB'000

Items	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	Total
Provision for credit losses at 31 December 2020	8,462,766	4,514,281	12,977,047
Provision for the current year	432,770	1,766,571	2,199,341
Reversal for the current year	(190,111)	(165,262)	(355,373)
Write-off for the current year	–	(282,261)	(282,261)
Other changes	500,483	(65,647)	434,836
Provision for credit losses at 31 December 2021	9,205,908	5,767,682	14,973,590
Book value at 31 December 2021	88,467,888	10,387,397	98,855,285

(4) The top 5 largest accounts receivable collected by arrears at 31 December 2021

All amounts in RMB'000

Name of entity	Relationship with the Group	31 December 2021	As a percentage of total accounts receivable (%)
Party 1	Third party	2,196,866	2.23
Party 2	Third party	2,176,860	2.20
Party 3	Third party	1,532,217	1.55
Party 4	Third party	1,417,351	1.43
Party 5	Third party	525,380	0.53
Total	/	7,848,674	7.94

(5) As at 31 December 2021, the Group's assets and liabilities recognized for transfer of accounts receivable and continuing involvement are nil (31 December 2020: RMB 14,600,000).

(6) Accounts receivable with title restriction as at 31 December 2021 are set out in Note VII 70.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Receivables at FVTOCI

All amounts in RMB'000

Item	31 December 2021	31 December 2020
Bank acceptance bills	11,857,791	11,759,582
Total	11,857,791	11,759,582

- (1) During the course of management of liquidity, part of the Group's subsidiaries discount or endorse part of the bank acceptance bills receivable before they are due and derecognize such discounted or endorsed bank acceptance bills when substantially all the risks and rewards are transferred to the counterparty. When managing the bank acceptance bills receivable, part of the Group's subsidiaries adopt the business model of which the objective is to both collect contractual cash flows and sell the financial assets. Therefore, such bank acceptance bills receivable are subsequently measured at fair value through OCI. For method of determining the fair value, refer to Note XI 3.

For the current year, the changes in fair value of such bank acceptance bills resulted in decrease of RMB15,831,000 in other comprehensive income (Note VII 67).

- (2) The Group recognizes impairment provision for receivables at FVTOCI on the basis of the expected credit loss. For the current year, the Group didn't make provision for credit impairment loss of the receivables at FVTOCI.
- (3) As at 31 December 2021, the Group has receivable bank acceptance bills that has been discounted or endorsed with recourse right but undue amounting to RMB 15,310,163,000 (Amounting to RMB 19,918,051,000 as at 31 December 2020). As the acceptor is of good reputation, there is minor risk that the acceptor can't honor the receivables at FVTOCI at the maturity date. The Group believes that the risks and rewards of ownership of such discounted or endorsed receivables at FVTOCI have been transferred and derecognizes such receivables at FVTOCI.
- (4) Receivables at FVTOCI with title restriction as at 31 December 2021 are set out in Note VII 70.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Prepayments

(1) Aging analysis of prepayments

All amounts in RMB'000

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

As at 31 December 2021, prepayments aged over one year were RMB 7,325,271,000 (As at 31 December 2020: RMB 6,513,369,000), mainly including prepaid construction payments and payments for goods to sub-contractors.

(2) The five largest prepayments at the end of the year

All amounts in RMB'000

Name of entity	Relationship with the Group	31 December 2021	As a percentage of total prepayments (%)
Party 1	Third party	1,024,255	2.22
Party 2	Third party	939,840	2.04
Party 3	Third party	932,550	2.02
Party 4	Third party	268,065	0.58
Party 5	Third party	260,720	0.57
Total	/	3,425,430	7.43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables

(1) Other receivables analyzed by category

All amounts in RMB'000

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

(2) Interest receivables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Interests on term deposits	1,038	5,580
Total	1,038	5,580

(3) Dividends receivable

(a) Presentation of dividends receivable

All amounts in RMB'000

The name of investee	31 December 2021	31 December 2020
Zhuhai MCC Jianxin Investment Management Partnership (LP)	531,697	388,551
Chongqing Qianxin International Trading Co., Ltd.	11,060	–
Hebei Steel Luan County Sijiaying Iron Ore Co., Ltd.	9,024	52,725
MCC Rong Xing Building Materials(Chengdu) Co., Ltd.	6,000	6,000
Sichuan Developing Shuou Construction Engineering Co., Ltd.	1,749	1,048
Others	19,915	39,669
Total	579,445	487,993

(b) As at 31 December 2021, dividends receivable aged over one year were RMB24,144,000(31 December 2020: RMB 184,682,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (Continued)

(4) Other receivables

(a) Aging analysis of other receivables

All amounts in RMB'000

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

(b) Provision for credit losses of other receivables

All amounts in RMB'000

Items	Phase 1	Phase 2	Phase 3	Total
	Future 12-month expected credit losses	Lifetime expected credit losses (Non-credit- impaired)	Lifetime expected credit losses (Credit-impaired)	
Provision for credit losses at 31				
December 2020	2,275,527	681,417	4,384,806	7,341,750
Provision for the current year	342,674	187,705	1,235,336	1,765,715
Reversal for the current year	-	(75,612)	(159,461)	(235,073)
Write-off for the current year	-	-	(7,558)	(7,558)
Other changes	-	-	(103,646)	(103,646)
Provision for credit losses at 31				
December 2021	2,618,201	793,510	5,349,477	8,761,188
Carrying amount of other receivables at				
31 December 2021	64,370,132	4,155,350	7,421,858	75,947,340

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (Continued)

(4) Other receivables (Continued)

(c) Other receivables categorized by nature

All amounts in RMB'000

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

(d) The top 5 largest other receivables at 31 December 2021

All amounts in RMB'000

Name of entity	Relationship with the Group	Nature of other receivables	Closing balance	Aging	As a percentage of total other receivables (%)
Party 1	Joint venture	Loans to related parties	3,434,806	Within 1 year	4.52
Party 2	Joint venture	Loans to related parties	2,785,115	Within 1 year	3.67
Party 3	Joint venture	Loans to related parties	2,639,000	Within 2 year	3.47
Party 4	Joint venture	Loans to related parties	2,475,593	Within 1 year	3.26
Party 5	Joint venture	Loans to related parties	2,377,146	Within 1 year	3.13
Total	/	/	13,711,660	/	18.05

- (e) As at 31 December 2021, there was no derecognized accounts receivable due to the transfer of substantially all the risks and rewards of ownership of the accounts receivable to the transferees whereas whose continuing involvement into transferred financial assets (as at 31 December 2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories

(1) Categories of inventories

All amounts in RMB'000

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

Note: Inventories with title restriction are set out in Note VII 70.

(a) Details of the properties under development

All amounts in RMB'000

Project name	Project Commencement date	Estimated Completion date	Estimated total investment amount	31 December	31 December
				2020	2021
Nanjing Xiaguan Riverside Project	2011-01-01	2022-04-30	9,631,279	6,860,670	5,722,280
MCC Xinglong New City Hongshijun	2017-12-20	2023-12-31	7,944,072	3,234,492	3,708,978
Qingdao MCC Dexian Mansion	2020-06-24	2022-06-30	4,016,260	1,937,309	2,582,940
Qin Hai Yun Villa Project	2011-08-08	2025-12-31	4,400,000	1,473,365	1,686,907
Yanjiao Headquarters Base Project	2019-10-31	2023-08-31	2,794,420	886,992	1,611,110
MCC Tongluo Town	2014-11-01	2026-12-31	5,523,340	1,434,243	1,387,733
Changchengshili Spring Breeze Town	2018-03-03	2025-12-31	2,500,000	659,841	1,077,888
Shijiazhuang Zhaotuo Park Project	2019-03-01	2022-12-31	5,441,540	-	724,294
Shanghai Jinshan District - MCC Fengjunyuan Project II	2015-12-31	2022-06-30	590,516	470,684	658,632
Gengyang New City 5 District II	2020-11-01	2022-12-31	1,168,200	365,937	536,075
Guanhu Phase I Project	2018-10-20	2022-06-30	649,190	345,977	521,243
Renhe Xiii	2019-03-01	2022-12-31	1,924,180	421,801	373,991
MCC•Happy Chen	2019-03-01	2022-12-31	1,350,000	151,360	279,274
Qianhai Headquarter R&D Base Commercial properties of Southern R&D Center	2019-12-12	2023-04-30	3,382,174	245,375	267,660
Hunan Xiangtan-Daxueli IV	2016-09-30	2022-12-31	180,000	178,315	223,503
Qinhuangdao Dexian Huafu 3 District	2021-06-30	2023-12-15	400,005	-	218,249
Suixi County Western City Family Project	2020-03-01	2023-10-31	518,744	191,186	206,317
Others	/	/	93,456,166	12,469,575	4,765,238
Total	/	/	145,870,086	31,327,122	26,552,312

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (Continued)

(1) Categories of inventories (Continued)

(b) Details of the completed properties held for sale

All amounts in RMB'000

Project name	Completion date	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Zhongye Yijing Mansion	2020-06-22	146,514	7,137,367	1,801,364	5,482,517
Shijiazhuang Zhaotuo Park Project	2021-12-31	-	3,289,381	1,127,374	2,162,007
Tianjin Xinbadali District Qixianli Project	2019-06-26	2,725,034	1,053,331	1,898,644	1,879,721
Hengqin Port Base Project	2020-01-31	1,813,794	38,710	-	1,852,504
Shijiazhuang MCC Dexian Mansion Project	2020-10-31	2,200,265	23,364	606,341	1,617,288
Nanjing Xiaguan Riverside Project	2022-04-30	828,248	1,906,128	1,705,668	1,028,708
MCC 39th Street Project	2019-09-30	1,701,874	204,539	933,024	973,389
Hong Kong Quanwan Qinglongtou Yijing Longwan Project	2020-10-06	1,280,458	-	444,609	835,849
Qin Hai Yun Villa Project	2019-06-19	474,154	274,851	102,694	646,311
Brazil Fluctuation Apartment Project	2018-10-30	625,124	-	26,588	598,536
Baotou MCC Campus South Road Community Project	2020-11-20	406,886	210,409	55,941	561,354
Plot D-1, Gengyang New City	2021-12-31	-	511,603	63,608	447,995
MCC Xinglong New City Hongshijun	2020-02-08	400,544	41,148	13,759	427,933
Hubei Huangshi-MCC Huangshi Park II	2021-12-31	24,414	370,634	42,485	352,563
Beijing Daxing District Jiugong Green Belt Parcel A1 Project	2017-10-31	524,043	-	179,005	345,038
Luanping Anxinjiayuan	2021-06-30	-	478,004	137,994	340,010
Jinxiu Huafu	2021-09-30	-	5,933,890	5,607,182	326,708
Dalian International Business City	2014-12-31	333,227	-	16,230	316,997
Tongluo Town F Land	2020-12-09	323,460	77,866	139,547	261,779
MCC Tianrun Jingyuan	2021-06-30	65,573	307,114	138,857	233,830
Qingshitang Jiezhixia Area, Qinhuai District	2020-11-30	798,582	37,621	611,103	225,100
Xi'an MCC Chang'an Dadu	2018-12-31	268,979	-	46,111	222,868
MCC South International Community	2021-12-31	5,249	301,593	90,940	215,902
Others	/	3,954,587	4,250,178	5,418,635	2,786,130
Total	/	18,901,009	26,447,731	21,207,703	24,141,037

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (Continued)

(2) Provision for impairment

All amounts in RMB'000

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

- (3) As at 31 December 2021, the total borrowing costs capitalized in properties under development were RMB3,544,100,000 (as at 31 December 2020: RMB 4,387,821,000). Borrowing costs capitalized during the year ended 31 December 2021 amounted to RMB1,243,541,000 (for the year ended 31 December 2020: RMB 1,377,679,000). The capitalization rates of borrowing costs were from 3.55% to 8.50% (for the year ended 31 December 2020: from 3.08% to 8.95%).

(1) Presentation of contract assets

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (Continued)

(2) Provision for impairment of contract assets

All amounts in RMB'000

Items	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	Total
Provision impairment at 31 December 2020	2,434,832	1,226,806	3,661,638
Provision for the current year	28,674	800,309	828,983
Reversal for the current year	(4,976)	-	(4,976)
Other changes	-	24,002	24,002
Provision impairment at 31 December 2021	2,458,530	2,051,117	4,509,647
Book value of contract assets at 31 December 2021	93,233,532	2,461,745	95,695,277

(3) Qualitative analysis on contract assets

The engineering contracting services provided by the Group normally constitute the single performance obligation, which require 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 (cost method). 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 listed on receivables, to the client unconditionally after the completion of settlement. Under normal circumstances, there are some timing differences between the implementation progress and the settlement progress in engineering contracting. As at 31 December 2021, 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 above-said condition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (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 USD 4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by a third party auditor. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group recognized impairment loss on contract costs of USD 481 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 were completed and put into operation. Western Australia and Sino Iron Pty Ltd. (a wholly owned subsidiary of CITIC Limited) signed the Fourth Supplementary Agreement of SINO Iron Project in Western Australia dated 24 December 2013 for the handing over of the first and the second production lines of the project to CITIC Group at the end of 2013. As such, the construction, installation and trial running work set out in the EPC contract for the project entered into by Western Australia were completed. For the third to sixth production lines of the project, Western Australia and Northern Engineering & Technology Corporation, a subsidiary of the Company, have entered into the Project Management Service Agreement and Engineering Design and Equipment Procurement Management Technology Service Agreement, respectively, with CITIC Group for the provision of follow-up technology management services to CITIC Group. In addition, both the Group and CITIC Group have agreed to engage an independent third party to perform an audit of the total construction costs incurred for the project, the reasonableness of the construction costs incurred, the reasons of the project delay and the responsibility for the delay. Based on the final result of the audit, the Group and CITIC Group will make final settlement of the project.

The Group assessed the contract assets based on expected credit losses. In the opinion of the Group, although the final contract amount shall be confirmed after the auditing of the third party, the consensus between the Group and CITIC Group for the previously agreed construction costs of USD 4.357 billion mentioned in the paragraph above remained unchanged. The Group reasonably expected that the consensus should not have any significant change and recognized no additional contract losses at 31 December 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Non-current assets due within one year

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Long-term receivables due within 1 year (Note VII 13)	2,241,185	1,499,007
Total	2,241,185	1,499,007

12. Other current assets

All amounts in RMB'000

Items	31 December 2021	31 December 2020
VAT debit balance	1,169,008	1,280,151
Prepayments of enterprise income tax	889,555	862,630
Total	2,058,563	2,142,781

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term receivables

(1) Long-term receivables

All amounts in RMB'000

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

At 31 December 2021, long-term receivables are presented on a net basis with the discount rate ranging from 4.35% to 4.90%.

(2) Provision for credit losses of long-term receivables

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit-impaired)	Phase 3 Lifetime expected credit losses (Credit-impaired)	Total
Provisions for credit losses at 31 December 2020	364,410	329,461	2,050,893	2,744,764
Provision for the current year	5,811	12,312	–	18,123
Reversal for the current year	–	(5,170)	(53,709)	(58,879)
Write-off for the current year	–	–	–	–
Other changes	39,109	648	(542,240)	(502,483)
Provisions for credit losses at 31 December 2021	409,330	337,251	1,454,944	2,201,525
Book value of long-term receivables at 31 December 2021	27,525,797	5,532,795	1,770,281	34,828,873

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term receivables (Continued)

- (3) As of 31 December 2021, the Group has no long-term receivables that are derecognized as a whole because almost all the risks and rewards related to the ownership have been transferred to the transferee but continuing to be involved in the transferred financial assets (as at 31 December 2020: nil).

14. Long-term equity investments

All amounts in RMB'000

Name of investee	Carrying amount at 31 December 2020	Movements for the current year							Carrying amount at 31 December 2021	Provision for impairment at 31 December 2021	
		Increasing investments	Decreasing investments	Share of profits/ (losses)	Other comprehensive income	Other equity movements	Declaration of cash dividends or profits	Provision for impairment for the current year			Others
1. Joint ventures											
Guizhou Ziwang Highway Construction Co., Ltd. (Note IX 1(1)(b))	1,590,744	-	-	(73,797)	-	-	-	-	-	1,516,947	-
Guizhou Sani Highway Construction Co., Ltd. (Note IX 1(1)(b))	1,388,242	340	-	67,084	-	-	-	-	-	1,455,666	-
Guizhou Sanshi Highway Construction Co., Ltd. (Note IX 1(1)(b))	838,490	-	-	(34,930)	-	-	-	-	-	803,560	-
Zhuhai Hengjin Headquarters Building Development Co., Ltd. (Note IX 1(1)(b))	515,500	-	-	2,628	-	-	-	-	-	518,128	-
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd. (Note IX 1(1)(b))	243,785	-	-	(380)	-	-	-	-	-	243,405	-
Others	2,471,511	80,441	(160,589)	(58,684)	1	(1)	(724)	-	(212,781)	2,119,174	219,720
Sub-total	7,048,272	80,781	(160,589)	(98,079)	1	(1)	(724)	-	(212,781)	6,656,800	219,720
2. Associates											
Zhuhai MCC Jianxin Investment Management Partnership (LP) (Note IX 1(1)(b))	3,955,134	-	-	(448,637)	-	-	(143,146)	(553,808)	-	2,809,543	553,807
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note IX 2(1)(a))	702,205	150,000	-	1,206	-	-	-	-	-	853,411	-
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	482,600	158,976	-	-	-	-	-	-	-	641,576	-
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	517,771	-	-	14,354	-	-	-	-	-	532,125	-
Chongqing Yunkai Expressway Co., Ltd.	195,000	300,000	-	-	-	-	-	-	-	495,000	-
Others	12,775,973	5,079,522	(136,879)	400,104	41,759	330,997	(151,245)	-	-	18,340,231	155,586
Sub-total	18,628,683	5,688,498	(136,879)	(32,973)	41,759	330,997	(294,391)	(553,808)	-	23,671,886	709,393
Total	25,676,955	5,769,279	(297,468)	(131,052)	41,760	330,996	(295,115)	(553,808)	(212,781)	30,328,766	929,113

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investments in other equity instruments

(1) Investments in other equity instruments

All amounts in RMB'000

Items	Carrying amount at 31 December 2021	Carrying amount at 31 December 2020	Cash dividends recognized for the current year
Investments in non-trading equity instruments – listed companies	301,457	266,483	13,680
Investments in non-trading equity instruments – unlisted companies	485,398	1,698,181	9,658
Total	786,855	1,964,664	23,338

(2) In 2021, the Group derecognized investment in other equity instruments, and transferred the accumulated gains from such investment previously included in other comprehensive income amounting to RMB 124,291,000 to retained earnings.

(3) As of 31 December 2021, the cumulative loss of other equity instruments held by the Group that are recorded in other comprehensive income is RMB 90,630,000 (Note VII 48).

(4) 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 value of investment in other equity instruments can be found in Note XI.

16. Other non-current financial assets

All amounts in RMB'000

Items	Carrying amount at 31 December 2021	Carrying amount at 31 December 2020
Financial assets at FVTPL	4,711,041	4,418,546
Including: Investment in unquoted fund product	4,632,778	4,408,083
Equity instrument investment	78,263	10,463
Total	4,711,041	4,418,546

The method for determining the fair value of above other non-current financial assets can be found in Note XI.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Investment properties

(1) *Investment properties measured at cost*

All amounts in RMB'000

Items	Buildings and structures	Land use rights	Total
I. Total original book value			
1. At 31 December 2020	6,197,101	599,507	6,796,608
2. Increase	2,063,106	17,291	2,080,397
(1) Purchase or construction	–	–	–
(2) Transferred from fixed assets	46,474	–	46,474
(3) Transferred from inventory	1,017,663	–	1,017,663
(4) Transferred from land use rights	–	17,291	17,291
(5) Transferred from construction in progress	932,228	–	932,228
(6) Others	66,741	–	66,741
3. Decrease	222,154	–	222,154
(1) Disposal	13,422	–	13,422
(2) Transferred from fixed assets	37,264	–	37,264
(3) Others	171,468	–	171,468
4. At 31 December 2021	8,038,053	616,798	8,654,851
II. Accumulated depreciation and amortization			
1. At 31 December 2020	991,535	139,796	1,131,331
2. Increase	179,053	16,450	195,503
(1) Provision or amortization	152,490	13,395	165,885
(2) Transferred from fixed assets	26,563	–	26,563
(3) Transferred from land use rights	–	3,055	3,055
(4) Others	–	–	–
3. Decrease	22,891	–	22,891
(1) Disposal	1,057	–	1,057
(2) Transferred to fixed assets	16,945	–	16,945
(3) Others	4,889	–	4,889
4. At 31 December 2021	1,147,697	156,246	1,303,943
III. Provision for impairment			
1. At 31 December 2020	23,603	–	23,603
2. Increase	–	–	–
(1) Provision	–	–	–
3. Decrease	492	–	492
(1) Disposal	492	–	492
4. At 31 December 2021	23,111	–	23,111
IV. Total carrying amount			
1. 31 December 2021	6,867,245	460,552	7,327,797
2. 31 December 2020	5,181,963	459,711	5,641,674

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Investment properties (Continued)

- (2) As at 31 December 2021, the Group have buildings and structures of investment properties at carrying amount of RMB 207,464,000 (historical book value of RMB 233,436,000) of which the title certificates were not obtained by the Group (as at 31 December 2020: carrying amount of RMB 198,435,000; original book value of RMB 217,608,000).

All amounts in RMB'000

Item	Carrying amount	Reasons for title certificates outstanding
Scientific Research Building of China ENFI Engineering Co., Ltd.	207,464	In progress

- (3) Investment properties with title restriction as at 31 December 2021 are set out in Note VII 70.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Fixed assets

(1) Fixed assets

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
I. Total historical cost:					
1. At 31 December 2020	24,176,149	21,735,377	2,066,623	3,961,146	51,939,295
2. Increase	2,131,265	824,806	299,498	516,871	3,772,440
(1) Purchase	194,773	509,698	280,111	276,753	1,261,335
(2) Transferred from investment properties	34,836	-	-	2,428	37,264
(3) Transferred from construction in progress	454,979	308,885	4,354	19,498	787,716
(4) Others	1,446,677	6,223	15,033	218,192	1,686,125
3. Decrease	781,538	1,552,891	141,935	187,685	2,664,049
(1) Disposal or written-off	524,185	1,007,191	121,891	90,416	1,743,683
(2) Decrease in disposal of subsidiaries	72,872	193,475	1,255	513	268,115
(3) Transferred to investment properties	46,474	-	-	-	46,474
(4) Others	138,007	352,225	18,789	96,756	605,777
4. At 31 December 2021	25,525,876	21,007,292	2,224,186	4,290,332	53,047,686
II. Accumulated depreciation					
1. At 31 December 2020	7,774,079	13,841,702	1,352,448	1,778,537	24,746,766
2. Increase	865,862	1,201,612	232,554	421,213	2,721,241
(1) Provision	847,212	1,194,413	143,962	258,678	2,444,265
(2) Transferred from investment properties	15,427	-	-	1,518	16,945
(3) Others	3,223	7,199	88,592	161,017	260,031
3. Decrease	375,715	1,091,431	126,612	131,941	1,725,699
(1) Disposal or written-off	267,668	721,837	110,768	90,376	1,190,649
(2) Decrease in disposal of subsidiaries	45,049	117,849	1,193	443	164,534
(3) Transferred to investment properties	26,563	-	-	-	26,563
(4) Others	36,435	251,745	14,651	41,122	343,953
4. At 31 December 2021	8,264,226	13,951,883	1,458,390	2,067,809	25,742,308
III. Provision for impairment					
1. 31 December 2020	1,038,991	1,327,965	29,518	111,895	2,508,369
2. Increase	270	15,142	455	28	15,895
(1) Provision	270	15,142	455	28	15,895
3. Decrease	47,895	280,984	3,422	4,394	336,695
(1) Disposal or written-off	530	250,509	53	165	251,257
(2) Others	47,365	30,475	3,369	4,229	85,438
4. At 31 December 2021	991,366	1,062,123	26,551	107,529	2,187,569
IV. Total carrying amount					
1. At 31 December 2021	16,270,284	5,993,286	739,245	2,114,994	25,117,809
2. At 31 December 2020	15,363,079	6,565,710	684,657	2,070,714	24,684,160

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Fixed assets (Continued)

(2) Temporary idle fixed assets

All amounts in RMB'000

Items	Historical cost	Accumulated depreciation	Provision for impairment	Carrying amount	Notes
Buildings and structures	80,561	9,543	60,839	10,179	Seasonal suspension or idle
Machinery and equipment	864,690	420,925	351,922	91,843	Seasonal suspension or idle
Other equipment	26,914	18,850	1,895	6,169	Seasonal suspension or idle

(3) Fixed assets under operating leases

All amounts in RMB'000

Items	31 December 2021 Carrying amount
Machinery equipment and others	54,324

(4) Fixed assets of which certificates of title have not been obtained

Buildings and structures with an aggregate carrying amount of RMB238,111,000 (historical cost: RMB328,209,000) as at 31 December 2021 (as at 31 December 2020: carrying amount of RMB262,166,000 ; historical cost of RMB 344,036,000) were in the process of applying for relevant title certificates.

All amounts in RMB'000

Items	Carrying amount	Reasons for title certificates outstanding
China ENFI Engineering Co., Ltd. Office Building of Scientific research	103,064	In the process
Zhongyi Heavy Industry Manufacturing Base Project	122,772	In the process
China Huaye Group Co., Ltd. Office Building(Beijing)	12,275	In the process

(5) Fixed assets with title restriction as at 31 December 2021 are set out in Note VII 70.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Construction in progress

(1) Construction in progress analysed by category

All amounts in RMB'000

Category	31 December 2021	31 December 2020
Construction in progress	4,318,897	4,867,383
Materials for construction of fixed assets	60,293	48,187
Total	4,379,190	4,915,570

(2) Construction in progress

(a) Construction in progress

All amounts in RMB'000

Items	31 December 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	1,071,482	-	1,071,482	1,062,355	-	1,062,355
Zhumadian City Group Outreach Road Courtyard Development and Reform Project of Central Research Institute of Building and Construction Co., Ltd.	441,016	-	441,016	336,407	-	336,407
Construction Research Institute No.3 Blast Furnace System Engineering Environmental Protection BOO Project	384,429	-	384,429	311,081	-	311,081
MCC Guangdong Shenzhen Qianhai Technology Building Project	350,101	-	350,101	227,969	-	227,969
Sichuan Chengdu MCC CISDI R&D and Design Centre	235,789	-	235,789	235,697	-	235,697
MCC 17 Technology Centre Building Project	154,409	-	154,409	39,542	-	39,542
High Performance Carbon Brick Production Line	120,180	-	120,180	46,320	-	46,320
MCC Bao Steel Baoquan Road No.8 Leasing Building Development	70,000	-	70,000	-	-	-
Rizhao Kangyang Town PPP Project I	63,166	-	63,166	45,617	-	45,617
Others	997,443	615,253	382,190	2,716,316	791,867	1,924,449
Total	4,934,150	615,253	4,318,897	5,659,250	791,867	4,867,383

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Construction in progress (Continued)

(2) Construction in progress (Continued)

(b) Movements of the significant items of construction in progress

All amounts in RMB'000

Items	Budgeted amount	31 December 2020	Increase	Transfer to fixed assets / intangible assets	Other changes	31 December 2021	Cost incurred	Construction progress	Accumulated capitalized borrowing costs	Including: Capitalized borrowing costs for the current year	Latest rate of borrowing costs capitalized for the current year	Sources of fund
							as a percentage of budgeted amount (%)					
Infrastructure Project of MCC JCL Anak Mining Co., Ltd.	23,847,800	1,062,355	34,865	-	(25,738)	1,071,482	20.04	20.04	-	-	-	Self-raised funds
Zhumadian City Group Outreach Road	1,223,657	637,946	408,189	-	-	1,046,135	88.66	88.66	36,583	36,583	4.65	Self-raised funds and loans from financial institutions
Courtyard Development and Reform Project of Central Research Institute of Building and Construction Co., Ltd.	1,000,000	336,407	113,638	(9,029)	-	441,016	80.43	80.43	15,476	-	6.64	Self-raised funds and loans from financial institutions
Construction Research Institute No.3 Blast Furnace System Engineering Environmental Protection BOO Project	649,867	311,081	108,103	(34,755)	-	384,429	59.16	59.16	13,273	11,944	4.42	Self-raised funds and loans from financial institutions
MCC Guangdong Shenzhen Qianhai Technology Building Project	3,382,174	227,969	122,132	-	-	350,101	49.58	49.58	152,258	41,838	7.35	Self-raised funds and loans from financial institutions
Sichuan Chengdu MCC CISDI R&D and Design Centre	766,550	235,697	92	-	-	235,789	32.45	32.45	-	-	-	Self-raised funds
MCC 17 Technology Centre Building Project	235,000	39,542	114,867	-	-	154,409	65.71	65.71	-	-	-	Self-raised funds
High Performance Carbon Brick Production Line	180,000	46,320	73,860	-	-	120,180	90.00	90.00	-	-	-	Self-raised funds
MCC Bao Steel Baoquan Road No.8 Leasing Building Development	244,310	-	70,000	-	-	70,000	28.65	28.65	-	-	-	Self-raised funds
Rizhao Kangyang Town PPP Project I	140,000	45,617	17,549	-	-	63,166	50.00	50.00	-	-	-	Self-raised funds
Others	11,345,304	2,716,316	1,211,490	(2,708,931)	(221,432)	997,443	/	/	61,556	34,918	/	/
Total	43,014,662	5,659,250	2,274,785	(2,752,715)	(247,170)	4,934,150	/	/	279,146	125,283	/	/

- (c) The Group made no provision for impairment of construction in progress of RMB for 2021 (2020: RMB 107,507,000). As at 31 December 2021, the balance of the impairment provision for construction in progress of the Group was RMB615,253,000 (as at 31 December 2020: RMB 791,867,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Construction in progress (Continued)

(3) Materials for construction

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Materials	14,195	5,260
Equipment	45,482	42,297
Tools and instruments prepared for production	594	608
Others	22	22
Total	60,293	48,187

20. Right-of-use assets

All amounts in RMB'000

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Others	Total
I. Total historical cost:					
1. At 31 December 2020	565,622	60,198	381,694	23,276	1,030,790
2. Increase	360,332	1,521	3,186	18,407	383,446
(1) New leases	344,743	1,521	3,186	18,407	367,857
(2) Others	15,589	-	-	-	15,589
3. Decrease	70,542	18,213	16,722	15,591	121,068
(1) Expired lease contract	69,144	4,852	4,084	2	78,082
(2) Changes of the scope of consolidation	-	-	-	-	-
(3) Change of exchange rate	1,156	-	-	-	1,156
(4) Others	242	13,361	12,638	15,589	41,830
4. At 31 December 2021	855,412	43,506	368,158	26,092	1,293,168
II. Accumulated depreciation					
1. At 31 December 2020	249,633	51,870	249,729	5,587	556,819
2. Increase	183,673	6,822	37,176	10,114	237,785
(1) Provision	178,477	6,822	37,176	10,114	232,589
(2) Others	5,196	-	-	-	5,196
3. Decrease	59,675	16,966	14,074	2,599	93,314
(1) Expired lease contract	59,361	4,852	3,668	-	67,881
(2) Changes of the scope of consolidation	-	-	-	-	-
(3) Change of exchange rate	314	-	-	-	314
(4) Others	-	12,114	10,406	2,599	25,119
4. At 31 December 2021	373,631	41,726	272,831	13,102	701,290
III. Provision for impairment					
1. At 31 December 2020	-	-	-	-	-
2. At 31 December 2021	-	-	-	-	-
IV. Carrying amount					
1. At 31 December 2021	481,781	1,780	95,327	12,990	591,878
2. At 31 December 2020	315,989	8,328	131,965	17,689	473,971

- (1) For the current year, the Group's short-term leasing fee and low-price assets leasing fee, which is simplified and charged to current profits and losses, is RMB204,267,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Intangible assets

(1) Intangible assets

All amounts in RMB'000

Items	Land use rights	Mining rights	Franchise	Software	Patent and proprietary technology	Trademark right	Total
I. Total historical cost							
1. At 31 December 2020	8,008,790	4,047,858	11,087,819	832,906	227,927	270	24,205,570
2. Increase	185,996	-	4,150,384	109,437	22,625	-	4,468,442
(1) Purchase	174,786	-	803,083	93,838	4,216	-	1,075,923
(2) Transferred from construction in progress	999	-	1,027,602	4,170	-	-	1,032,771
(3) Internal research and development	-	-	-	10,861	18,409	-	29,270
(4) Others	10,211	-	2,319,699	568	-	-	2,330,478
3. Decrease	219,446	269,644	55,664	43,265	24,851	-	612,870
(1) Disposal or written-off	186,481	-	51,038	43,047	-	-	280,566
(2) Decrease in disposal of subsidiaries	9,479	-	-	-	-	-	9,479
(3) Transfer to investment properties	17,291	-	-	-	-	-	17,291
(4) Others	6,195	269,644	4,626	218	24,851	-	305,534
4. At 31 December 2021	7,975,340	3,778,214	15,182,539	899,078	225,701	270	28,061,142
II. Accumulated amortization							
1. At 31 December 2020	1,679,348	64,521	1,662,859	548,849	66,275	270	4,022,122
2. Increase	175,570	2,065	596,597	81,737	22,456	-	878,425
(1) Amortization	171,805	2,065	336,219	81,692	22,412	-	614,193
(2) Others	3,765	-	260,378	45	44	-	264,232
3. Decrease	55,214	248	42,158	42,192	175	-	139,987
(1) Disposal or written-off	49,720	-	42,158	41,976	-	-	133,854
(2) Decrease in disposal of subsidiaries	2,151	-	-	-	-	-	2,151
(3) Transfer to investment properties	3,055	-	-	-	-	-	3,055
(4) Others	288	248	-	216	175	-	927
4. At 31 December 2021	1,799,704	66,338	2,217,298	588,394	88,556	270	4,760,560
III. Provision for impairment							
1. At 31 December 2020	86,611	2,600,220	-	250	4,508	-	2,691,589
2. Increase	-	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-	-
(2) Others	-	-	-	-	-	-	-
3. Decrease	66,378	202,776	-	-	-	-	269,154
(1) Disposal or written-off	63,342	-	-	-	-	-	63,342
(2) Others	3,036	202,776	-	-	-	-	205,812
4. At 31 December 2021	20,233	2,397,444	-	250	4,508	-	2,422,435
IV. Carrying amount							
1. 31 December 2021	6,155,403	1,314,432	12,965,241	310,434	132,637	-	20,878,147
2. 31 December 2020	6,242,831	1,383,117	9,424,960	283,807	157,144	-	17,491,859

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Intangible assets (Continued)

(1) (Continued)

As at 31 December 2021, the internally developed intangible assets as a percentage of total intangible assets of the Group were 0.48% (as at 31 December 2020: 0.43%).

(2) The Group made no extra impairment provision of Cape Lambert Iron Project owned by the Group for the current year. As at 31 December 2021, the accumulated impairment provision for the Cape Lambert Iron Project intangible assets amounting to RMB2,376,946,000, including the decreasing accumulated impact on exchange fluctuation of Australian dollars of RMB174,031,000. The related intangible assets belong to the resource development segment.

(3) Intangible assets with title restriction as at 31 December 2021 are set out in Note VII 70.

22. Goodwill

(1) Original historical cost

All amounts in RMB'000

Name of investee	31 December 2020	Increase		Decrease		31 December 2021
		Business combinations	Others	Disposal	Others	
MCC Finance Corporation Ltd.	105,032	-	-	-	-	105,032
Chengde Tiangong Architectural Design Co., Ltd.	33,460	-	-	-	-	33,460
MCC Minera Sierra Grande S.A	18,653	-	-	-	1,881	16,772
China Metallurgical Construction Engineering Group Chongqing Heyuan Concrete Co., Ltd.	18,533	-	-	-	-	18,533
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	9,779	-	-	-	-	9,779
Beijing HaiKe Real Estate Development Co., Ltd.	6,477	-	-	-	-	6,477
Beijing Tianrun Construction Co., Ltd.	5,142	-	-	-	-	5,142
Shanghai WuGang Equipment Engineering Co., Ltd.	1,114	-	-	-	-	1,114
Beijing ShengPeng Real Estate Development Co., Ltd.	94,923	-	-	-	94,923	-
Total	293,113	-	-	-	96,804	196,309

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Goodwill (Continued)

(2) Provision for impairment of goodwill (Continued)

All amounts in RMB'000

Name of investee	31 December 2020	Increase		Decrease		31 December 2021
		Provision	Others	Disposal	Others	
MCC Finance Corporation Ltd.	-	105,032	-	-	-	105,032
MCC Minera Sierra Grande S.A	18,653	-	-	-	1,881	16,772
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	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.	2,353	-	-	-	-	2,353
Beijing ShengPeng Real Estate Development Co., Ltd.	94,923	-	-	-	94,923	-
Total	132,185	105,032	-	-	96,804	140,413

- (3) 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.
- (4) 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 15.00% (As at 31 December 2020: 15.00%). Cash flow projections during the forecast period for the asset groups are based on the expected growth rates and gross margins during the forecast period. Forecast growth rate is based on the expected growth rate for the industry. Forecast gross margin has been determined based on past performance and management's expectations for the market development. The recoverable value of the asset groups of the other subsidiaries, are calculated based on the present value of future cash flows as well, but not significant to the Group.
- (5) At 24 December 2021, the No.33 meeting of the third Board of Directors passed the resolution of the dissolution and liquidation of MCC Finance Corporation Ltd. Full provision for impairment of goodwill of MCC Finance Corporation Ltd. was withdrawn this year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Long-term prepayments

All amounts in RMB'000

Items	31 December 2020	Increase	Amortization	Other decreases	31 December 2021
Improvements of leasehold	51,825	21,924	18,685	–	55,064
Insurance expenditures	4,591	5,924	1,856	20	8,639
Repair expenditures	25,143	15,536	5,037	8,413	27,229
Others	214,025	67,096	63,181	15,081	202,859
Total	295,584	110,480	88,759	23,514	293,791

24. Deferred tax assets/Deferred tax liabilities

(1) *Deferred tax assets without taking into consideration of the offsetting of balances within the same tax jurisdiction*

All amounts in RMB'000

Items	31 December 2021		31 December 2020	
	Deductible temporary differences/tax losses	Deferred tax assets	Deductible temporary differences/tax losses	Deferred tax assets
Impairment provision	26,042,528	4,678,860	24,424,381	4,188,838
Unrealized profit on inter-company transactions	2,457,094	582,642	2,550,283	582,220
Defined benefit plans	939,337	218,036	1,243,176	268,998
Deductible tax losses	995,248	159,178	1,161,802	186,083
Employee benefits payable	390,759	62,475	364,681	58,128
Changes in the fair value of other equity instrument investments	263,185	45,791	186,194	43,758
Others	1,988,805	380,234	1,829,598	380,696
Total	33,076,956	6,127,216	31,760,115	5,708,721

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(2) *Deferred tax liabilities without taking into consideration of the offsetting of balances within the same tax jurisdiction*

All amounts in RMB'000

Items	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustments upon business combination not under common control	6,690	2,342	9,773	3,421
Changes in the fair value of investments of other equity instruments	142,099	24,236	140,107	23,302
Others	416,877	100,016	433,457	106,119
Total	565,666	126,594	583,337	132,842

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

All amounts in RMB'000

Items	31 December 2021		31 December 2020	
	The offset amount of deferred tax assets and liabilities at the end of the year	Deferred tax assets and liabilities after offset at the end of the year	The offset amount of deferred tax assets and liabilities at the beginning of the year	Deferred tax assets and liabilities after offset at the beginning of the year
Deferred tax assets	70,411	6,056,805	71,607	5,637,114
Deferred tax liabilities	70,411	56,183	71,607	61,235

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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	31 December 2021	31 December 2020
Deductible temporary differences	11,896,406	10,521,073
Deductible tax losses	7,472,290	9,317,348
Total	19,368,696	19,838,421

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

All amounts in RMB'000

Year	31 December 2021	31 December 2020
2021	–	3,010,040
2022	1,226,432	1,654,036
2023	1,720,834	1,741,711
2024	1,623,539	1,754,835
2025	1,023,446	1,156,726
2026	1,878,039	–
Total	7,472,290	9,317,348

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Other non-current assets

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Deposits for acquisition of assets	240,365	187,141
Continuing involvement in the transferred financial asset (Note VII 5(5))	-	14,600
Total	240,365	201,741

26. Short-term borrowings

(1) Categories of short-term borrowings

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Pledged loans (a)	-	7,452
Mortgaged loans (b)	661,616	576,198
Guaranteed loans(c)	1,141,250	-
Credit loans	19,592,982	28,668,521
Total	21,395,848	29,252,171

(a) Pledged loans

As at 31 December 2021, there was no pledged loans (December 31, 2020:RMB 7,452,000) .

(b) Mortgaged loans

As at 31 December 2021, the mortgaged loans of RMB661,616,000 (as at 31 December 2020: RMB576,198,000) were secured by the mortgage of the Group's intangible assets and fixed assets in an aggregate carrying amount of RMB 812,325,000 (as at 31 December 2020: RMB 878,419,000).

(c) Guaranteed loans

As at 31 December 2021, the guaranteed loans of RMB1,141,250,000 (as at 31 December 2020: nil) were guaranteed by CMGC.

(2) In 2021, the weighted average interest rate of short-term borrowings was 3.40% per annum (In 2020: 3.62% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Derivative financial liabilities

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Forward exchange contracts	4,413	–
Total	4,413	–

Determination of fair value of derivative financial liabilities is set out in Note XI 3.

28. Bills payable

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Accounts payable

(1) Presentation of accounts payable

All amounts in RMB'000

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

(2) Aging analysis of accounts payable

All amounts in RMB'000

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

- (3) On 31 December 2021, accounts payable of RMB38,575,928,000 (31 December 2020: RMB 33,001,841,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Receipts in advance

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Lease receipts in advance	135,118	238,753
Total	135,118	238,753

31. Contract liabilities

(1) Presentation of contract liabilities

All amounts in RMB'000

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

(2) Qualitative analysis on contract liabilities

The contract liabilities of the Group mainly derives from engineering contracting service contracts, building-sales receipts in advance and sales contracts.

- (a) As presented in Note VII 10, the engineering contracting services provided by the Group require regular settlements with the customers. Under normal circumstances, there are some time differences among the implementation and settlement progress of the engineering contracting service contracts or the progress of receipt. As at 31 December 2021, 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. In 2021, the Group recognized engineering contracting revenue amounting to RMB62,070,296,000 of contract liabilities relating to engineering contracting service contracts amounting to RMB69,859,483,000 in 2020 for the current period according to the implementation progress of engineering contracting service contracts, the remaining proportion will be recognized in future years when implementing obligations to customers.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Contract liabilities (Continued)

(2) Qualitative analysis on contract liabilities (Continued)

(b) Building-sales receipts in advance are as follows:

Project	31 December 2020	31 December 2021	Proportion of sales in advance (%)	Estimated completion date
Zhongye Yijing Mansion	1,311,621	2,971,783	67.77	Completed
Shanghai Jinshan District – MCC Fengjunyuan	169,743	893,242	94.75	2022-06-30
Hengqin Port Base Project	879,856	889,512	14.00	Completed
Qingdao MCC Dexian Mansion	166,060	738,019	46.00	2022-06-30
Hubei Huangshi-MCC Huangshi Park II	231,886	326,256	90.86	Completed
MCC 39th Street Project	711,565	306,268	87.57	Completed
Gengyang New City Project	562,865	292,210	87.00	2022-12-31
South of Yuhua Road Project, Fenghuang New City	719,701	239,995	97.50	2022-08-31
MCC Tianrun Jingyuan	322,374	181,940	14.00	Completed
Changchengshili Spring Breeze Town	37,835	137,505	54.00	2025-12-31
MCC Xinglong New City Hongshijun	117,599	119,747	40.56	2023-12-31
Others	5,434,989	1,970,590	/	/
Total	10,666,094	9,067,067	/	/

(c) The sales contracts of the Group are normally satisfied at a point in time. The Group will recognize revenue at the time of acquiring the control of the related goods. As at 31 December 2021, the implementation time of performance obligation of the Group in the sale contract was later than the payment time of the customers, thus forming the related contract liability of the sale contract.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Employee benefits payable

(1) Employee benefits payable

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
I. Short-term employee benefits	1,647,198	22,838,169	22,784,882	1,700,485
II. Post-employment benefits - defined contribution plan	311,133	3,106,377	3,158,470	259,040
III. Termination benefits	10,169	36,794	40,842	6,121
IV. Other benefits	51,825	3,547,426	3,509,124	90,127
Total	2,020,325	29,528,766	29,493,318	2,055,773

(2) Short-term employee benefits

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
I. Salaries, bonuses, allowances and subsidies	515,750	18,252,708	18,240,225	528,233
II. Staff welfare	10,507	1,043,652	1,039,897	14,262
III. Social insurance premiums	27,282	1,475,339	1,474,460	28,161
Including: Medical insurance	25,430	1,340,489	1,339,642	26,277
Work-related injury insurance	1,630	96,610	96,539	1,701
Maternity insurance	222	38,240	38,279	183
IV. Housing provident funds	127,653	1,554,821	1,592,531	89,943
V. Labor union expenditures and employees' education expenses	966,006	511,649	437,769	1,039,886
Total	1,647,198	22,838,169	22,784,882	1,700,485

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Employee benefits payable (Continued)

(3) Defined contribution plan

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
1. Basic retirement insurance	83,610	2,120,713	2,115,169	89,154
2. Unemployment insurance	4,200	75,689	73,897	5,992
3. Supplementary pension	223,323	909,975	969,404	163,894
Total	311,133	3,106,377	3,158,470	259,040

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 or loss in the period as and when incurred.

The Group made deposits amounting to RMB3,106,377,000 (for the year ended 31 December 2020: RMB 1,946,483,000) to the defined contribution plan for the current year. As at 31 December 2021, there was a payable amount of RMB259,040,000 (as at 31 December 2020: RMB 311,133,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Taxes payable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Value added tax	933,986	617,597
Enterprise income tax	1,560,647	1,210,405
Individual income tax	499,874	411,285
City maintenance and construction tax	75,510	67,043
Education surcharges	51,574	48,554
Land appreciation tax	1,654,274	1,342,072
Others	321,441	287,607
Total	5,097,306	3,984,563

34. Other payables

(1) Other payables disclosed by nature

All amounts in RMB'000

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

(2) Interest payable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Interests payable on long-term borrowings	4,192	8,204
Others	4,417	4,664
Total	8,609	12,868

As at 31 December 2021, the Group did not have any significant overdue interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Other payables (Continued)

(3) Dividends payable

All amounts in RMB'000

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

Dividends aged over one year but not settled yet is RMB110,594,000, relevant subsidiaries are discussing with the relevant shareholders for the settlement plan.

(4) Other payables

(a) Other payables disclosed by nature

All amounts in RMB'000

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

(b) On 31 December 2021, other payables aged over one year of RMB 11,885,998,000 (31 December 2020: RMB 10,773,438,000) were mainly guarantees and deposits payable collected by the Group. As both parties remained business transactions, the amount has not been settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Non-current liabilities due within one year

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Long-term borrowings due within one year (Note VII 37)	12,049,664	10,797,928
Bonds payable due within one year (Note VII 38)	582,334	909,559
Lease liabilities due within one year (Note VII 39)	158,826	189,581
Long-term payables due within one year (Note VII 40)	96,562	–
Employee benefits payable due within one year (Note VII 41)	331,166	341,036
Total	13,218,552	12,238,104

36. Other current liabilities

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Amounts to be transferred to output VAT	9,426,537	7,498,360
Total	9,426,537	7,498,360

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Long-term borrowings

(1) Long-term borrowings disclosed by category

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Pledged loans (a)	5,941,592	3,365,012
Mortgaged loans (b)	3,774,553	3,512,652
Guaranteed loans (c)	2,924,794	4,885,065
Credit loans	24,741,258	24,666,266
Total	37,382,197	36,428,995
Less: Long-term borrowings due within one year (Note VII 35)	12,049,664	10,797,928
Including: Pledged loans	519,869	590,009
Mortgaged loans	953,426	1,116,180
Guaranteed loans	1,677,585	4,267
Credit loans	8,898,784	9,087,472
Long-term borrowings due over one year	25,332,533	25,631,067

(a) Pledge loans

As at 31 December 2021, long-term borrowings of RMB5,941,592,000 (as at 31 December 2020: RMB3,365,012,000) were secured by the pledge of the Group's accounts receivable in amount of RMB3,274,988,000 (as at 31 December 2020: RMB 2,510,527,000).

(b) Mortgage loans

As at 31 December 2021, long-term borrowings of RMB 3,774,553,000 (as at 31 December 2020: RMB 3,512,652,000) were secured by the mortgage of the Group's intangible assets, investment properties, inventories, etc in amount of 6,236,150,000 (as at 31 December 2020: RMB5,254,119,000).

(c) Guaranteed loans

As at 31 December 2021, long-term borrowings of RMB 3,124,794,000 were guaranteed by CMGC and the third party (as at 31 December 2020: RMB 4,885,065,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Long-term borrowings (Continued)

(2) *Analysis of the maturity profile of long-term borrowings due over one year*

All amounts in RMB'000

Maturity Date	31 December 2021	31 December 2020
1 to 2 years	9,485,108	10,199,358
2 to 5 years	8,139,159	10,770,680
Over 5 years	7,708,266	4,661,029
Total	25,332,533	25,631,067

(3) In 2021, the weighted average interest rate of long-term borrowings was 4.75% per annum (In 2020: 4.89% per annum).

(4) As at 31 December 2021, the Group did not have any significant overdue long-term borrowings.

38. Bonds payable

(1) *Bonds payable*

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Corporate debentures	802,334	1,699,559
Total	802,334	1,699,559
Including: Bonds payable due within one year (<i>Note VII 35</i>)	582,334	909,559
Bonds payable due over one year	220,000	790,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Bonds payable (Continued)

(2) Movements of bonds payable

All amounts in RMB'000

Name of bonds	Face value	Issue date	Term	Issue amount	31 December 2020	Issued in the current year	Interest accrued based on face value	Repaid in the current year	31 December 2021
Corporate debentures ^(a)	570,000	2017-10-24 to 2017-10-25	5 years	570,000	575,299	-	28,443	28,522	575,220
Corporate debentures ^(b)	870,000	2018-05-07 to 2018-05-08	3 years	870,000	897,116	-	14,440	911,556	-
Corporate debentures ^(c)	220,000	2018-05-07 to 2018-05-08	5 years	220,000	227,144	-	10,956	10,986	227,114
Total	1,660,000	/	/	1,660,000	1,699,559	-	53,839	951,064	802,334

- (a) As approved by CSRC, the Company issued corporate debentures publicly from 24 October 2017 to 25 October 2017, at an equal price with the face value of RMB 570,000,000, a term of five years from issuance. The debentures bear interest at a fixed rate of 4.99% per annum. Interest will be paid every year and principal will be paid upon maturity date.
- (b) As approved by CSRC, the Company issued corporate debentures on a public issuance basis from 7 May 2018 to 8 May 2018 at an equal price with the face value of RMB 870,000,000 with a term of three years from issuance and interest bearing at a fixed rate of 4.78%. Interest will be paid every year and principal will be paid upon maturity date. The debenture was paid at 10 May 2021 when it matured.
- (c) As approved by CSRC, the Company issued corporate debentures on a public issuance basis from 7 May 2018 to 8 May 2018 at an equal price with the face value of RMB 220,000,000 with a term of five years from issuance and interest bearing at a fixed rate of 4.98%. Interest will be paid every year and principal will be paid upon maturity date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Lease liabilities

(1) Lease liabilities disclosed by nature

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Lease of buildings and structures	441,398	297,501
Other leases	86,573	129,122
Total	527,971	426,623
Including: Lease liabilities due within one year (Note VII 35)	158,826	189,581
Lease liabilities due over one year	369,145	237,042

(2) Analysis of the maturity profile of lease liabilities

All amounts in RMB'000

Maturity Date	31 December 2021	31 December 2020
1st year after the balance sheet date	181,423	206,222
2nd year after the balance sheet date	129,909	101,476
3rd year after the balance sheet date	75,285	71,091
Subsequent years	221,050	85,493
Total minimum lease payments	607,667	464,282
Less: Unrecognized financing cost	79,696	37,659
Total lease liabilities	527,971	426,623

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term payables

(1) Presentation of long-term payables

All amounts in RMB'000

Categories	31 December 2021	31 December 2020
Long-term payables	1,010,194	883,492
Special payables	39,887	163,713
Total	1,050,081	1,047,205

(2) Long-term payables

(a) Long-term payables disclosed by nature

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Housing maintenance fee payables	41,844	41,775
Amounts due to funds	376,858	376,858
Others	688,054	464,859
Total	1,106,756	883,492
Including: Long-term payables due within one year (Note VII 35)	96,562	–
Long-term payables due over one year	1,010,194	883,492

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term payables (Continued)

(2) Long-term payables (Continued)

(b) Analysis of the maturity profile of long-term payables due over one year

All amounts in RMB'000

Maturity Date	31 December 2021	31 December 2020
1 to 2 years	560,635	1,220
2 to 5 years	38,803	451,601
Over 5 years	410,756	430,671
Total	1,010,194	883,492

(3) Special payables

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
Housing allowance payables	571	–	–	571
Special housing maintenance fee payables	45	35	35	45
Special payables for water/power/gas supply and property (Note)	160,323	–	126,177	34,146
Others	2,774	5,851	3,500	5,125
Total	163,713	5,886	129,712	39,887

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 etc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Long-term employee benefits payable

(1) Long-term employee benefits payable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Post-employment benefits -Net liability arising from defined benefit plans	4,219,145	4,444,692
Total	4,219,145	4,444,692
Including: Long-term employee benefits payable due within one year (Note VII 35)	331,166	341,036
Long-term employee benefits payable due over one year	3,887,979	4,103,656

(a) Movements in the defined benefit plans

All amounts in RMB'000

Items	2021	2020
I. Opening balance	4,444,692	3,438,881
II. Defined benefit costs recognized in profit or loss	175,173	1,497,949
1. Past service cost	33,074	1,402,405
2. Net interest expense	142,099	95,544
III. Defined benefit costs recognized in other comprehensive income	(6,651)	(130,122)
1. Actuarial (gains) losses	(6,651)	(130,122)
IV. Other movements	(394,069)	(362,016)
1. Benefits paid	(394,069)	(362,016)
V. Closing balance	4,219,145	4,444,692

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Long-term employee benefits payable (Continued)

(2) *The defined benefit plan has no defined benefit assets.*

(3) *Details of the defined benefit plan and its corresponding risk, effect on further cash flows, maturity and uncertainty of the Group*

- (a) Defined benefit plan is for the staff supplementary-retirement benefits. 2,679,164,000 Of the balance of defined benefit plan is for the staff retired before 31 December 2007; 1,424,578,000 of the balance of defined benefit plan is for the staff retired before 31 December 2023. The retirement benefits received depend on the position, seniority, salary, etc when the staff retires. The Group's supplementary-retirement benefits obligation at the balance sheet date is calculated by "Towers Watson Management Consulting (Shenzhen) Co., Ltd.", an official unit member of Chinese Association of Actuaries, using projected unit credit actuarial cost method.
- (b) The Group's weighted average period of the present value for the defined benefit plan is 8-9 years.
- (c) Expected maturity analysis of undiscounted post-employment benefits:

All amounts in RMB'000

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Post-employment benefits	331,046	319,841	803,676	3,540,771	4,995,334

(d) Defined benefits plan exposes the Group to various risks, mainly including interest rate risk, benefit risk and average medical expense risk.

(i) **Interest rate risk**

The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. A decrease in the bond interest rate will increase the plan liability.

(ii) **Benefit risk**

The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.

(iii) **Average medical expense risk**

The present value of the defined benefit plan obligations is calculated by reference to the future average medical expense of plan participants. As such, an increase in the average medical expense of the plan participants will increase the plan liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Long-term employee benefits payable (Continued)

(4) *The principal assumptions used for the purposes of the actuarial valuations and sensitivity analyses*

(a) The major actuarial assumptions used for calculating the present value of the defined benefit obligations of the Group

	31 December 2021	31 December 2020
Discount rate	3.00%	3.25%
Mortality rate	CLA CL5/CL6 up 3	CLA CL5/CL6 up 3
Annual growth rate of living cost for early-retirement staff and survivors	4.50%	4.50%
Annual growth rate of various employee medical expenses	8.00%	8.00%

(b) The sensitivity analysis of the major actuarial assumptions used for calculating the present value of the defined benefit obligations of the Group

	Assumed changes	Impact on present value of the defined benefit obligations	
		Assumed increase	Assumed decrease
Discount rate	0.25%	1.40% down	1.40% up
Annual growth rate of living cost for early-retirement staff and survivors	1.00%	1.60% up	1.40% down
Annual growth rate of various employee medical expenses	1.00%	0.70% up	0.60% down

The sensitivity analysis above was prepared based on the change of one assumption but all other variables were held constant. However, the assumptions above are usually inter-related. The calculation of the present value of the defined benefit obligation in the sensitivity analysis above also adopted the projected unit credit actuarial cost method.

Method and type of significant assumptions used in the sensitivity analysis for the current year remained unchanged comparing with the previous year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Provisions

All amounts in RMB'000

Items	31 December 2021	31 December 2020	Reasons
Pending litigation	229,442	127,904	Because of the verdict of losing a lawsuit, the Group needed to bear the present obligations of the pending litigation, and that an outflow of resources would be required to settle this obligations and the amount had been reliably estimated.
Product quality warranties	16,020	9,594	Because of the sales contract, the Group needed to bear the present obligations of the product quality warranties, and that an outflow of resources would be required to settle this obligations and the amount had been reliably estimated.
Restoration, rehabilitation and environmental provision	182,873	219,635	Because of 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 obligations and the amount had been reliably estimated.
Onerous contract to be performed	173,717	224,760	It is probable that the performance of the present obligation arising from the Group's payment for expected contract loss due to the onerous contract to be performed will result in an outflow of economic benefits and reliable measurement of the obligation amount.
The separation and hand-over cost of "Special payables for water/power/gas supply and property"	131,465	187,061	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.
Others	78,280	8,321	Others
Total	811,797	777,275	/

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Deferred income

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021	Reasons
Government grants	1,489,631	128,148	222,040	1,395,739	The government grants related to assets mainly include the investment subsidies for the purchase of new equipment and other production infrastructure; the government grants related to profits mainly include research subsidies.
Others	94,694	1,772	27,201	69,265	Others
Total	1,584,325	129,920	249,241	1,465,004	/

44. Other non-current liabilities

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Continuing involvement in liabilities (Note VII 5(5))	-	14,600
Total	-	14,600

45. Share capital

All amounts in RMB'000

Items	31 December 2020	Movements during the current year				Others	Sub-total	31 December 2021
		Issue of new shares	Bonus issue	Shares converted from capital reserve				
Total shares	20,723,619	-	-	-	-	-	20,723,619	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Other equity instruments

All amounts in RMB'000

Name of financial instrument	31 December 2020		Increase		Decrease		31 December 2021	
	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount	Number (ten thousand)	Carrying amount
Renewable Financing Instruments of Generali China Asset Management in 2019	-	3,000,000	-	-	-	-	-	3,000,000
Renewable Financing Instruments of Kunlun Trust in 2019	-	8,000,000	-	-	-	-	-	8,000,000
2019 First Tranche of Renewable Financing Instrument of ICBC	-	1,000,000	-	-	-	1,000,000	-	-
2019 Second Tranche of Renewable Financing Instrument of ICBC	-	1,000,000	-	-	-	500,000	-	500,000
Public Offering of Renewable Corporate Bonds in 2020(First Tranche)	2,000	2,000,000	-	-	-	-	2,000	2,000,000
Public Offering of Renewable Corporate Bonds in 2020 (Second Tranche)	1,000	1,000,000	-	-	-	-	1,000	1,000,000
Renewable Financing Instruments of Bairui Trust in 2020	-	1,500,000	-	-	-	-	-	1,500,000
Renewable Financing Instruments of North Silver abundance (Beijing) Asset Management Limited in 2020	-	3,000,000	-	-	-	3,000,000	-	-
Renewable Financing Instruments of Zhongyuan Wealth Growth No.1152 Tranche in 2021(a)	-	-	/	500,000	-	-	/	500,000
No.778 Renewable Financing Instruments of Barry Hengyi in 2021(b)	-	-	/	500,000	-	-	/	500,000
No.778(02) Renewable Financing Instruments of Barry Hengyi in 2021(c)	-	-	/	200,000	-	-	/	200,000
2021 MCC MTN001 (d)	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2021 MCC MTN002 (e)	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2021 MCC MTN003 (f)	-	-	2,000	2,000,000	-	-	2,000	2,000,000
2021 MCC MTN004 (g)	-	-	500	500,000	-	-	500	500,000
Total	/	20,500,000	/	7,700,000	/	4,500,000	/	23,700,000

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 corporate bonds and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Other equity instruments (Continued)

- (a) The Company entered into a renewable financing contract with Zhongyuan Trust Co.,Ltd. in 2021, totaling RMB 500,000,000. The Company has the financier redemption option and can choose to exercise the right of repayment on the corresponding expiration date of the 5th year, or the expiration date of each year after the 5th year from the date (inclusive) when each tranche of investment funds is substantially transferred into the account designated by the Company. The renewable financing instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the Company treats the renewable financing instruments as other equity instruments.
- (b) The Company entered into a renewable financing contract with Barry Trust Co., Ltd. in 2021, totaling RMB 500,000,000. The Company has the financier redemption option and can choose to exercise the right of repayment on the corresponding expiration date of the 3th year, or the expiration date of each year after the 3th year from the date (inclusive) when each tranche of investment funds is substantially transferred into the account designated by the company. The renewable financing instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the Company treats the renewable financing instruments as other equity instruments.
- (c) The Company entered into a renewable financing contract with Barry Trust Co., Ltd. in 2021, totaling RMB 200,000,000. The Company has the financier redemption option and can choose to exercise the right of repayment on the corresponding expiration date of the 3th year, or the expiration date of each year after the 3th year from the date (inclusive) when each tranche of investment funds is substantially transferred into the account designated by the Company. The renewable financing instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the Company treats the renewable financing instruments as other equity instruments.
- (d) In 2021, the company issued a new 2021 first phase of medium-term notes of RMB 2,000,000,000. The announcement was issued on July 22, 2021. Bonds was issued on July 26-27, 2021. The repayment period is 3 +n (3) years,the lead underwriter and bookkeeper of the current medium-term notes is Shanghai Pudong Development Bank. The company has the financier's redemption option. This medium-term note does not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the company includes this medium-term note financing instrument as other equity instruments.
- (e) In 2021, the company issued a new 2021 second phase of medium-term notes of RMB 2,000,000,000. The announcement was issued on August 13, 2021. Bonds was issued on August 17-18, 2021. The repayment period is 3 +n (3) years,the lead underwriter and bookkeeper of the current medium-term notes is Postal Savings Bank of China. The company has the financier's redemption option. This medium-term note does not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the company includes this medium-term note financing instrument as other equity instruments.
- (f) In 2021, the company issued a new 2021 third phase of medium-term notes of RMB 2,000,000,000. The announcement was issued on August 20, 2021. Bonds was issued on August 24-25, 2021. The repayment period is 3 +n (3) years,the lead underwriter and bookkeeper of the current medium-term notes is Postal Savings Bank of China. The company has the financier's redemption option. This medium-term note does not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the company includes this medium-term note financing instrument as other equity instruments.
- (g) In 2021, the company issued a new 2021 fourth phase of medium-term notes of RMB 500,000,000. The announcement was issued on December 24, 2021. Bonds was issued on December 28-29, 2021. The repayment period is 3 +n (3) years,the lead underwriter and bookkeeper of the current medium-term notes is Postal Savings Bank of China. The company has the financier's redemption option. This medium-term note does not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions. Therefore, the company includes this medium-term note financing instrument as other equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Capital reserve

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
Share premium	22,467,142	-	-	22,467,142
Other capital reserve	(5,540)	151,317	-	145,777
Total	22,461,602	151,317	-	22,612,919

48. Other comprehensive income

All amounts in RMB'000

Items	31 December 2020	Amount for the current year					Less: Retained earnings transferred from other comprehensive income	31 December 2021
		Other comprehensive income before tax for the year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for 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		
(i) Other comprehensive income that will not be reclassified to profit or loss	49,824	36,094	-	28,524	(4,416)	11,986	124,291	(78,883)
1. Changes in re-measurement of defined benefit obligations	8,359	6,651	-	(410)	3,333	3,728	-	11,692
2. Other comprehensive income that cannot be transferred to profit or loss under equity method	-	55	-	-	55	-	-	55
3. Fair value changes in investments in other equity instruments	41,465	29,388	-	28,934	(7,804)	8,258	124,291	(90,630)
(ii) Other comprehensive income that may be reclassified to profit or loss	(334,220)	(83,195)	-	(2,613)	211,479	(292,061)	-	(122,741)
1. Other comprehensive income that may be transferred to profit or loss under equity method	23,225	41,705	-	-	30,346	11,359	-	53,571
2. Changes in fair value of receivables at FVTOCI	(107,847)	(15,831)	-	(2,613)	(12,449)	(769)	-	(120,296)
3. Exchange differences on translating foreign operations	(249,598)	(109,069)	-	-	193,582	(302,651)	-	(56,016)
Total other comprehensive income	(284,396)	(47,101)	-	25,911	207,063	(280,075)	124,291	(201,624)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Special reserve

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
Production safety fee	12,550	7,189,775	7,189,775	12,550
Total	12,550	7,189,775	7,189,775	12,550

50. Surplus reserve

All amounts in RMB'000

Items	31 December 2020	Increase	Decrease	31 December 2021
Statutory surplus reserve	2,016,768	676,224	-	2,692,992
Total	2,016,768	676,224	-	2,692,992

- (a) 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 needed. Upon the approval of the board, the statutory surplus reserve can be used to offset previous years' losses or increase the share capital. The Company appropriated 10% of the net profit, amounting to RMB676,224,000 for the year ended 31 December 2021 (for the year ended 31 December 2020: RMB 267,830,000), to the statutory surplus reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Retained earnings

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Retained earnings at the beginning of the year	32,461,495	27,123,498
Add: Net profit attributable to shareholders of the parent company for the current year	8,374,970	7,862,185
Other comprehensive income carried forward to retained earnings	124,291	(15,224)
Less: Appropriation to surplus reserve (Note VII 50 (a))	676,224	267,830
Declaration of dividends on ordinary shares (a)	1,554,272	1,492,100
Declaration of dividends on perpetual bonds (c)	775,739	749,034
Retained earnings at the end of the year (b)(c)	37,954,521	32,461,495

- (a) In accordance with the resolution at the 2020 annual general meeting of shareholders on 25 June 2021, a final cash dividend of RMB 0.75 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB1,554,272,000. These dividends have been paid in the current year.
- (b) As at 31 December 2021, retained earnings of the Group contained statutory surplus reserve of subsidiaries of the parent company amounting to RMB 16,312,563,000 (as at 31 December 2020: RMB 15,080,725,000).
- (c) For the year ended 31 December 2021, dividends on perpetual bond amounted to RMB 775,739,000 (2020: RMB 749,034,000). As at 31 December 2021, retained earnings contained no interests belonging to the perpetual bond holders (as at 31 December 2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Operating revenue and operating costs

(1) Operating revenue and operating costs

All amounts in RMB'000

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

(2) Segment information of operating revenue for the year ended 31 December 2021

Items	Engineering contracting	Property development	Equipment manufacturing	Resource development	Others	Total
Main business revenue	457,695,389	21,072,386	11,239,406	6,652,774	2,503,679	499,163,634
Including: Revenues recognized at one point	19,020,576	18,918,547	6,595,218	6,652,774	1,991,963	53,179,078
Revenues recognized during a period	438,674,813	2,153,839	4,644,188	-	511,716	445,984,556
Other business revenue	855,222	337,347	196,207	4,190	15,047	1,408,013
Total	458,550,611	21,409,733	11,435,613	6,656,964	2,518,726	500,571,647

- (3) The engineering contracting services provided by the Group generally constitutes a single performance obligation as a whole and is performed over time. As at 31 December 2021, some of the Group's engineering contracting service contracts are still in the process of performance, the transaction price allocated to the outstanding (or partially unperformed) performance obligations is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Operating revenue and operating costs

(4) Operating revenue from the top five largest customers of the Group

The total amount of operating revenue from the top five largest customers of the Group is RMB17,754,579,000 (for the year ended 31 December 2020: RMB 17,594,606,000), accounting for 3.55% of the total operating revenue of the Group (for the year ended 31 December 2020: 4.40%). 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	5,742,586	1.15
Party 2	3,306,532	0.66
Party 3	3,091,651	0.62
Party 4	3,075,349	0.61
Party 5	2,538,461	0.51
Total	17,754,579	3.55

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Taxes and levies

All amounts in RMB'000

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

54. Selling expenses

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Administrative expenses

All amounts in RMB'000

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

The administrative expenses for the current year include audit fees of RMB 15,810,000 (for the year ended 31 December 2020: RMB 16,010,000), among which audit fees for internal control for the current year amounted to RMB 1,500,000 (for the year ended 31 December 2020: RMB 1,500,000).

56. Research and development expenditure

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Financial expenses

All amounts in RMB'000

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

58. Other income

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Government grants related to routine activities	392,499	425,666
Others	35,535	25,936
Total	428,034	451,602

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Investment gains(losses)

All amounts in RMB'000

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

Note: For the current year, the Group's investment losses due to the transfer of bank acceptance bills and accounts receivable measured by amortized cost to financial institutions in the form of discount, non-recourse protection factoring and asset securitization were RMB 1,491,538,000 (for the period ended 31 December 2020: RMB 870,347,000).

60. Gains from changes in fair values

All amounts in RMB'000

Sources	Amount for the current year	Amount for the prior year
Gains(losses) arising on changes in fair value of financial assets held for trading	23,644	(11,492)
Gains arising on changes in fair value of derivative financial assets	138,784	46,012
Gains(losses) arising on changes in fair value of derivative financial liabilities	(4,413)	4,224
Gains(losses) arising on changes in fair value of other non-current financial assets	19,919	(4,921)
Total	177,934	33,823

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Impairment losses of credit

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Credit losses of bills receivable (Note VII 4(4))	(380,960)	(6,030)
Credit losses of accounts receivable (Note VII 5(3))	(1,843,968)	(1,082,688)
Credit losses of other receivables (Note VII 8(4)(b))	(1,530,642)	(1,277,466)
Credit losses of long-term receivables (Note VII 13(2))	40,756	(720,485)
Total	(3,714,814)	(3,086,669)

62. Impairment losses of assets

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
I. Impairment of contract assets (Note VII 10(2))	(824,007)	(215,820)
II. Impairment of inventories (Note VII 9(2))	(125,680)	(130,108)
III. Impairment of long-term equity investments (Note VII 14)	(553,808)	-
IV. Impairment of investment properties (Note VII 17(1))	-	(5,371)
V. Impairment of fixed assets (Note VII 18(1))	(15,895)	(131,335)
VI. Impairment of construction in progress (Note VII 19(2)(c))	-	(107,507)
VII. Impairment of intangible assets (Note VII 21)	-	(2,602)
VIII. Impairment of goodwill (Note VII 22(2))	(105,032)	(595)
Total	(1,624,422)	(593,338)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Gains on disposal of assets

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Gains on disposal of fixed assets	437,728	70,882
Gains on disposal of intangible assets	251,500	162,017
Total	689,228	232,899

64. Non-operating income

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Non-operating expenses

All amounts in RMB'000

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

66. Income tax expenses

(1) Income tax expenses

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Income tax expenses (Continued)

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

All amounts in RMB'000

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

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

Taxation of overseas subsidiaries within the Group has been calculated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Other comprehensive income

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
(I) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes in re-measurement of defined benefit obligations	6,651	130,122
Less: Income tax effects on changes in re-measurement of defined benefit obligations	(410)	(28,195)
Sub-total	7,061	158,317
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method	55	-
Less: Effect of income tax incurred by other comprehensive income that cannot be reclassified to profit or loss under equity method	-	-
Sub-total	55	-
3. Fair value changes of investments in other equity instruments	29,388	26,635
Less: Income tax effects arising from fair value changes of investments in other equity instruments	28,934	(10,714)
Sub-total	454	37,349
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method	41,705	(54)
Less: Effect of income tax incurred by other comprehensive income under equity method	-	-
Sub-total	41,705	(54)
2. Changes in fair value of receivables at FVTOCI	(15,831)	(34,187)
Less: Effect of changes in fair value of receivables at FVTOCI on income tax	(2,613)	(8,824)
Sub-total	(13,218)	(25,363)
3. Exchange differences on translating foreign operations	(109,069)	(741,183)
Total	(73,012)	(570,934)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Receipts of deposits and guarantee funds	2,731,257	1,955,420
Interest income	995,423	905,462
Recovery of receivables	737,686	1,226,905
Government grants received	585,857	818,157
Petty cash funds returned by employees	31,879	78,449
Others	473,744	355,697
Total	5,555,846	5,340,090

(2) Other cash payments relating to operating activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Payments of deposits and guarantee funds	1,266,012	5,560,543
Research and development expenses	12,434,226	8,712,480
Payments for retirement benefits	394,070	386,897
Travelling expenses	631,040	509,868
Office expenses	1,196,403	901,925
Repair and maintenance expenses	377,236	113,926
Advertising and sales service expenses	638,130	422,797
Settlements for payables	732,849	463,704
Conference expenses and association fees	11,549	11,307
Others	452,132	542,986
Total	18,133,647	17,626,433

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(3) Other cash receipts relating to investing activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Interest income from loans	801,548	1,071,994
Total	801,548	1,071,994

(4) Other cash payments relating to investing activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Providing loans to related parties	9,042,539	6,234,940
Total	9,042,539	6,234,940

(5) Other cash receipts relating to financing activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Decrease in restricted deposits	322,886	932,237
Total	322,886	932,237

(6) Other cash payments relating to financing activities

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Redemption of perpetual medium-term notes	7,725,750	13,000,000
Payments for lease liabilities	308,378	105,724
Transactions with non-controlling interests	15,218	219,824
Total	8,049,346	13,325,548

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. 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 current year	Amount for the prior year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	11,607,194	9,382,357
Add: Provision for impairment losses of assets and credit losses	5,339,236	3,680,007
Depreciation of fixed assets and right-of-use assets, and amortization of investment properties	2,842,739	2,997,158
Amortization of intangible assets	614,193	540,148
Amortization of long-term prepayments	88,759	84,243
Gains on disposal of fixed assets, intangible assets and other long-term assets	(689,228)	(232,898)
Losses on written-off of fixed assets	11,739	6,523
Losses (gains) from changes in fair value	(177,934)	(33,823)
Financial expenses	1,903,897	2,434,843
Investment income	(155,881)	269,315
Increase in deferred tax assets	(510,494)	27,591
Decrease in deferred tax liabilities	(8,427)	(9,190)
(Increase) decrease in inventories	(1,362,015)	150,652
Increase in contract assets	(8,834,156)	(10,378,939)
Increase in contract liabilities	1,438,434	21,057,761
Decrease (increase) in receivables from operating activities	(17,083,528)	(9,615,933)
Increase (decrease) in payables from operating activities	22,615,480	7,671,890
Net cash flows from operating activities	17,640,008	28,031,705
2. Significant non-cash investing and financing activities:		
None		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	31,216,824	42,165,302
Less: Opening balance of cash	42,165,302	31,814,900
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	(10,948,478)	10,350,402

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. Supplementary information to the cash flow statements (Continued)

(2) Net cash received from disposal of subsidiaries in the current year

All amounts in RMB'000

Items	Amount
Cash and cash equivalents received from disposal of subsidiaries in the current year	88,266
Less: cash and cash equivalents held by subsidiaries on the date of loss of control	-
Add: cash and cash equivalents received from disposal of subsidiaries in the previous year	-
Net cash received from disposal of subsidiaries	88,266

(3) The composition of cash and cash equivalents

All amounts in RMB'000

Items	31 December 2021	31 December 2020
I. Cash	31,216,824	42,165,302
Including: Cash on hand	11,136	11,441
Bank deposits without restriction	30,905,299	41,409,099
Other cash and bank balances without restriction	300,389	744,762
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	31,216,824	42,165,302
Including: Cash and cash equivalents of the Company or within the Group with restriction	-	-

70. Assets with title restrictions

All amounts in RMB'000

Items	31 December 2021	Reasons
Cash and bank balances	10,607,640	Freeze/Control
Bills receivable	308,470	Pledge
Bills receivable	1,134,407	Endorsed or discounted
Accounts receivable	3,274,988	Pledge
Receivables at FVTOCI	6,551,797	Pledge
Inventories	5,185,990	Mortgage
Investment properties	360,327	Mortgage
Fixed assets	283,299	Mortgage/Freeze
Intangible assets	1,243,936	Mortgage/Freeze
Total	28,950,854	/

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. Foreign currencies denominated items

(1) Foreign currencies denominated items

All amounts in RMB'000

Items	Foreign currency at 31 December 2021	Exchange rate	RMB at 31 December 2021
Cash and bank balances			3,722,505
Including: USD	376,780	6.3757	2,402,238
EUR	11,164	7.2197	80,601
AUD	50,231	4.622	232,166
HKD	858	0.8176	701
RMB	234,007	1	234,007
Others	/	/	772,792
Accounts receivable			1,179,660
Including: USD	116,855	6.3757	745,035
EUR	1,211	7.2197	8,746
AUD	1,000	4.622	4,622
HKD	91,402	0.8176	74,730
Others	/	/	346,527
Other receivables			15,513,619
Including: USD	2,256,857	6.3757	14,389,042
EUR	400	7.2197	2,888
AUD	129,275	4.622	597,511
HKD	269,817	0.8176	220,602
RMB	32,227	1	32,227
Others	/	/	271,349
Short-term borrowings			3,081,095
Including: USD	483,256	6.3757	3,081,095
Accounts payable			734,141
Including: USD	53,561	6.3757	341,492
EUR	2,477	7.2197	17,882
AUD	1,530	4.622	7,072
HKD	69,694	0.8176	56,982
RMB	52,462	1	52,462
Others	/	/	258,251
Other payables			12,009,533
Including: USD	1,527,249	6.3757	9,737,280
EUR	699	7.2197	5,044
AUD	39,096	4.622	180,703
HKD	241,375	0.8176	197,348
RMB	11,708	1	11,708
Others	/	/	1,877,450

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VII. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. Foreign currencies denominated items (Continued)

(2) Notes for the foreign operations

Full name of the major foreign operations	Place of business	Reporting currency	The basis of selecting functional currency
MCC Minera Sierra Grande S.A	Argentina	Argentine Peso	The functional currency of the overseas subsidiaries is selected based on the primary economic environment where they operate.
MCC Mining (Western Australia) Pty Ltd.	Australia	US Dollar	
MCC Australia Holding Pty Ltd.	Australia	Australian Dollar	
MCC Tongsin Resources Ltd.	Pakistan	US Dollar	
MCC Holding (Hong Kong) Corporation Limited	Hong Kong, China	US Dollar	
MCC Ramu NiCo Ltd.	Papua New Guinea	US Dollar	

The functional currencies of the Group's major foreign operations have not changed during the reporting period.

72. Government grants

(1) Basic information of government grants

All amounts in RMB'000

Government grants	Category	Amount received in the current year	Presenting items	Amount recognized in profit or loss
Compensation For Demolition of Urban Housing In Tianhui, Chengdu	Income related	49,646	Non-operating income	49,646
Development Subsidy of Finance Bureau, Baoshan District, Shanghai	Income related	35,160	Other income	35,160
Government Subsidies for High-tech Industrial Park In Dalian	Income related	29,179	Operating cost	29,179
Pension expenditure to retirees allocated from the Ministry of Science and Technology	Income related	18,249	Non-operating income	18,249
Compensation for Storage, Loading-unloading and Delivery Service of Land Acquisition Houses	Income related	16,106	Other income	16,106
People's Government Supporting Funds of Luodian Town, Baoshan District	Income related	13,580	Other income	13,580
Tax returns of Zombie Enterprises	Income related	11,862	Other income	11,862
Government Subsidies for Supply of Water, Power, Heating and Property Management	Income related	10,835	Non-operating income	10,835
Labor Costs of Building Industry In Shaanxi Province	Income related	10,700	Other income	10,700
MCC CISDI VAT Refund for Software Products	Income related	10,031	Other income	10,031
Others	Asset related / Income related	380,509	Deferred income / operating cost / administrative expense / Other income / non-operating income / Research and development expenses	474,402
Total	/	585,857	/	679,750

(2) During the reporting period, the Group has no returned government grants.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

VIII. CHANGES OF THE SCOPE OF CONSOLIDATION

1. Disposal of subsidiaries

(1) Disposal of subsidiaries through single transaction

All amounts in RMB'000

Name of the subsidiary	Sales proceeds	Percentage of equity interest disposed (%)	Method of disposal	Disposal date	The basis of determining disposal date	The difference between disposal consideration and shares of net assets of the corresponding subsidiaries at the date of disposal	Proportion of the retained interests on disposal date (%)	Carrying amount of the retained interests on disposal date	Fair value of the retained interests on disposal date	Amounts recognized in profit or loss from re-measuring retained interests in accord with its fair value	Key factors and assumptions used in determining the fair value on disposal date	Cumulative gain reclassified from other comprehensive income to profit or loss on disposal
Entity 1	88,266	80.00	Transfer	2021-12-29	The date of actual loss of control	97,906	-	-	-	-	N/A	-

The Group achieved gains of RMB 97,906,000 arising on losing control of above subsidiaries, which was presented in investment income in the consolidated financial statements (Note VII59). The Group achieved net cash inflow of RMB 88,266,000 arising on losing control of above subsidiaries.

2. Change of consolidation scope for other reasons

All amounts in RMB'000

Name of the subsidiary	Cost of investment	Method of getting the subsidiary	Net assets at 31 December 2021	Net profit for the current year
MCC Fujian Investment and Construction Co., Ltd.	60,000	Newly established through investments	100,580	580

For this reporting period, except for the newly established companies through investments, there was no other significant change of the scope of the consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) The constitution of the Group

Details of subsidiaries of the Group:

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Proportion of ownership interest (%)		Method of getting the subsidiary
				Direct	Indirect	
Central Research Institute of Building and Construction Co., Ltd.	China	Beijing	EPC	100.00	-	Invested by shareholders
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	China	Beijing	EPC	100.00	-	Invested by shareholders
China ENFI Engineering Co., Ltd.	China	Beijing	EPC	100.00	-	Invested by shareholders
MCC Capital Engineering & Research Incorporation Limited	China	Beijing	EPC	88.89	-	Invested by shareholders
CISDI Group Co., Ltd.	China	Chongqing	Design, service	100.00	-	Invested by shareholders
WISDRI Engineering & Research Incorporation Limited	China	Wuhan	EPC	83.08	-	Invested by shareholders
Huatian Engineering & Technology Corporation, MCC	China	Ma'anshan	EPC	85.10	-	Invested by shareholders
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	China	Anshan	EPC	87.81	-	Invested by shareholders
Zhong Ye Chang Tian International Engineering Co., Ltd.	China	Changsha	EPC	92.61	-	Invested by shareholders
Northern Engineering & Technology Corporation, MCC	China	Anshan	EPC	91.26	-	Invested by shareholders
Shen Kan Engineering & Technology Corporation, MCC	China	Shenyang	Investigation, design	100.00	-	Invested by shareholders
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	China	Wuhan	Investigation, design	100.00	-	Invested by shareholders

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Proportion of ownership interest (%)		Method of getting the subsidiary
				Direct	Indirect	
China First Metallurgical Group Co., Ltd.	China	Wuhan	Engineering contracting	98.26	-	Invested by shareholders
China Second Metallurgical Group Corporation Limited (i)	China	Baotou	Engineering contracting	100.00	-	Invested by shareholders
China MCC 3 Group Co., Ltd.	China	Anshan	Engineering contracting	100.00	-	Invested by shareholders
China MCC 5 Group Co., Ltd.	China	Chengdu	Engineering contracting	98.58	-	Invested by shareholders
MCC TianGong Group Corporation Limited	China	Tianjin	Engineering contracting	98.53	-	Invested by shareholders
China MCC 17 Group Co., Ltd.	China	Ma'anshan	Engineering contracting	72.39	-	Invested by shareholders
China Metallurgical Construction Engineering Group Co., Ltd.	China	Chongqing	Engineering contracting	100.00	-	Invested by shareholders
China MCC 19 Group Co., Ltd.	China	Panzhuhua	Engineering contracting	100.00	-	Invested by shareholders
China MCC 20 Group Co., Ltd.	China	Shanghai	Engineering contracting	69.00	-	Invested by shareholders
China 22MCC Group Co., Ltd.	China	Tangshan	Engineering contracting	100.00	-	Invested by shareholders
Shanghai Baoye Group Co., Ltd.	China	Shanghai	Engineering contracting	97.93	0.80	Invested by shareholders
China Huaye Group Co., Ltd.	China	Beijing	Engineering contracting	100.00	-	Invested by shareholders
MCC Baosteel Technology Services Co., Ltd.	China	Shanghai	Repair work	59.65	20.89	Invested by shareholders
MCC Communication Construction Group Co., Ltd.	China	Beijing	Infrastructure contractor	100.00	-	Invested by shareholders
MCC Rail Transit Co., Ltd.	China	Langfang	Engineering contracting	100.00	-	Established through investments
MCC Road&Bridge Construction Co., Ltd.	China	Inner Mongolia	Engineering contracting	100.00	-	Established through investments
MCC Zhongyuan Construction Investment Co., Ltd.	China	Zhengzhou	Engineering contracting	100.00	-	Established through investments
MCC Integrated Pipe Network Technology & Development Co., Ltd.	China	Baoding	Project contracting, Integrated pipe network technology development, etc.	100.00	-	Established through investments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Proportion of ownership interest (%)		Method of getting the subsidiary
				Direct	Indirect	
MCC South China Construction Investment Co., Ltd.	China	Shenzhen	Engineering contracting	51.00	-	Established through investments
MCC (Hainan) Investment Development Co., Ltd.	China	Hainan	Engineering contracting	60.00	39.30	Established through investments
MCC Urban Investment Holding Co., Ltd.	China	Guangdong	Engineering contracting	60.00	-	Established through investments
MCC (Yunnan) Engineering Investment and Construction Co., Ltd.	China	Yunnan	Engineering contracting	60.00	-	Established through investments
MCC Fujian Investment and Construction Co., Ltd.	China	Fujian	Engineering contracting	60.00	-	Established through investments
MCC (Shanghai) Steel Structure Technology Co., Ltd.	China	Shanghai	Engineering contracting	42.56	54.84	Invested by shareholders
MCC Ecological Environmental Protection Group Co., Ltd.	China	Beijing	Water resource management	4.48	81.29	Established through investments
MCC Real Estate Group Co., Ltd.	China	Beijing	Property development	100.00	-	Invested by shareholders
MCC Tongsin Resources Ltd.	Pakistan	British Virgin Islands	Resource development	100.00	-	Invested by shareholders
MCC Australia Holding Pty Ltd.	Australia	Australia	Resource development	100.00	-	Invested by shareholders
MCC-JJJ Mining Development Company Limited	China	Beijing	Resource development	67.02	-	Invested by shareholders
Ramu NiCo Management (MCC) Ltd.	Papua New Guinea	Papua New Guinea	Nickel cobalt ore mining and smelting	100.00	-	Invested by shareholders
MCC Finance Corporation Ltd.	China	Beijing	Finance	86.13	12.49	Invested by shareholders
MCC Financial Leasing Co., Ltd.	China	Zhuhai	Finance lease	51.00	49.00	Established through investments
MCC International Incorporation Ltd.	China	Beijing	Engineering contracting	100.00	-	Invested by shareholders
MCC Overseas Ltd.	China	Beijing	Engineering contracting	100.00	-	Invested 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	54.58	40.99	Invested by shareholders

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

Name of subsidiary	Place of business	Place of establishment/ incorporation	Business scope	Proportion of ownership interest (%)		Method of getting the subsidiary
				Direct	Indirect	
MCC Holding (Hong Kong) Corporation Limited (ii)(iii)	China	Hong Kong, China	Others	100.00	-	Established through investments
MCC-SFRE Heavy Industry Equipment Co., Ltd.	China	Xi'an	Metallurgy equipment manufacture	71.47	-	Invested by shareholders
MCC Mining (Western Australia) Pty Ltd.	Australia	Australia	Resource development	100.00	-	Invested by shareholders
China 13th Metallurgical Construction Corporation	China	Taiyuan	Engineering contracting	100.00	-	Invested by shareholders
Tianjin United Huitong Investment Partnership (Limited Partnership)	China	Tianjin	Investing with own funds	20.00	-	Established through investments
Tianjin United Huixin Investment Partnership (Limited Partnership)	China	Tianjin	Investing with own funds	20.00	-	Established through investments
Tianjin Hongxin Investment Partnership (Limited Partnership)	China	Tianjin	Investing with own funds	20.00	-	Established through investments

Note:

- (i) China Second Metallurgical Group Corporation Limited, one of the Company's subsidiary, issued perpetual bonds in 2020. The amounts received after deducting relative transaction costs are recognized in other equity instruments and presented under the headline of minority interests in the consolidated financial statements. At 31 December 2021, the closing balance of this minority interest is RMB 800,000,000.
- (ii) At 31 December 2021, except for the Company and MCC Holding (Hong Kong) Corporation Limited (the "MCC Hong Kong"), other subsidiaries have not issued any bond. None of the subsidiaries of the Company have issued share capital.
- (iii) MCC Hong Kong, one of the Company's subsidiary, issued overseas perpetual bonds in 2020 and 2021. The amounts received after deducting relative transaction costs are recognized in other equity instruments and presented under the headline of minority interests in the consolidated financial statements. At 31 December 2021, the closing balance of this minority interest is RMB 9,563,550,000.
- (iv) At 24 December 2021, the No.33 meeting of the third Board of Directors passed the resolution of the dissolution and liquidation of MCC Finance Corporation Ltd. After the dissolution in 2022, the number of subsidiaries included in the consolidated financial statements will reduce by one.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

- (a) There is no difference between proportion of ownership interest and proportion of voting power in subsidiaries in the current period.
- (b) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights.
- (i) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights

Name of investee	The proportion of voting power (%)	The reason for forming part of consolidation scope
Qingdao JinZe HuaDi Real Estate Development Co., Ltd.	50.00	According to the agreement among shareholders, the Group can control the investee.
Beijing Jinwei Soldering Material Co., Ltd.	45.00	According to the rules as agreed in the articles of association, the Group can control the investee.
Shenzhen Qianhai Public Safety Science Research Institute Co., Ltd	45.00	According to the rules as agreed in the articles of association, the Group can control the investee.
Jingjinji MCC Minxin Infrastructure Construction Co., Ltd.	30.00	According to the agreement among shareholders, the Group can control the investee.
Wuhan Zhongyi Communication Construction Co., Ltd.	25.10	According to the agreement of shareholding entrustment, the Group can control the investee.
Tianjin United Huixin Investment Partnership (Limited Partnership)	20.00	According to the partnership agreement, the Group can control the investee.
Tianjin United Huitong Investment Partnership (Limited Partnership)	20.00	According to the partnership agreement, the Group can control the investee.
Tianjin Hongxin Investment Partnership (Limited Partnership)	20.00	According to the partnership agreement, the Group can control the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

(b) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights. (Continued)

(ii) The grounds for not controlling the investees in which the Group holds more than half of the voting rights

Name of investee	The proportion of voting power (%)	The reason for forming part of consolidation scope
Fuzhou MCC Infrastructure Investment Co., Ltd.	90.00	The other shareholder has one vote of veto, accounted for as a joint venture
Tianjin Mingjin MCC Real Estate Co., Ltd.	80.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Zhengzhou Baoye Zhicheng Pipe Network Construction and Management Co., Ltd.	80.00	Each shareholder has one vote of veto, accounted for as a joint venture
Zhuzhou Beihuan Dafeng Municipal Construction Co., Ltd.	80.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd.	70.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture (Note IX 2 (1))
Xuzhou MCC Chengdong Express Way Co., Ltd.	70.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Ba Zhong Sheng Rong Construction Investment Management Co., Ltd.	68.83	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Ba Zhong De Rong Construction Engineering Management Co., Ltd.	68.82	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

(b) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights. (Continued)

(ii) The grounds for not controlling the investees in which the Group holds more than half of the voting rights (Continued)

Name of investee	The proportion of voting power (%)	The reason for forming part of consolidation scope
Wuzhong City Underground Integrated Pipe Network Co., Ltd.	67.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Zhongshan MCC Cuicheng Street Integrated Pipe Network Co., Ltd.	60.00	The other shareholder can decide the related activities of name of investee, accounted for as an associate
Yinchuan Binhe New Area Water Center Management Co., Ltd.	60.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Beijing New Century Restaurant Co., Ltd.	60.00	Each shareholder has one vote of veto, accounted for as a joint venture
Xing Long County MCC Minglu Real Estate Development Co., Ltd.	60.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Guizhou Ziwang Highway Construction Co., Ltd.	59.96	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture (Note IX 2 (1))
Guizhou Sanli Highway Construction Co., Ltd.	59.95	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture (Note IX 2 (1))
Guizhou Sanshi Highway Construction Co., Ltd.	59.90	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture (Note IX 2 (1))

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

- (b) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights. (Continued)
- (ii) The grounds for not controlling the investees in which the Group holds more than half of the voting rights (Continued)

Name of investee	The proportion of voting power (%)	The reason for forming part of consolidation scope
Sanya MCC Minglan Development Co., Ltd.	55.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Zhuhai MCC Jianxin Investment Management Partnership (LP)	51.01	Other shareholders can control the investee's activities, accounted for as an associate (Note IX 2 (1))
MCC Rong Xing Building Materials(Chengdu) Co., Ltd.	51.00	The other shareholder can decide the related activities of name of investee, accounted for as an associate
Zhongye Tap Water (Zhumadian) Co., Ltd.	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Lahore Xingzhong Renewable Energy Co. Ltd	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(1) The constitution of the Group (Continued)

(b) The grounds for controlling the investees of which the Group is holding half or less than half of the voting rights, and the grounds for not controlling the investees of which the Group is holding more than half of the voting rights. (Continued)

(ii) The grounds for not controlling the investees in which the Group holds more than half of the voting rights (Continued)

Name of investee	The proportion of voting power (%)	The reason for forming part of consolidation scope
Baoye Yonglian (Jiangsu) Construction Technology Co., Ltd	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Zuhai Hengqin Headquarters Building Development Co., Ltd.	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture (Note IX 2 (1))
Nanjing MCC Zhenghuai Real Estate Co., Ltd.	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
Nanjing MCC Minghan Real Estate Co., Ltd.	51.00	The Group can decide the investee's activities only after signing a concerted action agreement with the other shareholder, accounted for as a joint venture
MCC LAND (CANBERRA) PTE LTD	51.00	Other shareholders can control the investee's activities, accounted for as an associate
MCC LAND (TMK) PTE LTD	51.00	Other shareholders can control the investee's activities, accounted for as an associate

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For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Material non-controlling interests

All amounts in RMB'000

Company name	Proportion of equity interest held by non-controlling interests (%)	Profit or loss attributable to non-controlling interests in the current year	Declaration of cash dividends to non-controlling interests	Non-controlling interests at the end of the year
WISDRI Engineering & Research Incorporation Limited	16.92	250,653	35,961	2,098,740
China MCC 20 Group Co., Ltd.	31.00	56,285	-	1,432,944
China MCC 17 Group Co., Ltd.	27.61	318,844	93,080	1,630,932
MCC Baosteel Technology Services Co., Ltd.	19.46	129,341	39,682	879,384
Huatian Engineering & Technology Corporation, MCC	14.90	10,882	8,245	615,185
MCC Capital Engineering & Research Incorporation Limited	11.11	41,767	6,950	526,321

- (a) Except for the situation disclosed in Note IX 1(1) (b), there is no significant difference between proportion of ownership interest and proportion of voting power in subsidiaries in the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Summarized financial information of subsidiaries with material non-controlling interests

All amounts in RMB'000

Name of subsidiary	31 December 2021						31 December 2020					
	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
WISDRI Engineering & Research Incorporation Limited	22,798,675	4,561,157	27,359,832	18,858,562	282,351	19,140,913	17,279,965	5,541,073	22,821,038	15,178,469	278,248	15,456,717
China MCC 20 Group Co., Ltd.	27,167,913	3,595,518	30,763,431	24,919,230	486,824	25,406,054	25,239,936	3,325,561	28,565,497	22,433,606	1,001,624	23,435,230
China MCC 17 Group Co., Ltd.	20,115,624	3,882,694	23,998,318	17,128,548	974,664	18,103,212	17,927,390	3,229,301	21,156,691	15,881,380	196,232	16,077,612
MCC Baosteel Technology Services Co., Ltd.	6,114,306	1,048,479	7,162,785	2,737,624	101,718	2,839,342	6,071,232	941,727	7,012,959	3,000,267	102,939	3,103,206
Huatian Engineering & Technology Corporation, MCC	6,264,996	4,946,277	11,211,273	5,979,100	2,796,325	8,775,425	5,702,807	2,919,715	8,622,522	5,392,156	914,040	6,306,196
MCC Capital Engineering & Research Incorporation Limited	19,138,058	3,107,779	22,245,837	17,424,076	249,619	17,673,695	15,793,416	2,714,104	18,507,520	13,926,434	257,352	14,183,786

All amounts in RMB'000

Name of subsidiary	Amount for the current year				Amount for the prior year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
WISDRI Engineering & Research Incorporation Limited	21,121,687	1,020,963	1,011,043	1,157,235	17,651,316	672,409	640,339	1,911,754
China MCC 20 Group Co., Ltd.	38,725,988	204,330	231,017	1,690,918	30,439,346	60,914	109,804	536,157
China MCC 17 Group Co., Ltd.	40,180,580	1,154,597	1,153,128	1,196,435	30,194,662	913,057	914,741	882,544
MCC Baosteel Technology Services Co., Ltd.	7,312,290	641,322	640,538	521,667	5,879,157	619,078	614,266	1,126,049
Huatian Engineering & Technology Corporation, MCC	4,548,736	58,575	57,809	193,895	5,292,776	123,492	120,732	311,927
MCC Capital Engineering & Research Incorporation Limited	17,277,895	322,820	315,972	1,845,861	12,461,862	153,380	149,795	730,030

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For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates

(1) Details of the Group's material joint ventures and associates

Name of joint ventures and associates	Principal place of operation	Place of establishment	Principal activities	Proportion of ownership interest held by the Group (%)		Accounting method
				Direct	Indirect	
Guizhou Sanli Highway Construction Co., Ltd.	China	Qiannan Buyei and Miao Autonomous Prefecture	Highway investment and development	59.95	-	Equity method
Guizhou Ziwang Highway Construction Co., Ltd.	China	Anshun	Highway investment and development	59.96	-	Equity method
Guizhou Sanshi Highway Construction Co., Ltd.	China	Qiandongnan Miao and Dong Autonomous Prefecture	Highway investment and development	59.90	-	Equity method
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	China	Zhuhai	Property investment and development	51.00	-	Equity method
Yinchuan Huaiyuan Road Integrated Pipe Network Construction and Management Co., Ltd.	China	Yinchuan	Construction and operation of comprehensive pipe network	70.00	-	Equity method
Zhuhai MCC Jianxin Investment Management Partnership (LP)	China	Zhuhai	Investment management	51.01	-	Equity method
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	China	Beijing	Investment management	13.88	-	Equity method
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	China	Yingkou	Special steel production and equipment manufacturing	48.96	-	Equity method
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	China	Dehongzhoumangshi	Highway investment and development	40.00	-	Equity method
Chongqing Yunkai Expressway Co., Ltd.	China	Chongqing	Engineering construction investment	30.00	-	Equity method

The Group has no significant interests in any single joint venture or associate above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence.
- (i) The grounds for holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees

Name of investee	The proportion of voting power (%)	Reason for having significant influence
Hunchun Yilianda Pipe Network Construction Management Co., Ltd.	19.90	Representative is appointed on the board of directors of the investee
Erlian Haote Xinye Yixin Infrastructure Construction and Operation Co., Ltd.	19.68	Representative is appointed on the board of directors of the investee
Tianjin MCC Heyuan Real Estate Co., Ltd.	19.00	Representative is appointed on the board of directors of the investee
Tianjin Yuanda Xingchen Residential Industry Co., Ltd.	18.89	Representative is appointed on the board of directors of the investee
Gansu Jingli Expressway Longnan Management Co., Ltd.	18.32	Representative is appointed on the board of directors of the investee
Meizhou Pingye Highway Construction Co., Ltd.	18.00	Representative is appointed on the board of directors of the investee
Gansu Gonghanglv Historic District Construction and Investment Co., Ltd.	17.29	Representative is appointed on the board of directors of the investee
Lanzhou Lianhuo Highway Qingzhong Section Construction and development Co., Ltd.	17.00	Representative is appointed on the board of directors of the investee
Yangjiang Yangye Highway Construction Co., Ltd.	17.00	Representative is appointed on the board of directors of the investee
Hunan Xinxin Zhangguan Highway Construction and development Co., Ltd.	16.50	Representative is appointed on the board of directors of the investee
Tangshan Station West Construction and Development Co., Ltd.	16.00	Representative is appointed on the board of directors of the investee
Changsha Happy Ocean Park Co., Ltd.	16.00	Representative is appointed on the board of directors of the investee
Huixian Yushi Infrastructure Investment Co., Ltd.	16.00	Representative is appointed on the board of directors of the investee
Tongren Jingjiang Cultural Tourism Co., Ltd.	15.10	Representative is appointed on the board of directors of the investee
Kunming Chunsheng Urban Construction Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Jiangxi Shangli Jiasheng City Construction Development Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Fujian Minluo Construction Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Qingyang Longjie sponge city construction management and Operation Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Anyang Pu'an Highway Engineering Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Shanghai Jinmin Real Estate Co., Ltd.	15.00	Representative is appointed on the board of directors of the investee
Gansu Gonghanglu Mawu Xizhai Expressway Management Co, Ltd.	14.82	Representative is appointed on the board of directors of the investee
Hebei Steel Luan County Sijiyang Iron Ore Co., Ltd.	14.45	Representative is appointed on the board of directors of the investee

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence. (Continued)
- (i) The grounds for holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees (Continued)

Name of investee	The proportion of voting power (%)	Reason for having significant influence
Baiyin Integrated Pipe Network Management Co., Ltd.	14.29	Representative is appointed on the board of directors of the investee
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership)	13.88	Represented in the Investment Committee of the investee
Changchun Runde Construction Project Management Co., Ltd.	13.54	Representative is appointed on the board of directors of the investee
Changji City Haichang Project Management Co., Ltd.	13.00	Representative is appointed on the board of directors of the investee
Yuhuan Tianshang Construction and Development Co., Ltd.	12.20	Representative is appointed on the board of directors of the investee
Shangqiu City Tiangong Engineering Management Co., Ltd.	12.00	Representative is appointed on the board of directors of the investee
Yidu Riqing Ecological Management Co., Ltd.	11.11	Representative is appointed on the board of directors of the investee
Jianyang Chuanye Xiongzhou City Development Co., Ltd.	11.00	Representative is appointed on the board of directors of the investee
Zhanjiang Dongye Industrial Park Development and construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Leshan City Legao Urban Construction Engineering Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Ansteel Engineering Technology Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Xi'an Jingang Dingsheng Real Estate Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Chuzhou Kangjian Sports Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence. (Continued)
- (i) The grounds for holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees (Continued)

Name of investee	The proportion of voting power (%)	Reason for having significant influence
Chongqing Xiema East& West Main Line Construction Engineering Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Nanchong Shunjian Urban Construction Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Luxi Huarui Construction Engineering Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Cangnan Zhonggong Construction and Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Nanjing Pu'ou Construction and Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Nanchong Shunye Investment and Development Co.,Ltd.	10.00	Representative is appointed on the board of directors of the investee
Ruili MCC Infrastructure Investment and Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Bijie Xinye Municipal Engineering Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Jiayang Zhongye Tianshun Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Qingdao Qingping Olympic Sports Engineering Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Foshan Jianxin Infrastructure Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Zhangpu Chengye Construction Investment Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees, and the grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence. (Continued)
- (i) The grounds for holding less than 20% of the voting rights in the investees but the Group has common control or significant influence over these investees (Continued)

Name of investee	The proportion of voting power (%)	Reason for having significant influence
Nanjing Laoshan Shijiu Infrastructure Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Mianyang Three Highway Engineering Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Xingtai Runhe Project Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Ya'an Tianshun Kunye Project Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Renqiu MCC Infrastructure Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Jianyang Tianshun Traffic Investment Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Lanzhou Zhenghao Pipe Network Project Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Nanjing Pukou Xingbao Construction Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Meizhou City Meixian MCC Pipe Network Construction Investment and Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Cangzhou Tongyun Project Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Dangtu Qingyuan Engineering Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Jiujiang Three Gorges Phase II Water-Environmental Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Zhaotong Pipe Network Construction and Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Longyou Henghua Highway Construction Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Anhui Jiangnan Construction and Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Yiyang MCC Science and Industry Infrastructure Development Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Quanzhou City Quangang Quanye Project Management Co., Ltd.	10.00	Representative is appointed on the board of directors of the investee
Xiangxi Zhongyi Tengda Project Management Co. Ltd.	10.00	Representative is appointed on the board of directors of the investee

- (ii) The grounds for holding 20% or more of the voting rights in the investees over which the Group does not have significant influence

Name of investee	The proportion of voting power (%)	Reason for not having significant influence
BERIS Engineering and Research Corporation Jiangsu Heavy Industry Co., Ltd.	20.00	The Company did not assign director into the board of directors of the investee, nor involved in the financial and operating decisions or normal operating activities of the investee in any other forms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures and associates (Continued)

(2) Summarized financial information of material joint ventures and associates

All amounts in RMB'000

	31 December 2021 amount recognized in the current year	31 December 2020/ amount recognized in the prior year
Joint ventures:		
Total carrying amount	6,656,880	7,048,272
The Group's share of the following items		
-- Net profit	(98,079)	(57,944)
-- Other comprehensive income	1	(20)
-- Total comprehensive income	(98,078)	(57,964)
Associates:		
Total carrying amount	23,671,886	18,628,683
The Group's share of the following items		
-- Net profit	(32,973)	(119,643)
-- Other comprehensive income	41,759	(34)
-- Total comprehensive income	8,786	(119,677)

(3) In the reporting period, there are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

X. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

1. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings (including short-term borrowings, long-term borrowings, bonds payable and lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet, plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios of the Group as at 31 December 2021 and 31 December 2020 are as follows:

All amounts in RMB'000

	31 December 2021	31 December 2020
Total borrowings:		
Short-term borrowings (<i>Note VII 26</i>)	21,395,848	29,252,171
Long-term borrowings (inclusive of those due within one year) (<i>Note VII 37</i>)	37,382,197	36,428,995
Bonds payable (inclusive of those due within one year) (<i>Note VII 38</i>)	802,334	1,699,559
Lease liabilities (inclusive of those due within one year) (<i>Note VII 39</i>)	527,971	426,623
Less: Cash and cash equivalents (<i>Note VII 69(3)</i>)	31,216,824	42,165,302
Net debt	28,891,526	25,642,046
Shareholders' equity	151,387,759	140,355,306
Total capital	180,279,285	165,997,352
The gearing ratio	16.03%	15.45%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

X. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Financial instruments and risk management

The Group's operating activities expose to a variety of financial risks: market risk (mainly including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner to address the uncertainty of financial market and to reduce the potential negative impact on the operating results of the Group.

(1) Market risk

(a) Foreign exchange risks

The functional currency of a majority of the entities within the Group is RMB and most of the transactions are settled in RMB. However, there are also foreign currencies denominated transactions. The Group's exposure to foreign exchange risk relates principally to United States Dollars ("USD"). To monitor the impact of exchange rate fluctuations, the Group continually assesses and monitors its exposure to foreign exchange risk. However, management continuously monitors foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arises. 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. The Group currently does not have a foreign exchange hedging policy.

Details of the Group's foreign currencies denominated financial assets and financial liabilities (amount translated into RMB) as at 31 December 2021 are set out in Note VII 71.

Mainly influenced by the exchange rate of RMB against USD for the variety of foreign currencies of financial assets and financial liabilities, as at 31 December 2021, 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 239,769,000 lower/ higher (as at 31 December 2020: RMB 650,153,000 lower/higher).

(b) Interest rate risk

(i) 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 differences between the fair value and the carrying amount of the above fixed rate financial instruments are set out in Note XI 8.

(ii) The interest bearing debts at floating rates expose the Group to cash flow interest-rate risk. The Group chooses the relative proportion of borrowing contracts with floating rates and those with fixed rates according to current market conditions. As at 31 December 2021, short-term borrowings of the Group were amounting to RMB 21,395,848,000 (as at 31 December 2020: RMB 29,252,171,000); Long-term interest bearing debts at floating rates due within one year were amounting to RMB 4,164,775,000 (as at 31 December 2020: RMB 4,131,426,000); long-term interest bearing debts at floating rates due over one year were amounting to RMB 13,410,306,000 (as at 31 December 2020: RMB 12,283,100,000); Long-term interest bearing debts at fixed rates due within one year were amounting to RMB 8,626,049,000 (as at 31 December 2020: RMB 7,765,642,000); long-term interest bearing debts at fixed rates due over one year were amounting to RMB 12,511,372,000 (as at 31 December 2020: RMB 14,375,009,000) (Notes VII 26, 35, 37, 38, 39, 40).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

X. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Financial instruments and risk management (Continued)

(1) Market risk (Continued)

(b) Interest rate risk (Continued)

The treasury department of the headquarters of the Group continually monitors its level of interest rate. Any rise in interest rate would increase the cost of new borrowings and interest installments of existing loans with floating interest arrangement, 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 but not limited to making interest rate swap arrangements. During the year of 2021 and 2020, the Group was not involved in any interest rate swap arrangements.

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, profit after income tax of the Group would have been RMB222,399,000 lower/higher (for the year ended 2020: approximately RMB 232,775,000).

During the current year, if the interest rates on USD and other 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 RMB78,762,000 lower/higher (for the year ended 2020: approximately RMB 61,502,000).

(2) Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from: the carrying amount of the respective recognized bank deposits, bills receivable and accounts receivable, contract assets, other receivables and long-term receivables 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 are limited because they are deposited with national banks and other large and medium listing banks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

X. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Financial instruments and risk management (Continued)

(2) Credit risk (Continued)

In addition, external guarantees incurred by the Group may also result in financial losses. As at 31 December 2021, the Group's external guarantee refers to Note XIII 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 10 (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. For the changes in the book value and provision for credit losses of bills receivable, refer to Note VII 4(4), changes in the book value and provision for credit losses of accounts receivables, refer to Note VII 5(3), changes in the book value and provision for credit losses of receivables at FVTOCI, refer to Note VII 6(2), changes in the book value and provision for credit losses of other receivables, refer to Note VII 8(4) (b), changes in the book value and provision for credit losses of long-term receivables, refer to Note VII 13(2), and for the changes in the book value and provision for credit losses of the contract assets, refer to Note VII 10(2).

The Group's risk exposure is distributed among multiple contract parties and multiple customers, so the Group has no significant credit concentration risk. As of 31 December 2021, the top five accounts receivable and other receivables of the Group's balances owed by the arrears is shown in Note VII 5(4) and Note VII 8(4)(d).

(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 and see any non-compliance of borrowings and obtain sufficient loan facilities from major financial institutions to meet both short-term and long-term financing needs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

X. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Financial instruments and risk management (Continued)

(3) Liquidity risk

Analysis of the maturity profile of financial assets and financial liabilities of the Group based on the undiscounted remaining contractual obligations as at 31 December 2021 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 assets-					
Cash and bank balances	41,824,464	-	-	-	41,824,464
Financial assets held for trading	1,107	-	-	-	1,107
Derivative financial assets	114,790	-	-	-	114,790
Bills receivable	3,821,589	-	-	-	3,821,589
Accounts receivable	98,855,285	-	-	-	98,855,285
Receivables at FVTOCI	12,015,359	-	-	-	12,015,359
Other receivables	78,230,032	-	-	-	78,230,032
Non-current assets due within one year	2,370,750	-	-	-	2,370,750
Long-term receivables	-	22,780,710	7,587,481	4,013,770	34,381,961
Total	237,233,376	22,780,710	7,587,481	4,013,770	271,615,337
Financial liabilities-					
Short-term borrowings	21,783,089	-	-	-	21,783,089
Derivative financial liabilities	4,413	-	-	-	4,413
Bills payable	37,616,532	-	-	-	37,616,532
Accounts payable	155,265,041	-	-	-	155,265,041
Other payables	27,582,380	-	-	-	27,582,380
Non-current liabilities due within one year	12,780,910	-	-	-	12,780,910
Long-term borrowings	-	11,955,892	9,095,001	10,749,432	31,800,325
Bonds payable	-	230,956	-	-	230,956
Lease liabilities	-	129,909	165,448	130,887	426,244
Long-term payables	-	560,635	38,803	410,756	1,010,194
Total	255,032,365	12,877,392	9,299,252	11,291,075	288,500,084

(4) Transfer of financial assets

Details are set out in Note VII 4(3), Note VII 5(5) and Note VII 6(3).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XI. FAIR VALUE DISCLOSURES

1. Fair value of the Group's financial assets and financial liabilities that are measured at fair value at the end of the year

All amounts in RMB'000

Items	Fair value at 31 December 2021			Total
	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	
I. Measured at fair value on a recurring basis				
(I) Financial assets at fair value through profit or loss	1,107	4,747,568	78,263	4,826,938
1. Financial assets held for trading	1,107	-	-	1,107
(1) Investment in equity instruments	1,107	-	-	1,107
2. Other non-current financial assets	-	4,632,778	78,263	4,711,041
(1) Investment in equity instruments	-	-	78,263	78,263
(2) Investment in unquoted fund product	-	4,632,778	-	4,632,778
3. Derivative financial assets	-	114,790	-	114,790
(II) Receivables at FVTOCI3	-	11,857,791	-	11,857,791
(III) Investments in other equity instruments	301,457	-	485,398	786,855
Total assets that are measured at fair value on a recurring basis	302,564	16,605,359	563,661	17,471,584
(IV) Financial liabilities held for trading	-	4,413	-	4,413
1. Derivative financial liabilities	-	4,413	-	4,413
Total liabilities that are measured at fair value on a recurring basis	-	4,413	-	4,413

2. The basis of market prices determined on level 1 of the fair value hierarchy

Fair values of held-for-trading financial assets and non-tradable equity instruments of listed companies regarded as investments in other equity instruments are based on their closing prices of publicly traded market on the last trading day of the reporting period.

3. Qualitative and quantitative information of valuation techniques and key inputs on level 2 of the fair value hierarchy

	Valuation techniques	Key inputs
Other non-current financial assets - Investment in unquoted fund product	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 period

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XI. FAIR VALUE DISCLOSURES

4. Qualitative and quantitative information of valuation techniques and key inputs on level 3 of the fair value hierarchy

	Valuation techniques	Key inputs
Other equity instrument investments - Investment in unquoted equity instruments	Cost method /Market method/ Income method	Future cash flows, discount rate and key financial ratios of comparable listed companies from the same industry
Other non-current financial assets - Investment in equity instruments	Cost method /Market method/ Income method	Future cash flows, discount rate and key financial ratios of comparable listed companies from the same industry

5. Reconciliation information of the opening balance and the closing balance on level 3 of the fair value hierarchy

All amounts in RMB'000

Item	31 December 2020	Additions for the period	Fair value changes for the current year	Disposal for the period	31 December 2021
Other equity instrument investments- Investment in unquoted fund product	1,698,181	76,099	(5,585)	(1,283,297)	485,398
Other non-current financial assets- Investment in equity instruments	10,463	73,056	(5,256)	-	78,263

6. There was no transfer between any levels of the fair value hierarchy in the reporting period.

7. There was no change in the valuation techniques in the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XI. FAIR VALUE DISCLOSURES

8. 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 partial non-current liabilities due within one year included in the financial assets/liabilities are measured at fair value on a non-recurring basis.

Except for the items listed in the table below, the Group considers that the fair value of the financial assets and liabilities measured at amortized cost method are approximate to their carrying amounts.

All amounts in RMB'000

	Fair value as at 31 December 2021				Total
	Carrying amount as at 31 December 2021	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	
Financial liabilities measured at amortized cost:	20,609,450	-	20,193,548	-	20,193,548
1. Long-term borrowings at fixed interest rate	19,807,116	-	19,389,698	-	19,389,698
2. Bonds payable at fixed interest rate	802,334	-	803,850	-	803,850

All amounts in RMB'000

	Fair value as at 31 December 2020				Total
	Carrying amount as at 31 December 2020	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	
Financial liabilities measured at amortized cost:	14,137,967	-	15,176,248	-	15,176,248
1. Long-term borrowings at fixed interest rate	13,347,967	-	14,347,727	-	14,347,727
2. Bonds payable at fixed interest rate	790,000	-	828,521	-	828,521

Quantitative information determined in accordance with the level 2:

	Valuation techniques	Key inputs
Long-term borrowings at fixed interest rate	Discounted cash flow method	Benchmark lending rate with corresponding maturity released by the People's Bank of China
Bonds payable at fixed interest rate	Discounted cash flow method	Benchmark lending rate with corresponding maturity released by the People's Bank of China

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS

1. Details of the parent company of the Company

All amounts in RMB'000

Name of company	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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 period, or during the prior period with remaining closing balance were as follows:

<u>Name of joint ventures and associates</u>	<u>Relationship with the Group</u>
Chengdu Chuanye Construction and Development Co., Ltd.	Joint venture
MCC 1 Xuzhou Construction Engineering Co., Ltd.	Joint venture
Beijing Tiancheng Guyun Property Management Co., Ltd.	Joint venture
Tangshan Caofeidian 22nd Metallurgical Construction Technique Co., Ltd.	Joint venture
Guangzhou MCC Minghui Real Estate Co., Ltd.	Joint venture
Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	Joint venture
Beijing MCC Mingying Real Estate Development Co., Ltd.	Joint venture
Shijiazhuang MCC Mingguan Real Estate Development Co., Ltd.	Joint venture
Tianjin MCC Mingrui Real Estate Co., Ltd.	Joint venture
MCC Baotou Mingyang Real Estate Development Co., Ltd.	Joint venture
Guangzhou MCC Mingjie Real Estate Co., Ltd.	Joint venture
Suzhou Zhongyuanrui Real Estate Development Co., Ltd.	Joint venture
Beijing MCC Mingding Real Estate Development Co., Ltd.	Joint venture
Nanjing MCC Minghan Real Estate Co., Ltd.	Joint venture
Nanjing MCC Zhenghuai Real Estate Co., Ltd.	Joint venture
Zhuozhou MCC Mingcheng Real Estate Development Co., Ltd.	Joint venture
Jianyang Chuanye Xiongzhou City Development Co., Ltd.	Joint venture
Yibin Yejian Engineering Construction Co., Ltd.	Joint venture
Zhumadian Zhongye Water Supply Co., Ltd.	Joint venture
Chengdu Qingye Tianshun Construction Co., Ltd.	Joint venture

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates of the Group (Continued)

<u>Name of joint ventures and associates</u>	<u>Relationship with the Group</u>
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	Joint venture
Xuzhou MCC Chengdong Express Way Co., Ltd.	Joint venture
Guizhou Ziwang Highway Construction Co., Ltd.	Joint venture
Sanya MCC Minglan Development Co., Ltd.	Joint venture
Tangshan Fengrun District Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	Joint venture
Xichang Hesheng Urban Construction Project Investment Co., Ltd.	Joint venture
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Associate
Shanghai Libo Urban Construction and Development Co., Ltd.	Associate
Phima Intelligence Technology Co., Ltd.	Associate
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	Associate
Chengdu Yexing Runda New Building Materials Co.,Ltd.	Associate
Shanghai Yuepu South Concrete Co., Ltd.	Associate
MCC Capital (Xiangtan) Heavy Industry Equipment Co., Ltd.	Associate
Chongqing CISDI Qizhi Artificial Intelligence Technology Co., Ltd.	Associate
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Associate
Chongqing Yunkai Expressway Co., Ltd.	Associate
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	Associate
Lanzhou Olympic Sports Center Construction and Development Co.,Ltd.	Associate
Jintang Yejian Vocational Education Town Construction Engineering Management Co.,Ltd.	Associate
Zhongshan MCC Cuicheng Street Integrated Pipe Network Co.,Ltd.	Associate
Zigong Yejian Construction Engineering Co., Ltd.	Associate
Si County MCC construction Investment Co., Ltd.	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates of the Group (Continued)

<u>Name of joint ventures and associates</u>	<u>Relationship with the Group</u>
Lankao Zhongpu Investment Management Co., Ltd.	Associate
Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	Associate
Quzhou Baoye Sports Construction and Operation Co., Ltd.	Associate
Yushan County Yusheng Construction Engineering Investment Co., Ltd.	Associate
Anyang Baoye Culture-sport Centre Project Management Co., Ltd.	Associate
Gansu Public Traffic Tianzhuang Expressway Management Co., Ltd.	Associate
Wuhan Huangwu Expressway Construction and Management Co., Ltd.	Associate
Xi'an Jingang Dingsheng Real Estate Co., Ltd.	Associate
Gansu Public Traffic Jiujia Expressway Management Co., Ltd.	Associate
Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.	Associate
Handan Jinxin Xinghua Pipe Network Construction Co., Ltd.	Associate
Hangzhou Fuyu Construction and Management Co., Ltd.	Associate
Hangzhou Baoye City Construction and Development Co., Ltd.	Associate
Guangzhou Pipe Network Construction and Investment Co., Ltd.	Associate
Xi'an MCC Pipe Network Construction and Management Co., Ltd.	Associate
MCC Baoding Development and Construction Co., Ltd.	Associate
Xi'an MCC Mingzhu Real Estate Development Co., Ltd.	Associate
Sichuan Developing Shuou Construction Engineering Co., Ltd.	Associate
Wuhan Zhong Yi Investment Construction Company Ltd.	Associate
Guizhou MCC Infrastructure Investment Co., Ltd.	Associate
Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd.	Associate
Suining Kaihong Construction Development Co., Ltd.	Associate
Bengbu Jin'an Real Estate Co., Ltd.	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

3. Joint ventures and associates of the Group (Continued)

<u>Name of joint ventures and associates</u>	<u>Relationship with the Group</u>
Dancheng Zhongyi Ecological Environment Management Co., Ltd.	Associate
Huaining County MCC Construction and Development Co., Ltd.	Associate
Nanchong 17 MCC Jiangdongbiaomei Construction Investment Management Co., Ltd.	Associate
Baotou MCC Real Estate Co., Ltd.	Associate
Nanchong Zhongjian Shijiu Road Construction and Investment Co., Ltd.	Associate
Yancheng Hexuan Real Estate Co., Ltd.	Associate
Zhangpu Chengye Construction Investment Co., Ltd.	Associate
Handan Guorui Construction Engineering Management Co., Ltd.	Associate
Qiqihar North MCC Real Estate Co., Ltd.	Associate
Fuzhou MCC Infrastructure Investment Co., Ltd.	Associate
Tianjin MCC Heyuan Real Estate Co., Ltd.	Associate
Zhoukou Tiangong High-speed Rail Area Construction Co., Ltd.	Associate
Wuzhou Guoye Investment and Development Co., Ltd.	Associate
Shanghai MCC Xiangqi Investment Co., Ltd.	Associate
Shanghai Union Automobile Avenue Development and Construction Co., Ltd.	Associate
Baoding Mingbao Real Estate Development Co., Ltd.	Associate
Xichang Anmin City Construction Investment Co., Ltd.	Associate
Chongqing Guangjiu Construction Project Management Co., Ltd.	Associate
Shanghai Xunxiang Real Estate Co., Ltd.	Associate
Chongzuo MCC Investment and Development Co., Ltd.	Associate
Guiyang Hongyuan Yongsheng Rail Transit Line 2 Phrase II Project Construction and Management Co., Ltd.	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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	Controlled by MCC group
MCC Ruimu Renewable Resources Technology Development Co., Ltd.	Controlled by MCC group
Information of 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 Tianjin Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel (Wuhan) Limited Company	Under common control of China Minmetals Corporation
Minmetals Steel Lanzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Beijing Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Nonferrous Metals Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Guangzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Trading Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Chongqing Co., Ltd.	Under common control of China Minmetals Corporation
The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	Under common control of China Minmetals Corporation
Minmetals Steel Hangzhou Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Qingdao Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Steel Xi'an Co., Ltd.	Under common control of China Minmetals Corporation
Northern Europe Metal Minerals Co., Ltd.	Under common control of China Minmetals Corporation
Boluo County Bihua Real Estate Development Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals (Yingkou) Industrial Park Development Co., Ltd.	Under common control of China Minmetals Corporation
Chengdu Shengkuang Real Estate Co., Ltd.	Under common control of China Minmetals Corporation
Minera Las Bambas S.A.	Under common control of China Minmetals Corporation
Chengdu Kuangyi Real Estate Co., Ltd.	Under common control of China Minmetals Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

4. Other related parties of the Group (Continued)

Name of other related parties	Relationship with the Group
Kuangmei Real Estate Nanjing Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Kuangxiang Real Estate Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Shengshi Guangye (Beijing) Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Zhuye Torch Metal Import and Export Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Nonferrous Beryllium Special Materials Co., Ltd.	Under common control of China Minmetals Corporation
Anshan Minmetals Chentaigou Mining Co., Ltd.	Under common control of China Minmetals Corporation
Shanghai MCC Hospital	Under common control of China Minmetals Corporation
Beijing Dongxing Metallurgical New-Tech & Development Corp.	Under common control of China Minmetals Corporation
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd.	Under common control of China Minmetals Corporation
China National Foreign Trade Financial & Leasing Co., Ltd.	Under common control of China Minmetals Corporation
China National Metal Products (HK) Corporation Limited	Under common control of China Minmetals Corporation
Minmetals Securities Co., Ltd.	Under common control of China Minmetals Corporation
Zhuzhou Smelter Group Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.	Under common control of China Minmetals Corporation
Changsha Institute of Mining and Metallurgy Co., Ltd.	Under common control of China Minmetals Corporation
Jinchi Energy and Material Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Nonferrous Metals Trade Co., Ltd.	Under common control of China Minmetals Corporation
Zhuzhou Smelter Nonferrous Metals Industrial Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals International Engineering Technology Co., Ltd.	Under common control of China Minmetals Corporation
Minmetals Development Co., Ltd.	Under common control of China Minmetals Corporation
Hunan Huangshaping Lead-Zinc Mine	Under common control of China Minmetals Corporation
Luobei Yunshan Graphite New Material Co., Ltd.	Under common control of China Minmetals Corporation
China Minmetals Corporation Limited	Under common control of China Minmetals Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions

(1) Purchase or sales of goods, provision or receipt of services

(a) Purchase of goods and receipt of services

All amounts in RMB'000

Related parties	Related party transactions	Amount for the current year	Amount for the prior year
Transactions of companies under common control by CMGC (Note):		39,097	-
China Metallurgical Group Corporation	Receipt of services	39,097	-
Transactions of companies under common control by CMC (Note):		13,043,825	8,941,844
Minmetals Steel Chengdu Co., Ltd.	Purchase of goods	3,689,890	2,591,416
Minmetals Steel Shanghai Co., Ltd.	Purchase of goods	2,808,368	1,678,636
Minmetals Steel Tianjin Co., Ltd.	Purchase of goods	1,180,393	521,323
Minmetals Steel (Wuhan) Limited Company	Purchase of goods	1,018,076	433,203
Minmetals Steel Lanzhou Co., Ltd.	Purchase of goods	986,893	707,453
Minmetals Steel Beijing Co., Ltd.	Purchase of goods	598,251	436,345
Minmetals Nonferrous Metals Co., Ltd.	Purchase of goods	494,124	1,083,547
Minmetals Steel Guangzhou Co., Ltd.	Purchase of goods	423,522	444,601
Minmetals Trading Co., Ltd.	Purchase of goods	385,090	89,549
Minmetals Steel Chongqing Co., Ltd.	Purchase of goods	301,900	93,547
The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	Purchase of goods and receipt of services	258,527	22,508
Minmetals Steel Hangzhou Co., Ltd.	Purchase of goods	242,029	28,061
Minmetals Steel Qingdao Co., Ltd.	Purchase of goods	191,446	135,829
Minmetals Steel Xi'an Co., Ltd.	Purchase of goods	115,890	136,744
Others	Purchase of goods and receipt of services	349,426	539,082

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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	Amount for the current year	Amount for the prior year
Transactions with joint ventures and associates:		627,385	595,798
Chengdu Chuanye Construction and Development Co., Ltd.	Purchase of goods	185,110	2,128
China 22 MCC Corporation Industrial Technology Service Co., Ltd.	Purchase of goods and receipt of services	170,115	157,796
Shanghai Libo Urban Construction and Development Co., Ltd.	Receipt of services	65,548	12,412
Phima Intelligence Technology Co., Ltd.	Receipt of services	38,994	-
Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	Purchase of goods and receipt of services	35,116	38,880
Chengdu Yexing Runda New Building Materials Co., Ltd.	Purchase of goods	30,014	56,214
Shanghai Yuepu South Concrete Co., Ltd.	Purchase of goods	26,520	39,740
Shaanxi Yayan Industry Co., Ltd.	Purchase of goods and receipt of services	21,269	20,910
MCC Capital (Xiangtan) Heavy Industry Equipment Co., Ltd.	Purchase of goods and receipt of services	17,723	37,478
Chongqing CISDI Qizhi Artificial Intelligence Technology Co., Ltd.	Receipt of services	13,707	-
Others	Purchase of goods and receipt of services	23,269	230,240
Total		13,710,307	9,537,642

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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	Amount for the current year	Amount for the prior year
Transactions with companies under common control of CMGC (Note):		1,509,949	436,891
MCC Ruimu Amperex Technology Limited	Provision of services and sale of goods	1,509,949	436,891
Transactions with companies under common control of CMC(Note):		2,216,402	2,255,478
Minmetals Nonferrous Metals Co., Ltd.	Provision of services and sale of goods	897,982	1,314,459
Northern Europe Metal Minerals Co., Ltd.	Sale of goods	300,602	-
Boluo County Bihua Real Estate Development Co., Ltd.	Provision of services	114,746	6,832
Minmetals (Yingkou) Industrial Park Development Co., Ltd.	Provision of services	111,975	-
Chengdu Shengkuang Real Estate Co., Ltd.	Provision of services	100,532	119,685
MineraLas Bambas S.A.	Provision of services	92,200	-
Chengdu Kuangyi Real Estate Co., Ltd.	Provision of services	81,674	12,057
Kuangmei Real Estate Nanjing Co., Ltd.	Provision of services	63,889	136
Hunan Kuangxiang Real Estate Co., Ltd.	Provision of services	61,671	-
Minmetals Shengshi Guangye (Beijing) Co., Ltd.	Provision of services	51,650	-
Minmetals Steel Shanghai Co., Ltd.	Provision of services and sale of goods	46,779	166
Hunan Zhuye Torch Metal Import and Export Co., Ltd.	Sale of goods	45,391	-
Hunan Nonferrous Beryllium Special Materials Co., Ltd.	Provision of services	31,865	-
Other	Provision of services and sale of goods	215,446	802,143

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Purchase or sales of goods, provision or receipt of services (Continued)

(b) Sales of goods and provision of services (Continued)

Related parties	Related party transactions	Amount for the current year	Amount for the prior year
Transactions with joint ventures and associates:		44,719,007	49,986,608
Yunnan Yongmeng Expressway Construction and Development Co., Ltd.	Provision of services	1,917,549	1,087,783
Chongqing Yunkai Expressway Co., Ltd.	Provision of services	1,588,621	328,077
Yunnan Mangliang Expressway Investment and Development Co., Ltd.	Provision of services	1,453,286	825,338
Lanzhou Olympic Sports Center Construction and Development Co., Ltd.	Provision of services	1,382,953	847,625
Jintang Yejian Vocational Education Town Construction Engineering Management Co., Ltd.	Provision of services	1,216,441	247
Zhongshan MCC Cuicheng Street Integrated Pipe Network Co., Ltd.	Provision of services	943,836	1,441,450
Zigong Yejian Construction Engineering Co., Ltd.	Provision of services	900,996	1,627,151
Si County MCC construction Investment Co., Ltd.	Provision of services	806,378	-
Lankao Zhongpu Investment Management Co., Ltd.	Provision of services	789,483	106,613
Shandong Expressway Jiqing Middle Line Highway Co., Ltd.	Provision of services	778,433	-
Quzhou Baoye Sports Construction and Operation Co., Ltd.	Provision of services	736,547	352,401
Yushan County Yusheng Construction Engineering Investment Co., Ltd.	Provision of services	702,061	-
Anyang Baoye Culture-sport Centre Project Management Co., Ltd.	Provision of services	688,000	478,905
Gansu Public Traffic Tianzhuang Expressway Management Co., Ltd.	Provision of services	656,019	165,159
Wuhan Huangwu Expressway Construction and Management Co., Ltd.	Provision of services	653,238	-
Xi'an Jingang Dingsheng Real Estate Co., Ltd.	Provision of services	643,482	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(1) Purchase or sales of goods, provision or receipt of services (Continued)

(b) Sales of goods and provision of services (Continued)

Related parties	Related party transactions	Amount for the current year	Amount for the prior year
Gansu Public Traffic Jiuji Expressway Management Co., Ltd.	Provision of services	627,572	-
Liuzhou Guoye Road and Bridge Investment and Development Co., Ltd.	Provision of services	590,748	36
Handan Jinxin Xinghua Pipe Network Construction Co., Ltd.	Provision of services	556,850	379,048
Hangzhou Fuyu Construction and Management Co., Ltd.	Provision of services	547,276	40,871
MCC 1 Xuzhou Construction Engineering Co., Ltd.	Provision of services	537,781	181,219
Hangzhou Baoye City Construction and Development Co., Ltd.	Provision of services	528,337	492,379
Guangzhou Pipe Network Construction and Investment Co., Ltd.	Provision of services	514,795	208,784
Xi'an MCC Pipe Network Construction and Management Co., Ltd.	Provision of services	506,959	2,795,755
Others	Provision of services and sale of goods	24,451,366	38,627,767
Total	/	48,445,358	52,678,977

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

(2) Lease

(a) As lessor

All amounts in RMB'000

Name of lessee	Type of leased assets	Leasing income recognized for the current year	Leasing income recognized for the prior year
Beijing Tiancheng Guyun Property Management Co., Ltd.	Buildings, structures	1,016	-
Anshan Minmetals Chentaigou Mining Co., Ltd.	Buildings, structures	754	754
Shanghai MCC Hospital	Buildings, structures	261	363
Tangshan Caofeidian 22nd Metallurgical Construction Technique Co., Ltd.	Buildings, structures	211	-
Total		2,242	1,117

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Lease (Continued)

(b) As lessee

All amounts in RMB'000

Name of lessor	Type of leased assets	Lease liabilities at 31 December 2021	Increase of historical cost of right-of-use assets for the current year	Leasing expense recognized for the current year
China Metallurgical Group Corporation (Note)	Buildings, structures	158	-	56,855
Beijing Dongxing Metallurgical New Technology Development Co., Ltd. (Note)	Buildings, structures	-	-	9,605
Beijing Tiancheng Guyun Property Management Co., Ltd. (Note)	Buildings, structures	-	-	1,262
Minmetals Hanxing Mining (Anhui) Property Management Co., Ltd. (Note)	Buildings, structures	-	-	805
Total		158	-	68,527

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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 execution of guarantee has been completed at 31 December 2021
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	350,624	2019-09-04	2024-09-04	No
Zhuhai Hengqin Headquarters Building Development Co., Ltd.	543,467	2019-09-04	2024-09-04	No

(b) Guarantees be granted

All amounts in RMB'000

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed at 31 December 2021
China Metallurgical Group Corporation	1,657,682	2019-11-01	2022-10-31	No
China Metallurgical Group Corporation	1,232,808	2020-05-05	2023-05-05	No
China Metallurgical Group Corporation	828,841	2021-08-18	2022-08-10	No
China Metallurgical Group Corporation	313,409	2021-06-02	2022-06-01	No

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. 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
Lending				
Beijing MCC Mingying Real Estate Development Co., Ltd.	5,016,210	2021-06-11	2023-06-10	General borrowings
Guangzhou MCC Minghui Real Estate Co., Ltd.	3,700,000	2021-03-23	2023-04-15	General borrowings
Beijing MCC Mingding Real Estate Development Co., Ltd.	2,406,203	2021-06-18	2023-12-21	General borrowings
Shijiazhuang MCC Mingguan Real Estate Development Co., Ltd.	2,385,333	2021-03-25	2024-03-24	General borrowings
Nanjing MCC Minghan Real Estate Co., Ltd.	1,729,000	2021-10-18	2023-12-31	General borrowings
Suzhou ZhongyuanRui Real Estate Development Co., Ltd.	1,294,081	2021-05-24	2024-05-24	General borrowings
Guangzhou MCC Mingjie Real Estate Co., Ltd.	1,284,374	2021-03-23	2023-04-15	General borrowings
Nanjing MCC Zhenghuai Real Estate Co., Ltd.	1,000,000	2021-06-18	2022-05-06	General borrowings
Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	870,000	2021-04-20	2023-04-15	General borrowings
MCC Baoding Development and Construction Co., Ltd.	720,000	2021-08-25	2024-02-25	General borrowings
Xi'an MCC Mingzhu Real Estate Development Co., Ltd.	690,801	2021-04-02	2021-12-31	General borrowings
Tianjin MCC Mingrui Real Estate Co., Ltd.	400,654	2021-03-22	2023-04-15	General borrowings
Others	1,422,100	/	/	/
Total	22,918,756	/	/	/

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

Certain of the loans from/to related parties mentioned above are interest bearing. The interest rates ranged from 3.915% to 10.00%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation of key management personnel

Key management include director (executive director and non-executive director), supervisor, president, vice president, board secretary and chief accountant. Compensation as employee services paid or to be paid to key management personnel is as follows:

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Salaries, housing benefits, other allowances and benefits in kind	10,450	8,484
Pension scheme contributions	580	91
Discretionary bonus	6,439	5,777
Total	17,469	14,352

(a) Directors' and supervisors' remunerations

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Salaries, housing benefits, other allowances and benefits in kind	4,642	4,039
Pension scheme contributions	260	37
Discretionary bonus	3,011	2,718
Total	7,913	6,794

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation of key management personnel (Continued)

(a) Directors' and supervisors' remunerations (Continued)

Compensations for directors and supervisors respectively for the year ended 31 December 2021 were as follows:

All amounts in RMB'000

	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
Executive director:				
Guo Wen Qing (i)	-	-	-	-
Zhang Meng Xing (Starting from 15 October 2020)	1,114	52	912	2,078
Independent non-executive director:				
Zhou Ji Chang	283	-	-	283
Yu Hai Long (ii)	266	-	-	266
Wu Jia Ning (Starting from 29 April 2020)	268	-	-	268
Employee representative director:				
Yan Ai Zhong (Starting from 31 August 2020)	1,007	52	733	1,792
Supervisor:				
Yin Si Song (Starting from 15 October 2020)	900	52	201	1,153
Zhang Yan Di	420	52	628	1,100
Chu Zhi Qi	384	52	537	973
Total	4,642	260	3,011	7,913

(i) Guo Wenqing started to work in CMC in July 2016, since when their personal relationship had been transferred to CMC, and he had not received any compensation in the Group in 2021.

(ii) Yu Hailong started to work as an independent non-executive director from 13 November 2014 to 12 November 2020, and was reappointed consecutively for 6 years. According to relevant regulations of CSRC on Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies and SSE on Guidance on Filing and Training of Independent Directors of Listed Companies, Mr. Yu continued to work as an independent director until the new independent director was elected by the Shareholders' Meeting, since the expiration-outgoing shall result in the proportion of independent director being lower than the minimum laws and requirements. The company's first Extraordinary Shareholders' Meeting on 26 January 2022 elected a new independent director, and then Mr. Yu left his post (referred to the relevant announcement of the company issued on 27 January 2022).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation of key management personnel (Continued)

(a) Directors' and supervisors' remunerations (Continued)

Compensations for directors and supervisors respectively for the year ended 31 December 2020 were as follows:

All amounts in RMB'000

	Salaries, housing benefits, other allowances and benefits in kind	Pension scheme contributions	Discretionary bonus	Total
Executive director:				
Guo Wen Qing (i)	-	-	-	-
Zhang Zhao Xiang (Until 9 September 2020) (i)	-	-	-	-
Zhang Meng Xing (Starting from 15 October 2020) (ii)	976	8	666	1,650
Independent non-executive director:				
Zhou Ji Chang	273	-	-	273
Yu Hai Long	274	-	-	274
Wu Jia Ning (Starting from 29 April 2020)	189	-	-	189
Chen Jia Qiang (Until 29 April 2020)	76	-	-	76
Ren Xu Dong (Until 12 November 2020)	247	-	-	247
Employee representative director:				
Lin Jin Zhen (Until 31 August 2020)	353	8	360	721
Yan Ai Zhong (Starting from 31 August 2020)	294	-	189	483
Supervisor:				
Yin Si Song (Starting from 15 October 2020)	133	-	135	268
Zhang Yan Di	400	8	450	858
Chu Zhi Qi	383	8	397	788
Cao Xiu Yun (Until 15 October 2020)	441	5	521	967
Total	4,039	37	2,718	6,794

(i) Guo Wenqing, Zhang Zhaoxiang started to work in CMC in July 2016, since when their personal relationship had been transferred to CMC, and they had not received any compensation in the Group in 2020.

(ii) Zhang Mengxing started to work as director from 12 March 2019. The company's second Extraordinary Shareholders' Meeting in 2020 elected Mr. Zhang Mengxing as an executive director of the company's third Board of Directors. Since then, Mr. Zhang has served as the executive director and president of the company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation of key management personnel (Continued)

(b) Five highest paid individuals' remunerations

None of the Directors and Supervisors as disclosed in the note above was included in the five highest paid individuals of the Group. The five individuals whose remunerations were the highest in the Group during the year are as follows:

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Salaries, housing benefits, other allowances and benefits in kind	3,661	2,007
Pension scheme contributions	122	189
Discretionary bonus	6,671	8,368
Total	10,454	10,564

	Number of individuals for the current year	Number of individuals for the prior year
Nil to HK\$1,000,000	-	-
HK\$1,000,001 to HK\$1,500,000	-	-
HK\$1,500,001 to HK\$2,000,000	-	-
HK\$2,000,001 to HK\$2,500,000	4	4
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	-	-
Total	5	5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(6) Other related party transactions

All amounts in RMB'000

Related party transactions	Related parties	Amount for the current year	Amount for the prior year
Interest income	Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	215,795	93,293
Interest income	Guangzhou MCC Minghui Real Estate Co., Ltd.	191,758	127,295
Interest income	Beijing MCC Mingying Real Estate Development Co., Ltd.	189,772	-
Interest income	MCC Baotou Mingyang Real Estate Development Co., Ltd.	141,211	4,874
Interest income	Beijing MCC Mingding Real Estate Development Co., Ltd.	105,175	-
Interest income	Nanjing MCC Zhenghuai Real Estate Co., Ltd.	98,016	-
Interest income	Shijiazhuang MCC Minguang Real Estate Development Co., Ltd.	77,567	-
Interest income	Zhuozhou MCC Mingcheng Real Estate Development Co., Ltd.	75,823	4,433
Interest income	Guangzhou MCC Mingjie Real Estate Co., Ltd.	71,251	105,574
Interest income	Suzhou ZhongyuanRui Real Estate Development Co., Ltd.	74,639	-
Interest income	Jianyang Chuanye Xiongzhou City Development Co., Ltd.	53,119	-
Interest income	Others	437,798	509,168
Total		1,731,924	844,637
Interest expense	Yibin Yejian Engineering Construction Co., Ltd.	133,947	-
Interest expense	Zhumadian Zhongye Water Supply Co., Ltd.	26,871	-
Interest expense	China National Foreign Trade Financial & Leasing Co., Ltd. (Note)	11,654	22,744
Interest expense	China Metallurgical Group Corporation (Note)	10,191	50,384
Interest expense	China National Metal Products (HK) Corporation Limited	6,453	1,891
Interest expense	MCC Ruimu Ampere Technology Limited (Note)	489	-
Interest expense	Chengdu Qingye Tianshun Construction Co., Ltd.	-	21,680
Interest expense	Sichuan Developing Shu'ou Construction Engineering Co., Ltd.	-	28,934
Interest expense	Minmetals Securities Co., Ltd.	-	44,232
Total		189,605	169,865

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of Listing Rules of the Hong Kong Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties

(1) Receivables

All amounts in RMB'000

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Accounts receivable	Wuhan Zhong Yi Investment Construction Company Ltd.	498,294	-	169,696	-
Accounts receivable	Guizhou MCC Infrastructure Investment Co., Ltd.	274,541	25,114	9,861	1,158
Accounts receivable	Yinchuan Mancheng Street Underground Comprehensive Pipe Network Construction and Management Co., Ltd.	268,954	-	213,628	-
Accounts receivable	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	226,158	6,912	149,316	5,136
Accounts receivable	Suining Kaihong Construction Development Co., Ltd.	211,797	-	14,663	-
Accounts receivable	Bengbu Jin'an Real Estate Co., Ltd.	194,814	-	-	-
Accounts receivable	Dancheng Zhongyi Ecological Environment Management Co., Ltd.	188,545	-	371,705	-
Accounts receivable	Huaining County MCC Construction and Development Co., Ltd.	175,883	-	-	-
Accounts receivable	Nanchong 17 MCC Jiangdongbiaomei Construction Investment Management Co., Ltd.	166,652	-	176,652	-
Accounts receivable	Baotou MCC Real Estate Co., Ltd.	145,953	124,925	149,117	117,091
Accounts receivable	Nanchong Zhongjian Shijiu Road Construction and Investment Co., Ltd.	143,726	-	66,458	-
Accounts receivable	Xi'an MCC Pipe Network Construction and Management Co., Ltd.	130,569	839	184,870	500
Accounts receivable	Zhuzhou Smelter Group Co., Ltd.	128,533	2,082	2,723	205
Accounts receivable	Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.	121,896	-	8,914	-
Accounts receivable	Yancheng Hexuan Real Estate Co., Ltd.	110,500	-	-	-
Accounts receivable	Zhangpu Chengye Construction Investment Co., Ltd.	105,263	13,442	105,263	9,632
Accounts receivable	Handan Guorui Construction Engineering Management Co., Ltd.	100,347	-	50,803	-
Accounts receivable	Others	4,569,720	686,528	4,995,442	698,482
Total		7,762,145	859,842	6,669,111	832,204

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(1) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Other receivables	Guangzhou MCC Minghui Real Estate Co., Ltd.	3,434,806	-	1,951,993	-
Other receivables	Beijing MCC Mingying Real Estate Development Co., Ltd.	2,785,115	-	-	-
Other receivables	Tianjin MCC Mingrui Real Estate Co., Ltd.	2,639,000	1,239,296	3,528,278	-
Other receivables	Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	2,475,593	2,590	2,533,778	-
Other receivables	Shijiazhuang MCC Mingsguan Real Estate Development Co., Ltd.	2,377,146	-	-	-
Other receivables	MCC Baotou Mingyang Real Estate Development Co., Ltd.	1,969,383	-	1,702,330	-
Other receivables	Shigang Jingcheng Equipment Development and Manufacturing Co., Ltd.	1,923,443	520,653	1,915,839	513,049
Other receivables	Guangzhou MCC Mingjie Real Estate Co., Ltd.	1,804,619	-	2,775,371	-
Other receivables	Nanjing MCC Zhenghuai Real Estate Co., Ltd.	1,388,965	-	1,275,309	-
Other receivables	Suzhou ZhongyuanRui Real Estate Development Co., Ltd.	1,324,682	-	-	-
Other receivables	MCC Baoding Development and Construction Co., Ltd.	1,320,000	-	-	-
Other receivables	Beijing MCC Mingding Real Estate Development Co., Ltd.	1,241,708	-	-	-
Other receivables	Nanjing MCC Minghan Real Estate Co., Ltd.	1,170,821	-	-	-
Other receivables	Qiqihar North MCC Real Estate Co., Ltd.	1,160,255	-	1,235,517	-
Other receivables	Wuhan Zhong Yi Investment Construction Company Ltd.	1,119,629	-	1,121,815	-
Other receivables	Others	9,676,886	1,340,214	16,977,472	1,779,850
Total		37,812,051	3,102,753	35,017,702	2,292,899

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(1) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Prepayments	Minmetals Steel Beijing Co., Ltd.	48,154	-	7,866	-
Prepayments	Changsha Institute of Mining and Metallurgy Co., Ltd.	31,112	-	-	-
Prepayments	MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd.	29,479	-	21,022	-
Prepayments	Minmetals Steel Lanzhou Co., Ltd.	15,000	-	685	-
Prepayments	Minmetals Steel Chengdu Co., Ltd.	12,833	-	13,406	-
Prepayments	Minmetals Steel (Wuhan) Limited Company	12,227	-	652	-
Prepayments	Jinchi Energy and Material Co., Ltd.	9,452	-	9,452	-
Prepayments	Others	27,302	-	332,157	-
Total		185,559	-	385,240	-
Long-term receivables	Suining Kaihong Construction Development Co., Ltd.	372,775	-	401,503	-
Long-term receivables	Xuzhou MCC Chengdong Express Way Co., Ltd.	174,010	-	143,187	-
Long-term receivables	MCC Ruimu Ampere Technology Limited	87,333	866	250,084	3,556
Long-term receivables	Guizhou Ziwang Highway Construction Co., Ltd.	62,881	-	62,846	-
Long-term receivables	Fuzhou MCC Infrastructure Investment Co., Ltd.	10,354	-	10,354	-
Long-term receivables	Others	-	-	392,959	3,231
Total		707,353	866	1,260,933	6,787

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables

All amounts in RMB'000

Items	Related parties	31 December 2021	31 December 2020
Accounts payable	Minmetals Steel Lanzhou Co., Ltd.	232,218	96,844
Accounts payable	Minmetals Steel (Wuhan) Limited Company	115,699	48,279
Accounts payable	Minmetals Steel Shanghai Co., Ltd.	98,172	46,227
Accounts payable	Minmetals Trading Co., Ltd.	92,843	41,365
Accounts payable	Minmetals Steel Chengdu Co., Ltd.	91,922	94,445
Accounts payable	Minmetals Steel Guangzhou Co., Ltd.	75,722	51,295
Accounts payable	The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals	59,225	90,005
Accounts payable	Minmetals Steel Beijing Co., Ltd.	54,940	26,579
Accounts payable	Minmetals Steel Xi'an Co., Ltd.	49,438	74,949
Accounts payable	Minmetals Steel Tianjin Co., Ltd.	47,379	17,381
Accounts payable	Minmetals Nonferrous Metals Trade Co., Ltd.	42,579	42,916
Accounts payable	Shanghai Yuepu South Concrete Co., Ltd.	40,622	34,735
Accounts payable	Others	281,294	365,438
Total		1,282,053	1,030,458

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Other payables	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	636,212	114,353
Other payables	MCC Ruimu Ampere Technology Limited	295,731	178,508
Other payables	China Metallurgical Group Corporation	195,030	163,586
Other payables	Zhuzhou Smelter Nonferrous Metals Industrial Co., Ltd.	148,083	151,548
Other payables	Sanya MCC Minglan Development Co., Ltd.	136,806	-
Other payables	Minmetals International Engineering Technology Co., Ltd.	81,659	106,735
Other payables	Minmetals Development Co., Ltd.	80,000	80,000
Other payables	Baotou MCC Real Estate Co., Ltd.	72,663	77,827
Other payables	Tianjin MCC Heyuan Real Estate Co., Ltd.	68,469	68,469
Other payables	Hunan Huangshaping Lead-Zinc Mine	65,339	66,868
Other payables	Zhoukou Tiangong High-speed Rail Area Construction Co., Ltd.	52,484	-
Other payables	Wuzhou Guoye Investment and Development Co., Ltd.	29,760	52,080
Other payables	Shanghai MCC Xiangqi Investment Co., Ltd.	24,483	24,483
Other payables	Shanghai Union Automobile Avenue Development and Construction Co., Ltd.	24,000	24,000
Other payables	Baoding Mingbao Real Estate Development Co., Ltd.	17,568	26,900
Other payables	Others	146,787	158,119
Total		2,075,074	1,293,476

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Contract liabilities	Xichang Anmin City Construction Investment Co., Ltd.	400,199	431,719
Contract liabilities	Tangshan Fengrun District Runfeng Municipal Infrastructure Development and Construction Co., Ltd.	279,163	42,723
Contract liabilities	Luobei Yunshan Graphite New Material Co., Ltd.	208,062	-
Contract liabilities	Handan Jinxin Xinghua Pipe Network Construction Co., Ltd.	152,478	-
Contract liabilities	Chongqing Guangjiu Construction Project Management Co., Ltd.	143,003	-
Contract liabilities	Hangzhou MCC Mingjin Real Estate Development Co., Ltd.	133,917	176,991
Contract liabilities	Xichang Hesheng Urban Construction Project Investment Co., Ltd.	122,195	1,835
Contract liabilities	Shanghai Xunxiang Real Estate Co., Ltd.	86,329	-
Contract liabilities	Chongzuo MCC Investment and Development Co., Ltd.	79,747	-
Contract liabilities	Guiyang Hongyuan Yongsheng Rail Transit Line 2 Phrase II Project Construction and Management Co., Ltd.	75,015	1,091
Contract liabilities	Others	845,687	2,176,526
Total		2,525,795	2,830,885
Long-term borrowings	Minmetals Securities Co., Ltd.	525,258	579,500
Long-term borrowings	China National Foreign Trade Financial & Leasing Co., Ltd.	-	110,888
Total		525,258	690,388

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amounts due from/due to related parties (Continued)

(2) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Non-current liabilities due within one year	China National Foreign Trade Financial & Leasing Co., Ltd.	196,547	216,049
Non-current liabilities due within one year	Minmetals Securities Co., Ltd.	12,583	30,754
Total		209,130	246,803
Long-term payables	China Metallurgical Group Corporation	457,050	444,550
Long-term payables	China Minmetals Corporation Limited	6,000	-
Long-term payables	China National Foreign Trade Financial & Leasing Co., Ltd.	85,000	-
Total		548,050	444,550

XIII. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

(1) Capital commitments

As at the balance sheet date, the Group had capital commitments contracted but not recognized in the balance sheet were as follows:

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Buildings, structures and equipment	24,067,181	24,219,698
Intangible assets	4,287,019	4,287,019
Total	28,354,200	28,506,717

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XIII. COMMITMENTS AND CONTINGENCIES

2. Contingencies

(1) Significant contingencies at the balance sheet date

(a) Pending litigation or arbitration

As at 31 December 2021, objects of pending litigation or arbitration in which the Group acted as defendant were amounting to RMB 2,940,488,000 (as at 31 December 2020: RMB 4,555,905,000).

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision will be made for the above pending lawsuits if management determines the outflow of resources is not probable. As at 31 December 2021, management has made provision for pending lawsuits of RMB 229,442,000, details of which are set out in Note VII 42.

(b) Financial guarantees given to banks

(i) Mortgage guarantees

All amounts in RMB'000

Guarantor	Guaranteed amount
Mortgage guarantees (Note)	10,188,219

Note: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XIII. COMMITMENTS AND CONTINGENCIES

2. Contingencies

(1) Significant contingencies at the balance sheet date

(b) Financial guarantees given to banks

(ii) Loan Guarantees

All amounts in RMB'000

Guarantor	Guarantee	Guaranteed amount
China MCC 20 Group Co., Ltd.	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	350,624
MCC Real Estate Group Co., Ltd.	Zhuhai Hengqin Headquarters Building Development Co., Ltd.	543,467

Note: 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 350,624,000, the maximum guaranteed amount was 600,000,000, and the guarantee date was from 4 September 2019 to 4 September 2024; MCC Real Estate Group Co., Ltd. provided guarantee for the loan of Zhuhai Hengqin Headquarters Building Development Co., Ltd. The guarantee amount was 543,467,000, and the maximum guaranteed amount was 930,000,000. The guarantee date was 4 September 2019 to 4 September 2024; 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 has sufficient communications with CITIC Group who is the customer of the Sino Iron Project. Both the Group and CITIC Group believe that the project delay is 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 before. The reason for the delay in trial run of the second main process production line of the Sino Iron Project is 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 has sufficient communications 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XIV. EVENTS AFTER THE BALANCE SHEET DATE

1. Appropriation of profit after the balance sheet date

According to the decision of the 37th meeting of the third term of the Board of Directors of the Company, the Company proposed to distribute cash dividend of RMB0.78 (tax inclusive) for every 10 shares held by the shareholders, which amounted to RMB 1,616,442,000. The total number of shares of the Company was 20,723,620,000 as at 31 December 2021. The dividend distribution is subject to the approval by the shareholders at the upcoming annual Shareholders meeting.

XV. 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, 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.

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

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

Inter segment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Summarized financial information of reporting segment

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

All amounts in RMB'000

Items	Engineering contracting	Property development	Equipment manufacture	Resource development	Others	Unallocated amounts	Elimination between segments	Total
Operating revenue	462,290,153	21,416,034	11,623,127	6,669,327	6,161,917	-	(7,588,911)	500,571,647
Including: Revenue from external customers	458,550,611	21,409,733	11,435,613	6,656,964	2,518,726	-	-	500,571,647
Revenue between segments	3,739,542	6,301	187,514	12,363	3,643,191	-	(7,588,911)	-
Operating costs	419,814,524	16,386,721	9,865,876	3,823,828	5,047,671	-	(7,503,474)	447,435,146
Including: External costs	416,176,090	16,386,721	9,710,241	3,731,517	1,430,577	-	-	447,435,146
Costs between segments	3,638,434	-	155,635	92,311	3,617,094	-	(7,503,474)	-
Operating profit/(loss)	11,577,094	213,371	304,456	1,846,167	551,768	(249,246)	(81,096)	14,162,514
Including: Interest income	1,659,185	1,570,718	32,264	13,306	222,476	-	(829,953)	2,667,996
Interest expenses	605,677	1,685,937	143,716	228,611	306,464	-	(829,953)	2,140,452
Gains/(losses) on investments in associates and joint ventures	383,388	(522,498)	-	-	8,058	-	-	(131,052)
Non-operating income	253,584	16,372	22,951	3,526	3,126	-	-	299,559
Non-operating expenses	219,998	214,928	7,566	4,121	3,281	-	-	449,894
Total profit/(loss)	11,610,680	14,815	319,841	1,845,572	551,613	(249,246)	(81,096)	14,012,179
Income tax expense	1,333,597	750,939	81,102	27,320	212,027	-	-	2,404,985
Net profit/(net loss)	10,277,083	(736,124)	238,739	1,818,252	339,586	(249,246)	(81,096)	11,607,194
Assets	424,197,724	131,264,586	21,252,536	18,314,799	66,824,909	3,245,450	(121,629,857)	543,470,147
Including: Long-term equity investments in associates and joint ventures	26,051,931	3,818,578	222	64	457,971	-	-	30,328,766
Non-current assets	43,646,621	21,958,563	4,285,700	10,484,190	43,726,777	-	(34,888,212)	89,213,639
Liabilities	330,972,715	99,619,235	17,832,369	13,893,544	29,119,912	79,243	(99,434,630)	392,082,388
Depreciation and amortization expenses	1,984,728	178,442	268,131	866,400	247,991	-	-	3,545,692
Impairment losses of assets and impairment of credit losses	(3,446,972)	(1,706,049)	(115,201)	(65,460)	(5,554)	-	-	(5,339,236)
Increase in other non-current assets other than long-term equity investments	8,805,932	2,475,717	481,196	123,023	115,624	-	-	12,001,492

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(2) Summarized financial information of reporting segment (Continued)

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

All amounts in RMB'000

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (Continued)

(3) Other notes

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

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
China	480,454,381	382,282,330
Other countries/regions	20,117,266	17,832,293
Total	500,571,647	400,114,623

All amounts in RMB'000

Items	31 December 2021	31 December 2020
China	80,407,265	68,823,388
Other countries/regions	8,806,374	10,719,054
Total	89,213,639	79,542,442

- (b) The dependency on major customers

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Net current assets and total assets less current liabilities

(1) Net current assets

All amounts in RMB'000

	31 December 2021	31 December 2020
Current assets	412,315,644	389,253,555
Less: Current liabilities	358,889,666	331,791,251
Net current assets	53,425,978	57,462,304

(2) Total assets less current liabilities

All amounts in RMB'000

	31 December 2021	31 December 2020
Total Assets	543,470,147	506,392,963
Less: Current liabilities	358,889,666	331,791,251
Total assets less current liabilities	184,580,481	174,601,712

3. Earnings per share

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

All amounts in RMB'000

	Amount for the current year	Amount for the prior year
Net profit for the current year attributable to shareholders of the Company	8,374,970	7,862,185
Including: Net profit from continuing operations	8,374,970	7,862,185
Less: Net profit belonging to the perpetual bond holders	1,085,693	1,190,508
Net profit for the current year attributable to ordinary shareholders	7,289,277	6,671,677

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Earnings per share (Continued)

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

All amounts in RMB'000

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

(3) Earnings per share

All amounts in RMB'000

	Amount for the current year	Amount for the prior year
Calculated based on net profit attributable to ordinary shareholders:		
Basic earnings per share	0.35	0.32
Diluted earnings per share	N/A	N/A
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	0.35	0.32
Diluted earnings per share	N/A	N/A
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and bank balances

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Cash	4,007	1,371
Bank deposits	5,002,507	9,605,203
Other cash and bank balances	10,528	11,510
Total	5,017,042	9,618,084

As at 31 December 2021, restricted cash and bank balances were RMB 10,528,000.(as at 31 December 2020: RMB 11,510,000, which was frozen deposits).

2. Accounts receivable

(1) Aging analysis of accounts receivable

All amounts in RMB'000

Aging	31 December 2021	31 December 2020
Within 1 year	154,970	209,894
1 to 2 years	308	-
2 to 3 years	-	-
3 to 4 years	-	-
4 to 5 years	-	-
Over 5 years	71,545	71,546
Total book value	226,823	281,440
Less: provisions for credit losses	53,498	53,252
Carrying amount	173,325	228,188

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 issuing billing of construction service or date of revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Accounts receivable (Continued)

(2) Provision for credit losses of accounts receivable

All amounts in RMB'000

Items	Lifetime expected credit losses (Non-credit-impaired)	Lifetime expected credit losses (Credit-impaired)	Total
Provisions for credit losses at 31 December 2020	-	53,252	53,252
Reversal for the current year	-	246	246
Provisions for credit losses at 31 December 2021	-	53,498	53,498
Book value of accounts receivable at 31 December 2021	162,112	64,711	226,823

(3) The top 5 largest accounts receivable collected by arrears at the end of the year

All amounts in RMB'000

Name of entity	Relationship with the Company	31 December 2021	As a percentage of total accounts receivable (%)
Party 1	Third party	99,102	43.69
Party 2	Third party	46,454	20.48
Party 3	Third party	44,717	19.71
Party 4	Subsidiary	18,294	8.07
Party 5	Third party	11,459	5.05
Total	/	220,026	97.00

- (4) As at 31 December 2021, the Company had no derecognized accounts receivable due to the transfer of substantially all the risks and rewards of ownership of the accounts receivable to the transferees whereas whose continuing involvement into transferred financial assets (as at 31 December 2020: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables

(1) Presentation of other receivables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Interest receivables	6,610,448	4,846,876
Dividends receivable	3,451,124	2,503,938
Other receivables	50,317,595	36,185,459
Total	60,379,167	43,536,273

(2) Interest receivables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Subsidiaries of the Company	6,932,411	5,173,452
Less: provisions for credit losses	321,963	326,576
Total	6,610,448	4,846,876

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(3) Dividends receivable

(a) Presentation of dividends receivable

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Subsidiaries of the Company	3,451,124	2,503,938
Total	3,451,124	2,503,938

- (b) At 31 December 2021, the closing balance of dividends receivable aged more than one year is RMB 2,470,433,000. (as at 31 December 2020: RMB 1,852,949,000).

(4) Other receivables

(a) Aging analysis of other receivables

All amounts in RMB'000

Aging	31 December 2021	31 December 2020
Within 1 year	14,406,193	3,214,110
1 to 2 years	3,087,855	5,410,257
2 to 3 years	5,401,878	10,722,838
3 to 4 years	10,684,742	3,691,146
4 to 5 years	3,687,257	3,745,931
Over 5 years	19,234,640	15,638,512
Total book value	56,502,565	42,422,794
Less: Provisions for credit losses	6,184,970	6,237,335
Carrying amount	50,317,595	36,185,459

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(4) Other receivables (Continued)

(b) Provision of credit losses of other receivables

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit- impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provision for credit losses at 31 December 2020	-	-	6,237,335	6,237,335
Other changes	-	-	(52,365)	(52,365)
Provision for credit losses at 31 December 2021	-	-	6,184,970	6,184,970
Book value of other receivables at 31 December 2021	47,268,327	-	9,234,238	56,502,565

(c) Other receivables classified by nature

All amounts in RMB'000

Nature of other receivables	31 December 2021	31 December 2020
Subsidiaries of the Company	55,939,161	41,867,326
Guarantees and deposits	356,159	444,188
Others	207,245	111,280
Total	56,502,565	42,422,794

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(4) Other receivables (Continued)

(d) The top 5 largest other receivables at the end of the year

All amounts in RMB'000

Name of entity	Relationship with the Company	Nature of other receivables	31 December 2021	Aging	As a percentage of total other receivables (%)
Party 1	Subsidiary	Advances/ internal loan	36,143,965	Within 8 years	63.97
Party 2	Subsidiary	Advances/ internal loan	6,774,350	Within 10 years	11.99
Party 3	Subsidiary	Advances/ internal loan	2,414,020	Within 11 years	4.27
Party 4	Subsidiary	Advances/ internal loan	2,162,061	Within 6 years	3.83
Party 5	Subsidiary	Advances/ internal loan	1,082,200	Within 7 years	1.92
Total	/	/	48,576,596	/	85.98

(e) As at 31 December 2021, the Company had no derecognized other receivables due to the transfer of substantially all the risks and rewards of ownership of the other receivables to the transferees whereas whose continuing involvement into transferred financial assets (as at 31 December 2020: nil).

4. Long-term receivables

(1) Long-term receivables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Subsidiaries of the Company	771,250	2,232,679
Others	2,037	2,037
Total book value	773,287	2,234,716
Less: Provisions for credit losses of long-term receivables	138,660	150,489
Total net book value	634,627	2,084,227
Including: Long term receivables due within one year, net	2,037	2,037
Long term receivables due after one year, net	632,590	2,082,190

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term receivables (Continued)

(2) Provision for credit losses of long-term receivables

All amounts in RMB'000

Items	Phase 1 Future 12-month expected credit losses	Phase 2 Lifetime expected credit losses (Non-credit- impaired)	Phase 3 Lifetime expected credit losses (Credit- impaired)	Total
Provisions for credit losses at 31 December 2020	–	–	150,489	150,489
Provisions for the current year	–	–	(11,829)	(11,829)
Provisions for credit losses at 31 December 2021	–	–	138,660	138,660
Book value of long-term receivables at 31 December 2021	634,627	–	138,660	773,287

(3) As at 31 December 2021, the Company had no derecognized long-term receivables due to the transfer of substantially all the risks and rewards of ownership of the long-term receivable to the transferees whereas whose continuing involvement into transferred financial assets (as at 31 December 2020: nil).

5. Long-term equity investments

All amounts in RMB'000

Items	31 December 2021			31 December 2020		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Subsidiaries	97,450,588	175,034	97,275,554	94,347,445	175,034	94,172,411
Joint ventures and associates	485,193	113,146	372,047	473,446	113,146	360,300
Total	97,935,781	288,180	97,647,601	94,820,891	288,180	94,532,711

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(1) Subsidiaries

All amounts in RMB'000

Name of investee	31 December 2020	Increase	Decrease	31 December 2021	Provision for impairment losses for the current year	Impairment provision at 31 December 2021	Carrying amount at 31 December 2021
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.	1,219,670	-	-	1,219,670	-	-	1,219,670
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.	9,056,533	-	-	9,056,533	-	-	9,056,533
MCC International Incorporation Ltd.	110,804	-	-	110,804	-	-	110,804
Ramu NiCo Management (MCC) Ltd.	3	-	-	3	-	-	3
MCC Finance Corporation Ltd.	1,583,970	-	-	1,583,970	-	-	1,583,970
MCC Tongsin Resources Ltd.	3,520,017	38,244	-	3,558,261	-	-	3,558,261
MCC-JJJ Mining Development Company Limited	2,849,805	-	-	2,849,805	-	-	2,849,805
MCC Capital Engineering & Research Incorporation Limited	7,170,194	5,490	-	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 ENFI Engineering Co., Ltd.	4,310,884	46,730	-	4,357,614	-	-	4,357,614
China Second Metallurgical Group Corporation Limited	1,262,835	-	-	1,262,835	-	-	1,262,835
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.	777,923	11,670	-	789,593	-	-	789,593
CISDI Group Co., Ltd.	4,368,886	-	-	4,368,886	-	-	4,368,886
China MCC 5 Group Co., Ltd.	3,050,967	1,971,600	-	5,022,567	-	-	5,022,567
China Metallurgical Construction Engineering Group Co., Ltd.	2,085,910	-	-	2,085,910	-	-	2,085,910
China MCC 19 Group Co., Ltd.	2,974,357	440,000	-	3,414,357	-	-	3,414,357
MCC Baosteel Technology Services Co., Ltd.	1,091,924	-	-	1,091,924	-	-	1,091,924
China MCC 20 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 MCC 17 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	5,393,412	60,080	-	5,453,492	-	-	5,453,492
China First Metallurgical Group Co., Ltd.	1,845,761	199,329	-	2,045,090	-	-	2,045,090
Zhong Ye Chang Tian International Engineering Co., Ltd.	991,130	-	-	991,130	-	-	991,130
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	233,777	290,000	-	523,777	-	-	523,777
MCC-SFRE Heavy Industry Equipment Co., Ltd.	1,110,635	-	-	1,110,635	-	-	1,110,635
MCC Mining (Western Australia) Pty Ltd.	126,807	-	-	126,807	-	126,807	-
MCC Australia Holding Pty Ltd.	48,227	-	-	48,227	-	48,227	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(1) Subsidiaries (Continued)

Name of investee	31 December 2020	Increase	Decrease	Provision for impairment losses for the current year			
				31 December 2021	Impairment provision at 31 December 2021	Carrying amount at 31 December 2021	
MCC Holding (Hong Kong) Corporation Limited	6,485	-	-	6,485	-	-	6,485
MCC Financial Leasing Co., Ltd.	127,500	-	-	127,500	-	-	127,500
MCC Inner Mongolia Construction Investment Co., Ltd.	20,000	-	20,000	-	-	-	-
MCC South China Construction Investment Co., Ltd.	51,000	-	-	51,000	-	-	51,000
MCC Rail Transit Co., Ltd.	91,490	-	-	91,490	-	-	91,490
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 Co., Ltd.	180,401	-	-	180,401	-	-	180,401
MCC Road&Bridge Construction Co., Ltd.	286,887	-	-	286,887	-	-	286,887
MCC Ecological Environmental Protection Group Co., Ltd.	50,000	-	-	50,000	-	-	50,000
MCC (Yunnan) Engineering Investment and Construction Co., Ltd.	60,000	-	-	60,000	-	-	60,000
MCC Fujian Investment and Construction Co., Ltd.	-	60,000	-	60,000	-	-	60,000
Tianjin United Huixin Investment Partnership (Limited Partnership)	1,000,000	-	-	1,000,000	-	-	1,000,000
Tianjin United Huitong Investment Partnership (Limited Partnership)	1,500,000	-	-	1,500,000	-	-	1,500,000
Tianjin Hongxin Investment Partnership (Limited Partnership)	1,500,000	-	-	1,500,000	-	-	1,500,000
Indirect holding subsidiaries	720,000	-	-	720,000	-	-	720,000
Total	94,347,445	3,123,143	20,000	97,450,588	-	175,034	97,275,554

(2) Joint ventures and associates

All amounts in RMB'000

Name of joint ventures and associates	Carrying amount at 31 December 2020	Movements during the current year							Carrying amount at 31 December 2021	Provision for impairment at 31 December 2021	
		Increasing investments	Decreasing investments	Share of (losses)/ profits	Other comprehensive income	Other equity movements	Declaration of cash dividends	Provision for impairment for the current year			Others
Beijing Jingxi Travel Industry Investment Fund (limited partnership)	101,877	-	-	1,440	19	-	-	-	-	103,336	-
MCC-Huafa Integrated Pipe Network Co., Ltd.	101,799	-	-	1,789	-	-	-	-	-	103,588	-
MCC Jianxin Investment Fund Management Co., Ltd.	64,259	-	-	7,942	-	-	-	-	-	72,201	-
Shenzhen MCC Utility Tunnel Construction and Investment Co., Ltd.	11,117	-	-	553	-	-	-	-	-	11,670	-
Yingtian MCC Xinyin industry development partnership (limited partnership)	81,248	-	-	5,977	-	-	5,973	-	-	81,252	-
MCC Xiangxi Mining Industry Co., Ltd.	-	-	-	-	-	-	-	-	-	-	113,146
Total	360,300	-	-	17,701	19	-	5,973	-	-	372,047	113,146

In the reporting period, there are no significant restrictions on withdrawing the above long-term equity investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Short-term borrowings

(1) Categories of short-term borrowings

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Credit loans:		
RMB	16,032,447	20,932,888
USD	12,862,888	16,660,404
Others	3,058,252	4,097,637
	111,307	174,847
Total	16,032,447	20,932,888

(2) As at 31 December 2021, there were no significant short-term borrowings overdue but not yet paid (as at 31 December 2020: nil).

(3) As at 31 December 2021, the weighted average interest rate of short-term borrowings was 3.00 % per annum (as at 31 December 2020: 3.18% per annum).

7. Other payables

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Amounts due to subsidiaries	32,588,028	17,706,374
External dividends payable	165,567	401,733
Others	148,996	377,325
Total	32,902,591	18,485,432

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Non-current liabilities due within one year

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Long-term borrowings due within one year (Note XVI 9)	2,002,375	1,934,483
Long-term employee benefits payable due within one year	3,776	3,754
Long-term payables due within one year	241,726	283,348
Bonds payable due within one year	582,334	909,559
Lease liabilities due within one year	513	21,378
Total	2,830,724	3,152,522

9. Long-term borrowings

All amounts in RMB'000

Items	31 December 2021	31 December 2020
Credit loans	2,002,375	3,934,483
Total	2,002,375	3,934,483
Less: Long-term borrowings due within one year (Note XVI 8)	2,002,375	1,934,483
Long-term borrowings due over one year	–	2,000,000

In 2021, the weighted average interest rate of long-term borrowings was 4.16% per annum (In 2020: 4.08% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

10. Presentation of operating revenue and operating costs

(1) Operating revenue and operating costs

All amounts in RMB'000

Items	Amount for the current year		Amount for the prior year	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Principal business	3,396,688	3,249,219	2,255,746	2,223,458
Other business	156,080	498	104,237	614
Total	3,552,768	3,249,717	2,359,983	2,224,072

(2) Breakdown of operating revenue

(a) Classified by industries:

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Engineering contracting	3,396,688	2,252,202
Others	–	3,544
Total	3,396,688	2,255,746

(b) Classified by geographic locations:

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
China	–	3,544
Other countries/regions	3,396,688	2,252,202
Total	3,396,688	2,255,746

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

10. Presentation of operating revenue and operating costs (Continued)

(3) Information of major customers from which 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 percentage of total operating revenue of the Company (%)
Party 1	Third party	1,523,369	42.88
Party 2	Third party	917,674	25.83
Party 3	Third party	448,775	12.63
Total	/	2,889,818	81.34

(4) The project contracting services provided by the Company usually constitute a single performance obligation as a whole and are performance obligations performed within a certain period of time. As of 31 December 2021, some of the Company's project contracting service contracts are 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 project contracting service contract. It will be recognized as revenue within the future performance period of each project contracting service contract according to the performance progress.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

11. Investment income

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Investment incomes under cost method	6,695,660	2,835,060
Investment (losses) incomes under equity method	17,701	(16,069)
Total	6,713,361	2,818,991

There is no major restriction of investment income repatriation to the Company.

12. Impairment losses of credit

All amounts in RMB'000

Items	Amount for the current year	Amount for the prior year
Credit losses of accounts receivable	(246)	-
Credit losses of other receivables	56,978	71,485
Credit losses of long-term receivables	11,829	(3,960)
Total	68,561	67,525

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statements

All amounts in RMB'000

Supplementary information	Amount for the current year	Amount for the prior year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	6,762,238	2,678,304
Add: Asset loss provision	3,672	-
Credit loss provision	(68,561)	(67,525)
Depreciation of fixed assets and right-of-use assets	22,950	23,378
Amortization of intangible assets	1,687	1,499
Losses (gains) from disposal of fixed assets, intangible assets and other long-term assets	-	24
Losses on written-off of fixed assets	287	23
Losses on changes of fair value	(140,960)	(38,524)
Financial expenses	179,015	95,846
Gains arising from investments	(6,713,361)	(2,818,991)
(Increase) decrease in inventories	(91)	41
Increase in contract assets	538,064	(351,598)
Decrease in receivables from operating activities	(2,593,773)	668,672
(Decrease) increase in payables from operating activities	1,507,403	(134,003)
	(501,430)	57,146
2. Net changes in cash and cash equivalents:		
31 December 2020 of cash	5,006,514	9,606,574
Less: 31 December 2019 of cash	9,606,574	2,456,387
	(4,600,060)	7,150,187

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Supplementary information to the cash flow statement (Continued)

(2) Cash and cash equivalents

All amounts in RMB'000

Items	31 December 2021	31 December 2020
I. Cash	5,006,514	9,606,574
Including: Cash on hand	4,007	1,371
Bank deposits without restriction	5,002,507	9,605,203
Other cash and bank balances without restriction	–	–
II. Cash equivalents	–	–
Including: Investments in debt securities due within three months	–	–
III. Cash and cash equivalents on 31 December 2020	5,006,514	9,606,574

14. Related party relationships and transactions

- (1) The basic information of the parent of the Company, CMC and the ultimate controlling party, see Note XII 1.
- (2) The basic information of the subsidiaries, see Note IX 1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(3) Associates and joint ventures

Associates and joint ventures	Place of operation	Place of registration	Nature of business	Proportion of ownership interest held by the Company (%)		Accounting method
				Direct	Indirect	
Beijing Jingxi Travel Industry Investment Fund (limited partnership)(Note)	Beijing	Beijing	Investment in culture, tourism and related projects	9.08	-	Equity method
MCC-Huafa Integrated Pipe Network Co., Ltd.	Guangdong Province	Guangdong Province	Planning, design and construction of comprehensive pipe rack project	50.00	-	Equity method
MCC Jianxin Investment Fund Management Co., Ltd.	Beijing	Beijing	Investment management and consultation of non-securities business	50.00	-	Equity method
Shenzhen MCC Utility Tunnel Construction and Investment Co., Ltd.	Guangdong Province	Guangdong Province	Investment and financing of comprehensive pipe rack and pipe network projects	40.00	-	Equity method
Yingtian MCC Xinyin industry development partnership (limited partnership)	Jiangxi province	Jiangxi province	Investment management, asset management	48.89	-	Equity method
MCC Xiangxi Mining Industry Co., Ltd.	Hunan Province	Hunan Province	Processing and sales of mineral products	50.00	-	Equity method

Note: It has significant influence on the investee as it can participate in the financial and operating decision-making process of the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions

(a) Sales and purchase of goods, provision and receipt of services

(i) Purchase of goods/receipt of services

All amounts in RMB'000

Related parties	Related party transactions	Amount for the current year	Amount for the prior year
Minmetals Steel Chengdu Co., Ltd.	Purchase of goods	-	171,747
Total		-	171,747
China MCC 20 Group Co., Ltd.	Receipt of services	380,053	437,120
China MCC 17 Group Co., Ltd.	Receipt of services	215,048	502,940
China Metallurgical Construction Engineering Group Co., Ltd.	Receipt of services	89,907	107,413
MCC International Incorporation Ltd.	Receipt of services	39,196	183,668
Shanghai Baoye Group Co., Ltd.	Receipt of services	4,356	-
China MCC 5 Group Co., Ltd.	Receipt of services	3,296	62,763
CISDI Group Co., Ltd.	Receipt of services	3,208	898
WISDRI Engineering & Research Incorporation Limited	Receipt of services	1,128	-
Central Research Institute of Building and Construction Co., Ltd.	Receipt of services	566	189
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	Receipt of services	189	-
China First Metallurgical Group Co., Ltd.	Receipt of services	189	-
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	Receipt of services	19	-
China MCC 3 Group Co., Ltd.	Receipt of services	-	5,995
China MCC 19 Group Co., Ltd.	Receipt of services	-	2,050
China ENFI Engineering Co., Ltd.	Receipt of services	-	189
MCC Capital Engineering & Research Incorporation Limited	Receipt of services	-	745
MCC TianGong Group Corporation Limited	Receipt of services	-	303
Total	/	737,155	1,304,273

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(a) Sales and purchase of goods, provision and receipt of services (Continued)

(ii) Sales of goods/provision of services

All amounts in RMB'000

Related parties	Related party transactions	Amount for the current year	Amount for the prior year
MCC Communication Construction Group Co., Ltd.	Sale of goods	-	3,544
Total	/	-	3,544
China MCC 5 Group Co., Ltd.	Provision of services	27,964	14,085
Shanghai Baoye Group Co., Ltd.	Provision of services	20,506	6,166
China MCC 19 Group Co., Ltd.	Provision of services	18,496	18,496
China Metallurgical Construction Engineering Group Co., Ltd.	Provision of services	18,196	18,196
China MCC 20 Group Co., Ltd.	Provision of services	17,887	-
China 22MCC Group Co., Ltd.	Provision of services	15,064	15,064
MCC Real Estate Group Co., Ltd.	Provision of services	13,706	28,302
China MCC 17 Group Co., Ltd.	Provision of services	12,189	12,189
MCC TianGong Group Corporation Limited	Provision of services	7,698	-
MCC Communication Construction Group Co., Ltd.	Provision of services	7,494	7,494
China MCC3 Group Co., Ltd.	Provision of services	6,038	6,038
China Huaye Group Co., Ltd.	Provision of services	4,547	6,057
MCC Integrated Pipe Network Technology & Development Co., Ltd.	Provision of services	-	232
MCC Ruimu AmpereX Technology Limited	Provision of services	-	220
Total	/	169,785	132,539

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(b) Loans from/to related parties

All amounts in RMB'000

Related parties	Amount for the current year	Amount for the prior year
Borrowing		
MCC Finance Corporation Ltd.	10,850,000	12,400,000
Shanghai Baoye Group Co., Ltd.	6,750,000	3,250,000
MCC Baosteel Technology Services Co., Ltd.	6,000,000	500,000
MCC Capital Engineering & Research Incorporation Limited	4,778,002	2,200,000
WISDRI Engineering & Research Incorporation Limited	4,708,255	1,100,000
China MCC 20 Group Co., Ltd.	3,350,000	900,000
China MCC 19 Group Co., Ltd.	3,200,000	500,000
China MCC 5 Group Co., Ltd.	2,300,000	-
China First Metallurgical Group Co., Ltd.	2,000,000	200,000
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	1,900,000	600,000
ZHONGYE Chang Tian International Engineering Co., Ltd.	1,900,000	300,000
MCC Holding (Hong Kong) Corporation Limited	1,609,753	-
China MCC 17 Group Co., Ltd.	1,527,848	-
China Metallurgical Construction Engineering Group Co., Ltd.	1,500,000	-
MCC Communication Construction Group Co., Ltd.	1,450,000	900,000
CISDI Group Co., Ltd.	1,000,000	200,000
China Metallurgical Group Corporation	812,500	1,500,000
MCC TianGong Group Corporation Limited	700,000	-
China 22MCC Group Co., Ltd.	600,000	-
Central Research Institute of Building and Construction Co., Ltd.	500,000	500,000
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	400,000	450,000
China Huaye Group Co., Ltd.	400,000	-
Huatian Engineering & Technology Corporation, MCC	400,000	-
China ENFI Engineering Co., Ltd.	400,000	-
MCC Financial Leasing Co., Ltd.	330,000	-
MCC (Shanghai) Steel Structure Technology Co., Ltd.	200,000	-
Northern Engineering & Technology Corporation, MCC	160,000	50,000
MCC Urban Investment Holding Co., Ltd.	100,000	-
MCC-JJJ Mining Development Company Limited	70,000	-
Total	59,896,358	25,550,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(b) Loans from/to related parties (Continued)

Related parties	Amount for the current year	Amount for the prior year
Lending		
MCC Real Estate Group Co., Ltd.	11,000,000	300,000
Shanghai Baoye Group Co., Ltd.	2,500,000	280,000
MCC TianGong Group Corporation Limited	1,700,000	100,000
China Second Metallurgical Group Corporation Limited	500,000	37,000
China MCC International Economic and Trade Co., Ltd.	80,000	–
MCC-JJJ Mining Development Company Limited	12,500	–
China MCC 17 Group Co., Ltd.	–	658,000
China First Metallurgical Group Co., Ltd.	–	393,000
China MCC 3 Group Co., Ltd.	–	311,000
China 22MCC Group Co., Ltd.	–	213,000
WISDRI Engineering & Research Incorporation Limited	–	60,080
China Huaye Group Co., Ltd.	–	46,000
China ENFI Engineering Co., Ltd.	–	25,810
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	–	11,670
MCC Capital Engineering & Research Incorporation Limited	–	5,490
MCC-SFRE Heavy Industry Equipment Co., Ltd.	–	5,470
Total	15,792,500	2,446,520

The interest rates of certain loans from/to related parties mentioned above ranged from 0 % to 5.70 %.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(c) Leases with related parties

The Company as the lessee:

All amounts in RMB'000

Related parties	Category of assets under leases	Lease expenses recognized for the current year	Lease expenses recognized for the prior year
China Metallurgical Group Corporation	Buildings and structures	21,111	21,174
China MCC 20 Group Co., Ltd.	Buildings and structures	557	255
Total	/	21,668	21,429

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(d) Guarantees with related parties

(i) Provide guarantees

All amounts in RMB'000

Guaranteed party	Guaranteed item	Guaranteed amount	Guaranteed period	Whether execution of guarantee has been completed	Inception date of guarantee	Expiration date of guarantee
MCC Holding (Hong Kong) Corporation Limited	Loan	4,227,089	3 years	No	2020-01-13	2023-01-13
MCC Holding (Hong Kong) Corporation Limited	Loan	3,469,975	3 years	No	2021-04-22	2024-04-21
MCC Holding (Hong Kong) Corporation Limited	Loan	2,798,932	3 years	No	2020-03-12	2023-03-12
Tianjin MCC Mingtai Property Co., Ltd.	Loan	1,019,200	3 years	No	2019-01-31	2022-01-31
MCC Real Estate Group Co., Ltd.	Loan	1,000,000	3 years	No	2019-02-26	2022-02-25
MCC Real Estate Group Co., Ltd.	Loan	800,000	3 years	No	2020-12-30	2023-12-30
Hebei MCC Mingrun Real Estate Development Co., Ltd.	Loan	800,000	3 years	No	2019-12-30	2022-12-29
MCC (Guangxi) Mawu Expressway Construction & Development Co., Ltd.	Loan	700,000	15 years	No	2021-08-16	2036-08-15
Beijing Zhongshun Jinda Trading Co., Ltd.	Loan	700,000	3 years	No	2020-03-24	2023-03-24
MCC Real Estate Group Co., Ltd.		600,000	3 years	No	2021-06-25	2024-06-24
Tianjin MCC Mingtai Property Co., Ltd.	Loan	450,800	3 years	No	2019-03-15	2022-03-15
MCC Malaysia Overseas Ltd.	Loan	156,421	3 years	No	2021-07-20	2024-07-20
MCC Real Estate Group Co., Ltd.	Loan	100,000	3 years	No	2020-12-31	2023-12-31
Total	/	<u>16,822,417</u>	/	/	/	/

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(e) Other related party transactions (Continued)

(i) Interest income

All amounts in RMB'000

Related parties	Amount for the current year	Amount for the prior year
MCC Real Estate Group Co., Ltd.	1,559,461	1,241,062
China 22MCC Group Co., Ltd.	80,235	104,362
MCC-SFRE Heavy Industry Equipment Co., Ltd.	47,677	205
MCC Overseas Ltd.	37,070	39,299
MCC Communication Construction Group Co., Ltd.	27,601	39,953
China MCC 3 Group Co., Ltd.	23,255	24,367
Central Research Institute of Building and Construction Co., Ltd.	22,052	28,947
MCC-JJJ Mining Development Company Limited	19,349	19,402
China MCC International Economic and Trade Co., Ltd.	13,554	13,591
China Huaye Group Co., Ltd.	13,347	16,056
Shanghai Baoye Group Co., Ltd.	10,738	7,334
MCC Finance Corporation Ltd.	5,664	3,522
CISDI Group Co., Ltd.	4,410	4,422
MCC TianGong Group Corporation Limited	2,518	5,588
China Second Metallurgical Group Corporation Limited	729	654
China MCC 20 Group Co., Ltd.	-	12,728
China MCC 19 Group Co., Ltd.	-	6,561
China First Metallurgical Group Co., Ltd.	-	5,168
China MCC 17 Group Co., Ltd.	-	5,123
China ENFI Engineering Co., Ltd.	-	967
Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	-	437
Total	1,867,660	1,579,748

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(4) Related party transactions (Continued)

(e) Other related party transactions (Continued)

(ii) Interest expenses

All amounts in RMB'000

Related parties	Amount for the current year	Amount for the prior year
Tianjin Hongxin Investment Partnership (Limited Partnership)	433,154	29,474
Tianjin United Huitong Investment Partnership (Limited Partnership)	349,438	139,866
MCC Finance Corporation Ltd.	288,625	273,913
Tianjin United Huixin Investment Partnership (Limited Partnership)	222,921	114,008
MCC Holding (Hong Kong) Corporation Limited	70,887	12,926
MCC Capital Engineering & Research Incorporation Limited	69,246	32,350
WISDRI Engineering & Research Incorporation Limited	32,488	14,620
MCC Baosteel Technology Services Co., Ltd.	28,831	4,064
China Metallurgical Group Corporation	9,294	47,083
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	8,978	4,571
ZHONGYE Chang Tian International Engineering Co., Ltd.	8,604	2,423
Shanghai Baoye Group Co., Ltd.	4,558	2,795
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	3,011	2,546
China MCC 17 Group Co., Ltd.	1,469	3,257
CISDI Group Co., Ltd.	1,408	1,094
MCC Communication Construction Group Co., Ltd.	524	-
Northern Engineering & Technology Corporation, MCC	436	244
China MCC 19 Group Co., Ltd.	328	-
China First Metallurgical Group Co., Ltd.	148	-
MCC (Shanghai) Steel Structure Technology Co.,Ltd.	87	-
Total	1,534,435	685,234

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party

(a) Receivables

All amounts in RMB'000

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Cash and bank balances	MCC Finance Corporation Ltd.	3,840	-	434,051	-
Total		3,840	-	434,051	-
Accounts receivable	China MCC International Economic and Trade Co., Ltd.	18,294	-	18,294	-
Total		18,294	-	18,294	-
Other receivables	MCC Real Estate Group Co., Ltd.	36,143,965	-	25,130,259	-
Other receivables	MCC Mining (Western Australia) Pty Ltd.	6,774,350	3,719,055	6,783,743	3,719,055
Other receivables	MCC Australia Holding Pty Ltd.	2,414,020	2,414,020	2,466,385	2,466,385
Other receivables	China 22MCC Group Co., Ltd.	2,162,061	-	887,033	-
Other receivables	MCC-SFRE Heavy Industry Equipment Co., Ltd.	1,082,200	-	1,082,200	-
Other receivables	MCC Communication Construction Group Co., Ltd.	1,034,578	-	1,043,071	-
Other receivables	MCC Holding (Hong Kong) Corporation Limited	957,863	-	354,871	-
Other receivables	MCC Overseas Ltd.	790,503	-	807,044	-
Other receivables	MCC TianGong Group Corporation Limited	760,675	-	-	-
Other receivables	China MCC 3 Group Co., Ltd.	738,930	-	738,441	-
Other receivables	Central Research Institute of Building and Construction Co., Ltd.	500,000	-	500,000	-
Other receivables	China Second Metallurgical Group Corporation Limited	500,000	-	-	-
Other receivables	MCC-JJJ Mining Development Company Limited	462,444	-	469,934	-
Other receivables	Shanghai Baoye Group Co., Ltd.	361,595	-	361,591	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(a) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Other receivables	China MCC International Economic and Trade Co., Ltd.	320,831	-	240,831	-
Other receivables	China Huaye Group Co., Ltd.	250,860	-	256,089	-
Other receivables	China First Metallurgical Group Co., Ltd.	146,670	-	146,772	-
Other receivables	MCC International Incorporation Ltd.	129,059	-	108,419	-
Other receivables	China MCC 17 Group Co., Ltd.	107,418	-	107,707	-
Other receivables	CISDI Group Co., Ltd.	100,000	-	100,000	-
Other receivables	China MCC 20 Group Co., Ltd.	94,932	-	93,130	-
Other receivables	China MCC 19 Group Co., Ltd.	33,231	-	41,421	-
Other receivables	MCC Baosteel Technology Services Co., Ltd.	32,477	-	32,477	-
Other receivables	MCC Capital Engineering & Research Incorporation Limited	20,033	-	20,033	-
Other receivables	China Metallurgical Construction Engineering Group Co., Ltd.	13,924	-	23,135	-
Other receivables	Huatian Engineering & Technology Corporation, MCC	5,600	-	5,604	-
Other receivables	Shen Kan Engineering & Technology Corporation, MCC	600	-	600	-
Other receivables	Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	310	-	310	-
Other receivables	Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	32	-	32	-
Other receivables	MCC Tongsin Resources Ltd.	-	-	66,194	-
Total		55,939,161	6,133,075	41,867,326	6,185,440

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(a) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Other receivables-interest receivable	MCC Real Estate Group Co., Ltd.	3,937,870	-	2,378,409	-
Other receivables-interest receivable	China 22MCC Group Co., Ltd.	987,102	-	906,932	-
Other receivables-interest receivable	MCC Mining (Western Australia) Pty Ltd.	380,696	-	383,257	-
Other receivables-interest receivable	MCC Communication Construction Group Co., Ltd.	354,430	-	326,829	-
Other receivables-interest receivable	MCC Australia Holding Pty Ltd.	321,963	321,963	326,576	326,576
Other receivables-interest receivable	China Huaye Group Co., Ltd.	252,164	-	278,839	-
Other receivables-interest receivable	MCC-JJJ Mining Development Company Limited	145,667	-	126,318	-
Other receivables-interest receivable	MCC Overseas Ltd.	142,312	-	107,763	-
Other receivables-interest receivable	MCC-SFRE Heavy Industry Equipment Co., Ltd.	133,807	-	86,131	-
Other receivables-interest receivable	China MCC International Economic and Trade Co., Ltd.	105,336	-	91,782	-
Other receivables-interest receivable	Central Research Institute of Building and Construction Co., Ltd.	80,536	-	59,084	-
Other receivables-interest receivable	MCC Tongsin Resources Ltd.	50,638	-	69,518	-
Other receivables-interest receivable	China MCC 3 Group Co., Ltd.	18,267	-	15,246	-
Other receivables-interest receivable	CISDI Group Co., Ltd.	16,023	-	11,613	-
Other receivables-interest receivable	Shanghai Baoye Group Co., Ltd.	4,827	-	4,827	-
Other receivables-interest receivable	MCC Finance Corporation Ltd.	627	-	182	-
Other receivables-interest receivable	China MCC 20 Group Co., Ltd.	146	-	146	-
Total		6,932,411	321,963	5,173,452	326,576

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(a) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Other receivables-dividends receivable	MCC Real Estate Group Co., Ltd.	1,775,906	-	1,234,659	-
Other receivables-dividends receivable	MCC TianGong Group Corporation Limited	462,884	-	293,392	-
Other receivables-dividends receivable	China 22MCC Group Co., Ltd.	340,819	-	326,016	-
Other receivables-dividends receivable	China MCC 17 Group Co., Ltd.	240,812	-	-	-
Other receivables-dividends receivable	CISDI Group Co., Ltd.	213,567	-	213,567	-
Other receivables-dividends receivable	MCC Communication Construction Group Co., Ltd.	158,520	-	158,520	-
Other receivables-dividends receivable	MCC Capital Engineering & Research Incorporation Limited	126,502	-	158,583	-
Other receivables-dividends receivable	Shanghai Baoye Group Co., Ltd.	92,167	-	92,167	-
Other receivables-dividends receivable	MCC Overseas Ltd.	19,814	-	19,814	-
Other receivables-dividends receivable	Central Research Institute of Building and Construction Co., Ltd.	14,336	-	-	-
Other receivables-dividends receivable	MCC-SFRE Heavy Industry Equipment Co., Ltd.	5,797	-	5,797	-
Other receivables-dividends receivable	China MCC 19 Group Co., Ltd.	-	-	1,423	-
Total		3,451,124	-	2,503,938	-
Prepayments	China MCC 20 Group Co., Ltd.	443,799	-	376,118	-
Prepayments	China MCC 3 Group Co., Ltd.	14,990	-	15,358	-
Prepayments	China MCC 19 Group Co., Ltd.	13,478	-	13,809	-
Prepayments	China MCC International Economic and Trade Co., Ltd.	5,120	-	5,120	-
Prepayments	Shanghai Baoye Group Co., Ltd.	4,921	-	4,693	-
Prepayments	MCC International Incorporation Ltd.	-	-	17,439	-
Total		482,308	-	432,537	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(a) Receivables (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Book value	Provisions for credit losses	Book value	Provisions for credit losses
Long-term receivables	China MCC 3 Group Co., Ltd.	614,620	-	618,670	-
Long-term receivables	MCC Mining (Western Australia) Pty Ltd.	138,660	138,660	150,489	150,489
Long-term receivables	MCC-JJJ Mining Development Company Limited	12,500	-	-	-
Long-term receivables	MCC-SFRE Heavy Industry Equipment Co., Ltd.	5,470	-	5,470	-
Long-term receivables	China 22MCC Group Co., Ltd.	-	-	1,275,000	-
Long-term receivables	China MCC International Economic and Trade Co., Ltd.	-	-	80,000	-
Long-term receivables	WISDRI Engineering & Research Incorporation Limited	-	-	60,080	-
Long-term receivables	China ENFI Engineering Co., Ltd.	-	-	25,810	-
Long-term receivables	Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	-	-	11,670	-
Long-term receivables	MCC Capital Engineering & Research Incorporation Limited	-	-	5,490	-
Total		771,250	138,660	2,232,679	150,489

(b) Payables

All amounts in RMB'000

Items	Related parties	31 December 2021	31 December 2020
Short-term borrowings	MCC Finance Corporation Ltd.	8,550,000	12,000,000
Total		8,550,000	12,000,000
Accounts payable	China MCC 5 Group Co., Ltd.	270,850	271,741
Accounts payable	China MCC 20 Group Co., Ltd.	141,816	141,816
Accounts payable	China Metallurgical Construction Engineering Group Co., Ltd.	118,084	138,759
Accounts payable	China MCC 17 Group Co., Ltd.	66,751	131,435
Accounts payable	China 22MCC Group Co., Ltd.	50,036	50,036
Accounts payable	Northern Engineering & Technology Corporation, MCC	44,253	44,253

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(b) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Accounts payable	Shanghai Baoye Group Co., Ltd.	37,625	37,997
Accounts payable	MCC International Incorporation Ltd.	27,963	32,279
Accounts payable	MCC Overseas Ltd.	11,141	11,141
Accounts payable	ZHONGYE Chang Tian International Engineering Co., Ltd.	5,832	5,832
Accounts payable	China MCC 3 Group Co., Ltd.	5,731	5,871
Accounts payable	China MCC 19 Group Co., Ltd.	4,442	2,522
Accounts payable	Minmetals Steel Chengdu Co., Ltd.	-	17,922
Total		784,524	891,604
Other payables	MCC Capital Engineering & Research Incorporation Limited	4,977,700	2,443,404
Other payables	MCC Holding (Hong Kong) Corporation Limited	4,882,148	2,301,430
Other payables	WISDRI Engineering & Research Incorporation Limited	3,568,644	1,328,401
Other payables	MCC Baosteel Technology Services Co., Ltd.	3,138,046	513,696
Other payables	Shanghai Baoye Group Co., Ltd.	2,306,689	3,098,505
Other payables	ZHONGYE Chang Tian International Engineering Co., Ltd.	1,361,220	370,914
Other payables	China MCC 20 Group Co., Ltd.	1,166,489	1,288,322
Other payables	China MCC 19 Group Co., Ltd.	1,158,784	713,545
Other payables	CISDI Group Co., Ltd.	1,153,364	376,641

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(b) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Other payables	China MCC 17 Group Co., Ltd.	1,017,650	212,633
Other payables	MCC Communication Construction Group Co., Ltd.	911,934	961,410
Other payables	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	872,398	625,781
Other payables	China First Metallurgical Group Co., Ltd.	753,170	270,894
Other payables	China Metallurgical Construction Engineering Group Co., Ltd.	580,933	107,910
Other payables	Central Research Institute of Building and Construction Co., Ltd.	531,880	542,507
Other payables	China 22 MCC Group Co., Ltd.	518,286	197,258
Other payables	China ENFI Engineering Co., Ltd.	445,344	45,344
Other payables	China MCC 5 Group Co., Ltd.	442,780	477,029
Other payables	Huatian Engineering & Technology Corporation, MCC	400,215	165
Other payables	MCC Financial Leasing Co., Ltd.	330,000	-
Other payables	MCC International Incorporation Ltd.	295,177	261,680
Other payables	China MCC 3 Group Co., Ltd.	291,602	182,317
Other payables	China Huaye Group Co., Ltd.	276,702	102,269
Other payables	Northern Engineering & Technology Corporation, MCC	228,322	78,461
Other payables	Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	210,934	467,812
Other payables	MCC (Shanghai) Steel Structure Technology Co., Ltd.	200,087	-
Other payables	China 13th Metallurgical Construction Corporation	121,716	162,288
Other payables	MCC Urban Investment Holding Co., Ltd.	100,000	-
Other payables	China Second Metallurgical Group Corporation Limited	90,466	145,020
Other payables	MCC-JJJ Mining Development Company Limited	70,000	-
Other payables	MCC Overseas Ltd.	50,497	23,552
Other payables	Shen Kan Engineering & Technology Corporation, MCC	46,296	64,306

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVI. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Related party relationships and transactions (Continued)

(5) Payables and receivables of related party (Continued)

(b) Payables (Continued)

Items	Related parties	31 December 2021	31 December 2020
Other payables	Beijing Metallurgical Equipment Research Design Institute Co., Ltd.	37,297	37,297
Other payables	MCC Mining (Western Australia) Pty Ltd.	31,854	34,572
Other payables	MCC Australia Holding Pty Ltd.	19,024	20,569
Other payables	MCC-SFRE Heavy Industry Equipment Co., Ltd.	377	377
Other payables	Ramu NiCo Management (MCC) Ltd.	3	3
Other payables	MCC TianGong Group Corporation Limited	-	219,139
Other payables	MCC Inner Mongolia Construction Investment Co., Ltd.	-	21,687
Other payables	MCC Tongsin Resources Ltd.	-	9,236
Total		32,588,028	17,706,374
Non-current liabilities due within one year	Tianjin United Huitong Investment Partnership (Limited Partnership)	116,252	139,866
Non-current liabilities due within one year	Tianjin United Huixin Investment Partnership (Limited Partnership)	92,033	114,008
Non-current liabilities due within one year	Tianjin Hongxin Investment Partnership (Limited Partnership)	33,441	29,474
Total		241,726	283,348
Long-term payables	Tianjin United Huitong Investment Partnership (Limited Partnership)	7,499,980	7,500,000
Long-term payables	Tianjin Hongxin Investment Partnership (Limited Partnership)	7,499,980	7,500,000
Long-term payables	Tianjin United Huixin Investment Partnership (Limited Partnership)	4,999,980	5,000,000
Long-term payables	China Metallurgical Group Corporation	457,050	444,550
Total		20,456,990	20,444,550

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

XVII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

All amounts in RMB'000

Items	Amount for the current year
Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and received in accordance with the uniform state's regulations.)	679,750
Other non-operating income or expenses other than the above items	(222,673)
Profit or loss on disposal of non-current assets	689,228
Profit or loss arising from changes in fair value of trading financial assets, derivative financial instruments and other financial assets and investment income on disposal of trading financial assets except for those relating to the hedging transactions under the company's normal operating business	200,205
Reversal of provision for credit losses individually-assessed for large-amount accounts receivable and contract assets	159,461
Profit or loss on disposal of long-term equity investments	148,070
Impact on income tax	(148,396)
Impact on non-controlling interests	(162,910)
Total	1,342,735

2. Return on net assets and earnings per share ("EPS")

Profit during the reporting period	Weighted average rate of return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	9.05	0.35	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	7.38	0.29	N/A

OTHER FINANCIAL DATA

Unit: RMB'000

Items	2021	2020	2019	2018	2017
Operating revenue	500,571,647	400,114,623	338,637,609	289,534,523	243,999,864
Operating costs	447,435,146	354,685,571	299,247,115	253,121,966	212,052,305
Taxes and levies	2,515,554	1,967,862	1,896,372	2,412,583	2,109,021
Selling expenses	2,742,789	2,441,204	2,315,815	2,108,541	1,961,287
Administrative expenses	10,921,869	11,011,320	9,354,662	8,569,093	7,681,869
R&D expenses	15,901,198	12,326,903	9,934,444	7,182,666	5,336,045
Financial expenses	1,055,115	1,767,398	2,498,264	2,614,040	3,020,031
Impairment losses of assets	(1,624,422)	(593,338)	(939,749)	(1,165,150)	(3,908,628)
Impairment losses of credit	(3,714,814)	(3,086,669)	(2,418,539)	(2,671,338)	-
Gains/(losses) on investments	(1,793,422)	(1,139,662)	(987,178)	(262,199)	548,870
Gains on disposal of assets	689,228	232,899	67,810	138,415	99,013
Other income	428,034	451,602	241,945	237,653	200,336
Operating profit	14,162,514	11,813,020	9,342,416	9,832,014	8,779,119
Non-operating income	299,559	475,004	523,777	449,866	438,636
Non-operating expenses	449,894	370,754	84,035	757,436	243,069
Total profit	14,012,179	11,917,270	9,782,158	9,524,444	8,974,686
Income tax	2,404,985	2,534,913	2,205,339	1,953,837	2,262,832
Net profit	11,607,194	9,382,357	7,576,819	7,570,607	6,711,854
Net profit attributable to shareholders of the Company	8,374,970	7,862,185	6,599,712	6,371,580	6,061,488
Profit or loss of minority Shareholders	3,232,224	1,520,172	977,107	1,199,027	650,366
Basic earnings per share	0.35	0.32	0.27	0.26	0.26
Diluted earnings per share	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Items	As at the end of 2021	As at the end of 2020	As at the end of 2019	As at the end of 2018	As at the end of 2017
Total assets	543,470,147	506,392,963	458,506,213	438,915,843	414,565,174
Total liabilities	392,082,388	366,037,656	341,600,705	336,246,399	317,244,693
Shareholders' equity	151,387,759	140,355,307	116,905,508	102,669,444	97,320,481

Chairman: **Chen Jianguang**

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