



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

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

Stock Code: 1186

2019
Annual Report

中国铁建股份有限公司
庆祝新中国成立70周年

Important Notice

- I. The Board and the Supervisory Committee of the Company and the directors, supervisors and members of the senior management warrant the truthfulness, accuracy and completeness of the contents herein and confirm that there are no misrepresentations or misleading statements contained in, or material omissions from, this report, and accept several and joint legal responsibilities.
- II. All Directors attended the board meeting of the Company to consider and approve the annual results.
- III. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified auditor's report for the Company.
- IV. CHEN Fenjian, chairman of the Company, WANG Xiuming, CFO, and QIAO Guoying, Head of the Finance Department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.
- V. Profit distribution plan or reserves-to-equity transfer plan during the Reporting Period upon deliberation at the board meeting

According to the audited financial report of the Company for the year 2019, the undistributed profit of the parent company at the beginning of 2019 was RMB10,644,559,799.03. After adding the net profit realized by the parent company of RMB13,836,253,893.55 in this year and deducting the cash dividends for the year 2018 of RMB2,851,703,715.00 and the interest of RMB1,239,523,583.31 in this year in relation to the distribution of renewable corporation bonds and renewable loans, at the end of this year, the distributable profit of the parent company was RMB20,389,586,394.27. According to the Company Law and the Articles of Association of the Company, the distributable profit of the parent company for the year 2019 shall be distributed in the order as follows: the withdraw of the statutory surplus reserve fund of RMB1,383,625,389.36 based on 10% of net profit realised by the parent company for the year 2019, after which the parent company's distributable profit for the shareholders in this year was RMB19,005,961,004.91; a cash dividend of RMB2,851,703,715.00 in total, i.e. RMB0.21 (tax inclusive) per share will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2019; Upon such distribution, the undistributed profit of the parent company amounting to RMB16,154,257,289.91 will be carried forward to the next year.

- VI. Disclaimer of forward-looking statements

Applicable Not Applicable

Forward-looking statements, including future development strategy and annual business plan, contained in this report do not constitute substantive commitments to investors by the Company. Investors and relevant persons shall maintain a sufficient risk awareness hereto and understand the differences among plans, prediction and commitments. Investors are reminded of such investment risks.

- Value: VII. Whether the Controlling Shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business?

No

- Value: VIII. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures?

No

- Value: IX. Reminder of important risks

The main risks the Company may encounter are overseas risk, investment risk, major emergency risk, trade receivables risk and cash flow risk. Please refer to "(IV) Potential Risks" in "III. Discussion and Analysis of the Company's Future Development" under "Section V Discussion and Analysis on Business Operations (Report of Directors)". Investors are reminded of such risks.

- Value: X. Others

Applicable Not Applicable

The 2019 financial report of the Company was prepared according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (hereinafter referred to as "PRC GAAP Standards"). The reporting currency is RMB, unless otherwise specified.

The contents of this annual report are in compliance with all the requirements in relation to information to be disclosed in annual report under the SSE Listing Rules and the Hong Kong Listing Rules. In addition, this annual report will be simultaneously published in Mainland China and Hong Kong. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Section I Definitions

I. DEFINITIONS

Unless otherwise stated in context, the following terms should have the following meanings in this report:

Definition of frequently used terms

“Company” or “CRCC”	China Railway Construction Corporation Limited
“Group”	China Railway Construction Corporation Limited and its wholly-owned and controlled subsidiaries
“CRCG” or “Controlling Shareholder”	China Railway Construction Group Co., Ltd., which was restructured from China Railway Construction Corporation to China Railway Construction Co., Ltd. on 11 December 2017, and renamed China Railway Construction Group Co., Ltd. in January 2019
“General Meeting”	a general meeting of China Railway Construction Corporation Limited
“Board”	the board of directors of China Railway Construction Corporation Limited
“independent director”	a person who assumes no duties in the Company except the duty of director, and has no relation with the Company and its substantial shareholders which could hinder his independent and objective judgments
“Supervisory Committee”	the supervisory committee of China Railway Construction Corporation Limited
“Articles of Association”	the Articles of Association of China Railway Construction Corporation Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CSRC”	China Securities Regulatory Commission
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules

Section I Definitions (continued)

“Company Law”	the Company Law of the People’s Republic of China
“Securities Law”	the Securities Law of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“the year”	the year of 2019
“previous year” or “prior year”	the year of 2018
“Reporting Period”	From January to December 2019
“the end of the Reporting Period”	31 December 2019

Section II Basic Corporate Information and Key Financial Indicators

As the successor of the Railway Corps of the People's Liberation Army, China Railway Construction Corporation Limited was established by China Railway Construction Corporation (renamed China Railway Construction Group Co., Ltd. after restructuring) as the sole promoter in Beijing on 5 November 2007 and is an ultra-large construction enterprise supervised by the SASAC. The Company successfully issued RMB denominated domestic shares (A shares) and overseas listed foreign shares (H shares), which were listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 10 March 2008 and 13 March 2008 respectively.

The Company is one of the strongest and largest-scale integrated construction groups in China and in the world. It was included among the "Top 250 Global Contractors" consecutively by Engineering News-Record (ENR), an American magazine and ranked No. 3 in 2019. It was listed among the Fortune "Global 500" consecutively, ranking No. 59 in 2019. It was listed among the "Top 500 Enterprises of China" consecutively, ranking No. 14 in 2019.

The business of the Company comprises construction operation, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading, which constitute a seamless industry chain covering scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, and other businesses. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high-speed railways, expressways, bridges, tunnels and urban rail transits. Since the 1980s, the Company has received 872 national-level awards in construction operation, survey, design and consultancy and other fields, including 81 National Prizes for Science and Technology, 154 National Prizes in Survey, Design and Consultancy, 101 Zhan Tianyou Civil Engineering Awards, 394 National High-Quality Projects Awards and 142 Luban Prizes for China Construction. The Company holds 14,023 patents and 3,270 engineering methods above provincial level.

At present, the Company's operating businesses cover 32 provinces (including Taiwan), autonomous regions, municipalities and Hong Kong and Macau Special Administrative Regions in China, as well as 127 foreign countries in the world.

The Company boasts a professional team consisting of 1 member of Chinese Academy of Engineering, 11 National Survey and Design Masters, 12 national candidates of the "Bai Qian Wan Talents Project (百千萬人才工程)", 1 young leader in scientific and technological innovation under the "Ten Thousand Plan" (萬人計劃) and 251 experts who are recipients of special subsidies granted by the State Council.

I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵建股份有限公司
Chinese abbreviation	中國鐵建
English name of the Company	China Railway Construction Corporation Limited
English abbreviation	CRCC
Legal representative of the Company	CHEN Fenjian



Section II Basic Corporate Information and Key Financial Indicators (continued)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Joint Company Secretaries	Representative of Security Affairs
Name	ZHAO Dengshan	ZHAO Dengshan, LAW Chun Biu	XIE Huagang
Correspondence address	East, No. 40 Fuxing Road, Haidian District, Beijing	East, No 40. Fuxing Road, Haidian District, Beijing	East, No 40. Fuxing Road, Haidian District, Beijing
Telephone	010-52688600	010-52688600	010-52688600
Fax	010-52688302	010-52688302	010-52688302
E-mail	ir@crcc.cn	ir@crcc.cn	ir@crcc.cn

III. BASIC INFORMATION

Registered office of the Company	East, No.40 Fuxing Road, Haidian District, Beijing
Postal code of registered office of the Company	100855
Principal place of business in the PRC	East, No.40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business in the PRC	100855
Principal place of business in Hong Kong	23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong
Website Address of the Company	www.crcc.cn
E-mail address	ir@crcc.cn

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by CSRC for publishing the annual report	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the annual report	www.hkex.com.hk
Place for safekeeping of annual reports of the Board Office of CRCC, the Company	the Board Office of CRCC, East, No.40 Fuxing Road, Haidian District, Beijing



Section II Basic Corporate Information and Key Financial Indicators (continued)

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares				
Type of share	Place of listing	Stock abbreviation	Stock Code	Stock abbreviation before change
A share	Shanghai Stock Exchange	China Rail Cons	601186	–
H share	Hong Kong Stock Exchange	China Rail Cons	1186	–

VI. OTHER RELATED INFORMATION

Auditors appointed by the Company Note	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F Bund Center, 222 Yan An Road East Shanghai, the PRC
	Names of signing accountants	MA Yanmei, Yin Lili
Legal advisers appointed by the Company (As to Hong Kong law)	Name	Baker & McKenzie
	Office address	14th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Legal advisers appointed by the Company (As to PRC law)	Name	Beijing Deheng Law Office
	Office address	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing
A Share registrar of A shares of the Company	Name	China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Branch
	Office address	36/F, China Insurance Building, No. 166, Lujiazui East Road, Pudong New Area, Shanghai
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Note: Pursuant to the amendments to the Hong Kong Listing Rules and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP Standards to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed one auditor as its external auditor starting from the financial year of 2011 (no division of domestic and overseas).

Section II Basic Corporate Information and Key Financial Indicators (continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Major accounting data

Unit: '000 Currency: RMB

Major accounting data	2019	2018	Increase or decrease at this year over the previous year (%)	2017
Revenue	830,452,157	730,123,045	13.74	680,981,127
Net profit attributable to shareholders of the Company	20,197,378	17,935,281	12.61	16,057,235
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	18,314,645	16,695,417	9.70	14,770,950
Net cash flows generated from operating activities	40,005,838	5,447,861	634.34	25,404,178

	At the end of 2019	At the end of 2018	Increase or decrease at the end of the current period compared to that of the same period of last year (%)	At the end of 2017
Net assets attributable to shareholders of the Company	209,959,674	169,889,912	23.59	149,411,983
Total assets	1,081,239,213	917,670,582	17.82	821,887,459

Section II Basic Corporate Information and Key Financial Indicators (continued)

(II) Major financial indicators

Major financial indicators	2019	2018	Increase or decrease at this year over the previous year (%)	2017
Basic earnings per share (<i>yuan per share</i>)	1.40	1.26	11.11	1.16
Diluted earnings per share (<i>yuan per share</i>)	1.33	1.23	8.13	1.09
Basic earnings per share after deduction of non-recurring profit or loss (<i>yuan per share</i>)	1.26	1.17	7.69	1.07
Weighted average return on net asset (%)	12.03	12.00	Increased by 0.03 percentage points	12.16
Weighted average return on net asset after deduction of nonrecurring profit or loss (%)	10.84	11.13	Decreased by 0.29 percentage points	11.17

Explanation on the major accounting data and financial indicators of the Company for the past three years before end of the Reporting Period

Applicable Not Applicable

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN THE PRC GAAP STANDARDS AND FOREIGN ACCOUNTING STANDARDS

(I) **Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the international accounting standards and the PRC GAAP Standards**

Applicable Not Applicable

(II) **Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the foreign accounting standards and the PRC GAAP Standards**

Applicable Not Applicable

(III) **Explanation on difference between foreign and domestic accounting standards**

Applicable Not Applicable

Section II Basic Corporate Information and Key Financial Indicators (continued)

IX. KEY FINANCIAL INDICATORS OF 2019 BY QUARTER

Unit: '000 Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	157,089,287	195,845,592	208,421,995	269,095,283
Net profit attributable to shareholders of the Company	3,885,577	5,398,601	5,404,386	5,508,814
Net profit attributable to shareholders of the Company after deduction of nonrecurring profit or loss	3,646,631	4,880,288	5,108,735	4,678,991
Net cash flows generated from operating activities	-39,630,503	7,158,590	12,530,312	59,947,439

Explanation on difference between quarterly results and information disclosed in periodic reports

Applicable Not Applicable

Section II Basic Corporate Information and Key Financial Indicators (continued)

XI. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: '000 Currency: RMB

Non-recurring profit or loss	Amount for 2019	Amount for 2018	Amount for 2017
Gains from disposal of non-current assets	445,323	554,156	-150,500
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	414,810	375,052	622,176
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the investment cost in the Company's subsidiaries, associates and joint ventures	2,964	108,331	235,240
Profit or loss from debt restructuring	11,898	132,975	2,804
Gains from change in the fair value of the held for-trading financial assets and held-for-trading financial liabilities held by the Company and investment income from disposal of held for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets other than the valid hedging services related to the normal operating activities of the Company	/	/	315,711
Gains from change in the fair value of the held for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company	881,113	-135,614	/
Reversal of impairment of trade receivables that had impairment test separately	/	/	766,248
Reversal of impairment of trade receivables and contract assets that had impairment test separately	313,914	1,062,689	/
Other non-operating income or expenses other than the above	289,470	-515,093	-180,912
Effect of minority interests	-21,849	-10,624	4,145
Impact on income tax	-454,910	-332,008	-328,627
Total	1,882,733	1,239,864	1,286,285

Section II Basic Corporate Information and Key Financial Indicators (continued)

XII. ITEMS MEASURED AT FAIR VALUE

Applicable Not Applicable

Unit: '000 Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Change during the period	Effect on profit of current period
Receivables at FVTOCI	2,143,802	2,654,263	510,461	7,280
Held-for-trading financial assets	3,344,458	3,587,646	243,188	83,825
Other debt investments (including current portion)	100,513	101,930	1,417	–
Other equity instrument investments	8,268,378	10,038,609	1,770,231	187,668
Other non-current financial assets	779,049	1,643,494	864,445	3,170
Other non-current liabilities	850,865	244,414	-606,451	–
Total	15,487,065	18,270,356	2,783,291	281,943

XIII. OTHERS

Applicable Not Applicable

Section III Chairman's Statement

Dear Shareholders,

I'm hereby presenting the 2019 annual report of CRCC to you on behalf of the Board, and expressing the sincere thanks to the friends in all walks of life who support and care for the reform and development of the Company for a long time!

The year 2019 is an extraordinary year for the reform and development of CRCC. Facing tough environment and arduous tasks in the year, CRCC firmly focused on the central work of developing "High-Quality CRCC" and the work theme of "stable growth, high quality", seized opportunities, forged ahead and enhanced the quality and efficiency with rapid progress while maintaining steady development, achieving remarkable results in various work.

During the year, the Company adhered to the operation concept on "three transformations and four beings" and all annual indicators outperformed the targets. The total value of newly-signed contracts of the Group amounted to RMB2,006.8544 billion. It achieved revenue of RMB830.4522 billion, net profits attributable to shareholders of the Company of RMB20.1974 billion and earnings per share of RMB1.40. Major economic indicators achieved double-digit growth. It maintained an overall steady level on safety production and quality and achieved remarkable results in quality development. The Company ranked No. 59 among the "Fortune Global 500", No. 14 among "Top 500 Enterprises of China" and No. 3 among "Top 250 Global Contractors".

During the year, the Company advanced reform measures with "the integration of delegating power and strengthening regulation" and achieved remarkable improvement in the resources allocation efficiency. The mixed ownership reform was advanced and breakthroughs were achieved in spin-off and separate listing, market-oriented conversion of debts into equities, mergers and acquisitions. It made solid progress in the reform of organizations and authorities to be a leaner and better performer and the management structure has been consistently optimised. The disposal of zombie enterprises and enterprises with difficulties has been generally completed, the "Double Hundred Enterprises" campaign was advanced in an orderly manner and the stripping of "three supplies and property management" has been completed. Transformation and upgrading was under smooth progress and the industrial structure was increasingly optimised.

During the year, the Company implemented the guideline of "prioritising overseas businesses" to achieve breakthroughs and results were made in the implementation of strategies on overseas development. It established a 3+5+N system on overseas operation and development and the total value of newly-signed orders amounted to RMB269.2429 billion, representing a year-on-year increase of 100%. The strategy of "prioritising overseas businesses" has gained consensus and the overseas coordination has been increasingly enhanced. Overseas projects were under steady and orderly management and control, the leading role of investment quickly emerged; and the risk management and control capability was consistently improved.

Section III Chairman's Statement (continued)

The outbreak of novel coronavirus epidemic is raging globally in the beginning of 2020, bringing more uncertainties to the economic growth. The international environment continues to see profound changes with more pressures on economic downturn. The construction market also faces a complicated situation, but there are no changes in the fundamentals for a steady and sound market size. Domestic policies on stabilizing employment, finance, foreign investment, foreign trade, investment and expectation brought benefits to the construction industry. Overseas countries launched development plans on infrastructure construction to stimulate the economic recovery and growth and the international construction market has shown trends of moderate growth.

There are always opportunities in the eyes of the strong but risks in the eyes of the weak. In 2020, the Company will continue to advance the "Four Stickings to". It will stick to the overall guideline on building "High-Quality CRCC", stick to the central task of improving high-quality development and benefits, stick to emphasizing reform, innovation, transformation and upgrading and stick to the target of building a world-leading enterprise. It will fly its dreams, bravely conduct innovation and advance practical work to create a bright future and lay a solid foundation for the completion of building a moderately prosperous society in all respects and the "13th Five-year Plan" and the initiation of the "14th Five-year Plan". In 2020, the Company will fly the dreams of CRCC. Centering on the target for a "High-Quality CRCC", world-leading enterprise and sustainable development, it will promote reform and innovation, speed up in transformation and upgrading, accelerate overseas expansion and strengthen management improvement. In 2020, the Company will carry out innovation and development. It will facilitate overall innovation in concepts, management, products, technology and marketing and integrate innovation in every corner and every stage of development. In 2020, the Company will advance enterprise vitalization through practical work. It will carry forward the spirit of hard working and strengthen the leading role of the CPC; stimulate the drivers to practical work and deepen reform and innovation; promote the style of hard working and enhance fundamental management; focus on key tasks in practical work and solve difficulties in development; carry out practical work and achieve overseas breakthroughs; reinforce the team on practical work and inject vigorous power; carry out the culture of practical work and write new brilliant chapters.

Great truths are always simple and practical work is the fundamental. In 2020, CRCC will fly its dreams, bravely seek innovation and focus on practical work with firm confidence, struggling momentum and indomitable perseverance to solidly advance the high-quality development of CRCC, undertake responsibilities for the society, create value for shareholders, seek happiness for staff and strive to write new chapters in the reform and development in the new era!

CHEN Fenjian
Chairman of the Board
Beijing, the PRC
30 March 2020



Section IV Summary of the Company's Businesses

I. MAIN BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC's businesses cover a variety of construction, survey, design and consultation, manufacturing, real estate development, logistics and materials trading and other business with refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, maintenance, operation, investment and financing, which have equipped itself with capability of providing one-stop-shop comprehensive services for the proprietors. CRCC has established its industry leadership in fields of engineering design and construction for plateau railways, high-speed railways, expressways, bridges, tunnels and urban rail transits. The Group, focusing on market management and capital operations simultaneously, adopts the mixed operation mode of multiple integrated operation modes with a combination of regional, brand, credit and synergetic operations.

(I) Construction operations

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, urban rails, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. The construction operations of the Group offer project contracting services in 31 provinces (excluding Taiwan), autonomous regions, municipalities of the PRC, Hong Kong and Macau Special Administrative Region, and participates in infrastructure construction in countries and regions of Africa, Asia, South America and Europe. Its construction operations mainly take the forms of construction contract and financing contract.

In light of the active construction of "Belt and Road Initiative", coordinated development for the Beijing-Tianjin-Hebei Region, the Yangtze Economic Belt, Xiong'an New Area and Guangdong-Hong Kong-Macau Greater Bay Area, and the continuing in-depth advancement of new-type urbanization, revitalization strategy of rural areas and shantytowns transformation, as well as the strengthening of the improvement of transporting facility in mid-west China, the domestic markets where the general engineering contracting projects operate in, including domestic railway, highway, housing construction, urban rail, municipal engineering and water conservancy and hydropower, airport, will maintain steady growth. Emerging markets, including countryside construction, utility tunnel, sponge city, environmental protection and pollution control, are expected to grow rapidly, and the infrastructure market is in the stable and healthy development overall.

(II) Survey, design and consultancy operations

Survey, design and consultancy operations of the Company mainly comprise 4 large survey design enterprises with comprehensive Grade A qualifications for engineering design and design institutes of all project bureaus, and cover the civil engineering and infrastructure construction related to railway, urban rail transits, highways, municipal administration, industrial and civil buildings, water transport, water conservancy and hydropower and civil aviation whilst keeping expanding into the emerging industries and areas, such as magnetic suspension transport, travel rail transits, intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and energy conservation and environmental protection. Survey, design and consultancy operations take railway and urban rail transit as the main market, with highway, municipal engineering, industrial and civil construction and water transport as the important markets for diversified development. The basic business model of survey, design and consultancy operations is to complete the survey, design and consultation and related services of engineering projects as contracted through market competition, and to operate general design contracting projects and general engineering contracting projects by fully leveraging on the business advantages of the Company.

Section IV Summary of the Company's Businesses (continued)

Currently, survey and design companies meet golden opportunities to realise “going global” strategy and build the “Designed in China” brand, as the country makes greater efforts to improve weak links of infrastructure and advance “Belt and Road Initiative”. Putting the concept that “development should be innovation-driven, coordinated, green, oriented toward global progress and beneficial to all” into practice, the Group deepens technology innovation and management innovation, develops the layout of all-around and in-depth integration with relevant industries, and promotes traditional survey, design and consultancy operations to upgrade to integrated engineering consultancy services that cover multiple industries, whole process and whole lifecycle.

(III) Manufacturing operations

The Group is a manufacturer of materials and professional equipment providing integrated services of R&D, manufacturing, sales and services with a leading position in domestic market and advanced position worldwide. After years of development, manufacturing operations cultivate three core businesses: equipment manufacturing, material production and precast concrete production. The business scope covers large railway track maintenance machinery, underground construction equipment, rail construction equipment, concrete construction equipment, lifting equipment, bridge construction equipment, compacting equipment, concrete products, bridge steel structures, turnout and spring bar fastener, and electric contact wire and parts. It owns a world-leading excavating machine manufacturing base with an annual output of 200 excavating machine, accounting for half of the domestic market. In particular, the TBM takes up more than 85% of domestic market and provides domestic underground construction projects with intelligent and integrated solutions and high-end equipment; many achievements in this field are unprecedented and fill in the blank in the nation. Major products of large rail track maintenance machinery take up more than 80% of domestic market.

The industrial manufacturing industry is shifting its business mode from fighting alone to coordinated business unit and industry chain development. Leveraging its whole chain advantage, the Group actively promotes operating synergy and industry synergy and builds an integrated operation mode that incorporates multiple industries, so as to improve the competitiveness of the Company and the brand influence, and enhance overall profitability. The Group strives to improve businesses of less advantage, makes greater achievements in bridge steel structure manufacturing and installation, and fosters new growth engines.

During the 13th Five-Year Plan period, the country will continue to invest in transport infrastructure construction, and traditional general engineering machinery will still be affected by overcapacity and fiercer market competition. However, the high-end equipment manufacturing will embrace golden growth opportunities, and intelligent manufacturing development will be promoted in an all-round manner. The continuously improved core equipment supply capacity and the accelerated localisation of major technology equipment will offer great opportunity and platform to high-end equipment manufacturing.

Section IV Summary of the Company's Businesses (continued)

(IV) Real estate development operations

As one of the 16 enterprises directly under the central government taking real estate development as principal business as confirmed by the SASAC, the Group adopts the business model of “giving priority to residential development supplemented by other industries” for the current real estate business. The Group focuses on three core city clusters including Yangtze River Delta, Pearl River Delta and Bohai Coastal Region, and steps up efforts to expand business in new city clusters and national new areas, such as Xiong'an New Area, Guangdong-Hong Kong-Macao Greater Bay Area, Shandong Peninsula, Liaodong Peninsula, Western Coast of the Straits, Changsha-Zhuzhou-Xiangtan, Wuhan, Chengdu and Chongqing. The region layout sticks to the development roadmap that first- and second-tier cities are the focus and third- and fourth-tier cities with great potential serve as the supplement.

In 2019, the PRC property market continued deep regulation and adhered to the position of “houses are for living in other than speculation”. It fully implemented differentiated policies for different cities and the mechanism on stabilizing land price, housing price and expectation, maintained the continuity and stability of policies and reasonably boosted the demand. The property market generally maintained steady operation. During the Reporting Period, the sales of the real estate business of the Group achieved rapid increase. The sales amount derived from the real estate business in the whole year was RMB125.4181 billion and the sale area was 8.60 million sq. m. During the Reporting Period, the Group improved the regional layout of real estate projects and intensified the business expansion in the first- and second-tier cities with great development prospects, including Beijing, Tianjin and Hangzhou. Meanwhile, the Group leveraged its regional operation and industrial coordination advantages, proactively expanded the land acquisition channels, and made broad cooperation with the excellent enterprises in the industry to make full use of all parties and decrease the operating risks. In 2019, the Group gained 47 land parcels in 28 cities including Beijing, Tianjin, Chongqing, Wuhan, Xi'an, Hangzhou and Suzhou with a total area of land for construction of 3.308 million sq. m. and the planned gross floor area of about 10.23 million sq. m. As at the end of the Reporting Period, the Group has developed 276 projects in 71 domestic cities, with the total area of construction land of about 28.29 million sq. m and the planned gross floor area of about 80.99 million sq. m. The Group has achieved the echelon arrangement which focuses on the first- and second-tier cities and replenishes by some third- and fourth-tier cities with great potential.

The property industry is under the transformation from high-speed development to high-quality development. It will be more focused on green and healthy housing, digitalized and industrialized production, informatisation and intelligentization as well as full life-cycle services on houses. It will put more input in exploring and promoting housing industry, elderly care industry, cultural and tourism industry, big health industry, rural revitalization, characteristic towns and pastoral complex. The property industry still enjoys a stable market and potential demands in the future. Meanwhile, the industry concentration will be further boosted with increasingly intensified competition.

(V) Logistics and materials trading and others

The Group possesses over 70 regional business outlets in important cities and logistics node cities, 1.33 million sq. m of logistics sites, over 40,000 meters of special railway lines and 32,550 cubic meters of storage capacity of product oil. The Group provided integrated supply chain service through improvement of an efficient logistics-informatisation, regional and market-oriented service system.

Section IV Summary of the Company's Businesses (continued)

By taking root in “Maintaining Supply, Assuring Quality and Reducing Cost”, first, the Group improved its resource access and materials supply capacity, and in particular, strived to “have an edge over peers” in supplying materials and products in tight supply focusing on the primary target of “Serving Major Business, and Securing Construction and Production”; second, the Group actively and orderly developed independent development business of sand aggregate, strived to open up initiating explosive devices supply channels and played a vital role in controlling and stabilising price of materials; third, the Group strived for coordinated development among emerging businesses including overseas business, ecological management and landscape, improved its level of qualification and developed new fields of materials and logistics; fourth, the Group optimised and integrated network material trading platforms by fully utilizing network information technology, and improved the level of informatisation of materials and logistics operations. The deeply advancing of the supply-side structural reform created a favourable environment for the development of the materials and logistics industry.

II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable Not Applicable

III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

(I) Prominent competitive strength in the industry

The Company has been ranking top 3 among the ENR global largest engineering contractors for many consecutive years, ranking No. 59 in the Global 500 in 2019. The Company has powerful market management and expansion capacity, with obvious increase in each business indicator. The global operation landscape has taken shape and the overseas business has continued to improve. The Company has taken advantage of its financing platform of A+H listings, sufficient bank credit and the highest international rating in construction industry. The Company has created favorable brand effect in the field of infrastructure construction, and obtained stable customer base and abundant market resources.

(II) Continuing enhancement of advantage in technology

The Company has been in a world leading position in the plateau, alpine region and high-speed railway design and construction technologies. Increasing number of products are designed with independent intellectual property rights. Underground engineering facilities including major-diameter earth pressure balance shield/TBM dual-mode excavator, hard rock tunnel boring machine with major diameter and full face and hard rock tunnel boring machine with double shields fill the blank in China. Large railway track maintenance machinery including narrow-gauge tamping machines and narrow-gauge ballasting machines have also achieved the international leading level and have been exported to overseas markets. Technologies of underground and underwater engineering construction, magnetic suspension engineering construction and electrical & mechanical system integration have achieved a leading level in the industry.

Section IV Summary of the Company's Businesses (continued)

(III) Perfection of industrial structure and layout

The Company has completed the overall layout along the construction industry chain, with the business covering the construction operations, survey, design and consultancy operations, manufacturing, real estate development, logistics and materials trading, and others. The Company realized the transition from a construction enterprise to a one-stop solution provider with an integration of scientific research, planning, survey, design, construction, supervision, maintenance, operation, investment and financing, with the capability of expansion and synergy along the whole industry chain. The Company conducted patent layout with focus on synergy of three major business segments, namely survey and design, engineering construction and manufacturing operations. At present, it has established a preliminary patent protection network of the underwater tunnel design and construction and large-diameter shield equipment. Based on its research and analysis in the medium- low speed maglev field, the Company has applied for more than 100 domestic and overseas patents in 15 technology branches, such as F-type guide rails, track beams and contact system, which has established a patent portfolio for the medium-low speed maglev technology and has enhanced the capability to protect independent intellectual property rights and the Company's core competitiveness.

(IV) Gradual optimization of organizational and management structure

Based on headquarter organization structure optimisation and adjustment, the Company further optimised management structure of the Company, enhanced the governance of the loss-making enterprises, disposal of zombie enterprises, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with small scale, poor efficiency, limited prospects and weak synergy with the core business. In accordance with the principle of being scientific, reasonable, capable and efficient, the Company also optimized the organizational structure, reduced the overlapping of departments and functions, and strictly controlled department and staff composition. The Company established a management system and operation mechanism with strong control, clear responsibility and smooth operation.

(V) Refreshing and carrying forward the culture of railway corps

The culture of railway corps, centering on that "no way is impossible for railway corps by cutting paths through mountains and building bridges across rivers; there is no difficulties for the railway corps after eating and sleeping in the open air and working very hard regardless of weather", passes through development and growth of CRCC. Based on carrying forward such culture of railway corps, CRCC kept enriching and improving corporate culture connotation, developed the corporate values of "perpetual sincerity and innovation, competitive products and co-existing with moral quality" and the CRCC culture for the new era "Being Proud of Our Nation, Taking Law as Basis, Being Morality-oriented, Regarding Enterprise as Home and Being People-oriented". Under the leadership of the culture of excellence, CRCC has created large quantities of excellent projects by constantly overcoming the difficulties and making bold innovations to build the "efficient, honest, innovative and responsible" industry leader image.

Section V Discussion and Analysis on Business Operations (Report of Directors)

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

2019 marked the 70th anniversary of the founding of the PRC and a crucial year in the high-quality development of CRCC. In this year, faced with complicated and changing situations and undertaking arduous tasks, the Group, by closely focusing on the central task of building “High-Quality CRCC” and the theme of “Steady Growth, High Quality”, implemented new concepts, adapted to new normals and further implemented regional operation reform in accordance with the overall arrangements proposed at the beginning of the year. It implemented the strategy of “prioritising overseas businesses” and by adhering to the positioning of “four goals”, vigorously promoted “switching from stagnant traditional products to competitive products, transforming from industrial to commercial, and transferring from regions with weak demand to regions with strong demand”. It seized opportunities, forged ahead, and maintained a stable business scale in the market with progress and a steady progress in transformation and upgrading with optimisation.

(I) Development quality remained steady with improvement

In 2019, the Group achieved revenue of RMB830,452.2 million, representing a year-on-year increase of 13.74%; total profits of RMB28,026.7 million, representing a year-on-year increase of 11.64%; net profits of RMB22,623.7 million, representing a year-on-year increase of 14.04%; operating net cash flow of RMB40,005.8 million, representing an increase of RMB34,558.0 million from last year; a year-on-year increase of 5.31% in general and administrative expenses, 8.43 percentage points lower than the increase in revenue; a year-on-year increase of 22.60% in selling and distribution expenses, 4.06 percentage points lower than the increase in the value of newly-signed contracts; basic earnings per share of RMB1.40; total assets of RMB1,081,239.2 million, representing a year-on-year increase of RMB163,568.6 million; the gearing ratio of 75.77%, representing a year-on-year decrease of 1.64 percentage points.

(II) Market operation remained stable with growth

In 2019, the value of newly-signed contracts of the Group amounted to RMB2,006.8544 billion, completing 120.89% of the annual plan and representing a year-on-year increase of 26.66%. Among which, the value of newly-signed contracts for domestic business amounted to RMB1,737.6115 billion, accounting for 86.58% of the total value of the newly-signed contracts, representing a year-on-year increase of 19.48%; and the value of newly-signed contracts for overseas business amounted to RMB269.2429 billion, accounting for 13.42% of the total value of the newly-signed contracts, representing a year-on-year increase of 106.76%. As of the end of 2019, the value of outstanding contracts for the Group amounted to RMB3,273.6371 billion, representing a year-on-year increase of 20.86%, of which, the value of outstanding domestic contracts amounted to RMB2,579.9853 billion, accounting for 78.81% of the total value of outstanding contracts; and the value of outstanding overseas contracts amounted to RMB693.6518 billion, accounting for 21.19% of the total value of outstanding contracts. The major indicators are as follows:

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Unit: RMB'00 million

Type of business	Value of newly-signed contracts			Value of outstanding contracts		
	Reporting Period	Corresponding period of last year	Year-on-year growth	End of Reporting Period	Corresponding period of last year	Year-on-year growth
Construction operations	17,306.532	13,523.550	27.97%	29,334.521	23,636.513	24.11%
Survey, design and consultancy operations	149.284	177.111	-15.71%	113.524	108.543	4.59%
Manufacturing operations	257.970	243.880	5.78%	376.511	315.548	19.32%
Logistics and materials trading operations	956.681	862.617	10.90%	2,041.468	1,751.803	16.54%
Real estate development operations	1,254.181	934.553	34.20%	829.004	1,226.068	-32.39%
Other businesses	143.896	103.011	39.69%	41.343	48.527	-14.80%
Total	20,068.544	15,844.722	26.66%	32,736.371	27,087.002	20.86%

During the Reporting Period, the value of newly-signed contracts for construction operations amounted to RMB1,730.6532 billion, accounting for 86.24% of the total value of newly-signed contracts and representing an increase of 27.97% year-on-year, of which, the value of newly-signed contracts for railway construction amounted to RMB261.3218 billion, accounting for 15.10% of the value of newly-signed contracts in the construction operations segment and representing an increase of 23.24% year-on-year; the value of newly-signed contracts for road projects amounted to RMB324.8194 billion, accounting for 18.77% of the value of newly-signed contracts in the construction operations segment and representing an increase of 11.43% year-on-year; the value of newly-signed contracts for urban rail transit amounted to RMB178.7048 billion, accounting for 10.33% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 71.43% year-on-year; the value of newly-signed contracts for housing construction amounted to RMB542.3207 billion, accounting for 31.34% of the value of newly-signed contracts in the construction operations segment and representing an increase of 48.50% year-on-year; the value of newly-signed contracts for municipal engineering amounted to RMB308.5706 billion, accounting for 17.83% of the value of newly-signed contract in the construction operations segment and representing an increase of 14.61% year-on-year; the value of newly-signed contracts for hydraulic and electric engineering amounted to RMB28.0773 billion, accounting for 1.62% of the value of newly-signed contracts in the construction operations segment and representing a decrease of 42.57% year-on-year; the value of newly-signed contracts for airports and terminals and navigation projects amounted to RMB37.6419 billion, accounting for 2.18% of the value of the newly-signed contracts in the construction operations segment and representing an increase of 242.82% year-on-year. The significant increase in the value of newly-signed contracts for railway construction was attributable to key projects continuously obtained as the Group fully leveraged its advantages in technology and management and various operation models adopted for railway construction. The significant increase in the value of newly-signed contracts for urban rail transit was attributable to the approval of several urban transit planning programs or the initiation of construction to reduce the traffic pressure and optimise the transport structure with the accelerated pace of urbanisation and the increasing population gathering. The significant increase in the value of newly-signed contracts for housing construction was because the Group closely followed national policies and planning, actively participated in shantytowns transformation and reconstruction of old communities in urban and rural areas while carefully studied market development trends, deeply communicated with clients and expanded exploration and expansion, thus improving the overall market competitiveness. Fluctuations in the newly-signed contract amount of hydraulic and electric engineering, airports and terminals, and navigation projects were normal due to relatively small overall scale.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the value of newly-signed contracts for non-construction operations segments of the Group amounted to RMB276.2012 billion, accounting for 13.76% of the total value of newly-signed contracts and representing an increase of 18.99% year-on-year. In particular, the value of newly-signed contracts for survey, design and consultancy operations amounted to RMB14.9284 billion, representing a decrease of 15.71% year-on-year; the value of newly-signed contracts for manufacturing operations amounted to RMB25.7970 billion, representing an increase of 5.78% year-on-year; the value of newly-signed contracts for logistics and materials trading operations amounted to RMB95.6681 billion, representing an increase of 10.90% year-on-year; and the value of newly-signed contracts for real estate development operations amounted to RMB125.4181 billion, representing an increase of 34.20% year-on-year. The significant year-on-year increase in the value of newly-signed contracts for real estate development was attributable to the significant pick-up of sales performance as the Group transformed development concepts, strengthened sales management and adopted differentiated policies on de-stocking. Fluctuation in the value of newly-signed contracts for survey, design and consultancy operations was normal since such operations were subject to market situation and fall within the early development stage of project with a small volume.

(III) Construction and production remained stable with progresses

The Group firmly focused on the “two principal lines” of technology and economy and resolutely held the “six bottom lines”, vigorously enhanced the establishment of safety supervision rules and systems, fully conducted inspections on work safety and deeply advanced the red-line management and standardised construction of railway, advancing steady and orderly construction and production and maintaining an overall stable situation on work safety. Various key and difficult projects have achieved significant progress, including Haolebaoji-Ji’an Railway, Zhengzhou-Fuyang High-speed Railway, Wuhan-Shiyan High-speed Railway, Chengdu-Guiyang High-speed Railway, Xingyan Expressway, Jinan-Qingdao Expressway as well as rail transit lines in 17 cities, including Wuhan, Changchun and Suzhou, were opened for operation. In particular, the one-off completion and delivery of the 101-kilometer Chengdu Metro for operation set a new record in the world. Xiamen Subsea Tunnel, Changde Yuanjiang Tunnel, the cross-sea section of the Jiaozhou Bay Bridge and the steel truss of the main bridge of Hongqili Grand Bridge were successfully completed. Pingtan Strait Rail-Road Bridge was officially completed. Key and difficult overseas projects, including the Lagos-Ibadan Railway and Moscow Metro were under smooth progress.

(IV) Achievements were made in reform and innovation

During the Reporting Period, the Group further deepened reform, promoted innovation and made new achievements. Firstly, the Group steadily advanced mixed ownership reform. It sped up promoting the reform of three pilot enterprises in the “Double Hundred Enterprises” campaign and completed the shareholding reform of China Railway Construction Heavy Industry Co., Ltd., a wholly-owned subsidiary of the Company. Secondly, the Group continuously strived to be a leaner and better performer. It completed the elimination of all Beijing-based office institutions. the Group deepened the reform in “delegating power, improving regulation and upgrading services”. The Group vigorously initiated the special rectification on the “institutionalization of the headquarters”, coordinated and advanced the reforms of big collectives, trainings and medical institutions as well as the stripping and delivery of “three supplies and property management”. In addition, the Group further boosted technology innovation. It was granted 4 national science and technology progress awards, 82 provincial and ministerial science and technology awards, added 455 provincial and ministerial engineering methods, and 9 Chinese Civil Engineering Zhan Tianyou Awards.. It also claimed 2 FIDIC prizes and won the title of “Global Outstanding Prize”, received 9 Chinese patent awards, 3,349 authorized patents in the year; hosted and participated in the formulation of 2 international standards, 9 national standards, 7 industry standards, 17 local standards, 7 group standards.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

II. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2019, the Group recorded revenue of RMB830,452.2 million, representing an increase of 13.74% as compared to the corresponding period last year. The net profit amounted to RMB22,623.7 million, representing an increase of 14.04% as compared to the corresponding period of last year. The newly signed contracts for the year amounted to RMB2,006,854.4 million, representing a year-on-year increase of 26.66%. For more details, please see “I Discussion and Analysis on Business Operations”.

(I) Analysis of main businesses

1. Analysis on Changes of Relevant Items in Statement of Profit or Loss and Statement of Cash Flows

Unit: '000 Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)
Revenue	830,452,157	730,123,045	13.74
Cost of sales	750,365,068	658,711,266	13.91
Selling and distribution expenses	5,432,855	4,431,330	22.60
General and administrative expenses	18,151,260	17,235,632	5.31
Research and development expenses	16,527,801	11,571,783	42.83
Finance costs	3,632,348	3,910,313	-7.11
Net cash flows generated from operating activities	40,005,838	5,447,861	634.34
Net cash flows generated from investing activities	-50,168,858	-49,244,226	N/A
Net cash flows generated from financing activities	20,197,995	43,911,977	-54.00
Operating profit	27,628,779	25,321,766	9.11
Operating profit margin (%)	3.33	3.47	Decreased by 0.14 percentage points
Net profit	22,623,691	19,838,408	14.04

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Analysis of the revenue and costs

Applicable Not Applicable

In 2019, the Group recorded a revenue of RMB830,452.2 million, representing an increase of 13.74% as compared to the corresponding period last year. The main businesses of the Group cover construction operations, survey, design and consultancy, manufacturing, real estate development, logistics and materials trading and others. It operates its businesses in 32 provinces (including Taiwan), autonomous regions, municipalities directly under the central government in China, Hong Kong and Macao Special Administrative Regions, and 127 countries across the world.

(1) Performance of main businesses by segment and region

Unit: '000 Currency: RMB

Main Businesses by Segment

By segment	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in cost of sales as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Construction operations	724,545,101	670,520,915	7.46	14.15	13.92	Increased by 0.19 percentage points
Survey, design and consultancy operations	18,084,886	12,286,044	32.06	8.25	11.64	Decreased by 2.06 percentage points
Manufacturing operations	18,104,633	13,984,485	22.76	9.84	14.60	Decreased by 3.21 percentage points
Real estate development operations	41,297,403	32,472,429	21.37	11.88	16.67	Decreased by 3.23 percentage points
Logistics and materials trading and other businesses	71,857,349	63,126,969	12.15	11.22	10.38	Increased by 0.67 percentage points
Inter-segment elimination	-43,437,215	-42,025,774	/	/	/	/
Total	830,452,157	750,365,068	9.64	13.74	13.91	Decreased by 0.14 percentage points

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Main Businesses by Region

By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in cost of sales as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Domestic	794,857,463	718,743,319	9.58	14.44	14.47	Decreased by 0.02 percentage points
Overseas	35,594,694	31,621,749	11.16	0.11	2.63	Decreased by 2.18 percentage points
Total	830,452,157	750,365,068	9.64	13.74	13.91	Decreased by 0.14 percentage points

Note: Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segments.

Explanation on the main businesses by segments and regions

- ① Construction operations

Construction Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Revenue	724,545,101	634,748,041	14.15
Cost of sales	670,520,915	588,579,651	13.92
Gross profit	54,024,186	46,168,390	17.02
Gross profit margin (%)	7.46	7.27	Increased by 0.19 percentage points
Selling and distribution expenses	2,018,185	1,622,360	24.40
General and administrative expenses	28,179,462	23,210,908	21.41
Total profit	13,468,988	10,943,270	23.08

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Survey, design and consultancy operations

Survey, Design and Consultancy Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Revenue	18,084,886	16,705,898	8.25
Cost of sales	12,286,044	11,005,487	11.64
Gross profit	5,798,842	5,700,411	1.73
Gross profit margin (%)	32.06	34.12	Decreased by 2.06 percentage points
Selling and distribution expenses	1,129,472	971,398	16.27
General and administrative expenses	2,030,586	1,695,987	19.73
Total profit	3,092,885	2,922,143	5.84

③ Manufacturing operations

Manufacturing Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Revenue	18,104,633	16,482,327	9.84
Cost of sales	13,984,485	12,202,503	14.60
Gross profit	4,120,148	4,279,824	-3.73
Gross profit margin (%)	22.76	25.97	Decreased by 3.21 percentage points
Selling and distribution expenses	558,715	406,435	37.47
General and administrative expenses	1,698,192	1,617,310	5.00
Total profit	2,093,205	1,997,980	4.77

During the Reporting Period, the selling and distribution expenses of manufacturing operations increased by 37.47% as compared to 2018, which was mainly attributable to the increase in cost of transportation.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

④ Real estate development operations

Real Estate Development Operations (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Revenue	41,297,403	36,913,777	11.88
Cost of sales	32,472,429	27,832,847	16.67
Gross profit	8,824,974	9,080,930	-2.82
Gross profit margin (%)	21.37	24.60	Decreased by 3.23 percentage points
Selling and distribution expenses	877,701	723,774	21.27
General and administrative expenses	1,080,126	917,447	17.73
Total profit	6,116,617	5,880,947	4.01

⑤ Logistics and materials trading and other businesses

Logistics and Materials Trading and Other Businesses (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Revenue	71,857,349	64,607,120	11.22
Cost of sales	63,126,969	57,192,155	10.38
Gross profit	8,730,380	7,414,965	17.74
Gross profit margin (%)	12.15	11.48	Increased by 0.67 percentage points
Selling and distribution expenses	848,782	707,363	19.99
General and administrative expenses	1,690,695	1,394,793	21.21
Total profit	3,525,479	3,443,582	2.38

(2) Analysis of production and sales

 Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(3) Cost analysis table

Unit: '000 Currency: RMB

By segment	Item relating to cost composition	Amount in the current period	Percentage	Amount for the corresponding period last year	Percentage	Explanation
			to the total cost for the period (%)		of the total cost for the corresponding period last year (%)	
Construction operations	-	670,520,915	84.62	588,579,651	84.47	13.92
Survey, design and consultancy operations	-	12,286,044	1.55	11,005,487	1.58	11.64
Manufacturing operations	-	13,984,485	1.76	12,202,503	1.75	14.60
Real estate development operations	-	32,472,429	4.10	27,832,847	3.99	16.67
Logistics and materials trading and other businesses	-	63,126,969	7.97	57,192,155	8.21	10.38
Total for the above	-	792,390,842	100.00	696,812,643	100.00	13.72
Including:	Labor cost	233,907,487	29.52	217,436,725	31.20	7.57
	Materials expenses	330,894,640	41.76	285,359,595	40.95	15.96
	Machinery expense	84,991,907	10.72	73,404,147	10.53	15.79
	Other cost	142,596,808	18.00	120,612,176	17.32	18.23
Inter-segment elimination	-	-42,025,774	-	-38,101,377	-	-
Total	-	750,365,068	100.00	658,711,266	100.00	13.91

Note: Given the unique nature of the Group's business, the Group conducted the analysis by segments.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(4) Major customers and suppliers

Applicable Not Applicable

The revenue from the top five customers was RMB42.7822 billion, accounting for 5.15% of the annual total revenue, among which the revenue from the related parties was RMB5.8447 billion, accounting for 0.70% of the annual total revenue. The purchase amount from the top five suppliers was RMB7.5465 billion, accounting for 1.01% of the annual total purchase amount, among which the purchase amount from the related parties was Nil, accounting for Nil of the annual total purchase amount.

Other Explanation

The top five major customers of the Group are railway companies, which are subsidiaries of China State Railway Group Co., Ltd., local urban rail and metro companies, and joint ventures of the Company. The Controlling Shareholder and the ultimate owner of the Company and the companies under its control were not connected to the major customers. None of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the Directors, 5% or more of the Company's issued share capital held any interests in the top five customers. Yunnan Yulin Expressway Construction Co., Ltd., the Company's fifth largest customer, is a joint venture of the Company's affiliates. For details of the transaction, please refer to the "5. Main Transactions between the Group and its Related Parties" under Note X to the financial report attached to this report.

The top five suppliers of the Group were mainly large steel enterprises and logistics trading enterprises in China. The Controlling Shareholder and the actual controller of the Company and the companies under its control were not connected to the major suppliers. None of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) or the existing shareholders who owned, as to the knowledge of the Directors, 5% or more of the Company's issued share capital held any interests in the Group's top five suppliers.

3. Expenses

Applicable Not Applicable

In 2019, the Group's selling and distribution expenses amounted to RMB5.4329 billion, representing an increase of 22.60% as compared to that of 2018. The increase in selling and distribution expenses was mainly attributable to increased efforts in operation undertakings and a significant increase in additional contract amounts

In 2019, the general and administrative expenses of the Group was RMB18.1513 billion, with an increase of 5.31% compared to that in 2018, mainly caused by the increase in the remuneration of the management.

In 2019, the research and development expenses of the Group was RMB16.5278 billion, with an increase of 42.83% compared to that in 2018, mainly caused by more efforts in research and development.

In 2019, the finance costs of the Group were RMB3.6323 billion, with a decrease of 7.11% as compared to that in 2018, mainly due to the decrease in interest-bearing liabilities over the beginning of the year.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

In 2019, the Group's income tax expenses amounted to RMB5.4030 billion, representing an increase of 2.58% as compared to that of 2018, mainly due to the increase in total profit for the year as a result of expanded business scale in this year. The details of income tax expenses are shown in the following table:

Unit: '000 Currency: RMB

Item	2019	2018
Income tax expenses for the period	5,918,745	6,576,631
Deferred income tax expenses	-515,786	-1,309,777
Total income tax expenses	5,402,959	5,266,854

4. R&D investment

(1) Table of R&D investment

Applicable Not Applicable

Unit: '000 Currency: RMB

Expense-type research and development expenses for the current period	16,527,801
Capitalised research and development expenses for the current period	–
Total R&D expenditures	16,527,801
Proportion of total research and development expenses to the revenue (%)	1.99
Number of R&D staff (person)	31,306
Percentage of R&D staffs to the total staffs of the Company (%)	10.65
Percentage of capitalised R&D investment (%)	–

(2) Explanation

Applicable Not Applicable

In 2019, the R&D cost of the Company at the corporate level was mainly used in major specific programs and the R&D of Class B subjects, supporting the Intellectual Property Rights Center and the R&D of national scientific programs as well as the preparation of corporate technology standards, and vigorously guaranteed the smooth advancing of subject R&D and other work.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

5. Capital expenditure

The Group's capital expenditures are mainly used for the purchase or construction and technical upgrading of equipment and facilities, as well as for the construction of PPP and BOT projects. In 2019, the Group's capital expenditures amounted to RMB35.3306 billion, representing an increase of RMB1.7590 billion as compared to that of 2018. The increase was mainly attributable to the increase of the Group's investment in equipment, facilities and PPP projects.

Unit: '000 Currency: RMB

Segment	2019	2018
Construction operations	18,560,632	18,740,377
Survey, design and consultancy operations	314,095	520,119
Manufacturing operations	2,248,324	1,416,219
Real estate development operations	695,208	197,970
Other businesses	13,512,346	12,696,956
Total	35,330,605	33,571,641

6. Cash flows

Applicable Not Applicable

Analysis of changes in cash flows

Unit: '000 Currency: RMB

Item	2019	2018	Growth (%)
Net cash flows generated from operating activities	40,005,838	5,447,861	634.34
Net cash flows generated from investing activities	-50,168,858	-49,244,226	N/A
Net cash flows generated from financing activities	20,197,995	43,911,977	-54.00

In 2019, the net cash flows generated from the operating activities of the Group was RMB40.0058 billion, representing an increase of net cash inflow of RMB34.5580 billion, or 634.34%, as compared to that of last year, mainly due to the increase in cash received from the provision of construction services and sales of goods during the year.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

In 2019, the Group's net cash flows generated from investing activities amounted to RMB50.1689 billion, representing an increase of RMB0.9246 billion net outflow as compared to the corresponding period last year, mainly due to the expansion of external investment.

In 2019, the Group's net cash flows generated from financing activities amounted to RMB20.1980 billion, representing a decrease of cash inflow of RMB23.7140 billion, or 54.00%, as compared to that of last year, which was mainly attributable to the repayment of borrowings in the year.

7. Issuance of bonds by the Company during the Reporting Period (disclosure pursuant to the Hong Kong Listing Rules)

(1) Issuance of ultra-short-term financing bonds by the Company

The Company held the 2014 annual General Meeting on 2 June 2015, at which the shareholders considered and approved the Resolution on the Registration and Issuance of Bonds by the Company with the National Association of Financial Market Institutional Investors. The registration and issuance of ultra-short-term financing bonds with the balance of the principal amount of not more than RMB30 billion by the Company with the National Association of Financial Market Institutional Investors was approved. The Company issued the first tranche of ultra-short-term financing bonds with an amount of RMB3 billion and a term of 270 days on 13 September 2018, which was due and settled fully on 11 June 2019. The Company issued the first tranche of ultra-short-term financing bonds with an amount of RMB3 billion and a term of 180 days on 23 May 2019, which was due and settled fully on 20 November 2019. The Company issued the second tranche of ultra-short-term financing bonds with an amount of RMB4 billion and a term of 180 days on 13 June 2019, which was due and settled fully on 11 December 2019.

(2) Issuance of medium-term notes by the Company

The Company held the 2014 annual General Meeting on 2 June 2015 at which the shareholders considered and approved the Resolution on the Registration and Issuance of Bonds by the Company with the National Association of Financial Market Institutional Investors, which approved the issuance of medium-term notes with the principal not exceeding 40% of audited net asset of the Company for each period. On 19–20 September 2019, the Company issued the first tranche of medium-term notes for the year of 2019 of RMB3.0 billion with a term of 3+N years. On 27–28 November 2019, the Company issued the second tranche of medium-term notes for the year of 2019, in which its type 1 amounted to RMB1.5 billion with a term of 3+N and its type 2 amounted to RMB1.5 billion with a term of 5+N.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(3) Overseas bonds issued by the Company

The Company held the 2012 annual General Meeting on 6 June 2013 at which the shareholders considered and approved the Resolution on the Increase of the Issuance Size of Overseas Bonds, approving the Company or an overseas wholly-owned subsidiary of the Company to issue overseas bonds with the principal amount not more than the equivalent of RMB10 billion in Hong Kong or other overseas bond markets.

On 1 August 2014, the Company and CRCC Yupeng Limited, a subsidiary of the Company (hereinafter referred to as "Issuer") entered into the Trust Deed with The Hong Kong and Shanghai Banking Corporation Limited, the trustee of the notes, in relation to the issuance of US\$800 million senior guaranteed perpetual securities with a coupon rate of 3.95% by CRCC Yupeng Limited. On 21 June 2019, the Company announced that the Issuer would redeem fully the principal of such bonds on 1 August 2019. On 1 August 2019, the Issuer redeemed the principal of such bonds. As approved by Hong Kong Stock Exchange, such bonds was delisted after the closing of business hours on 9 August 2019.

On 29 January 2016, the Company and The Hong Kong and Shanghai Banking Corporation Limited, the note custodian, entered into the Trust Deed in respect of the zero coupon convertible bonds due 2021 of an aggregate principal amount of US\$500 million that can be converted into the H shares of the Company. Such H-share convertible bonds were listed on 1 February 2016 on the Hong Kong Stock Exchange. On 21 December 2016, the Company and The Hong Kong and Shanghai Banking Corporation Limited, the note custodian, entered into the Trust Deed in respect of the 1.5% coupon convertible bonds due 2021 of an aggregate principal amount of RMB3.450 billion settled in US\$ that can be converted into the H shares of the Company. Such H share convertible bonds were listed on 22 December 2016 on the Hong Kong Stock Exchange. On 23 December 2019, the Company redeemed the principal of such bonds amounting to RMB3.295 billion. For details, please see "XIX Convertible Bonds" in "Section VI Significant Events" of this report.

The Company held the 2017 annual General Meeting on 11 June 2018 at which the shareholders considered and approved the proposal in relation to the increase of the issuance size of domestic or overseas bonds by the Company, authorizing the Company or its wholly-owned subsidiary to issue domestic or overseas bonds with a balance of principal amount being not more than RMB30 billion or its equivalent within or outside the PRC. On 27 June 2019, the Company and CRCC Chengan Limited, a subsidiary of the Company entered into the Trust Deed with The Hongkong and Shanghai Banking Corporation Limited, the trustee, in respect of the US\$1 billion notes at an interest rate of 3.97% issued by CRCC Chengan Limited.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(4) *Renewable corporate bonds issued by the Company*

For details, please see “Section XII Particulars of Corporate Bonds” of this report.

8. Bank facilities of the Company during the Reporting Period

As at 31 December 2019, the Group has already obtained the banking facilities from several PRC banks of up to RMB1,353.7497 billion of which an amount of RMB492.4819 billion has been utilized.

9. Foreign exchange risk and exchange loss

The main production and operating activities of the Group were carried out in China, settled by RMB. There was foreign exchange risk in the foreign currency assets and liabilities recognized by the Group and future transactions denominated in foreign currencies. See “66. Foreign currency monetary items” in Note V of the Financial Reports attached to the report for the monetary resources, trade receivables, other receivables, short-term borrowings, trade payables, other payables, long-term borrowings and bonds payable (mainly USD, Euro, Algerian dinars etc.) held by the Group by 31 December 2019.

The management of the Company paid close attention to the effect of exchange rate movement on the foreign exchange risk of the Group. The Group has not entered into the significant forward foreign exchange contract. The Financial Department of the Company would monitor foreign exchange risk, and would hedge the significant foreign exchange risk when necessary. See “3. Financial instrument risks” in Note VIII of the Financial Reports attached to the report for the exchange rate risk for details.

(II) Explanation of the major profit changes due to other businesses

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

1. Assets and Liabilities

Unit: '000 Currency: RMB

Name of item	Amount at the end of the period	Percentage of amount at the end of the period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last period to the total assets (%)	Percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Cash and bank balances	156,887,177	14.51	143,801,598	15.67	9.10	
Held-for-trading financial assets	3,587,646	0.33	3,344,458	0.36	7.27	
Bills receivable	10,305,274	0.95	7,636,443	0.83	34.95	It is mainly due to the increase in the proportion of payment by bills by the Group's customers during the Reporting Period.
Receivables at FVTOCI	2,654,263	0.25	2,143,802	0.23	23.81	
Trade receivables	112,138,537	10.37	99,382,305	10.83	12.84	
Advances to suppliers	24,335,981	2.25	18,591,945	2.03	30.90	It is mainly due to the increase in the prepayments by the Group for purchase of lands and materials.
Other receivables	60,100,338	5.56	63,474,288	6.92	-5.32	
Inventories	194,891,575	18.02	159,891,368	17.42	21.89	
Contract assets	154,903,081	14.33	123,938,151	13.51	24.98	
Other current assets	17,900,227	1.66	17,236,252	1.88	3.85	
Other non-current financial assets	1,643,494	0.15	779,049	0.08	110.96	It is mainly due to the increase in external investments by the Group.
Other equity instrument investments	10,038,609	0.93	8,268,378	0.90	21.41	It is mainly due to the increase in external investments by the Group.
Long-term receivables	60,804,614	5.62	54,442,045	5.93	11.69	
Long-term equity investments	49,644,634	4.59	28,978,555	3.16	71.32	
Fixed assets	50,891,768	4.71	50,300,597	5.48	1.18	
Right-of-use assets	5,678,711	0.53	/	/	/	
Intangible assets	59,871,943	5.54	50,667,006	5.52	18.17	
Short-term loans	42,749,266	3.95	61,781,084	6.73	-30.81	It is mainly due to the adjustment of the financing structure by the Group and the decrease in short-term loans.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of item	Amount at the end of the period	Percentage of amount at the end of the period to the total assets (%)	Amount at the end of last year	Percentage of amount at the end of last period to the total assets (%)	Percentage of the amount at the end of the period as compared to that of last year (%)	Explanation
Bills payable	69,601,977	6.44	51,036,428	5.56	36.38	It is mainly due to the increase in the proportion of payment to suppliers by bills by the Group.
Trade payables	325,785,304	30.13	274,354,876	29.90	18.75	
Advances from customers	128,914	0.01	64,390	0.01	100.21	It is mainly due to the increase in rental deposits received by the Group.
Contract liabilities	108,506,589	10.04	89,276,585	9.73	21.54	It is mainly due to the deferral in settlement by part of the Group's customers during the Reporting Period.
Other payables	70,116,812	6.48	55,429,042	6.04	26.50	It is mainly due to the increase in the guarantees, deposits and payables for advances received by the Group.
Other current liabilities	14,747,536	1.36	12,434,964	1.36	18.60	
Long-term loans ^{Note 1}	104,850,527	9.70	87,674,061	9.55	19.59	
Bonds payable ^{Note 2}	39,709,268	3.67	38,458,422	4.19	3.25	
Leasing liabilities	3,160,980	0.29	-	-	-	
Long-term payables	8,563,197	0.79	7,197,581	0.78	18.97	
Employee benefits payable ^{Note 3}	12,233,210	1.13	11,852,014	1.29	3.22	
Other non-current liabilities	434,034	0.04	1,082,465	0.12	-59.90	It is mainly due to the changes in fair value of convertible bonds of the Group.

Note 1. "Long-term loans" includes "current portion of long-term loans".

Note 2. "Bonds payables" includes current portion of bonds payable".

Note 3. "Employee benefits payable" is the sum of the "employee benefits payable" in the current liabilities and the "long-term employee benefits payables" in the non-current liabilities plus the "current portion of post-employment benefits".

2. Restriction on assets as at the end of the Reporting Period

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Financial assets as at the end of the Reporting Period

The Group classifies the financial assets mainly according to the characteristics of its own businesses, risk management requirements and the purpose of holding such financial assets.

As at 31 December 2019, the Group's financial assets were as follows:

Unit: '000 Currency: RMB

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Bills receivable	-	-	-	10,305,274	10,305,274
Trade receivables	-	-	-	112,138,537	112,138,537
Receivables at FVTOCI	2,654,263	-	-	-	2,654,263
Loans and advances to customers	-	-	-	2,730,000	2,730,000
Other receivables (excluding petty cash)	-	-	-	59,544,500	59,544,500
Other current assets	-	-	-	225,545	225,545
Long-term receivables	-	-	-	60,804,614	60,804,614
Cash and bank balances	-	-	-	156,887,177	156,887,177
Held-for-trading financial assets	-	-	3,587,646	-	3,587,646
Debt investments	-	-	-	41	41
Other equity instrument investments	-	10,038,609	-	-	10,038,609
Other non-current financial assets	-	-	1,643,494	-	1,643,494
Current portion of non-current assets	101,930	-	-	10,155,380	10,257,310
Total	2,756,193	10,038,609	5,231,140	412,791,068	430,817,010

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

As at 31 December 2019, the Group's financial liabilities were as follows:

Unit: '000 Currency: RMB

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	42,749,266	42,749,266
Due to customers	–	3,820,235	3,820,235
Bills payable	–	69,601,977	69,601,977
Trade payables	–	325,785,304	325,785,304
Other payables	–	70,116,812	70,116,812
Current portion of non-current liabilities (excluding employee benefits payable, estimated liabilities and lease liabilities due within one year)	–	32,619,894	32,619,894
Other current liabilities	–	218,000	218,000
Long-term loans	–	87,936,038	87,936,038
Bonds payable	–	26,143,894	26,143,894
Long-term payables (excluding special payables)	–	8,463,975	8,463,975
Other non-current liabilities	244,414	171,250	415,664
Total	244,414	667,626,645	667,871,059

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Working capital

(1) Trade receivables

Trade receivables of the Group increased from RMB99.3823 billion as at 31 December 2018 to RMB112.1385 billion as at 31 December 2019, representing an increase of RMB12.7562 billion. The Board of the Company is of the view that the Group has accrued sufficient impairment of credit losses.

The following table sets forth the aging analysis of trade receivables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Age	31 December 2019	31 December 2018
Within 1 year	92,147,207	80,446,020
1-2 years	14,220,068	13,580,936
2-3 years	6,306,436	4,509,348
Over 3 years	6,077,845	5,551,846
Subtotal	118,751,556	104,088,150
Less: Impairment of credit losses	6,613,019	4,705,845
Total	112,138,537	99,382,305

The following table sets forth the turnover days of the trade receivables and trade payables of the Group as at the balance sheet dates indicated:

Item	31 December 2019	31 December 2018
Turnover days of trade receivables ^{Note 1}	49	61
Turnover days of trade payables ^{Note 2}	146	157

Note 1: The number of turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant year by revenue multiplying 365 days.

Note 2: The number of turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant year by cost of sales multiplying 365 days.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Trade payables

Trade payables of the Group increased from RMB274.3549 billion as at 31 December 2018 to RMB325.7853 billion as at 31 December 2019, representing an increase of RMB51.4304 billion, mainly attributable to the increase in trade payables as a result of expanded business scale during the Reporting Period.

The following table sets forth the aging analysis of trade payables as at the balance sheet date indicated:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Within 1 year	318,511,674	267,308,664
1–2 years	5,059,474	5,067,436
2–3 years	1,050,771	914,250
Over 3 years	1,163,385	1,064,526
Total	325,785,304	274,354,876

5. Advances to suppliers and other receivables

Advances to suppliers and other receivables of the Group increased from RMB82.0662 billion as at 31 December 2018 to RMB84.4363 billion as at 31 December 2019, representing an increase of RMB2.3701 billion, or 2.89%, mainly due to the increase in advances to suppliers during the Reporting Period.

6. Defined benefit plan

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits were recognised in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employees have been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employees are located.

During the Reporting Period, the Group's obligations in respect of the defined benefit plan for post leaving personnel were computed by an independent actuary, Beijing Branch of Towers Watson Management Consulting (Shenzhen) Co., Ltd. as at 31 December 2019, using the projected cumulative unit credit method.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

The plan has no defined benefit assets.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

As at 31 December 2018 and 31 December 2019, the Group held the provisions of such obligations hereof amounting to RMB0.5714 billion and RMB0.3528 billion respectively. Details of the defined benefits plan of the Company are set out in the “37. Long-term employee benefits payable” in the Note V of the Financial Reports of this report.

7. Liabilities

(1) Borrowing

The short-term loans of the Group as of 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Pledged loans	1,799,449	380,000
Mortgaged loans	112,873	205,000
Guaranteed loans	5,093,140	4,358,930
Credit loans	35,743,804	56,837,154
Total	42,749,266	61,781,084

Other current liabilities of the Group as of 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Other current liabilities	14,747,536	12,434,964

Note: For more details, please refer to “32. Other current liabilities” in the Note V of the Financial Reports in this report.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

The long-term loans of the Group as of 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Pledged loans	35,091,405	26,840,000
Mortgaged loans	6,639,979	4,725,841
Guaranteed loans	21,249,507	13,529,940
Credit loans	24,955,147	24,744,696
Total	87,936,038	69,840,477

The maturity profile of the long-term loans as at 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Within one year or paid on demand	16,914,489	17,833,584
In the second year (inclusive)	16,265,195	20,591,310
In the third to fifth year (inclusive)	29,947,337	14,351,111
Over five years	41,723,506	34,898,056
Total	104,850,527	87,674,061

The bonds payable of the Group as at 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Total bonds payable	39,709,268	38,458,422
Less: Total current portion of bonds payable	13,565,374	1,000,000
Total non-current portion of bonds payable	26,143,894	37,458,422

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Gearing ratio analysis:

As at 31 December 2019 and 31 December 2018, the gearing ratios of the Group were 66% and 68%, respectively. Gearing ratio is the ratio of the net liabilities and capital plus net liabilities. Net liabilities include the sum of all the borrowings, due to customers, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables) and current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions) and other non-current liabilities after deducting the cash and bank balances.

(2) Commitments

The commitments of the Group as at 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Contracted but not provided for		
Capital commitments	248,917	290,993
Investment commitments	12,921,702	8,974,629
Other commitments	8,061,829	5,581,502
Total	21,232,448	14,847,124

(3) Contingent liabilities

During the Reporting Period, the Group had no material contingent liabilities.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(4) Mortgage and pledge of assets

The mortgage and pledge of assets of the Group as at 31 December 2019 and 31 December 2018 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2019	31 December 2018
Intangible assets	48,874,715	41,455,348
Inventories	25,222,650	14,401,283
Cash and bank balances	14,265,487	11,062,511
Other non-current assets	4,779,563	1,888,875
Long-term receivables (mortgage)	1,291,510	–
Trade receivables	1,245,243	389,222
Fixed assets	1,018,038	60,969
Bills receivable	562,481	–
Long-term receivables (pledge)	133,142	149,599
Construction in progress	–	48,600
Total	97,392,829	69,456,407

For details, please refer to “65. Assets with title restrictions” in the Note V of the Financial Reports in this report.

8. Other Explanation

Applicable Not Applicable

(IV) Analysis for industrial operation information

Applicable Not Applicable

The businesses of the Group cover construction operations, survey, design and consultancy, industrial manufacture, real estate development, logistics and materials trading. According to Guidelines for the Industry Classification of Listed Companies (Revised in 2012) and the industry classification results of listed companies issued by CSRC, the Group is in construction industry. For details of the industry analysis of the business segments of the Group, please see relevant content of the “Section IV Summary of the Company’s Businesses” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” to this Report. The analysis for industrial operation information of the Group was as follows:

Operation Information Analysis on Construction Industry

1. Economic situation and policy analysis on construction industry

For details, please see relevant content of the “Section IV Summary of the Company’s Businesses” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” to this Report.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

2. Projects completed and accepted during the Reporting Period

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Segment	Housing construction	Infrastructure projects	Professional engineering	Architectural decoration	Others	Total
Number of projects	289	972	-	-	-	1,261
Total amount	5,158,168	32,257,499	-	-	-	37,415,667

Note: Infrastructure projects mainly consist of railway construction, highway construction, urban rail transit projects, municipal engineering, hydroelectric engineering as well as airports and wharves projects.

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Domestic	Overseas	Total
Number of projects	1,173	88	1,261
Total amount	36,478,892	936,775	37,415,667

Other Explanation

Applicable Not Applicable

3. Projects under construction during the Reporting Period

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Segment	Housing construction	Infrastructure projects	Professional engineering	Architectural decoration	Others	Total
Number of projects	1,582	5,626	-	-	314	7,522
Total amount	47,323,943	253,692,157	-	-	3,675,676	304,691,776

Note: Infrastructure projects mainly consist of railway construction, highway construction, urban rail transit projects, municipal engineering, hydroelectric engineering as well as airports and wharves projects.

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Project Region	Domestic	Overseas	Total
Number of projects	6,928	594	7,522
Total amount	278,754,775	25,937,002	304,691,777

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Major projects under construction
- Applicable Not Applicable

Other Explanation

- Applicable Not Applicable

5. Overseas projects during the Reporting Period

- Applicable Not Applicable

Unit: '0,000 Currency: USD

Project region	Number of projects	Total amount
Oceania	52	61,511
Africa	674	8,769,953
America	62	779,130
Europe	36	206,447
Asia	363	3,847,347
Total	1,187	13,664,388

Other Explanation

- Applicable Not Applicable

China Civil Engineering Construction Co., Ltd., a subsidiary of the Company, and the Federal Ministry of Transport of Nigeria entered into a business contract on the Nigeria Coastal Railway Project on 20 November 2014 with a contract amount of approximately USD11.175 billion. For details, please refer to the announcement of the Company dated 21 November 2014 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn). Currently, the Nigeria Coastal Railway Project is undergoing preliminary works and yet to commence construction.

Major overseas contracts may be exposed to risk factors such as country risk, legal risk, non-traditional security risk, labour risk and environmental risk. For details, please see "1. Overseas Risks" under "III. (IV) Potential Risks Faced by the Company" to this section.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

6. Total of newly-signed projects during the Reporting Period

Applicable Not Applicable

During the Reporting Period, the total number of newly-signed projects was 3,952 with an amount of RMB1,730.6532 billion.

7. Summary for gross amount due from contract customers in inventories

Applicable Not Applicable

8. Other Explanations

Applicable Not Applicable

(1) Major projects in financing contract mode

Unit: '0,000 Currency: RMB

No.	Project	Total Investment	Investment Share/Shareholding Proportion (%)	Investment of the Reporting Period	Accumulative investment in the projects	Project Schedule
1	Deyang-Duijiangyan Segment BOT Project of G0511	1,595,400	100.00	479,140	914,513	Normal progress
2	Investment, Financing and Construction BT Project of Phase I and II of Metro Line 5 of Chengdu	1,719,899	100.00	452,574	1,801,630	Normal progress
3	The Investment and Financing BT Project of Line 6 of Chengdu Metro	1,766,031	100.00	556,933	1,204,376	Normal progress

Note: The above projects were those with a total investment exceeding RMB15 billion within the scope of consolidated financial statements.

(2) Qualifications for the construction industry obtained during the Reporting Period

The Group is one of the enterprises with the highest qualification level, the most complete qualifications, and the most categories in the construction industry in China. In 2019, the Group has newly obtained three extra grade qualifications as general contractor for construction enterprises. As of the end of 2019, it had a total of 1,842 qualifications for various construction enterprises, of which 78 were extra grade qualifications for general contracting and 315 were first-level qualifications. In the field of engineering design survey, the Company had 188 engineering design qualifications and 51 engineering survey qualifications.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

- (3) *Analysis on the proportion of the revenue from engineering projects to the total incomes of the Company for the last three years*

Unit: '000 Currency: RMB

	2019		2018		2017	
	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)
Construction operations	724,545,101	87.25	634,748,041	86.94	584,127,735	85.78
Among which:						
Infrastructure construction	507,185,542	61.07	508,003,643	69.58	454,881,709	66.80
Housing construction	125,657,239	15.13	94,730,604	12.97	85,909,132	12.62
Total revenue	830,452,157	100.00	730,123,045	100.00	680,981,127	100.00

- (4) *Analysis on the main cost composition of the engineering projects for the last three years*

Unit: '000 Currency: RMB

	2019		2018		2017	
	Costs of sales	Proportion of the Company's costs of sales (%)	Costs of sales	Proportion of the Company's costs of sales (%)	Costs of sales	Proportion of the Company's costs of sales (%)
Construction operations	670,520,915	89.36	588,579,651	89.35	543,982,487	88.01
Among which:						
Infrastructure construction	473,383,923	63.09	474,203,657	71.99	425,770,197	68.89
Housing construction	116,778,295	15.56	86,823,738	13.18	79,821,174	12.91
Total cost of sales	750,365,068	100.00	658,711,266	100.00	618,059,386	100.00

There were no significant changes in the main cost composition of the engineering projects of the Group for the past three years.

- (5) *Financing arrangement*

For more details, see “(7) Liabilities” in “II. (III) Analysis of Assets and Liabilities” of this section.

- (6) *Major suppliers and major customers*

Please refer to “(4) Major customers and suppliers” included in the “II. (I) 2 . Income and cost analysis” of this section.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(7) *Quality control system, executive standards, control measures and overall evaluation of the Company*

The Group attaches great importance to quality development and it seriously implements the spirit of the national quality development outline, strictly carries out relevant quality standards, promotes quality responsibility system on project-end, carries out special improvement work including self-check and self-improvement of railway red line management and quality check and potential risk identification related to high speed rail and pushes forward engineering project excellence activities and the construction of safety quality standardization sites in order to ensure a stable quality management and development. No material issues related to project quality have been identified in the whole system.

The quality control system of the Company is developed in accordance with national standards including GB/T19001–2016, ISO9001:2015 and GB/T50430–2017. Control measures include the establishment of a sound quality management organisation and system. Firstly, the Company strengthened project quality management. The Company organised quality management activities for all staff and conducted education on laws and regulations on quality and quality management knowledge for employees. It enhanced publicity and encouraged the staff to participate in quality activities to improve their quality awareness. The Company also arranged on-the-job trainings for the staff to enhance their professional quality and facilitate them to perform legal quality obligations. Secondly, the Company launched project quality improvement campaign. The concept of delicacy management is integrated into quality management in accordance with “Rules of China Railway Construction Corporation Limited on Project Quality Improvement” (《中國鐵建股份有限公司創建優質工程管理規定》) to comprehensively improve the effectiveness of quality management. According to the schedule of quality improvement campaign, comprehensive quality improvement group activities are initiated, with quality improvement plans well prepared and strictly implemented in project construction to achieve relevant goals. Thirdly, the Company launched high quality check and potential risk identification of -speed rail. It organized and launched high-speed rail quality check and potential risk identification. Comprehensive quality inspection is conducted to high-speed rail projects undertaken by all members of the Group and already put into operation. Those to be put into service will be examined and checked in an all-round manner. Potential risks will be identified, and rectification is required. Fourthly, the Company enhanced red line management related to railway project quality. Deployment about railway red line management are made in accordance with “Regulations on Red Line Management for Quality and Safety of Railway Construction Projects” (《鐵路建設項目質量安全紅線管理規定》) issued by China State Railway Group Co., Ltd., therefore strengthening quality and safety awareness and key process control in railway projects, ensuring all aspects related to project quality and safety to be under control and improving quality and safety level of railway construction projects.

In 2019, the Company passed the review of China Certification Center. Its management systems and documents met the requirements of standard terms on the structure, the industrial requirements and regulations on qualification and the scope of management activities. In the implementation and operation, the project quality and construction safety were under effective management in the brochures, processes, procedures, systems, methods and plans. The registration and authentication qualification of the quality management systems of the Company will continue to be maintained and the number of certificates are 02118Q10709R6M and U006618Q0253R6M.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(8) *Operation of work safety system of the Company*

Firstly, the spirit of undertaking missions and responsibilities on work safety was increasingly intensified. During the Reporting Period, the Group focused on accident prevention, resolutely curbed major accidents and vigorously performed responsibilities on work safety. Following the overall requirements of “the party and government sharing the same responsibility, one post with two responsibilities, joint control and management and accountability for dereliction of duty”, all subsidiaries continuously improved work safety accountability systems, consistently deepened the work safety accountability mechanism to cover all functional departments and entities of all levels. The responsibilities of entities on work safety were effectively performed.

Secondly, the requirements of superior authorities were implemented with quicker actions. During the Reporting Period, the Group earnestly implemented the work requirements of the Work Safety Commission of the State Council, relevant ministries and commissions as well as regulatory authorities of local governments and conducted inspections and centralized rectifications on work safety and achieved results.

Thirdly, the establishment of work safety systems was under steady progress. During the Reporting Period, the Group enhanced top design, improved systems, implemented responsibilities and consistently strengthened the establishment of work safety systems. The Company revised the Measures on Work Safety Supervision and the Rules on Work Safety Accountability System and formulated the Measures on the Setting of Safety Director and Personnel Deployment and the Measures on the Setting of Work Safety Supervision and Management Departments and Personnel Deployment to practically intensify system guarantees. Meanwhile, CRCC attached importance to enhancing innovation in all systems on safety management. With the deepening of awareness on the importance of work safety, the consciousness and initiative of all subsidiaries on work safety have been increasingly improved with emerging results in management innovation.

Fourthly, the safety regulation ability was consistently enhanced. During the Reporting Period, the safety regulatory departments of the Group were optimised. The headquarters of the Company conducted institutional optimisation and adjustment and established an independent work safety regulatory department to facilitate the effective exercising of safety supervision and emergency rescue function. Its subsidiaries followed the adjustment in time and arranged safety supervisors and established independent safety regulatory departments. The regulatory strength of the Group was further enhanced. During the Reporting Period, all subsidiaries formulated relevant systems, established safety director, safety managers, special safety staff and other positions and equipped with professional staff on safety management to reinforce the safety regulatory power.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Fifthly, safety risk control and potential risk identification and rectification were continuously deepened. During the Reporting Period, all subsidiaries focused on hierarchical control of safety risks and potential risk identification and rectification and consistently advanced the deepening of the double prevention and control work to ensure sufficient risk identification, accurate appraisal, timely communication and effective control and maintain the sustainability and stability of work safety. CRCC Construction Group Co., Ltd., a subsidiary of the Company, independently developed the safety risk management and potential risk identification and rectification system. China Railway Construction Investment Group Co., Ltd., a subsidiary of the Company, strengthened supervision on work safety of investment projects. It formulated the Guideline on Implementation of Hierarchical Control of Work Safety Risks, made videos on publicity and education, regularly conducted systematic analysis and appraisal on projects with significant risks and safety risk points and achieved real-time alerting on risks.

Sixthly, the emergency rescue capability was consistently improved. During the Reporting Period, the Group put more efforts in the construction of emergency rescue bases. With the support of the national special funds on emergency, it efficiently completed the establishment of the national tunnel emergency rescue team undertaken by China Railway 17th Bureau Group Co., Ltd. and the emergency rescue training and exercise base undertaken by China Railway 20th Bureau Group Co., Ltd. It intensified the establishment of emergency rescue teams, established an emergency rescue team on metro projects in Xiamen and achieved resources sharing, information exchange and business linkage with the emergency rescue and guarantee center of the construction company. It also strengthened emergency rescue manoeuvres, actively conducted emergency exercises in all subsidiaries based on the difficulties and key risk points of projects, carefully carried out summarization and rectification to enhance the safety awareness of all staff and improve the emergency response and emergency disposal capability.

(9) *Accounting policies such as revenue recognition method and account settlement*

For more details, please refer to “Note III. 19. Revenue” in the financial statements attached to this report.

(10) *Recognition conditions, recognition time and measurement basis of special revenue*

Not Applicable.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Analysis on Operational Information of Real Estate Industry

1. Analysis on economic trend and policies of real estate industry

For details, please refer to relevant contents of “Section IV Summary of the Company’s Business” and “Section V Discussion and Analysis on Business Operations (Report of Directors)” in this report.

2. Reserve of real estate during the Reporting Period

Applicable Not Applicable

During the Reporting Period, the Company obtained 47 land parcels with a planned total floor area of approximately 10.23 million sq.m. in 28 cities including Beijing, Tianjin, Chongqing, Wuhan, Xi’an, Hangzhou and Suzhou. As of the end of 2019, the Group has undertaken the development of 276 real estate projects in 71 cities and regions, with a total area of land for construction of about 28.29 million sq.m. and a total floor area of about 80.99 million sq.m.

Land Reserve by Region

No.	Region(s) with the land to be developed	Area of the land to be developed (sq.m.)	A-land consolidation area (sq.m.)	Planned floor area upon calculation of plot ratio (sq.m.)	Whether to	Area related	Equity ratio
					be related with the joint development project	with the joint development project	of the joint development project
1	Bohai Coastal Region	1,471,956	-	3,136,918	Yes	920,287	-
2	Southwest China	1,786,078	-	3,879,367	Yes	2,495,237	-
3	Yangtze River Delta	1,118,861	-	2,653,657	Yes	750,808	-
4	Pearl River Delta	1,319,338	-	4,120,113	Yes	1,705,946	-
5	Others	52,344	-	64,832	No	0	-

Notes:

1. The “Area related with the joint development project” mentioned in the above table refers to the planned floor area upon calculation of plot ratio for the project.
2. No A-land consolidation is covered in the Group’s real estate development projects.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Development and investment in real estate during the Reporting Period

Applicable Not Applicable

The Group completed the real estate development investment of RMB61.8451 billion during the Reporting Period, among which, the investment of RMB25.6525 billion was completed in Bohai Coastal Region, and the investment of RMB14.6519 billion was completed in Yangtze River Delta, accounting for 41.48% and 23.69% of the investment, respectively.

Development and Investment in Real Estate by Region

No.	Region	Land area (10,000 sq.m.)	Planned floor area upon calculation of plot ratio (10,000 sq.m.)	Gross floor area (10,000 sq.m.)	Floor area of projects under construction (10,000 sq.m.)	Completed area (10,000 sq.m.)	Gross Investment (RMB '0,000)	Actual
								investment during Reporting Period (RMB '0,000)
1	Bohai Coastal Region	1,000.91	1,700.31	2,256.03	606.22	1,458.54	25,103,404	2,565,249
2	Southwest China	692.99	1,518.32	2,052.21	837.30	1,205.07	18,058,292	1,011,578
3	Yangtze River Delta	530.14	1,267.68	1,682.24	445.99	865.84	18,647,795	1,465,194
4	Pearl River Delta	583.84	1,589.81	2,055.64	377.74	527.23	16,203,440	1,123,924
5	Others	21.29	41.74	52.55	19.07	23.45	417,446	18,567
Total		2,829.17	6,117.86	8,098.67	2,286.32	4,080.13	78,430,377	6,184,512

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Among the 276 projects held by the Group, details of the development and investment of the top ten projects in estimated amount of total investment are as follow:

Unit: '0,000 Currency: RMB

No.	Region	Project	Address	Type of operation	Under construction/ Newly developed/ Completed projects	Interests attributable to the Company and subsidiaries	Land area (sq.m.)	Planned floor area upon calculation of plot ratio (sq.m.)	Floor area of projects		Expected completion period	Gross investment	Actual investment during Reporting Period	
									Gross floor Area (sq.m.)	under construction (sq.m.)				
1	Bohai Coastal Region	Tianjin International City, CRCC	Jinzhonghe Avenue, Hebei District, Tianjin	Residence/ commercial	Under construction	100%	252,300	866,100	1,224,600	310,400	1,007,500	2023	1,669,330	59,192
2	Southwest China	Guiyang International City, CRCC	Tai Ci Qiao Che Shui Road, Nanming District, Guiyang City	Residence	Under construction	100%	592,100	1,776,300	2,333,000	254,400	1,809,500	2021	1,326,534	75,422
3	Southwest China	Chongqing Xipai City, CRCC	Cuntan Street, Jiangbei District, Chongqing	Residence/ commercial	Under construction	100%	175,100	689,700	929,600	310,400	371,000	2023	1,236,549	247,613
4	Pearl River Delta	Guangzhou Nansha Haiyu Xi'an, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	Under construction	100%	166,300	550,300	764,700	444,800	-	2023	1,072,737	652,097
5	Bohai Coastal Region	Tianjin Xipai Guoyin, CRCC	The junction at Wanliucun Street and Jinzhonghe Street, Hebei District, Tianjin	Residence	Under construction	100%	111,300	247,700	370,900	154,700	-	2023	1,015,651	291,686
6	Southwest China	Chengdu Beihu International City, CRCC	Longtan Street, Chenghua District, Chengdu	Residence	Under construction	100%	99,800	357,000	499,800	-	612,500	2022	910,460	87,037
7	Bohai Coastal Region	Beijing International City, CRCC	Qingheyong Village, Lai Guangying Town, Chaoyang District, Beijing	Residence/ commercial	Completed	100%	195,600	612,300	855,800	-	845,000	2019	1,004,241	28,311
8	Yangtze River Delta	Hefei International City, CRCC	The junction at North 2nd Ring and Taoyuan Road, Luyang District, Hefei City	Residence	Completed	100%	441,300	1,378,100	1,701,200	-	1,701,200	2017	800,561	13,798
9	Yangtze River Delta	Nanjing Qingxiu City, CRCC	Wanshou Village, Maigaoqiao Street, Qixia District, Nanjing City	Residence	Completed	100%	108,800	330,400	429,200	-	429,738	2019	711,267	55,219
10	Yangtze River Delta	Champs Mansion, CRCC	Fulan Road, Nanqiao Town Central, Fengxian District, Shanghai	Residence	Under construction	100%	110,100	205,100	321,200	85,000	236,200	2020	689,219	51,219

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

4. Sales of real estate during the Reporting Period

Applicable Not Applicable

The sales of the top 10 real estate projects of the Group during the Reporting Period are set out in the below table:

No.	Region	Project	Address	Type of operation	Saleable area (sq.m.)	Pre-sold area (sq.m.)	Expected completion period	Interests attributable to the Company and subsidiaries
1	Yangtze River Delta	Nanjing Qingxiu City, CRCC	Wanshou Village, Maigaoqiao Street, Qixia District, Nanjing City	Residence	324,900	115,695	2019	100%
2	Pearl River Delta	Guangzhou Nansha Haiyu Xi'an, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	555,400	300,391	2023	100%
3	Bohai Coastal Region	Settlement building in Gegu town, Jinnan district, Tianjin	Gegu Town, Jinnan District, Tianjin	Residence	502,000	451,900	2021	100%
4	Bohai Coastal Region	Beijing Buttonwood Bay, CRCC	Majiwang Village, Dougezhuang Township, Chaoyang District, Beijing	Residence	75,300	73,006	2021	100%
5	Southwest China	Chengdu Xipai City II, CRCC	Tiefo Village, Cujin Sub-district, Wuhou District, Chengdu City	Residence	303,421	106,671	2021	100%
6	Pearl River Delta	Foshan Lingxiu Mansion, CRCC	South of Sanle Road and east of Zongyi Road, Beiyao Town, Shunde District, Foshan City	Residence	241,100	88,879	2021	100%
7	Southwest China	Wuhan Jiyu Wanxiang Project, CRCC	The junction at Heping Street and Qianjin Road, Wuchang District, Wuhan City	Residence	247,400	112,300	2022	100%
8	Bohai Coastal Region	Beijing International Mansion, CRCC	Yizhuang Economic and Development Zone, Daxing District, Beijing	Residence	112,300	36,332	2021	100%
9	Pearl River Delta	Changsha Meixiqingxiu, CRCC	Northeast corner of the junction at Jinxing Road and Dongfanghong Road, Yuelu District, Changsha City	Residence	592,000	166,650	2021	100%
10	Southwest China	Chongqing Shanshui Yicheng, CRCC	Huangming Road, Chayuan New Area, Nan'an District, Chongqing	Residence	468,000	123,000	2020	100%

Note: The saleable area mentioned above is the total saleable area of projects.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

During the Reporting Period, the Group's real estate sector achieved the sales volume of RMB125.4181 billion, with a year-on-year growth of 34.20%, and the sales area of 8,601,299 sq.m., with a year-on-year growth of 29.52%.

Sales by Region in 2019

No.	Region	Saleable area (10,000 sq. m.)	Pre-sold area within the Reporting Period (10,000 sq. m.)	Sales volume within the Reporting Period (RMB'0,000)	Average selling price (RMB/sq.m.)
1	Bohai Coastal Region	1,700.31	214.56	3,193,197	14,883
2	Southwest China	1,518.32	230.78	3,115,577	13,500
3	Yangtze River Delta	1,267.68	160.63	3,050,593	18,991
4	Pearl River Delta	1,589.81	250.78	3,132,129	12,489
5	Others	41.74	3.38	50,311	14,901
Total		6,117.86	860.13	12,541,807	14,581

Note: The saleable area mentioned above is the total saleable area of projects.

5. Real Estate during the Reporting Period

Applicable Not Applicable

6. Financing of the Company during the Reporting Period

Applicable Not Applicable

For more details, see "(7) Liabilities" in "II. (III) Analysis of Assets and Liabilities" of this section.

7. Other Explanation

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(V) Analysis of investment

1. Overall analysis of external investment in equities

Applicable Not Applicable

As at 31 December 2019, the carrying balance of the Group's long-term equity investment was RMB49.6939 billion, increased by RMB20.7153 billion or 71.48% as compared to RMB28.9786 billion at the beginning of the year. Equity investment in joint venture amounted to RMB24.5338 billion, increased by RMB11.4484 billion or 87.49% as compared to RMB13.0854 billion at the beginning of the year; investment in associate amounted to RMB25.1601 billion, increased by RMB9.2669 billion or 58.31% as compared to RMB15.8932 billion at the beginning of the year.

(1) Major equity investment

Applicable Not Applicable

(2) Major non-equity investment

Applicable Not Applicable

(3) Financial assets measurement at fair value

Applicable Not Applicable

Unit: '000 Currency: RMB

Item	Carrying amount at the beginning of the period	Carrying amount at the end of the period	Profit/loss during the Reporting Period	Change of owner's equity during the Reporting Period
Securities investment	3,201,059	3,237,039	82,891	–
Equity in other listed companies	1,704,079	2,130,633	141,761	354,398
Trust products and others	912,626	1,665,074	21,296	–
Total	5,817,764	7,032,746	245,948	354,398

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

① Investment in securities

Unit: '000 Currency: RMB

No.	Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Number of securities held (share)	Carrying value at the end of the period	Percentage over total securities investment at the end of the Period (%)	Profit/loss during the Reporting Period	Financial statement item	Source of shares
1	Stock	HK03969	China CRSC	131,950	25,000,000	97,416	3.01	-24,852	Held-for-trading financial assets	Original issue stock
2	Stock	HK01258	CHINF Mining	64,863	36,363,000	59,283	1.83	-862	Other non-current financial assets	Original issue stock
3	Stock	601618	MCC	59,265	10,600,000	16,617	0.51	4,081	Held-for-trading financial assets	Original issue stock
4	Open-ended Fund	000652	Bosera-Yulong Hybrid	17,370	17,369,836	47,645	1.47	15,998	Held-for-trading financial assets	Subscription
5	Open-ended Fund	519606	Guotai Jinxin	3,908	3,908,303	6,441	0.20	2,380	Held-for-trading financial assets	Subscription
6	Open-ended Fund	003473	China Southern Tiantianli Money Market Fund	400,000	400,000,000	426,723	13.18	12,474	Held-for-trading financial assets	Subscription
7	Open-ended Fund	000620	E Funds Cash Money Market Fund	300,000	300,000,000	321,962	9.95	9,540	Held-for-trading financial assets	Subscription
8	Open-ended Fund	002758	CCB Cash Increase Money Market Fund	500,000	500,000,000	530,211	16.38	15,019	Held-for-trading financial assets	Subscription
9	Open-ended Fund	000716	ICBC-Credit Suisse Salary B Fund	100,000	100,000,000	103,983	3.21	3,066	Held-for-trading financial assets	Subscription
10	Open-ended Fund	000759	Ping An Dahua Caifubao Money Market Fund	500,000	500,000,000	511,070	15.79	10,289	Held-for-trading financial assets	Subscription
11	Open-ended Fund	161623	Rong Tong Hui Cai Bao B Fund	500,000	500,000,000	506,717	15.66	6,717	Held-for-trading financial assets	Subscription
12	Open-ended Fund	003465	Ping An Jin Guan Jia Money	200,000	200,000,000	202,918	6.27	2,918	Held-for-trading financial assets	Subscription
13	Open-ended Fund	003022	CCB Cash Increase Money	300,000	300,000,000	304,584	9.41	4,584	Held-for-trading financial assets	Subscription
14	Open-ended Fund	001234	GFUND General Winning Money	100,000	100,000,000	101,019	3.12	1,019	Held-for-trading financial assets	Subscription
15	Stock	600028	SINOPEC	533	135,000	450	0.01	13	Other non-current financial assets	Original issue stock
	Other investment in securities held at the end of the period	/	/	/	/	/	/	/	/	/
	Profits/loss from disposal of investment in securities during the Reporting Period	/	/	/	/	/	/	20,507	/	/
Total				3,177,889	/	3,237,039	100.00	82,891	/	/

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

② Shareholdings in other listed companies

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Amount of initial investment	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Financial statement item	
								Financial statement item	Source of shares
834898	Zhuzhou Department Stores	360	0.31	0.31	1,924	-	450	Other equity instrument investments	Original issue stock
688009	CRSC	69,495	-	0.11	81,926	-	12,460	Other equity instrument investments	Original issue stock
HK3898	CRRC Times Electric	9,800	0.90	0.90	160,914	4,410	-81,316	Other equity instrument investments	Original issue stock
000759	Zhongbai Holdings Group	1,058	0.14	0.14	7,138	48	2,079	Other equity instrument investments	Original issue stock
600657	Cinda Real Estate	236	-	-	9,693	195	153	Other equity instrument investments	Original issue stock
HK00687	Hong Kong International Construction	208,027	5.03	1.69	50,067	111,556	-71,994	Other equity instrument investments	Subscription
000630	Tongling Nonferrous	500,000	1.71	1.71	420,578	8,074	64,982	Other equity instrument investments	Subscription
600322	Tianjin Real Estate Development	160	0.03	0.03	300	-	-25	Other equity instrument investments	Original issue stock
600809	Shanxi Fenjiu	708	0.05	0.05	35,880	-	21,860	Other equity instrument investments	Original issue stock
002159	Sante Cableway	3,000	0.99	0.99	14,692	83	-6,289	Other equity instrument investments	Original issue stock
601328	Bank of Communications	49,892	0.07	0.07	227,033	14,853	-6,452	Other equity instrument investments	Original issue stock
600885	Hongfa	1,440	0.71	0.71	52,667	443	18,177	Other equity instrument investments	Original issue stock
600061	SDIC Capital	268,452	1.45	1.45	926,081	-	376,182	Other equity instrument investments	Original issue stock
601211	Guotai Jun'an	7,604	0.10	0.10	140,601	2,042	24,105	Other equity instrument investments	Original issue stock
601169	Bank of Beijing	2	-	-	1,139	57	26	Other equity instrument investments	Original issue stock
Total		1,120,234	/	/	2,130,633	141,761	354,398	/	/

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

③ Trust products held and others

Unit: '000 Currency: RMB

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Financial statement item	Source of shares
CRCC Ji Cai Hong Ao Private Equity Investment Fund	70,796	/	70,796	-	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund	136,180	/	136,180	-	-	Held-for-trading financial assets and other non-current financial assets	Subscription
Mutual Infrastructure FOF Phase I Private Fund (No.8)	300,000	/	300,000	-	-	Other non-current financial assets	Subscription
Guojun - CRCC Phase II Trade Receivables Asset-backed Scheme	14,000	1.27	14,000	-	-	Held-for-trading financial assets	Sponsorship
Guojun - CRCC Phase I Asset-backed Scheme	39,000	1.19	39,000	1,945	-	Held-for-trading financial assets	Sponsorship
Guojun - China Railway 16th Bureau Group Trade Receivables Asset-backed Scheme	13,000	1.35	13,000	-	-	Other non-current financial assets	Sponsorship
Haitong Securities Investment Fund	45,000	/	45,000	-	-	Other non-current financial assets	Subscription
Haitong Securities - China Railway Construction Asset Management Phase I Trade receivables Asset-backed Scheme	31,000	1.47	31,000	-	-	Held-for-trading financial assets	Sponsorship
CCB Trust - CRCC Collective Fund Trust Scheme (No. 11)	24,000	19.66	24,000	1,338	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 18)	12,600	9.80	12,600	729	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 7)	54,816	9.90	57,117	1,255	-	Other non-current financial assets	Subscription
CCB Trust - CRCC Collective Fund Trust Scheme (No. 9)	2,500	9.88	2,500	87	-	Held-for-trading financial assets	Subscription
CCB Capital - China Railway 18th Bureau Group Phase I Trade receivables Asset-backed Scheme	88,000	8.52	88,000	-	-	Other non-current financial assets	Sponsorship
Ping An Securities - China Railway Construction Asset Management Trade Receivables Asset-backed Scheme (No. 1)	25,000	1.47	25,000	1,572	-	Held-for-trading financial assets	Sponsorship
Ping An Securities - China Railway Construction Asset Management Trade Receivables Asset-backed Scheme (No. 2)	40,000	1.21	40,000	2,301	-	Held-for-trading financial assets	Sponsorship

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of investees	Initial cost of investment	Percentage of shares held (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period	Financial statement item	Source of shares
Ping An Securities – China Railway Construction Asset Management Phase I Trade receivables Asset-backed Scheme	26,000	1.45	26,000	–	–	Held-for-trading financial assets	Sponsorship
CRCC PPP Tianfu Private Investment Fund	32,080	/	32,080	–	–	Other non-current financial assets	Subscription
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	68,890	/	68,890	–	–	Held-for-trading financial assets and other non-current financial assets	Subscription
Xinhengyintong Private Investment Fund	80,167	/	80,167	–	–	Other non-current financial assets	Subscription
Industrial Securities Asset Management – China Railway Construction Asset Management Phase I Trade Receivables Asset-backed Scheme	20,000	1.39	20,000	1,000	–	Other non-current financial assets	Sponsorship
China PPP Fund	110,390	/	110,390	–	–	Other non-current financial assets	Subscription
2017 REG MBEC Phase I Trade receivables Asset-backed Scheme	11,000	0.99	11,000	–	–	Other non-current financial assets	Sponsorship
China Railway Construction (Beijing) Property Management Co., Ltd. – 2017 Tranche I Non-public Placed Asset-backed Notes	30,000	3.13	30,000	2,436	–	Other non-current financial assets	Sponsorship
CRCC Kunlun Investment Group Co., Ltd. – 2019 Tranche I Targeted Asset-backed Notes	15,250	/	15,250	–	–	Other non-current financial assets	Sponsorship
CRCC PPP Tianfu Private Investment Fund – Chengdu Utility Tunnel Project	173,780	/	173,780	–	–	Other non-current financial assets	Sponsorship
AVIC Trust – 2019 CRCC Commercial Factoring Trade Receivables and Property Rights Trust Phase I	22,000	/	22,000	–	–	Held-for-trading financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 3	35,000	/	35,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 4	26,000	/	26,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase 5	20,000	/	20,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase II	38,000	/	38,000	–	–	Other non-current financial assets	Sponsorship
China Railway Trade Receivables Asset-backed Scheme Phase I	33,000	/	33,000	–	–	Other non-current financial assets	Sponsorship
Others	25,324	/	25,324	8,633	–	Held-for-trading financial assets and other non-current financial assets	Subscription
Total	1,662,773	/	1,665,074	21,296	–	/	/

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

- ④ Sale and purchase of shares of other listed companies during the Reporting Period

Unit: '000 Currency: RMB

Stock code	Abbreviated stock name	Amount of initial investment	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Carrying value at the end of the period	Profit/loss during the Reporting Period	Changes in owner's equity during the Reporting Period
688009	CRSC	69,495	-	0.11	81,926	-	12,460

(VI) Disposal of significant assets and equity interest

Applicable Not Applicable

The Resolution on Introduction of Investors for Capital Contributions to Four Subsidiaries Including China Railway 11 Bureau Group Co., Ltd. was considered and approved at the 31th meeting of the fourth session of the Board of the Company held on 18 December 2019. The Company introduced eight investment institutions, including Taiping Life Insurance Co., Ltd.* (太平人壽保險有限公司), Beijing Chengtong ICBC Equity Investment Fund (Limited partnership)* (北京誠通工銀股權投資基金(有限合夥)), BOCOM Financial Asset Investment Co., Ltd.* (交銀金融資產投資有限公司), Everbright Asset Management Co., Ltd.* (光大金甌資產管理有限公司), BOC Financial Asset Investment Co., Ltd.* (中銀金融資產投資有限公司), ABC Financial Asset Investment Company Limited*(農銀金融資產投資有限公司), CCB Financial Asset Investment Co., Ltd.* (建信金融資產投資有限公司) and Shenzhen Xinmaisui Investment Management Co., Ltd.* (深圳市鑫麥穗投資管理有限公司) (collectively, "eight investment institutions"), to make capital contributions to China Railway 11 Bureau Group Co., Ltd.* (中鐵十一局集團有限公司), China Railway Construction Group Co., Ltd.* (中鐵建設集團有限公司), China Railway Construction Investment Group Co., Ltd. (中國鐵建投資集團有限公司) and China Railway Construction Kunlun Investment Group Co., Ltd.* (中國鐵建昆侖投資集團有限公司) in cash to implement the market-driven debt-for-equity swap. The total capital contribution by the eight investment institutions was RMB11 billion. After the completion of the capital contribution in the end of December, the eight investment institutions totally held 18.38% equity interest in China Railway 11 Bureau Group Co., Ltd.*, 14.36% equity interest in China Railway Construction Group Co., Ltd.*, 12.66% equity interest in China Railway Construction Investment Group Co., Ltd. and 29.23% equity interest in China Railway Construction Kunlun Investment Group Co., Ltd.* The above matter had no impacts on the business continuity and the stability of the management of the Company.

For details, please refer to the announcements of the Company dated 18 December 2019 and 19 December 2019 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(VII) Analysis of major companies controlled and invested in by the Company

Applicable Not Applicable

1. Major Subsidiaries

During the Reporting Period, the major subsidiaries of the Company are as follows:

Unit: '000 Currency: RMB

Name of Company	Major financial indicators as at				Principal operations	Industry
	31 December 2019					
	Registered capital	Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	28,788,818	8,077,051	1,143,303	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	52,456,954	13,237,633	1,411,892	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	48,491,826	11,083,330	1,308,779	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,000,000	47,249,930	6,865,289	351,555	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	48,717,698	8,881,504	850,733	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	34,658,071	4,780,389	145,046	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	56,495,608	6,436,557	218,797	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	56,102,718	7,803,256	127,690	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	42,366,409	7,589,297	816,538	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	46,171,642	5,832,460	150,095	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	41,916,451	6,329,832	506,075	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	34,246,193	5,206,510	77,102	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	34,118,726	5,581,671	287,308	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	28,224,482	5,531,339	268,889	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	23,064,678	3,472,941	428,167	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	18,965,046	2,830,233	179,187	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	61,346,458	10,123,554	783,937	Construction	Construction
China Railway Electrification Bureau Group Co., Ltd.	3,800,000	30,267,235	9,113,867	1,372,612	Construction	Construction
CRCC Harbour & Channel Engineering Bureau Group Co. Ltd	2,500,000	12,665,557	2,300,595	20,627	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	154,272,975	26,943,157	3,702,902	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	14,013,111	4,419,274	1,029,893	Survey and design	Consultancy
China Railway Siyuan Survey and Design Group Co., Ltd.	1,000,000	23,870,501	8,530,927	1,953,137	Survey and design	Consultancy

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Name of Company	Major financial indicators as at				Principal operations	Industry
	31 December 2019					
	Registered capital	Total assets	Net assets	Net profit		
China Railway Fifth Survey and Design Institute Group Co., Ltd.	155,000	5,621,262	1,575,618	251,010	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	1,718,919	1,039,338	240,057	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	21,004,120	3,243,847	509,489	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Co., Ltd.	3,855,540	15,156,138	7,142,455	1,529,934	Industrial manufacturing	Industry
CRCC High-Tech Equipment Corporation Limited	1,519,884	7,397,162	5,468,544	122,163	Industrial manufacturing	Industry
China Railway International Group Limited	3,000,000	9,265,027	3,666,853	164,545	Construction	Construction
China Railway Urban Construction Group Co., Ltd.	2,000,000	20,412,370	4,069,600	559,051	Construction	Construction
China Railway Construction Investment Group Co., Ltd.	12,067,086	120,577,258	26,760,821	979,237	Project investment, Construction	Investment
CRCC Finance Company Limited	9,000,000	135,325,179	11,566,367	1,087,375	Financial services	Finance
CRCC Assets Management Co., Ltd.	3,000,000	11,949,200	5,023,578	602,523	Asset management	Finance
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	11,493,408	4,736,237	499,829	Project investment, Construction	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	28,884,252	9,208,769	1,645,249	Project investment, Construction	Investment

During the Reporting Period, China Railway Construction Real Estate Group Co., Ltd., a subsidiary of the Company, accounted for larger proportion in the consolidated operating results of the Group. The revenue of China Railway Construction Real Estate Group Co., Ltd. in 2019 was RMB30.7053 billion, and operating profit amounted to RMB4.4175 billion. The net profit amounted to RMB3.7029 billion, accounting for 16.37% of net profit of RMB22.6237 billion of the Group.

2. Major companies in which the Company invested

For details about companies in which the Group invested, please refer to Note V to the financial statements attached to this report, "13. Long-term Equity Investments" and Note VII to the financial statements, "2. Equity in Joint Ventures and Associates". The assets, operation results and other financial indicators of such companies in which the Company invested have no significant effects on the assets, operation results and other financial indicators of the Company in the current and future years.

(VIII) Status of the structured entity controlled by the Company

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

III. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) Industry pattern and trends

Applicable Not Applicable

In 2020, the international environment will continue to see profound changes. With uncertainties in the China-U.S. trade and increasing pressures on economic downturn, the construction market will still witness complicated situations. However, there are no changes in the fundamentals for a stable market size. The Central Economic Work Conference has determined that the “six stabilities” will be required to be implemented well in 2020, being stabilizing employment, finance, foreign investment, foreign trade, investment and expectations, which will bring policy dividends to the construction industry. From the analysis of the domestic market, after the outbreak of the new coronavirus pneumonia, the State will successively implement and start a number of basic and major projects, and increase the planning and construction of key urban agglomerations, inter-city railways in metropolitan areas, urban (suburban) railways, and high-grade highways, and further increased the construction of major water conservancy projects and the renovation of old urban communities and supporting infrastructure. At the same time, as the State vigorously promotes the implementation of the “Belt and Road” construction, the coordinated development of Beijing-Tianjin-Hebei, the construction of Xiong’an New District, the development of the Yangtze River Economic Belt, the integration of the Yangtze River Delta, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the rejuvenation of the Northeast Region, the rise of the central region, the first development of the eastern regions and the development of the western regions and other major strategies, our country have proposed construction plans for the “19 + 2” urban agglomeration, 34 metropolitan areas, and 18 free trade zones, providing a stable growth point for the development of the construction industry. At present, the domestic construction market has entered into a critical period of new and old kinetic energy conversion. The supply-side structural reforms have continued to further be deepened, and the development connotation and business model are undergoing profound changes to promote the transformation and upgrading of the construction industry. Cloud computing, big data, artificial intelligence, the Internet of Things, blockchain, 5G and other new-generation information technologies are accelerating the promotion and application in traditional industries. The “new infrastructure” represented by 5G base stations, big data centers, optical fiber transformation, broadband expansion, charging piles, open platforms, urban space-time network and information service platform is an important area for China to strengthen innovation driving, supply-side structural reform and improvement of weak links of infrastructure. The infrastructure sector will usher in a period of strategic opportunities for sustainable development.

The general trend is to deepen the comprehensive reform of state-owned assets and state-owned enterprises, and reform in all aspects will be further promoted, with greater efforts put in de-capacity, de-stocking, de-leveraging, cost reduction and weak link improvement. The determination of the central government on deepening overall reform is unshakable, and the general trend of innovation-driven development is irreversible. In 2020, the Company will adhere to the general policy of “High-Quality CRCC”, hold to the focus on improving the quality and efficiency of development, take reform, innovation, and transformation and upgrading as its important tasks, and continue to advance the goal of building a world leading enterprise and thus lay a foundation for fully building as a well-off society, the successful completion of the “Thirteenth Five-Year Plan” and the smooth start of the “14th Five-Year Plan”.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(II) Development strategies of the Company

Applicable Not Applicable

The overall development strategies of the Group are: construction-oriented development, relevant diversification, integrated operation and advance through transformation, so as to develop the Group into a high value creative multinational construction industry group with world-leading economic power, world-leading technological power and world-leading competitive power.

Construction-oriented development – Make construction, the core business, as the basis of development, seizing the historical opportunity of domestic infrastructure market, closely following and integrating into “Beijing-Tianjin-Hebei integration”, “the Yangtze Economic Belt” and other national strategies as well as the “Belt and Road Initiative” and the opportunities for regional construction of Xiong’an New Area, the free trade zones in Shanghai, Tianjin, Guangdong and Fuzhou (all approved by the State) as well as the Liangjiang New Area in Chongqing and Gui’an New Area, and making deployment in the relevant markets. Meanwhile, focus on national special industrial planning, continually expanding attractive segments and laying the foundation for long-term and sustainable development of the Company.

Relevant diversification – Through positive diversification expansion, the emerging sectors, business types and industries which have broad market prospects and meet the national strategic development needs shall be included in the overall arrangement so that they can be related to current industries, play a synergistic effect with existing business, improve the overall profitability of the enterprise, enhance the competitiveness of the main industry and expand brand influence.

Cooperative integration – Actively advance coordination in operation, industries and industrial chains, construct the operating mode integrating with investment, design, construction, operation, real estate development and other industries, establish a linkage and reciprocal mechanism with channels connected, business interaction, complementary advantages, resources, benefits and risks sharing and common development, and giving full play to the whole industry chain advantage of CRCC.

Advance through transformation – Contracted construction operations transform from focusing on “railways and highways” towards various construction sectors; industrial divisions transform from low-end towards high-end industries; development types transform from labour-intensive towards intelligence-, management-, technology- and capital-intensive businesses; development positioning transform from a construction contractor towards an asset operator, a modern transportation operator and an urban integrated operator; development elements transform from being driven by production elements towards being driven by technology progress, quality improvement of staff team and innovation; comprehensive projects transform from homogeneous, comprehensive and decentralized development towards professional, differentiated and regional development with the concentration, grouping and intensiveness of resources; management method transform from extensive and experience-based management towards lean, refined and standard management; market development transform from being bigger and stronger in the domestic market towards being bigger and stronger in domestic and overseas markets; transform from focusing on operating and financial indicators towards quality, benefits and value creation; business model transform relying on single fight and disordered internal competition towards coordination with groups, industries and industrial chains, cooperation with domestic and overseas enterprises and development led by investment and financing with multi types and models; corporate governance transform from disordered, inactive and non-standard governance towards standard and legal governance with clear division of authorities and responsibilities, effective balancing and orderly operation.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(III) Operation plan

Applicable Not Applicable

1. Explanation of operation plan during the Reporting Period

In 2019, the Group earnestly implemented various decisions and deployments of the CPC Central Committee, the State Council and the SASAC, held firmly to the general guideline of maintaining stability while seeking progress and adhered to the overall requirement of high-quality development. It followed the operation concepts of “three beings and four transformations”, centered on building “High-Quality CRCC”, deeply advanced reform of regional operation and energetically expanded the domestic market. It implemented the strategy of “prioritising overseas businesses” and established overseas operation and development systems, thus achieving rapid growth in the operation scale and outperforming the annual operation targets.

2. Operation plan for 2020

The Group’s operation plan for 2020 is that the value of newly-signed contracts is to reach RMB2.14 trillion, operating revenue is to reach RMB840.9 billion, and costs and taxes are to reach RMB808.2606 billion. To this end, the Group will adhere to the general guideline of maintaining stability while seeking progress, continue to following the overall plan on building “High-Quality CRCC”, center on boosting development quality and benefits and focus on reform and innovation as well as transformation and upgrading. It will further consolidate and improve the operation system, fully display the advantage in “regional operation” and unswervingly advance the strategy of “prioritising overseas businesses”. It will actively and effectively conduct business innovation, rapidly expand the business in emerging markets, develop emerging growth poles, strengthen the building of professional brands, reinforce development foundation, consistently make the principal business stronger, better and bigger and strive to improve the operation scale and development quality of enterprises.

The business plan, however, does not constitute the profit guarantee to investors of the Company, thus the investors shall keep sufficient risks awareness and understand the differences between the business plan and the performance commitment.

3. Capital need of the Company to maintain current business and complete investment

In order to achieve the business goals for 2020 and satisfy the development needs of the Company’s various businesses, the Company will ensure the satisfaction of capital requirement for its operations through internal resources, issuance of new shares, bank loans and bank acceptance bills, issues of bonds and other ways.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(IV) Potential risks

Applicable Not Applicable

The Group always attaches great importance to the collection and assessment of risk information and the establishment of control systems and strives to consistently focus on risk control in key sectors. Through annual material risk assessment and based on the recent outbreak of COVID-19 in China, the Group identifies the following risks as the material risks it will be subject to in 2020: overseas risks, investment risks, major emergency risks, risks related to trade receivables and cash flow risks.

1. Overseas risks: The overseas environment will get complicated as the global economy may see a gloomy prospect in the future, the international trade will grow at a slower pace, trade protectionism will return and geopolitical risk will be higher. Adhering to the guideline of “prioritising overseas businesses”, the Group expands to over 100 countries and regions around the globe and is exposed to tough and complicated environment in the course of overseas market expansion, for these countries and regions differ from each other in political system, market, economic and legal environment, manners and customs, natural environment and other aspects. Overseas businesses will be subject to certain risks if the Group does not have comprehensive and thorough risk analysis and adopt effective risk control, or some countries and regions experience political instability and social unrest, and involve in diplomatic and economic frictions or disputes with China. By comprehensive analysis, the Group determines that risk management related to overseas operation will focus on country risk, legal risk, non-traditional security risk, foreign exchange risk, labour risk and environment risk, analyses the background and reasons of such risks and the possible impact, puts forward countermeasures and conducts follow-up and control in the whole process to ensure a healthy and orderly development of overseas market.
2. Investment risks: Investments of the Group are concentrated in property and PPP projects, which feature large scales, long construction periods, a wide range of sectors, high complexity, strict construction deadlines, high quality requirements and exposure to policy influence. In the internal and external environment characterized by greater policy control by the central and local governments, standardised management, stricter financial regulation, greater debt pressure and fiercer competition, the execution and operation of investment projects above may subject the Company to certain risks if feasibility analysis received is not comprehensive, or if policy interpretation is not accurate, funds are not available, the process is not managed in a standard way, which may affect the expected benefit and the realisation of strategic goals. To effectively control investment risks, the Group makes greater efforts in national and local economic policy analysis, sticks to the guidance of strategic goals, conducts pre-investment risk identification, strictly controls investments in non-core businesses, improves feasibility analysis standards, strictly performs investment project analysis and decision-making procedures, manages investment costs, enhances risk control in the whole process of investment projects, and develops targeted risk control plans and mitigation measures by taking account of specific characteristics of different projects with an aim to minimise investment risks.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

3. Significant emergency risks: The COVID-19 has been raging since the beginning of 2020 and all industries in the country have been significantly affected. As the Company's principal business of construction involves long chains, wide coverage and large population. It may be subject to local or industrial control, traffic interruption, insufficient labours on conduction sites, the shortage of raw materials as well as other difficulties. Besides, the effects of the epidemic are still uncertain in the next step. If the mechanisms on the collection, sorting, analysis and reporting of information are imperfect, the decision-making on disposal is improper and the implementation of disposal plans is ineffective during the fight against the epidemic or other significant emergencies or the manpower, materials, capitals and technology guarantees are insufficient, it may cause the situation to be out of control and result in immeasurable losses. To effectively prevent and control risks, the Company has been actively responding to the advocates of the CPC and the state, input huge manpower, materials and funds since the outbreak of the epidemic. Following the measures and requirements on epidemic prevention and control by enterprises set out by the National Health Commission, the Company has taken measures in the scientific, reasonable, moderate and effective principles and practically carried out epidemic prevention and control in the return journey and production resumption after the Spring Festival to ensure the life safety and physical health of the staff. Meanwhile, it coordinated the solving of difficulties and issues in production resumption in a timely manner and strived to resume normal production and operation. The Company will maintain a high sense of responsibilities and commissions, perform the responsibilities of entities at all levels and earnestly implement the requirements on prevention and control till the epidemic is over. It will strengthen the organization and leadership, improve the working system and fully endeavours to promote epidemic prevention and control and production resumption.
4. Risks related to trade receivables: The domestic market is now experiencing the conversion of new and old economic growth drivers. Restricted by new liquidity rules, the construction industry is seeing overall tightening financing availability; collection of trade receivables is in a slower progress; it is difficult to realise trade receivables settlement and debt reduction. To prevent risks brought by trade receivables, the Group controls the scale and quality of trade receivables from the source, strictly reviews the tendering and the contract signing, sticks to the "six not undertake" principle, and closely monitors the quality and benefit of new contracts. The Group also enhances management of project cost and fund allocation, carefully chooses projects with ultra-low progress payment ratios, and prohibits any excessive allocation and payments. In addition, the Group conducts daily control on trade receivables, holds the red line regarding to total amount, makes deployments to each level, and specifies responsibilities and objectives to ensure that collection of trade receivables and debt is realised.
5. Cash flow risks: On top of overall economy and tightening financing availability, the continuous development and expanding business scale of the Group result in high level of trade receivables and inventory, and the slower fund collection leads to less cash flows, which brings great pressure to business operation. Regarding capital as the blood of a company, the Group adheres to the concept that "the one with cash in hand is likely to stand out in the market, and ample resources provide certain guarantee", actively expands financing channels, optimises financing structure and enhances centralised capital management to ensure capital chain security.

(V) Others

Applicable Not Applicable

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

IV. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE OR SPECIAL REASONS

Applicable Not Applicable

V. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG LISTING RULES)

(I) Principal business

For details, please refer to "Section IV Summary of the Company's Businesses".

(II) Business review

A review of the business of the Group, the risks which may be encountered, discussions on the future business development and the relationship with employees, customers and suppliers during the year are set out in this section, and financial key indicators are utilized for carrying out analysis on the financial and operating conditions of the Group. For details of significant events which had impacts on the Group and matters in relation to the social responsibilities and environmental protection of the Group during the year, please refer to "Section VI Significant Events" and "Section XI Environmental, Social and Governance Report" of this report. For the compliance of relevant laws and regulations which had material impacts on the Group, please refer to "Section X Corporate Governance (Corporate Governance Report)" of this report.

(III) Taxation on dividend

The Board proposed to distribute a final cash dividend for the year 2019 of RMB0.21 per share (including tax) with a total amount of RMB2,851,703,715.00 based on the total share capital of 13,579,541,500 shares of the Company as at 31 December 2019. The above profit distribution plan is subject to consideration and approval at the 2019 Annual General Meeting of the Company. After being considered and approved, the cash dividend will be paid on or before 31 August 2020 as expected by the Company. The Company will make separate announcements after convening of the General Meeting in relation to further details of the closure of register of H shareholders for distribution of cash dividend and the expected payment date.

Details of profit distribution of the Company in 2019 are set out in "Section VI Significant Events" of this report.

In accordance with the relevant regulations on taxation in the PRC, a PRC enterprise distributes annual dividends for the year 2008 and onward to their H shareholders who are overseas non-resident enterprises (any H shares registered under the name of HKSCC Nominees Limited, other institutional nominees, trustees, or other organizations or groups, shall be deemed as shares being held by a non-resident enterprise shareholder), enterprise income tax shall be withheld at a uniform rate of 10% by the relevant PRC enterprise.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Pursuant to the changes in the relevant laws and regulations on taxation in the PRC, during the distribution of the dividend of the Company for 2010 and the following years, individual holders of the Company's H Shares whose names appear on the register of members of H shares of the Company are no longer exempted from individual income tax. For individual holders of H shares whose country/region of domicile is a country/region which has entered into a tax treaty with the PRC or a tax arrangement between mainland China and Hong Kong (Macau), the Company will usually withhold and pay individual income tax at the rate of 10% (the applicable tax rate for Hong Kong and Macau residents is 10%) of the dividend income attributable to such shareholders on behalf of them without being subject to application procedures. For individual holders of H shares that the rate of 10% is not applicable, they may pay the individual income tax with reference to the provisions under the Notice of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》)(國稅函[2011]348號).

According to the provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (財稅[2014]81號), for dividends received by domestic individual investors or domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong-Kong Stock Connect, H share companies shall submit an application to the China Securities Depository and Clearing Corporation Limited (hereinafter "CSDCC") for the CSDCC to provide the register of members of domestic individual investors to the H-share companies, and the H-share companies shall withhold individual income tax at the tax rate of 20%. Such H-share companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. According to the provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No 127) (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (財稅[2016]127號), for dividends received by domestic individual investors or domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong-Kong Stock Connect, H share companies shall submit an application to the CSDCC for the CSDCC to provide the register of members of domestic individual investors to the H-share companies, and the H-share companies shall withhold individual income tax at the tax rate of 20%. Such H-share companies will not withhold and pay the income tax of dividends for domestic enterprise investors, and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends received by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on the Shanghai Stock Exchange, and prior to Hong Kong Securities Clearing Company Ltd (hereinafter "HKSCC") is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDCC, the differentiated tax treatment based on the holding period of shares will temporarily not be implemented. Listed companies shall withhold income tax at a tax rate of 10% and make withholding filings with their competent tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends is lower than 10% under the tax treaty between China and their residence countries, investors may by themselves or ask the withholding agent to act on their behalves to apply to the competent tax authorities of the listed company for the application of preferential treatment under the treaties. With the approval of the competent tax authorities, the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of the dividends paid by the Company.

According to the Notice on Relevant Matters of Differentiated Individual Income Tax Policy for Listed Companies' Dividends (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), if any individual acquires listed shares from listed companies in public issuance and transfer market and holds such shares within 1 month (inclusive), the full amount of his/her dividend income shall be included in taxable income; if the individual holds such shares for a period from more than 1 month to 1 year (inclusive), 50% of his/her dividend income shall be included in taxable income; an individual income tax rate of 20% shall be uniformly applicable to the said income; for shares of listed companies obtained by individuals from public offerings and the market, if any individual holds such shares for more than 1 year, no individual income tax will be imposed on the dividend income for the time being.

(IV) Share capital

Details of the share capital of the Company are set out in "40. Share capital" in the Note V to the Financial Reports of this report.

Please see "XIX Convertible Bonds" in "Section VI Significant Events" of this report for the details on the H shares convertible bonds of the Company issued.

During the Reporting Period, none of the Company or its subsidiaries had issued any other convertible or redeemable securities, options, warrants or any other similar rights.

(V) Capital reserves, surplus reserves and special reserves

Changes to capital reserves, special reserves and surplus reserves of the Group and the Company in the year are set out in the Consolidated Statement of Changes in Equity in the audited financial reports and "42. Capital Reserve", "44. Special Reserve" and "45. Surplus Reserve" in the Note V to the Financial Reports of this report.

(VI) Fixed assets

Details of the changes in the property, plant and equipment are set out in the "16. Fixed assets" in the Note V of the Financial Reports of this report.

(VII) Distributable reserves

The distributable reserve of the Company as at 31 December 2019 was approximately RMB19.006 billion.

(VIII) Designated deposits and overdue term deposits

As at 31 December 2019, the Group had no designated deposits placed with any financial institutions in China, nor any term deposits which could not be recovered upon maturity.

(IX) Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, according to which the Company would be obliged to offer new shares on a pro rata basis to its existing shareholders.

Section V Discussion and Analysis on Business Operations (Report of Directors) (continued)

(X) Permitted indemnity provisions

There was no permitted indemnity provision related to the directors of the Company in the year.

(XI) Management contracts

There was no management or administration contract in respect of all of, or substantial part of, the Company's business for the year.

(XII) Donation

During the Reporting Period, the aggregation of the charitable donations and other donations of the Group amounted to RMB42.328 million.

(XIII) Relationship with employees, customers and suppliers

The Group deeply understands that employees, customers and suppliers are essential for our continuous and stable development. We endeavor to closely communicate with our staff and coordinate with suppliers to provide customers with high-quality products and services to achieve sustainable development of the Company.

For details of the employees of the Group, please refer to "Section IX Directors, Supervisors, Senior Management and Staff" of this report.

For details of the major customers and major suppliers, please refer to "(4) Major customers and suppliers" in "II. (I) 2. Analysis of the revenue and costs" of this section.

(XIV) Directors' interests in the businesses that compete with the Company

None of the directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(XV) Details of future plans for significant investments or purchasing capital assets of the Group and their expected source of funding in the coming year

By now, the Group had no future plan for significant investments or purchasing capital assets.

Section VI Significant Events

I. ORDINARY SHARE STOCK PROFIT DISTRIBUTION PLAN OR RESERVE-TO-EQUITY

(I) The Profit Distribution Policies of the Company

1. The basic principles of the profit distribution policies of the Company are as follows:
 - (1) The Company shall take full account of the return to investors and distribute dividends to shareholders on a yearly basis in a specific proportion out of the distributable profit realized for the year as set out in that year's consolidated financial statements;
 - (2) The profit distribution policies of the Company shall maintain continuity and stability while giving consideration to the interests of the Company in the long term, the interests of all shareholders as a whole, and the sustainable development of the Company;
 - (3) The Company shall distribute its profit by way of cash dividends as priority.

2. The specific profit distribution policies of the Company

- (1) Form of profit distribution: the Company may distribute dividends in cash, in shares or in a combination of both cash and shares. Under favorable circumstances, the Company may distribute interim dividends.
- (2) Specific conditions, proportions and intervals of cash dividends of the Company: in the absence of certain special circumstances, if the Company's profit for the year and its total undistributed profit are positive, the Company shall distribute dividends in cash and such profit to be distributed in cash on a yearly basis must not be less than 15% of the distributable profit realized for the year as set out in that year's consolidated financial statements.

Such special circumstances refer to the following: a. where the audit firm issues a modified audit opinion for the financial report of the Company for that financial year; and b. where the Company has major investment plan or significant cash expenditure, excluding projects funded by raised proceeds.

Such major investment plan or significant cash expenditure refers to the external investment and asset acquisition by the Company with accumulated expenditure within the following 12 months amounting to or exceeding 30% of the latest audited net assets.

When the aforesaid conditions of cash distribution are met, in principle, cash dividends shall be distributed once a year. And the Board of Directors of the Company can propose a distribution of interim cash dividends according to the Company's situation of profitability and capital needs.

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

Where the Company is in a sound operating condition, and the Board of Directors considers that the share price of the Company does not reflect its scale of share capital and distributing dividends in shares will be in the interests of all shareholders of the Company as a whole, the Company may propose the distribution of dividends in shares upon fulfillment of the above conditions concerning cash dividends.

Section VI Significant Events (continued)

(II) Formulation, implementation or adjustment of the cash dividend policy

Applicable Not Applicable

1. Details of implementation of the cash dividend policy during the Reporting Period

It was resolved at the 18th meeting of the fourth session of the Board convened by the Company on 28 and 29 March 2019 that a cash dividend of RMB2,851,703,715.00 in total for 2018, i.e., RMB0.21 (tax inclusive) per share based on the total share capital of 13,579,541,500 shares as at 31 December 2018 was declared. The profit distribution plan had been considered and passed at the 2018 annual General Meeting convened on 18 June 2019. The distribution of the above cash dividend was completed on 25 July 2019 and 9 August 2019, respectively.

2. Formulation, execution or adjustment of cash dividend policy

While maintaining the sustainable and stable development, the Company highly valued reasonable investment return to its shareholders. According to relevant regulations by the CSRC, the Articles of Association made clear the approval procedure for the cash dividend distribution policy and profit distribution policy. The Company's profit distribution policy is consistent with the Articles of Association and review process requirements. The standard and proportion of dividend are clear and relevant decision-making mechanism and procedures are complete. The independent directors of the Company fulfilled their responsibilities with due diligence, carefully audited the cash dividend policy and issued independent advice. The Company has adopted a number of ways for the small and medium-sized shareholders to fully express their views and demands, fully safeguard the legitimate rights and interests of minority shareholders. During the Reporting Period, in order to facilitate investors to have more comprehensive and further understanding of cash dividend distribution for 2018, the Company held an online illustration meeting on 10 May 2019, with the investors' corresponding issues hereof under common concern answered; on 18 June 2019, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2018 Annual Profit Distribution Plan at the 2018 Annual General Meeting.

3. Explanation on profit distribution plan for 2019

(1) *The 2019 profit distribution plan approved by the Board*

According to the audited financial report of the Company for 2019, at the beginning of 2019, the undistributed profit of the parent company was RMB10,644,559,799.03. After adding the net profit realized by the parent company in this year of RMB13,836,253,893.55, deducting the cash dividends for 2018 of RMB2,851,703,715.00, paying the interest of renewable corporate bonds and renewable loans of RMB1,239,523,583.31, the distributable profit of the parent company at the end of the year was RMB20,389,586,394.27.

Section VI Significant Events (continued)

According to the Company Law and the Articles of Association, the distributable profit of the parent company shall be distributed in the order as follows in 2019: the withdraw of the statutory surplus reserve fund of RMB1,383,625,389.36 based on 10% of net profit realized by the parent company for the year of 2019, after which the parent company's distributable profit for the shareholders in this year was RMB19,005,961,004.91; a cash dividend of RMB2,851,703,715.00 in total, being RMB0.21 (tax inclusive) per share, will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2019; upon such distribution, the undistributed profit of the parent company amounting to RMB16,154,257,289.91 will be carried forward to the next year.

(2) *The time arrangement of the profit distribution plan for 2019*

The profit distribution plan for 2019 of the Company is subject to consideration and approval at the 2019 Annual General Meeting. The above proposed dividend is expected to be paid to the shareholders of the Company on or before 31 August 2020 after such profit distribution plan is considered and approved at the 2019 Annual General Meeting (the date of which has not been determined but will be announced by the Company in due course). If there is any change in the expected payment date, the Company will make further announcement(s) in respect of such change in due course.

(3) *Statement of the Board on the profit distribution plan for 2019*

From the perspective of national strategies and economic development requirements, investment into infrastructure construction will remain stable, the promotion of new urbanization, coordinated development for the Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macau Greater Bay Area and Xiong'an New Area will become an important engine for future development of the construction industry and bring great and valuable opportunities. Investment into railway, road, housing construction, urban transit, municipal engineering and water resources, water and electricity supply, airport will remain stable. Fields including utility tunnel, sponge city and pollution prevention and treatment are expected to experience rapid development. As the "Belt and Road Initiative" is advanced, overseas markets will embrace new development opportunities. To seize opportunities arising from national deployment, the Company has a great capital demand for realizing its strategic plans.

From the perspective of the development, the Group now sees a rapid development and is in a crucial stage for strategic transformation. In 2019, the newly-signed contracts, revenue and total profit of the Group amounted to RMB2,006.8544 billion, RMB830.4522 billion and RMB28.0267 billion respectively, all recording significant growth as compared with the same period of last year and setting a new record in the history of the Group while the business is expanding with steady and rapid growth, the Company records year-on-year increase in investment in manufacturing and real estate development in the course of deepening reform and promoting innovation driven development. When pressing ahead with restructuring and transformation and pursuing the development strategy of "construction-oriented, relevant diversification, integrated operation and advance through transformation", the Company has to settle any potential capital pressure.

Section VI Significant Events (continued)

From the perspective of retained earnings, one portion of net income earned will be distributed to investors, and the other portion will be reserved. Accumulative retained earnings are attributable to owners of the Company, but will not be distributed for the time being. A balance between distribution and accumulation to keep some of net income for satisfying future requirements and controlling fluctuations of income allocation will be conducive to a sustained and stable dividend distribution policy. Dividend declaration of CRCC has been staying above 15% in recent years, indicating a stable level of dividend distribution.

(III) Profit Distribution plan, reserves-to-equity transfer plans of the Company or plan for the previous three years, including the Reporting Period

Unit: '000 Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (tax included)	Number of shares transferred for every 10 shares (share)	Amount of cash dividend (tax included)	Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	Percentage in net profit attributable to shareholders of the Company in the consolidated financial statement (%)
2019	0	2.10	0	2,851,704	18,957,855	15.04
2018	0	2.10	0	2,851,704	17,068,298	16.71
2017	0	1.80	0	2,444,317	15,767,085	15.50

Note:

1. In the year of distribution of 2019, net profit attributable to shareholders of the parent company in the consolidated financial statement amounted to RMB20,197,378,000; net profit attributable to ordinary shareholders of the Company after deducting the interest distributed to other equity instrument holders, RMB1,239,523,000, amounted to RMB18,957,855,000.
2. In the year of distribution of 2018, net profit attributable to shareholders of the parent company in the consolidated financial statement amounted to RMB17,935,281,000; net profit attributable to ordinary shareholders of the Company after deducting the interest distributed to other equity instrument holders, RMB866,983,000, amounted to RMB17,068,298,000.
3. In the year of distribution of 2017, net profit attributable to shareholders of the parent company in the consolidated financial statement amounted to RMB16,057,235,000; net profit attributable to ordinary shareholders of the Company after deducting the interest distributed to other equity instrument holders, RMB290,150,000, amounted to RMB15,767,085,000.

(IV) inclusion of shares repurchased through cash offer in cash dividend

Applicable Not Applicable

Section VI Significant Events (continued)

- (V) Profits are made during the Reporting Period and the parent company's profits distributed to ordinary shareholders are positive. However, if the proposal on distribution of cash profit of ordinary shares is unavailable, the Company shall disclose in detail the causes thereof as well as purpose and use plan of the undistributed profit

Applicable Not Applicable

II. PERFORMANCE OF UNDERTAKINGS

- (I) Undertakings during or continued to the Reporting Period by ultimate beneficial owner, shareholders, related parties, acquirers the Company and other relevant parties

Applicable Not Applicable

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there timely and strict fulfillment	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Undertakings associated with the share reform								
Undertakings in acquisition report or report on changes in equity								
Undertakings associated with major asset reorganization								
Undertakings associated with IPO								
Undertakings associated with refinancing	Others	CRCG	If CRCC violates the laws and regulations such as failure in disclosing idle land, which causes loss to CRCC and its investors, China Railway Construction Group Co., Ltd. shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws.	Long-term	No	Yes		

Section VI Significant Events (continued)

Undertaking background	Undertaking Category	Undertaken by	Undertaking Contents	Time and term of undertakings	Is there a term for fulfillment	Is there timely and strict fulfillment	If the undertaking fails to be fulfilled in due time, please explain the specific reasons for the failure	If the undertaking fails to be fulfilled in due time, please state the plan in the next step
Undertakings associated with share incentive Other undertakings made to minority shareholders of the Company Other undertakings	Others	Directors and senior management	CRCC violates laws and regulations such as failure in disclosing idle land, which causes loss to CRCC and its investors, the directors and senior management shall bear the civil liability of compensation for CRCC and its investors pursuant to laws.	Long-term	No	Yes		
	Resolving ownership defects of lands and other properties	CRCG	Acquiring land certificates and property ownership certificates, covering the costs of acquiring the aforesaid certificates and losses caused thereby.	Long-term	No	Yes		

Note: For more details, please refer to relevant announcements published by the Company on 29 March 2014, 19 June 2014, 13 May 2015 on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.crcc.cn).

(II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor

Applicable Not achieved Not Applicable

(III) Fulfillment of performance undertaking and impact on goodwill impairment test

Applicable Not Applicable

III. OCCUPATION OF FUNDS AND REPAYMENT OF DEBTS DURING THE REPORTING PERIOD

Applicable Not Applicable

Section VI Significant Events (continued)

IV. FROM THE COMPANY ON THE “NON-STANDARD OPINIONS AUDIT REPORT” FROM ACCOUNTING FIRM

Applicable Not Applicable

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION ON SIGNIFICANT ACCOUNTING ERRORS

(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates

Applicable Not Applicable

The Group has implemented the Accounting Standards for Business Enterprises No. 21 – Leases (hereinafter referred to as the “New Leases Standard”, the Accounting Standards for Business Enterprises No. 12 – Debt Restructurings, and the Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets amended by the Ministry of Finance (“MoF”) since 1 January 2019 (the First Implementation Date”). For the amended accounting policies of the Group, please refer to “22. Lease”, “25. Debts restructuring” and “26. Exchange of non-monetary assets” of Note III to the financial reports in this report.

In addition, the financial statements have been prepared based on Notice of the Revised Format of Consolidated Financial Statements for General Business Enterprise for the year of 2019 (Cai Kuai [2019] No. 6), issued by MoF on 30 April 2019 and the comparative financial statement data was reclassified and presented according to Cai Kuai [2019] No. 6.

Impacts of the New Leases Standard on the Group and the Company:

The New Leases Standard improves the definition of leases; adds contents including identifying a lease, separating components of a lease and combination of leases; no longer adopts the original classification of operating leases and finance leases for lessees, requiring that in cases of all leases (except short-term leases and leases of low-value assets), a right-of-use asset and a lease liability shall be recognised at the commencement date of the lease; and recognises depreciation and interest expenses, respectively, improves subsequent measurement of leases for lessors, adding accounting treatments for changes in the lease term or the assessment of an option to purchase the underlying asset; sets out relevant principles for disclosure.

For the lease contracts that already existed before the First Implementation Date, the Group chose not to reassess whether the contract was, or contained, a lease on the First Implementation Date.

Such changes in accounting policies and the adjustment to the format of financial statements of enterprises did not cause any material impact on the financial position, operating performance, cash flow and future operating results of the Group. For details in relation to the impact of accounting policies on the Group, please refer to “33. Changes in significant accounting policies” as set out in Note III to the Financial Statements of this report.

Section VI Significant Events (continued)

(II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors

Applicable Not Applicable

(III) Communication with the previous accounting firm

Applicable Not Applicable

(IV) Other Explanation

Applicable Not Applicable

VI. INFORMATION IN RELATION TO THE REVIEW ON THE ANNUAL RESULTS BY AUDIT AND RISK MANAGEMENT COMMITTEE

(I) Information in relation to the review on the financial statements by the Audit and Risk Management Committee

In accordance with the Terms of Reference of the Audit and Risk Management Committee and the regulatory requirements, during the Reporting Period, the Audit and Risk Management Committee actively supervised and evaluated the work of the external auditors. When the external auditors audited the financial report, the Audit and Risk Management Committee timely and effectively supervised and evaluated its audit work plan, pre-communication, progress and other stages, earnestly carried out the review of the Company's annual and interim reports, and provided professional advice and suggestions on the preparation of periodic reports.

The schedule on the review of the Company's annual financial report was negotiated and determined by the Board and the Audit and Risk Management Committee with the accounting firm for annual audit. Before the accounting firm for annual audit officially started the audit, the Audit and Risk Management Committee reviewed the annual financial statements prepared by the Company, and formed a written opinion. After the accounting firm for annual audit started the audit, the Audit and Risk Management Committee strengthened communication with the accounting firm for annual audit. After the accounting firm for annual audit issued the preliminarily audit opinion, the Audit and Risk Management Committee once again reviewed the Company's annual financial statements and formed a written opinion. The Audit and Risk Management Committee voted on the annual financial statements, formed a resolution and submitted it to the Board for review.

(II) The situation on that the Audit and Risk Management Committee reviewed the important matters involved in the key audit matters in the Auditor's Report

The Audit and Risk Management Committee heard the report of Deloitte Touche Tohmatsu CPA LLP on the progress of the audit on 2019 annual report of the Company, reviewed the "key audit matters" in the auditor's Report, and agreed with the judgment of Deloitte Touche Tohmatsu CPA LLP on the "key audit matters" and the audit procedures implemented.

Section VI Significant Events (continued)

VII. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: 0,000 Currency: RMB

Existing Auditors	
Name of domestic auditors	Deloitte Touche Tohmatsu CPA LLP
Remuneration of domestic auditors	2,538
Term of the domestic auditors for audit services	3 years

Unit: 0,000 Currency: RMB

	Name	Compensation
The auditors for internal control audit	Deloitte Touche Tohmatsu CPA LLP	216
Financial advisor	Nil	-
Sponsor	Nil	-

Explanation on appointment and removal of auditors

Applicable Not Applicable

- Pursuant to the amendments to the Hong Kong Listing Rules by the Hong Kong Stock Exchange and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in Mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed only one accounting firm each year as its external auditor starting from the financial year of 2011 (no division of domestic and overseas)
- During the Reporting Period, the Company did not replace its auditor. In any of the past three years, the Company has not changed its accounting firm. From 2007 to 2016, Ernst & Young Hua Ming LLP provided auditing services for the Company for 10 years. In order to ensure the objectivity and independence of the external auditors, the Company changed its auditors in 2017. From 2017 to 2019, the Company appointed Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for three years. During the Reporting Period, fees for 2019 interim review, financial statement audit and relevant services paid by the Company for 2019 to Deloitte Touche Tohmatsu CPA LLP amounted to RMB25,380,000.
- As considered and approved at the 2018 Annual General Meeting of the Company on 18 June 2019, the Company reappointed Deloitte Touche Tohmatsu CPA LLP as the auditor for internal control audit of the Company for 2019. During the Reporting Period, fees for 2019 audit of internal control and related services paid by the Company to Deloitte Touche Tohmatsu CPA LLP amounted to RMB2,160,000.
- In accordance with Article 20ZT of the Hong Kong Financial Reporting Council Ordinance (Cap. 588), Deloitte Touche Tohmatsu Certified Public Accountants LLP, auditor for the Company for the year 2019, is an eligible audit firm.

Section VI Significant Events (continued)

Explanations on replacement of auditors during the audit period

Applicable Not Applicable

VIII. RISK OF SUSPENSION OF LISTING

(I) Causes of Suspension of Listing

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

IX. SITUATION AND CAUSES FOR TERMINATION OF LISTING

Applicable Not Applicable

X. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not Applicable

XI. MATERIAL LITIGATION AND ARBITRATION

There existed material litigation and arbitration during the Reporting Period No material litigation and arbitration occurred during the Reporting Period

XII. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER OR BUYER

Applicable Not Applicable

XIII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable Not Applicable

Section VI Significant Events (continued)

XIV. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

(I) **Related incentive disclosure which were disclosed in the temporary announcements and the consecutive operation without progress or change**

Applicable Not Applicable

(II) **Incentives which were not disclosed in the temporary announcements or with subsequent progress**

Information on share incentive

Applicable Not Applicable

Other explanation

Applicable Not Applicable

Information on employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

XV. CONNECTED TRANSACTIONS AND MATERIAL RELATED-PARTY TRANSACTIONS

During the Reporting Period, the connected transactions/related-party transactions did not impose significant impacts on the production and operation of the Company.

(I) **Non-exempt continuing connected transactions (disclosure pursuant to the requirements of the Hong Kong Listing Rules)**

- Continuing connected transactions under the Services Provision Framework Agreement between the Company and the Controlling Shareholder

The Controlling Shareholder and its associates, retained certain ancillary operations in the process of the restructuring and listing of the Company. Following the listing of the H shares of the Company on the Hong Kong Stock Exchange, these ancillary operations continued to provide ancillary construction survey and design services to the Company and/or its subsidiaries. In order to regulate the above continuing connected transactions between the Group and the controlling shareholder, among others, the Company and the Controlling Shareholder entered into the Services Mutual Provision Framework Agreement (as supplemented by a supplemental agreement dated 29 January 2008) on 5 November 2007, and set the relevant annual caps for the continuing connected transactions contemplated thereunder.

Section VI Significant Events (continued)

The Services Provision Framework Agreement and the continuing connected transactions contemplated thereunder were renewed on 28 December 2009, 28 December 2012 and 28 December 2015. Following the continuous increase in revenue of the Company from survey and design, the volume of the transactions with the Controlling Shareholder and/or its associates in relation to survey, testing and mapping in the industry chain have increased correspondingly. In order to regulate the continuing connected transactions for purchase of related services by the Group from the Controlling Shareholder and/or its associates, the Company and the Controlling Shareholder renewed the Services Provision Framework Agreement on 13 December 2018 for a term from 1 January 2019 to 31 December 2021, and set the annual caps of the continuing connected transactions thereunder for the three years ending 31 December 2021.

Set out below are the approved annual cap and actual amount of transaction in relation to non-exempt continuing connected transactions under the aforementioned Services Provision Framework Agreement by the Group and the Controlling Shareholder and/or its associates for the year ended 31 December 2019:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2019	Consolidated amount of transaction of the Group in 2019
Expenditure payable by the Group in respect of the services provided by the Controlling Shareholder and/or its associates under the Services Provision Framework Agreement	2,000,000	976,839

- Continuing connected transaction under the Property Leasing Framework Agreement and its supplementary agreement between the Company and the Controlling Shareholder

The Company entered into the Property Leasing Framework Agreement (as supplemented by supplemental agreement dated 28 December 2012) with the Controlling Shareholder on 5 November 2007, for a term of 10 years from 5 November 2007. The principal term of the Property Leasing Framework Agreement is that the Controlling Shareholder and/or its related parties/associates have agreed to lease certain of their lawfully owned properties (hereinafter as "Leased Properties") to the Company and/or its subsidiaries on the terms and conditions set out in the Property Leasing Framework Agreement, and the Company and/or its subsidiaries have agreed to pay consideration for the lease of the Leased Properties as provided for under the Property Leasing Framework Agreement.

Section VI Significant Events (continued)

The above Property Leasing Framework Agreement (as supplemented by a supplemental agreement dated 28 December 2012) expired on 4 November 2017. In order to regulate the continuing connected transactions of the ongoing property leasing by the Group from the Controlling Shareholder and/or its related parties and/or its associates, the Company renewed the framework agreement with the Controlling Shareholder on 30 October 2017 for a term from 5 November 2017 to 31 December 2019. The parties also set the annual caps for the continuing connected transactions thereunder for the two years ending 31 December 2019. Given that framework agreement entered into by the Company and the controlling shareholder on 30 October 2017, and the annual caps determined for the connected transactions thereunder had expired on 31 December 2019, in order to facilitate the supervision of the connected transactions in respect of the Group's leasing properties to the Controlling Shareholder and/or its related parties/its associates from time to time, on 18 December 2019, the Company and the Controlling Shareholders renewed the framework agreement on the same terms as the continuing connected transactions for a term from 1 January 2020 to 31 December 2022, and also set the annual caps for the continuing connected transactions thereunder for the three years ending 31 December 2022.

Besides, the Company entered into the Land Use Rights Leasing Framework Agreement with the Controlling Shareholder on 5 November 2007, for a term of 20 years from 5 November 2007. The principal term of Land Use Rights Leasing Framework Agreement is that the Controlling Shareholder and/or its related parties/associates have agreed to lease certain of their lawfully owned land use rights to the Company and/or its subsidiaries on the terms and conditions set out in the Land Use Rights Leasing Framework Agreement, and the Company and/or its subsidiaries agreed to pay the consideration as provided for in the Land Use Rights Leasing Framework Agreement.

Set out below are the approved annual cap and actual amount of transaction of the non-exempt continuing connected transactions under the Property Leasing Framework Agreement and the Land Use Rights Leasing Framework Agreement for the year ended 31 December 2019:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2019	Consolidated amount of transaction of the Group in 2019
Expenditure payable by the Group in respect of the services provided by the Controlling Shareholder and/or its associates under the Services Provision Framework Agreement	300,000	108,894

Section VI Significant Events (continued)

3. Continuing connected transactions under the Financial Services Agreement between CRCC Finance Company Limited and the Controlling Shareholder

CRCC Finance Company Limited (hereinafter referred to as “CRCC Finance”) and the Controlling Shareholder renewed the Financial Services Agreement and continuing connected transactions there under on 25 January 2016 and 13 December 2018. The Financial Services Agreement entered into between CRCC Finance and the Controlling Shareholder on 25 January 2016 and the annual caps determined for continuing connected transactions under the agreement expired on 31 December 2018. To regulate continuing connected transactions in respect of deposit, loan, clearing and other financial services provided by CRCC Finance to the Controlling Shareholder and/or its associates, CRCC Finance and the Controlling Shareholder renewed the Financial Services Agreement, with a term from 1 January 2019 to 31 December 2021, and determined the annual caps of continuing connected transactions thereunder for the three years ending 31 December 2021. According to the Financial Services Agreement, CRCC Finance shall provide the following financial services to the Controlling Shareholder and its subsidiaries:

Deposit Services: The Controlling Shareholder or its subsidiaries shall establish deposit accounts at CRCC Finance and deposit funds into the deposit accounts established at CRCC Finance under the principle of free access to these accounts. Deposits can be in the form of current deposits, term deposits, call deposits or agreement deposits, etc. For the deposits of the Controlling Shareholder and its subsidiaries at CRCC Finance, the floating range of interest rates shall be subject to the requirements of the interest rates for the same kind of deposits for the same period offered by the People’s Bank of China, and shall not be higher than the applicable interest rates offered by major commercial banks in the PRC for the same kind of deposits services within the same period. During the valid period of the Financial Services Agreement, the maximum daily balance (including accrued interest thereon) deposited at CRCC Finance by the Controlling Shareholder and its subsidiaries shall not exceed RMB30 billion in principle.

Loan Services: In compliance with the relevant PRC’s laws and regulations, CRCC Finance shall provide the Controlling Shareholder and its subsidiaries with loan services according to the operational and development needs of the Controlling Shareholder. The Controlling Shareholder and its subsidiaries shall pay loan interests to CRCC Finance. The loan interest rates shall not be lower than the applicable interest rates offered by major commercial banks in the PRC for the same type of loan services within the same period. During the valid period of the Financial Services Agreement, the daily loan balance (including accrued interest thereon) obtained from CRCC Finance by the Controlling Shareholder and its subsidiaries shall not exceed RMB4.5 billion in total.

Clearing Services: CRCC Finance shall provide the Controlling Shareholder with collection and payment services and other auxiliary services in relation to settlement business. CRCC Finance shall provide the Controlling Shareholder and its subsidiaries with the abovementioned clearing services, with the charges not less than the fee scale of normal commercial banks. The annual service fees shall not exceed RMB100 million.

Section VI Significant Events (continued)

Other Financial Services: CRCC Finance shall provide other financial services to the Controlling Shareholder and its subsidiaries within its scope of operation, according to the demands of the Controlling Shareholder and its subsidiaries as well as its own conditions and in line with the Financial Services Agreement. The fees charged by CRCC Finance for the provision of other financial services shall be in compliance with the charging standards for such type of services as stipulated by the People's Bank of China or China Banking and Insurance Regulatory Commission, and shall not be less than the fee scale for same type of service projects from major financial institutions in the PRC. The annual service fees shall not exceed RMB100 million.

Set out below are approved annual caps and actual amount of transaction of the non-exempt continuing connected transactions under the Financial Services Agreement as at 31 December 2019:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2019	Consolidated amount of transaction of the Group in 2019
Deposit Service	30,000,000	4,759,432
Loan Services	4,500,000	3,400,000
Clearing Services	100,000	19
Other Financial Services	100,000	127

The proposed annual caps of the continuing connected transactions mentioned in paragraphs 1, 2 and 3 above were determined based on the estimated amount of transactions involved with reference to the historical transaction volumes. For details of the abovementioned continuing connected transactions, please refer to the announcements of continuing connected transactions dated 31 October 2017, 14 December 2018 and 19 December 2019 as published by the Company.

Independent non-executive directors of the Company have reviewed such non-exempt continuing connected transactions mentioned in paragraphs 1, 2, and 3 above and confirmed that:

- (i) The above connected transactions were conducted by the Group in the ordinary course of business;
- (ii) The terms of the above connected transactions were fair and reasonable, and in the interest of the shareholders as a whole;
- (iii) The above connected transactions were conducted upon normal commercial terms or, where comparisons were available, on terms no less favorable than those available from/to independent third parties;
- (iv) The above connected transactions were conducted in accordance with the terms of the agreements governing such transactions.

Section VI Significant Events (continued)

The Company's auditors had provided a letter to the Board stating the following with respect to the non-exempt continuing connected transactions mentioned in paragraphs 1, 2 and 3 above:

- (i) Nothing had come to the auditors' attention that had caused them to believe that the continuing connected transactions as disclosed had not been approved by the Board;
- (ii) In respect of the continuing connected transactions relating to the provision of goods and services by the Group, nothing had come to the auditors' attention that caused them to believe that such transactions had not been conducted in accordance with the pricing policy of the Company in all material aspects;
- (iii) Nothing had come to the auditors' attention that caused them to believe that such transactions had not complied with the terms of the relevant transactions in all material aspects;
- (iv) Nothing had come to the auditors' attention that caused them to believe that the continuing connected transactions as disclosed had exceeded the 2019 annual caps set out in the continuing connected transactions announcements dated 31 October 2017 and 14 December 2018, respectively.

Save as to the above, details of the related party transactions of the Company for the year ended 31 December 2019 are set out in Note X to the financial statements of this report. Except for the related party transactions between the Company and joint ventures and associates set out in Note X, all related party transactions are connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that the Company has complied with the applicable disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in relation to such related party transactions.

Section VI Significant Events (continued)

(II) Related party transactions in relation to the ordinary operations

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

Summary of the event

Document for inspection

The 49th meeting of the third session of the Board of the Company was held on 30 October 2017. At the meeting, the Renewal of the Property Leasing Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2018–2019 were considered and approved; the Company was approved to renew the Property Leasing Framework Agreement with the Controlling Shareholder and to determine the related transaction caps. According to the Property Leasing Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction caps of expenditures in respect of leasing of all properties and lands by the Controlling Shareholder shall not exceed RMB300 million. Before submission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Renewal of the Services Mutual Provision Framework Agreement and the Proposal in Relation to the Determination of the Caps of Continuing Connected Transactions for 2020–2022 was considered and approved; the Company agreed to renew the Services Mutual Provision Framework Agreement and caps of each connected transaction. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors of the Company also gave independent opinions for approving the proposal.

For details, please refer to the announcements of the Company dated 31 October 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)

Section VI Significant Events (continued)

Summary of the event	Document for inspection
<p>The Company convened the 12th meeting of the fourth session of the Board on 30 October 2018, which considered and approved the Resolution on Adjustment to Annual Cap for Daily Connected Transactions for 2018, and agreed to adjust the cap for daily connected transactions under the Service Provision Framework Agreement entered into with the Controlling Shareholder. The Company convened the 14th meeting of the fourth session of the Board on 13 December 2018, which considered and approved the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2019–2021. Pursuant to the Service Provision Framework Agreement entered into between the Company and the Controlling Shareholder, the annual transaction amount for 2019–2021 shall not exceed RMB2,000,000,000. Before submission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal.</p>	<p>For details, please refer to the announcements of the Company dated 31 October 2018 and 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).</p>

Section VI Significant Events (continued)

Summary of the event	Document for inspection
<p>The Company and CRCC Financial Leasing Co., Ltd. (“CRFL”) signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRFL to the Company and its subsidiaries and set up caps. The Company issued an announcement in relation to the Services Mutual Provision Framework Agreement. The 39th meeting of the third session of the Board of the Company was held on 29 to 30 March 2017. At the meeting, the Resolution on Renewal of the Services Mutual Provision Framework Agreement entered into between the Company and CRFL were considered and approved. The Company adjusted the details for the business transactions with CRFL and reset the annual caps based on its own planning on business development. The Company re-entered into the Services Mutual Provision Framework Agreement with CRFL for a term from 1 January 2017 to 31 December 2019. Before submission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The 31st meeting of the fourth session of the Board of the Company was held on 18 December 2019. At the meeting, the Resolution on Renewal of Services Mutual Provision Framework Agreement and Determination of Caps of Continuing Connected Transactions from 2020 to 2022 was considered and approved; and it approved the renewal of the Services Mutual Provision Framework Agreement and the caps of connected transactions. Before submission to the Board for review, the proposal has been approved by independent nonexecutive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal.</p>	<p>For details, please refer to the announcements of the Company dated 31 December 2016, 31 March 2017 and 19 December 2019 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn).</p>

Section VI Significant Events (continued)

Summary of the event

The 14th meeting of the fourth session of the Board of the Company was held on 13 December 2018. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions from 2019 to 2021 was considered and approved; CRCC Finance Company Limited, being a subsidiary controlled by the Company, was approved to renew the Financial Services Agreement with the Controlling Shareholder, and provide deposit, loan, clearing and other financial services to the Controlling Shareholder and its subsidiaries (excluding the Company) based on the agreement. Before submission to the Board for review, the proposal has been approved by independent non-executive directors of the Company; in the review process by the Board, independent non-executive directors of the Company also gave independent opinions for approving the proposal.

Document for inspection

For details, please refer to the announcements of the Company dated 14 December 2018 published in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.com.cn)

During the Reporting Period, the abovementioned related-party transactions in relation to ordinary operations have been conducted in accordance with provisions of the agreements, and no change has been made. During the Reporting Period, actual execution of the abovementioned related party transactions is as follows:

(1) *Related-party transactions with the Controlling Shareholder in relation to ordinary operations of the Group*

Unit: '000 Currency: RMB

Related party	Related party transactions type	Related party transactions content	Pricing principle of related party transactions	Related party transactions price	Related party transactions amount	Proportion in similar transactions (%)	Settlement method of related party transactions	Reason for the difference between transaction price and market price	
								Market price	Market price
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labor service	Survey, design and consultation operations	Agreement pricing	-	976,839	0.13	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property leasing	Agreement pricing	-	108,894	0.01	Cash	-	-

Section VI Significant Events (continued)

(2) Continuing connected transactions between the Company and CRFL

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2019	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price which is no less than that of the third party, CRFL will purchase tunnel boring machines and other mechanical equipment from the Company and its related subsidiaries, but the cumulative amount per year shall not exceed RMB9 billion.	9,000,000	2,018,353
	Under the pre-condition of complying with the relevant laws and regulations of the state, according to its scope of operation, CRFL may take term deposits of 3 months or more (both days inclusive) from China Railway Construction Heavy Industry Group Co., Ltd. ("Railway Construction Heavy Industry") and Beijing CRCC Tianrui Machinery Equipment Co., Ltd. ("CRCC Tianrui"), both of which are subsidiaries of the Company, and pay interest based on the agreed interest rate. The interest rate paid by CRFL shall be no less than the applicable loan rate that domestic major commercial banks provide for similar loan services within the same period. Within the validity term of the agreement, the deposit balance (including accrued interest) that CRFL obtains from Railway Construction Heavy Industry and CRCC Tianrui shall not exceed RMB500 million.	500,000	–

Section VI Significant Events (continued)

Nature of transaction	Project	Annual cap for 2019	Consolidated amount of transaction during the Reporting Period
Expense	CRFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRFL shall charge the fees in relation to the leasing services provided by CRFL for the Company based on the charging standard which is not higher than that of the similar service items provided by the similar financial institutions in China. The total amount of annual charge for leasing services shall not exceed RMB31.5 billion.	31,500,000	1,305,238

(3) *Continuing connected transaction between CRCC Finance Company Limited, a subsidiary controlled by the Company, and the Controlling Shareholder*

See "Claims and liabilities between related parties" in XV(V) of this section for details.

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

3. Events not disclosed in the temporary announcements

Applicable Not Applicable

(III) Related party transactions from acquisition and disposal of assets, equity interests

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not Applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

Section VI Significant Events (continued)

3. Events not disclosed in temporary announcements
 Applicable Not Applicable
4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed
 Applicable Not Applicable

(IV) Significant related party transactions on the joint external investment

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation
 Applicable Not Applicable
2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation
 Applicable Not Applicable
3. Events not disclosed in temporary announcements
 Applicable Not Applicable

(V) Claims and liabilities between related parties

According to the requirements of No.2 Guidelines for the Content and Format of Information Disclosure by Companies with Public Issue of Securities – Content and Format of Annual Report (as revised in 2017) by the CSRC, the SSE Listing Rules and the Guidelines for the Implementation of Related Party Transactions of Listed Companies in Shanghai Stock Exchange, the related parties involved in related party transactions of the Company are the Controlling Shareholder and subsidiaries controlled by it.

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation
 Applicable Not Applicable

Section VI Significant Events (continued)

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Provision of funds to related party by the listed company			Provision of funds to the listed company by related party		
		Beginning balance	Accrual	Ending balance	Beginning balance	Accrual	Ending balance
China Railway Construction Group Co., Ltd. ^{Note 1}	Controlling Shareholder	2,200,000	600,000	2,800,000	804,740	13,326	818,066
China Railway Construction Group Co., Ltd. ^{Note 2}	Controlling Shareholder	-	-	-	580,401	-400,400	180,001
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	615,334	176,026	791,360
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	270,673	-6,618	264,055
Beijing Railway Construction Technology Magazine Co., Ltd. ^{Note 2}	Non-wholly owned subsidiary of the Controlling Shareholder	-	-	-	3,517	-6	3,511
Total		2,200,000	600,000	2,800,000	2,274,665	-217,672	2,056,993

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company (in RMB'000) 600,000

Cause to claims and liabilities between related parties Claims and liabilities resulted from the Company's operations with the related parties.

Settlement of claims and liabilities between related parties Settlement by normal progress.

Commitments related to claims and liabilities between related parties None.

Impact of such claims and liabilities between related parties on the Company's operating result and financial position No significant impact.

Note 1: The capital provided by the listed company to the related party is the principal of the loan provided from CRCC Finance to the Controlling Shareholders. The capital provided by the related parties to the listed company was mainly the amount granted by the Ministry of Finance to the Controlling Shareholder, and deemed as the Controlling Shareholder's entrusted loan to the Company, and the interest rate of such entrusted loans is determined according to the loan prime rate (LPR) announced by the National Interbank Funding Center.

Note 2: The amount includes deposits of the Controlling Shareholder and its subsidiaries stored in CRCC Finance, a subsidiary of the Group.

Section VI Significant Events (continued)

3. Events not disclosed in temporary announcements

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

XVI. MAJOR CONTRACTS AND PERFORMANCE

(I) Trusteeship, contracting and leasing matters

1. Information on trusteeship

Applicable Not Applicable

2. Information on contracting

Applicable Not Applicable

3. Information on leasing

Applicable Not Applicable

(II) Related guarantee

Applicable Not Applicable

Unit: '000 Currency: RMB

Guarantor	Relationship with the listed company		Guarantee amount	Guarantees (Other than guarantees for subsidiaries)			Guarantee type	Performance			Counter guaranteed or not	Guarantee by related party	Connected Relationship
				Date of Guarantee Occurrence (date of signing the agreement)	Guarantee Starting date	Guarantee Due date		Completed or not	Overdue or not	Overdue amount			
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	67,200	28 December 2006	28 December 2006	28 December 2026	General Guarantee	No	No	No	No		
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	50,400	16 April 2008	16 April 2008	16 April 2028	General Guarantee	No	No	No	No		
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	1,702,960	17 March 2014	17 March 2014	30 December 2023	General Guarantee	No	No	No	Yes	Associate	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	172,192	20 May 2015	20 May 2015	20 November 2023	General Guarantee	No	No	No	Yes	Associate	
China Railway Construction Investment Group Co., Ltd.	Controlled subsidiary	CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	8 December 2016	7 December 2025	General Guarantee	No	No	No	Yes	Associate	
China Railway 23rd Bureau Group Co., Ltd.	Wholly-owned subsidiary	Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	2018年4月28日	2018年4月28日	2023年2月26日	Joint Responsibility Guarantee	No	No		Yes	Yes	Associate
China Railway Construction Investment Group Co., Ltd.	Controlled subsidiary	CRCC-Tongguan Investment Co., Ltd.	387,179	2019年6月13日	2019年6月13日	2024年6月13日	Joint Responsibility Guarantee	No	No		Yes	Yes	Associate

Section VI Significant Events (continued)

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries)	940,861
Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries)	2,589,931

Guarantees for subsidiaries by the Company together with its subsidiaries

Total amount of guarantees for subsidiaries for the Reporting Period	1,284,050
Ending balance of guarantees for subsidiaries for the Reporting Period (B)	19,294,048

Total guarantees by the Company (inclusive of such guarantees to its subsidiaries)

Total guarantees (A+B)	21,883,979
The proportion of total guarantees in net assets of the Company (%)	8.35
Among which:	
The amount of guarantees for the Company's shareholders, actual controllers and their related parties (C)	-
Debt guarantees directly or indirectly to guaranteed objects with the gearing ratio higher than 70% (D)	21,883,979
Of total guarantees, the portion in excess of 50% net assets of the Company (E)	-
Total of the above three categories of guarantees (C+D+E)	21,883,979
Explanation on the potential joint liability arising from the immature guarantees	N/A

Explanation on the guarantees

1. Changes in Guarantees and New Guarantees during the Reporting Period

During the Reporting Period, the Company's external guarantees increased by RMB940.861 million, which was mainly due to the increase in the amount of loans guaranteed to CRCC-Tongguan Investment Co., Ltd. according to the shareholding proportion. The guarantees to subsidiaries increased by RMB1,284.050 million, which was mainly due to the increase in the guarantee amount for issuance of bonds by subsidiaries overseas.

Section VI Significant Events (continued)

2. The Company's Decision-Making Procedures of Guarantees

(1) Decision-making procedures of guarantees granted to wholly-owned subsidiaries

It was considered and approved at the 18th meeting of the fourth session of the Board held from 28 to 29 March 2019 and the 2018 Annual General Meeting of the Company held on 18 June 2019 that the total cap for the guarantees of the Company to wholly-owned subsidiaries in 2019 was determined to be RMB80 billion. Within the guarantee cap, the Company may revise the guarantee caps among different segments in light of actual business needs. During the Reporting Period, guarantees granted to wholly-owned subsidiaries by the Company was in strict compliance with the guarantee cap and did not exceed the approved cap of guarantee.

(2) Decision-making procedures of external guarantees

(a) In 2006, China Railway Construction Group Co., Ltd. (formerly known as "China Railway Construction Corporation") had provided RMB67.2 million of guarantee for Sichuan Naxu Railway Co., Ltd.'s RMB400 million of loans pursuant to its 16.8% of capital contribution. Due to the reform in December 2007, it entered into a tripartite agreement with the Company and the Luzhou Branch of China Construction Bank to revise the subject of the contract to the Company. The Resolutions in relation to Provision of Guarantee to the Sichuan Naxu Railway Co., Ltd. for Loans were considered and approved at the 10th meeting of the first session of the Board in October 2008. In proportion to the capital contribution of 16.8%, a guarantee of RMB50.4 million was agreed to be provided to Sichuan Naxu Railway Co., Ltd. for its loans of RMB300 million. In 2014, Sichuan Naxu Railway Co., Ltd. was renamed as "Chuantie (Luzhou) Tielu Co., Ltd.", with the amount guaranteed unchanged. As at 31 December 2019, the actual effective balance of such guarantee amount was RMB117.6 million.

Section VI Significant Events (continued)

(b) The Resolution in relation to the Investment in the Development and Construction of Mirador Copper Mine Project in Ecuador was considered and approved at the 14th meeting of the second session of the Board in August 2012, pursuant to which the Company agreed to provide guarantee of USD387 million, according to the shareholding proportion, for the loan applied by CRCC-Tongguan Investment Co., Ltd. As at 31 December 2019, the actual effective balance of such guarantee was RMB1,703 million, increasing by RMB673.5 million as compared to the end of last year. The Resolution of the Company in relation to the Provision of Guarantee for the Loan Advanced to CRCC Tongguan Investment Co., Ltd. by the Export-Import Bank of China was considered and approved in the 32nd meeting of the second session of the Board of the Company on 29 April 2014, pursuant to which it was agreed that in proportion to its shareholding of 30%, a guarantee of USD43.2 million would be provided to CRCC-Tongguan Investment Co., Ltd. As at 31 December 2019, the actual effective balance of such guarantee was RMB172.2 million, decreasing by RMB124.3 million as compared to the end of last year. On 30 May 2019, the 21st meeting of the fourth session of the Board of the Company considered and approved the Resolution in relation to Provision of Guarantee by China Railway Construction Investment Group Co., Ltd. for Loans of its Joint Stock Company, pursuant to which, it is agreed that China Railway Construction Investment Group Co., Ltd., a wholly-owned subsidiary of the Company, as the guarantor, will provide a guarantee of US\$90 million in proportion to its shareholding ratio of 30% for the loans of US\$300 million granted by Huishang Bank to CRCC-Tongguan Investment Co., Ltd. As at 31 December 2019, the actual effective balance of such guarantee was RMB387.2 million.

Section VI Significant Events (continued)

- (c) CRCC Shandong Jinghu Highway Jile Co., Ltd. was originally a subsidiary of the Company. In 2017, the Company lost control of such company due to the disposal of its equity interests in CRCC Shandong Jinghu Highway Jile Co., Ltd., which was no longer included in the scope of consolidation. As the Company can still exert a significant influence over such company, the Company accounts it as an associate. The original guarantee of RMB195 million for such company remained with effect after consideration of the Company, hence it was changed to a guarantee for an associate.
- (d) In April 2018, the fifth meeting of the fourth session of Board of the Company considered and approved the Resolution on the Provision of Guarantee by China Railway 23rd Bureau Group Co., Ltd. to its Joint Stock Company, and agreed the provision of guarantee amounted to RMB22.5 million by China Railway 23rd Bureau Group Co., Ltd. to the borrowings of RMB150 million of Chengdu Rongcheng Pipeline Investment Co., Ltd., a subsidiary of Chengdu Urban Construction & Investment Management Group Co., Ltd., one of the shareholders of Chengdu Urban Investment & Construction Technology Co., Ltd. for Chengdu Urban Investment & Construction Technology Co., Ltd. according to a 15% equity ratio. As at 31 December 2019, the actual effective balance of the guarantee amount was RMB15 million, increasing by RMB4.5 million as compared to the end of last year.

Section VI Significant Events (continued)

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) Overall entrusted wealth management

Applicable Not Applicable

Unit: '000 Currency: RMB

Type	Source of funding	Amount	Outstanding balance	Amount overdue but uncollected
Public offering fund products	Fund on hand	44,221	3,009,186	-
Trust wealth management products	Fund on hand	-45,599	96,217	-
Securities wealth management products	Fund on hand	157,650	531,250	-
Privately offered fund products	Fund on hand	758,289	1,090,694	-
Total	Fund on hand	914,561	4,727,347	-

Others

Applicable Not Applicable

Section VI Significant Events (continued)

(2) *Individual entrusted wealth management*

Applicable Not Applicable

Unit: '000 Currency: RMB

Entrustee	Type	Amount	Start date	Expiry date	Source of fund	Investment	Determination of returns	Annualized yield	Expected return (if any)	Actual gains or losses	Collection	Whether approved by due process	Any future plan for entrusted wealth management	Provision for impairment loss (if any)
China Southern Tiantianli Money Market Fund	Public offering fund product	400,000	11 January 2018	No fixed maturity	Fund on hand	Monetary market	By yield announced	4.11	N/A	26,723	-	Yes	Yes	-
E Funds Cash Money Market Fund	Public offering fund product	300,000	11 January 2018	No fixed maturity	Fund on hand	Monetary market	By yield announced	4.29	N/A	21,962	-	Yes	Yes	-
CCB Cash Increase Money Market Fund	Public offering fund product	500,000	25 January 2018	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.98	N/A	30,211	-	Yes	Yes	-
ICBC-Credit Suisse Salary B Fund	Public offering fund product	100,000	18 September 2018	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.53	N/A	3,983	-	Yes	Yes	-
Ping An Dahua Caifubao Money Market Fund	Public offering fund product	500,000	13 November 2018	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.10	N/A	11,070	-	Yes	Yes	-
Rongtong Huicaibao Money Market B Fund	Public offering fund product	500,000	9 July 2019	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.75	N/A	6,717	-	Yes	Yes	-
Ping An Jinguanjia Money Market Fund	Public offering fund product	200,000	17 September 2019	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.86	N/A	2,918	-	Yes	Yes	-
CCB Cash Benefits Increase Money Market Fund	Public offering fund product	300,000	12 April 2019	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.64	N/A	4,584	-	Yes	Yes	-
GFund All-Win Money Market Fund	Public offering fund product	100,000	21 August 2019	No fixed maturity	Fund on hand	Monetary market	By yield announced	3.76	N/A	1,019	-	Yes	Yes	-

Others

Applicable Not Applicable

(3) *Provisions for impairment of entrusted wealth management*

Applicable Not Applicable

2. **Entrusted loans**

(1) *Overall entrusted loans*

Applicable Not Applicable

Others

Applicable Not Applicable

(2) *Breakdown of individual entrusted loans*

Applicable Not Applicable

Section VI Significant Events (continued)

Others

Applicable Not Applicable

(3) Provisions for Impairment of entrusted wealth management

Applicable Not Applicable

3. Others

Applicable Not Applicable

(IV) Other Major Contracts

Applicable Not Applicable

1. Domestic business contract

Unit: '00,000,000 Currency: RMB

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
1	January 2019 ^{Note 1}	PPP Project of Changchun – Taipingchuan Expressway (長春至太平川高速公路PPP項目)	97.996	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., Guangde Railway Construction Lanhai Hualan Investment Center (廣德鐵建藍海華瀾投資中心) and China Railway Fifth Survey and Design Institute Group Co., Ltd	A construction period of 3 years and an operating period of 30 years.
2	February 2019	Survey, Design, Construction and General Contracting Project in relation to Phase I of the Major Project for Improvement in Urban Communications and Traffic Construction in Tongnan District (瀘南區城市提升交通建設重點項目一期工程勘察設計施工總承包項目)	30.2027	CRCC Chongqing Investment Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. and China Railway Siyuan Survey and Design Group Co., Ltd.	A construction period of 900 calendar days.
3	February 2019	Project of Tianjin Metro Line 6 (Meilin Road Station – Xianshuigu West Station) (天津地鐵6號線工程(梅林路站-咸水沽西站))	49.256	A consortium comprising China Railway Construction Corporation Limited (leader of the consortium), China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., and China Railway 18th Bureau Group Co., Ltd.	A construction period of 1,419 calendar days.

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
4	February 2019 ^{Note 1}	EPC General Contracting (Section 01 and Section 02) of the Construction Project of Buildings (Structures) (Phase II and Phase III) for the 12- inch Integrated Circuit Chip Production Line of Dehuai Semiconductor Co., Ltd. (德淮半導體有限公司) (德淮半導體有限公司12英寸集成電路晶片生產線二期三期(構)築物建設項目EPC總承包工程(01標.02標))	62.8	China Railway 18th Bureau Group Co., Ltd.	A construction period of 480 calendar days.
5	March 2019	PPP Project of the Newly-built Hangzhou-Quzhou Railway (Jiande-Quzhou Section) (新建杭衢鐵路(建衢段)PPP項目)	217.6	A consortium comprising China Railway Siyuan Survey and Design Group Co., Ltd. and China Railway 11th Bureau Group Co., Ltd.	A construction period of 42 months and an operation period of 360 months.
6	March 2019	PPP Project for Guizhou Jianhe-Liping Expressway (貴州省劍河至黎平高速公路PPP項目)	129.68	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., and China Railway Siyuan Survey and Design Group Co., Ltd.	A construction period of 3 years and a tentative toll operation period of 30 years.
7	March 2019	EPC Project of the Base for the Headquarters of Hengyang National High-tech Industrial Development Zone (衡陽國家級高新技術產業開發區總部基地項目工程總承包(EPC))	32.083	China Railway Urban Construction Group Co., Ltd.	A construction period of 960 calendar days.
8	April 2019 ^{Note 2}	Comprehensive Development Project of the Qingsheng Hub Cluster (Qingsheng Artificial Intelligence Industry Park and Placement Ancillary Construction) (慶盛樞紐區塊綜合開發項目(慶盛人工智能產業園及安置配套工程))	91.073	A consortium comprising China Railway Construction Corporation Limited, China Railway Siyuan Survey and Design Group Co., Ltd., CRCC Nansha Investment Development Co., Ltd., China Railway 12th Bureau Group Municipal Engineering Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railway Construction Group Southern Engineering Co., Ltd., and China Railway Urban Construction Group 2nd Engineering Co., Ltd.	A construction period of 60 months for EPC part; A construction period of 60 months and an operation and maintenance period of 20 years for PPP part.

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
9	April 2019	PPP Project of Mei Xian-Tai Bai Highway in Shaanxi Province (陝西省眉縣至太白公路PPP項目)	118.94	A consortium comprising China Railway Construction Corporation Limited, China Railway Northwest Investment & Construction Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., and China Railway 21st Bureau Group Co., Ltd	A construction period of 4 years and an operation period of 29 years and 11 months.
10	April 2019	General Contracting Contract for Integration of Design and Construction of 30,000 tonnes Jiang-flavoured Chinese Spirit (醬香系列酒) Technological Renovation Construction and its Ancillary Facilities Project of Kweichow Moutai Co., Ltd. (貴州茅台酒股份有限公司) (貴州茅台酒股份有限公司3萬噸醬香系列酒技改工程及其配套設施項目設計-施工一體化總承包)	49.87	China Railway 22nd Bureau Group Co., Ltd.	A construction period of 3 years.
11	April 2019	Lump Sum Contracting of the Preconstruction Work for the Newly Built Guangzhou (Xintang)-Shanwei Railway Project (Section GSSG6) (新建廣州(新塘)至汕尾鐵路工程站前工程施工總價承包(GSSG6標段))	29.960	China Railway 11th Bureau Group Co., Ltd.	A construction period of 48 months.
12	May 2019	NYJZQ-6 Pre-construction Work for the Newly-built Intercity Railway along the South Yangtze River in Jiangsu Province and All Construction Project Supervision (excluding the Construction and Supervision of the Pre-Construction Work of the Preliminary Construction Section) (新建江蘇南沿江城際鐵路站前工程施工和全部工程監理(不含先期開工段站前施工和監理) NYJZQ-6標)	30.191	1 China Railway 12th Bureau Group Co., Ltd.	A construction period of 1,461 days.

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
13	May 2019	PPP Project of Chongqing Railway Transportation Line 5A (Fuhua Road – Tiaodeng South) (重慶軌道交通5A線(富華路-跳蹬南)PPP項目)	180.62	China Railway Construction Corporation Limited, and CRCC Investment Fund Management Co., Ltd.,	A construction period of 4 years and an operation period of 30 years.
14	May 2019	Project of Beijing-Kunming Expressway (Mianyang to Chengdu Section) Expansion, Expressway from Mianyang to Cangxi and Expressway from Cangxi to Bazhong (京昆高速公路綿陽至成都段擴容.綿陽至蒼溪高速公路.蒼溪至巴中高速公路項目)	594.58	China Railway Construction Corporation Limited	A construction period of 3 years and a term of toll of 29 years, 11 months and 5 days.
15	May 2019	Land Consolidation Project of Central Northern Area in Yinchuan City (銀川市中北部片區土地整理項目)	42.29	A consortium comprising China Railway Northwest Investment & Construction Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 23rd Bureau Group Co., Ltd.	A construction period of 5 years and 3 months.
16	May 2019	PPP Project of Navigation Resumption of the Xiaoqing River (小清河複航工程PPP項目)	133.02	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., and CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	A construction period of 3 years and an operation period of 27 years.
17	June 2019	EPC General Contracting of the Development and Construction Project for the Economic Belt along the Tao River in Dongxiang County (東鄉縣沿洮河經濟帶開發建設項目EPC總承包項目)	71.91	China Railway 21st Bureau Group Co., Ltd.	A construction period of 1,218 calendar days
18	July 2019	Renovation Project for the Shanty Area in Fengrun District, Tangshan City (唐山市豐潤區棚戶區改造項目)	59.89	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 16th Bureau Group Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A development cycle of 4 years.
19	July 2019	The first bid section of the PPP project for farmers' resettlement houses in Daqizhuang Town, Jinghai District, Tianjin (天津市靜海區大邱莊鎮農民安置用房PPP項目一標段)	40.89	A consortium comprising CRCC Finance Company Limited, China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	A construction period of 5 years and an operation period of 17 years.

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
20	August 2019	Phase I of Jianghe Integrated Green Intelligent Industrial Park Infrastructure Construction Project (江河融合綠色智能產業園區基礎設施建設項目一期工程)	39.46	China Railway Urban Construction Group Co., Ltd., China Railway Urban Construction Group 3rd Engineering Co., Ltd., and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A planned construction period of two years
21	August 2019 ^{Note 1}	14,171 acres of land first-level development and consolidation, 8,000 acres of forest parks, 5150 acres of Xiafei Lake excavation project (EPC) (14171畝土地一級開發整理及8000畝森林公園.5150畝震飛湖開挖工程(EPC))	49.67	CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. and China Railway First Survey and Design Institute Group Co., Ltd.	A planned construction period of 1,096 days
22	September 2019	Phase I EPC General Contracting of the Construction Project (Land Parcel I) for the Shanty Town Renovation Resettlement Housing in Long'an District of Anyang City (安陽市龍安區棚戶區改造安置房建設項目(地塊一)一期(EPC)總承包項目)	32.7415	China Railway 15th Bureau Group Co., Ltd.	A construction period of 3 years.
23	September 2019	PPP Project of Wudang (Yangchang) to Changshun Expressway in Guizhou Province (貴州省烏當(羊昌)至長順高速公路PPP項目)	218.22	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd. and China Railway First Survey and Design Institute Group Co., Ltd.	A construction period of 3 years and a term of toll of 30 years
24	September 2019 ^{Note 1}	PPP Project of Tongzi to Xinpu Expressway in Guizhou Province (貴州省桐梓至新蒲高速公路PPP項目)	123.9	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd. and China Railway First Survey and Design Institute Group Co., Ltd.	A construction period of 3 years and a term of toll of 30 years
25	September 2019	Linyi Yellow River Bridge and Approaching Line of G3511 Hebao Line, PPP Project of Connection Line of Sanmenxia Highway and Railway Yellow River Bridge for Yunsan Expressway (G3511荷寶線臨猗黃河大橋及引線工程.運三高速三門峽公鐵黃河大橋連接線PPP項目)	76.67	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and China Railway 17th Bureau Group Co., Ltd.	Linyi Bridge Project: a construction period of 4 years and an operating period of 30 years; Yunsan Bridge Project: a construction period of 3 years and an operation period of 30 years.

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
26	September 2019 ^{Note 1}	EPC General Contracting of Key Urban Construction Projects in Pingyuan County in 2019 (平原縣2019年城市建設重點項目EPC工程總承包)	32.186	A consortium comprising China Railway 12th Bureau Group Co., Ltd. and Building and Installing Engineer Co., Ltd of China Railway 12th Bureau Group	A construction period of 2 years
27	November 2019	Rebuilding Project of Rundown Urban Areas in Xigu District, Lanzhou (蘭州市西固區棚戶區改造項目)	67.5	A consortium comprising China Railway Construction Investment Group Co., Ltd, CRCC Investment Fund Management Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 22nd Bureau Group Co., Ltd.	A development period of 4 years
28	November 2019	PPP Project of Contract B for Chongqing Suburban Railway (Extended Rail Transit Line) from Tiaoteng to Jiangjin Line (重慶市郊鐵路(軌道交通延長線)跳蹬至江津線B包PPP項目)	32.28	A consortium comprising China Railway 16th Bureau Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., CRCC Chongqing Investment Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	A construction period of 2 years and an operation period of 28 years.
29	November 2019	PPP Project of Comprehensive Transportation Hub in Jiangyin High-speed Railway Station in Jiangsu Province (江蘇省江陰市高鐵站綜合交通樞紐PPP項目)	69.2858	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., CRCC Urban Construction Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd. and China Railway 16th Bureau Group Co., Ltd.	A construction period of 3 years and an operation period of 22 years.
30	November 2019	Engineering Construction General Contract Project Bid Section 2 for Line 8 of Xi'an Metro (西安市地鐵八號線工程施工總承包項目2標段)	62.4787	China Railway Construction Corporation Limited, CRCC Xibei Investment and Construction Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd. and China Railway 22nd Bureau Group Co., Ltd.	A construction period of 1,523 days

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
31	December 2019	Phase II Project of Chengdu Rail Transit Line 17 (成都軌道交通17號線二期工程)	135.779	China Railway Construction Corporation Limited, China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd. and China Railway Electrification Bureau Group Co., Ltd.	A planned construction period of 1,767 calendar days
32	December 2019	(Phase III Project of Chengdu Rail Transit Line 18) 成都軌道交通18號線三期工程	86.422	China Railway Construction Corporation Limited, CRCC Urban Construction Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd. and China Railway Electrification Bureau Group Co., Ltd.	A planned construction period of 1,635 calendar days
33	December 2019 ^{Note 1}	TJSG3 Bid Section from Nuoshuihe to Guangwushan Highway (Micang Avenue) (諾水河至光霧山公路(米倉大道)TJSG3標段)	42.75	China Railway 11th Bureau Group Co., Ltd.	A construction period of 48 months
34	December 2019	Development and Construction Project of Zhongwu Road, Xuchang City (許昌市忠武路區域開發建設項目)	157.27	China Railway Construction Investment Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., CRCC Investment Fund Management Co., Ltd. and CRCC Suzhou Design Institute Co., Ltd.	A cooperation period of 10 years
35	December 2019	Project for comprehensive development investment partner and survey, design, construction general contractor tender in divided zone industrial park in Zhaoqing Hi-tech Industrial Development Zone (to the north of Chuangxin Street) (肇慶高新區北部(創新大街以北)劃定區域產業園綜合開發投資合作方和勘察.設計.施工總承攬人招標項目)	126	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd. and China Railway 23rd Bureau Group Co., Ltd.	A cooperation period of 7 years of which a construction period of 6 years

Section VI Significant Events (continued)

No.	Date of signing	Name of project	Contract amount	Contracting party	Term of performance
36	December 2019	PPP Project of Reconstruction Project of 320 National Road from Fengming to Hemp Section of Tongxiang (320國道桐鄉鳳鳴至大麻段改建工程PPP項目)	37.1173	A consortium comprising China Railway 15th Bureau Group Co., Ltd., China Railway Construction Investment Group Co., Ltd. and CRCC Investment Fund Management Co., Ltd.	A construction period of 3 years and an operation period of 12 years.
37	December 2019 ^{Note 1}	Project of Investment Partner and Engineering General Contracting (EPC) Development and Construction of Aviation-generated Economic Startup Zone in Huanggang (黃岡臨空經濟起步區投資合作方和工程總承包(EPC)開發建設項目)	103.53	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Suzhou Design Institute Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 22nd Bureau Group Co., Ltd. and China Railway Siyuan Survey and Design Group Co., Ltd.	A cooperation period of 10 years
38	December 2019 ^{Note 1}	PPP Project of Guiyang (via Jinsha) to Guyu (Sichuan-Guizhou Border Expressway in Guizhou (貴州省貴陽經金沙至古藺(川黔界)高速公路PPP項目)	324.93	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd. and China Railway Siyuan Survey and Design Group Co., Ltd.	A construction period of 4 years and an operating period tentatively set at 30 years
39	December 2019	PPP Project on SpecialTown of the Shoe Capital (Gaoyi) in Northern China (中國北方鞋都(高邑)特色小鎮PPP項目)	38.02	A consortium comprising China Railway Construction Investment Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd. and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A construction period of 3 years and an operation period of 17 years.
40	December 2019 ^{Note 1}	General Contracting of Infrastructure and Public Investment Supporting Construction Projects for Zhangjiagang High-speed Rail New Town (Northwest Area) (張家港高鐵新城(西北片區)基礎設施及公共建設配套投資建設項目工程總承包)	146.6839	A consortium comprising CRCC Urban Construction Group Co., Ltd., CRCC Urban Investment & Construction Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and China Railway Fifth Survey and Design Institute Group Co., Ltd.	A construction period of 1,828 calendar days
41	December 2019 ^{Note 1}	General Contracting for Civil Construction of Xiamen Transit Rail Line 6 (Lin Maoxi to Huaqiao University Section) (廈門市軌道交通6號線(林埭西至華僑大學段)工程土建施工總承包)	33.2122	China Railway Construction Corporation Limited	A total construction period of 1,340 calendar days

Note 1: The date represents the date winning the bid for the project, and the contract has not been entered into thereon as of the end of the Reporting Period.

Section VI Significant Events (continued)

Note 2: The bid for Comprehensive Development Project of the Qingsheng Hub Cluster (Qingsheng Artificial Intelligence Industry Park and Placement Ancillary Construction) (慶盛樞紐區塊綜合開發項目(慶盛人工智能產業園及安置配套工程)) was won in April 2019. The project was implemented by way of open tender in EPC+PPP mode. As of the end of the Reporting Period, contract has been entered into on EPC part in May 2019 and the contract has not been entered into on PPP part.

2. Overseas operation contracts

N o.	Date of contract	Name of project	Contract amount	Contracting party	Term of performance
1	April 2019	Engineering, Procurement and Construction (EPC) Contract for the Kumasi to Bechem Section of the Central Spine Railway Project in Ghana (100KM more or less) (迦納中線鐵路項目庫馬西至貝歇姆段(約100KM)設計採購施工(EPC)合同)	USD0.5 billion	China Civil Engineering Construction Corporation	A construction period of 24 months
2	April 2019	Design and Construction General Contracting Contract for Marine Facilities Project of Biazuo Liquefied Natural Gas Plant in Timor Leste (東帝汶比亞佐液化天然氣廠港口設施項目設計施工總承包合同)	USD0.943 billion	China Civil Engineering Construction Corporation	A construction period of 48 months.
3	June 2019	Business Contract for the New City Project with the Construction and Real Estate Management Company of Côte d'Ivoire (科特迪瓦阿比讓Port Bouet 新城5萬套住房項目EPC+F(分期融資)商務合同)	2,350 billion CFA francs (tax exclusive)	CRCC International Group Co., Ltd.	To be determined.
4	August 2019	Design, Procurement and Construction (EPC) Contract for the Construction of 20,000 Affordable Housing Project in Ghana (建設加納2萬套保障房項目設計、採購、施工(EPC)合同)	USD0.998 billion	China Civil Engineering Construction Co., Ltd.	A construction period of 24 months
5	October 2019	Agreement PPP Project on High-speed Railway Project Linking Three Airport in Thailand (泰國連接三機場高速鐵路項目PPP項目協議)	A total investment of THB224.544 billion (the Company's share of 10% in the consortium)	China Railway Construction Corporation Limited	A construction period of 5 years and an operating period of 45 years
6	November 2019	Contract for Design and Construction of 30,000 Affordable Housing in Bidding Section 1 and Contract for the Design and Construction of Road Network, Dam and Water Treatment Plant in Bidding Section 2 of the Jonggol New Town Project in West Java, Indonesia (印度尼西亞西爪哇省絨果爾新城項目1標段3萬套保障性住房設計與施工工程合同協議、2標段道路網、水壩和水處理廠設計與施工工程合同協議)	Approximately USD1.604 billion	China Civil Engineering Construction Co., Ltd.	A construction period of 48 and 60 months separately
7	November 2019	Design, Procurement and Construction (EPC) Contract for the Construction of 80,000 Affordable Housing Project in Ghana (建設加納8萬套保障房項目設計、採購、施工(EPC)合同)	Approximately USD3.775 billion	China Civil Engineering Construction Co., Ltd.	A construction period of 96 months.

Section VI Significant Events (continued)

N o.	Date of contract	Name of project	Contract amount	Contracting party	Term of performance
8	November 2019	Tengah Depot and Comprehensive Base J101 Bid Project for Jurong Regional Line in Singapore (新加坡裕廊區域線登加車軌段與綜合基地J101標段項目)	SGD0.740 billion	China Railway 11th Bureau Group Co., Ltd.	To be determined.
9	December 2019	Design and Construction Contract for Section C0308 of the UAE Railway Phase II (阿聯酋聯邦鐵路二期C0308合同段設計和施工合同)	Approximately AED4.84743 billion (the Company's share of 51% in the consortium)	China Railway Construction Corporation Limited	A construction period of 1,379 days.
10	December 2019	ER Mining Engineering Contract for Bauxite Mine and Ancillary Infrastructure Comprehensive Project in Guinea (ER幾內亞鋁土礦礦山和輔助基礎設施綜合項目礦山採礦工程合同)	USD1.94063 billion	China Railway 19th Bureau Group Co., Ltd.	12 years from the effective date of the contract (including 2 years of construction period)

XVII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable Not Applicable

(I) Business Development of Subsidiaries Listed Overseas

As of the end of the Reporting Period, one of the subsidiaries of the Group is listed overseas, and its business development is as follows:

CRCC High-tech Equipment Corporation Limited, established in 1954 and listed on the main board of Hong Kong Stock Exchange on 16 December 2015, is a large road maintenance machinery and equipment manufacturing company under the Group. Main business scope of CRCC High-tech Equipment Corporation Limited covers research, development, manufacturing and marketing of large railway track maintenance machinery; product overhaul service; railway maintenance service and railway locomotive and vehicle engineering technical service. During the Reporting Period, main business scope of CRCC High-tech Equipment Corporation Limited remained unchanged.

Insisting on the market-oriented development principle, CRCC High-tech Equipment Corporation Limited is committed to creating sustainable values for shareholders and realizing the sustainable development of the company. Revenue of the company mainly derives from the manufacturing and marketing of large railway track maintenance machinery, marketing and service of parts and components, product overhaul services, railway maintenance service and railway locomotive and vehicle engineering technical service. Main strategies of the company are as follows: aligning with the target of “being world-class and domestic leading” relying on National High-tech Industrial Base of Large Railway Track Maintenance Machinery; striving to build the innovation and service-oriented enterprise mode; adhering to the professional, digital and global development path; developing and improving nine types of capabilities of the enterprise, including market development and rapid response capabilities, all-around and lifetime service capability, adventurous independent innovation capability, efficient resource allocation, integration and management capability, enterprise management and innovation capability, “mechanism +” guiding, driving and disciplining capability, “digital +” transformation and upgrading capability, “Party building +” kinetic energy conversion capability, “execution+” and “training +” work improvement capability; in addition, based on the above, the company focuses on implementing production innovation, strives to improve comprehensive competitiveness, and rapidly transfers reform achievements to economic benefits.

Section VI Significant Events (continued)

XVIII. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

(I) The Work of the Listed Company on Poverty Alleviation

Applicable Not Applicable

1. Planning of taking targeted measures to help people lift themselves out of poverty

Applicable Not Applicable

Basic principle: Conscientiously implementing the decision of the CPC Central Committee and the State Council on strengthening targeted poverty alleviation work, and the instructions of the General Secretary Xi about the spirit of “targeted poverty reduction and elimination”, strictly following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation, making innovations on poverty alleviation and fighting against corruption during the poverty alleviation process”, combining with the characteristics of the enterprise itself, adhering to the combination of government predominance and enterprise help, adhering to the combination of mutual benefit and poverty alleviation, adhering to the principle of combining whole advancement with key breakthroughs, comprehensively promoting the work of taking targeted measures to help people lift themselves out of poverty, and resolutely winning the fight against poverty.

Overall objective: Working together with the local government to achieve “two ensuring”. By 2020, ensuring that the poor in the assisted areas will be out of poverty, and ensuring that the poor districts and counties in the assisted areas will be out of poverty.

Main tasks: Providing poverty alleviation aid to Wanquan District and Shangyi County in Zhangjiakou City; Gande County in Guoluo Prefecture, Qinghai Province; Qianshan Kazakh Nationality Township, Yiwu County, Hami Region, Xinjiang Uygur Autonomous Region; Liangshan Village in Liangwangzhuang Township, Jinghai District, and Fulizhuang Village in Xiacang Town, Jizhou District, and Xiaohujiazhuang Village in Yangjinzhuang Town, and Dongwanhe Village in Xiaowangzhuang Town, Binhai New District, Tianjin; Shahukou Village in Youyu County, Xingjiayao Township and Qingxiang Village in Fenxi County, Shanxi Province; Liulijing Village in Quanpu Town, Liangshan County, Shandong Province; Lama Village and Balang Village in Lujing Township, Dingxi City, Gansu Province; Dagou Town in Huining County, Wutai Village at Guanghuo Street in Ningshan County, and Beiguan Village in Longxian County, Baoji City, Shaanxi Province; Yinmenghu Village in Langhe Town, Danjiangkou, and Youzhuping Village in Baiguo Township, Enshi City, Hubei Province; Yanluozhai Village in Shiyangshao Township, and Daimaopo Village in Yanmen Town, Mayang County, Huaihua City, Hunan Province; Teke Village in Xinshiba Town, Ganluo County in Sichuan Province; Meibai Village in Yunyang County, Chongqing; Xiadang Village in Shouning County, Ningde City, Fujian Province; Longna Village in Mashan County, and Hongyang Village in Long’an County, Nanning City, Guangxi Province; Dalu Village in Dubu Town, Yangshan County, Qingyuan, Guangdong Province.

Section VI Significant Events (continued)

Safeguard measures: Firstly, improve mechanism and strengthen the leadership. The leading teams are in charge of planning and decision-making, the guarantee teams are in charge of linking up and operating, the relevant departments are in charge of supporting and coordinating and the titular cadres are responsible for undertaking tasks. All these linkages form a working mechanism of “unified management and graded responsibility”, making the targeted poverty alleviation work promoted from top level to primary level of the Company, coordinated well from the front to back and rooted in the Company. Secondly, select excellent cadres and strengthen assessment, so as to stimulate the enthusiasm of the work of poverty alleviation cadres. Thirdly, strictly carry out disciplines and enhance supervision, ensuring projects and funds are operated in transparency.

2. Summary of annual targeted poverty alleviation

Applicable Not Applicable

In 2019, the Company sent a total of 10 cadres for targeted poverty alleviation, and paid the funds of RMB56.716 million directly. The materials donated by the Company were equivalent to RMB2.82 million. In three pair-up assistance districts and counties, the Company paid the funds of RMB18.281 million directly, helped attracting various funds of RMB2.161 million, and purchased agricultural products with a value of RMB10.18 million and industrial products and light industrial products with a value of RMB17.933 million from poverty-stricken areas.

(1) *Following organisational leadership, and producing “construction drawing” in a scientific way*

First, aiming at the target and improving deployment. CRCC has always put poverty alleviation work on the important agenda by holding a total of 8 meetings for considering poverty alleviation work. In particular, during the system-wide video conference on poverty alleviation work, the Company summarised the achievements of targeted poverty alleviation work in 2018, defined the priorities and specific measures for the poverty alleviation work in 2019, and explained in detail how to practically implement such tasks and measures. Second, selecting excellent cadres and implementing stricter assessment. A total of 10 excellent cadres in the Group have been selected and sent to work in pair-up assistance regions. In addition, by insisting on the combination of strict management with positive incentive, and improving the application of assessment results of objectives for the term of office and annual objectives, benefits for temporary cadres in work and life were strictly implemented and sufficient care and support were provided to them, to stimulate their enthusiasm for work. Third, organising donation activity and improving security. In order to achieve the work objective of “Taking Targeted Measures to Help People Lift Themselves out of Poverty” in all aspects, CRCC organised “Making Donations for Poverty Alleviation” activity in the Group, and a total of more than RMB15 million were raised and will be used for supporting the projects in regions under the targeted assistance of CRCC, including poverty alleviation through industrial development, infrastructure construction, poverty alleviation through health care, “having enough food and enough clothes, and enjoying compulsory education, basic health care, and housing security” and poverty alleviation through Party building.

Section VI Significant Events (continued)

(2) *Providing guidance and supervision, and expressly defining “chain of responsibility”*

The manifestation of the achievements of poverty alleviation requires the implementation of the primary responsibilities, policies, and work of poverty-relief counties, as well as the strengthening of work-style construction in the field of poverty alleviation. Both the leader in charge and the leader with specific duties of CRCC led teams to the front line of poverty alleviation to carry out investigation and supervision, and formed supervision reports. In 2019, CRCC's leader in charge made three visits and the leader with specific duties made four visits to the front line of poverty alleviation for investigation and supervision. Through consulting materials, talking and other methods, it could be concluded that the use of funds was standard and there were no violations of discipline or rules. But many issues still existed, for example, it was difficult to export labor services and the effect was not obvious. The leading role of industry was not fully played and the ability of sustainable development was weak. The level of modernization of animal husbandry was not high and the homogeneity of industry was prominent. The poor have a low level of education and the masses were backward in ideology. According to different problems, we put forward opinions and suggestions to Wanquan District, Shangyi County, and Gande County so that we could combine the advantages of our company and vigorously carry out technical and skills training for laborers; innovate production and management methods and improve the role of poverty alleviation through industrial development; strengthen the construction of organic animal husbandry to improve the comprehensive benefits of animal husbandry; focus on intellectual assistance and improve the endogenous motivation of local cadres and the masses for self-development.

(3) *Adhering to targeted measures and elaborately developing “appropriate measures”*

In terms of poverty alleviation through industrial development, CRCC pooled the efforts of company and called on the whole system to strongly support the development of enterprises in designated poverty-relief districts and counties, such as Lunbi Clothing Company, Yuebei Mineral Water Plant, Hejiu Trading Co., Ltd., Wantie Trading Company, Guzhichan Food Co., Ltd., Jiayuan Ecological Company and Sanjiangyuan Ecological Animal Husbandry Company, and assisted village collective enterprises, agricultural cooperatives and breeding professional cooperatives in poverty-stricken areas to boost the employment of local people by strengthening industries and increasing product sales. In 2019, a total of 12.07 million yuan was purchased for tooling from Lunbi Clothing Company, 5.017 million yuan for mineral water from Yuebei Mineral Water Plant, 2.069 million yuan for agricultural special products such as corn from Hejiu Trading Co., Ltd, 1.285 million yuan for agricultural special products from Wantie Trading Company, 3.08 million yuan for agricultural special products such as cereal from Guzhichan Food Co., Ltd., 1.2235 million yuan for agricultural products from Jiayuan Ecological Company and 1.315 million yuan for products from Sanjiangyuan Ecological Animal Husbandry Company. In addition, CRCC invested 550,000 yuan to build a beef cattle breeding base for Guozhuang Village, Huining County, Gansu Province; 200,000 yuan to help Teke Village, Ganluo County, Liangshan Prefecture, Sichuan Province to plant 12-mu “Polygonatum”—a kind of Chinese herbal medicine, promoting the formation of a “one village, one product” characteristic industry; 100,000 yuan to support the development of collective enterprises in Daimaopo Village, Huaihua City, Hunan Province; 760,000 yuan to continuously support the construction of white goose, duck and fish breeding industry parks in Yanluozhai Village, Huaihua City, Hunan Province.

Section VI Significant Events (continued)

In terms of poverty alleviation through employment, CRCC, one of the world's largest general contractors, has the advantage of large demand for labor services. We have made great efforts to export labor services to promote employment and realized "employment for one person and poverty alleviation for the whole family". In 2019, 384 poor college students and thousands of front-line workers were recruited from Qinghai and Zhangjiakou in Hebei Province. Among them, there were 3 poor college students and more than 60 front-line employees from Shangyi County; 1 poor college student and 5 front-line employees from Wanquan District, working for CRCC.

In terms of poverty alleviation through infrastructure construction, CRCC has given full play to its infrastructure advantages and participated in the construction of the Huizeyuan East Area of Daqinggou Resettlement Area in the "Empty Village" of Shangyi County. Upon completion, 5,936 people will be resettled. CRCC also actively participated in the construction of Zhang-Shang Expressway, which will end Shangyi County's history of no access to expressway, give better play to Shangyi County's location advantages and strengthen its connectivity with the outside world. In cooperation with Shangyi County Water Resources Bureau, CRCC has constructed a 1.1-km village road, a 7,000-square-meter hardened street and 30 street lamps for Nanchaonian Village, Shangyi County, thus solving the problem of inconvenient travel of the people in 2 natural villages for many years. CRCC helped Dakui Village, Layika Township, Hetian County, Xinjiang to build a Villager Square and a Green Square, renovate the outer walls of villagers' courtyards on main roads, add and renovate grape trellis and arbor on main roads, and build a demonstration project for rural revitalization. An aid fund of 700,000 yuan has been invested to help Teke Village, Ganluo County, Liangshan Prefecture, Sichuan Province to complete the construction of travel roads and the renovation of the village's appearance under the "Three Constructions and Four Reforms". 440,000 yuan has been invested to upgrade the infrastructure of Yanluozhai Village, Huaihua City, Hunan Province. 3.1 million yuan has been sought for upgrading the roads in Daimaopo Village, Huaihua city, Hunan province.

In terms of "rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing", aiming at this goal, CRCC has started with the problems of education, medical treatment, housing and drinking water that are most concerned and urgently needed by the poor, and made comprehensive measures according to the situation, so as to bring warmth to the hearts of the people. With regard to compulsory education: CRCC invested 1 million yuan to build a Wanquan "Tiejian Sunshine" kindergarten; 400,000 yuan to help Wanquan District to design the relocation and new construction plan of No.4 Primary School. A total of 32 needy students from Shangyi No.3 Middle School and Xiamaquan Primary School were subsidized with 1,500 yuan each. 14 students majoring in railway construction and maintenance jointly run by the 14th Bureau and Shangyi Vocational Education Center were subsidized with an internship cost of 70,400 yuan; 18 extremely poor students in Cili County, Zhangjiajie City were subsidized with 36,000 yuan; 9 poor students in Wutai Village, Guanghuo Street, Ningshan County were supported in pairs, with a subsidy of 1000 yuan per semester until the end of their studies. With regard to basic medical care: CRCC aided 4.52 million yuan, which was used for the construction of 27 new standardized village clinics and the purchasing of 7 mobile medical service vehicles for Shangyi county. 300,000 yuan was aided to carry out comprehensive renovation and repair of the Xiamaquan Township Health Center in Shangyi County; Through the "Emergency Relief" Poverty Alleviation

Section VI Significant Events (continued)

Fund, 50,000 yuan will continue to be paid to families in Wanquan District who were poor due to illness. We extended our condolences to 17 poor people in Daimaopo Village, Huaihua City, Hunan Province who were seriously ill, and promoted the signing rate of family doctors to achieve 100% full coverage of the poor. With regard to housing Safety: The houses on the west side of Sanlizhuang Village, Jiubao Township, Wanquan District had a long history, with the roof collapsing and the main body inclining. The CRCC working group in the village strived for 80,000 yuan to negotiate with the two village committees to rebuild the houses. CRCC also actively participated in the governance of "Empty Village" in Shangyi County, and 2,392 new houses will be built; We helped Teke Village, Ganluo County, Liangshan Prefecture, Sichuan Province to complete the relocation of the remaining 20 households and the renovation of 78 D-class dilapidated buildings. More than 90 poor households have all been housed in safe houses. 120,000 yuan was invested to renovate dilapidated buildings in Daimaopo Village, Huaihua city, Hunan province; 200,000 yuan was invested to rebuild the dilapidated buildings of 29 poor households in Yanluozhai Village, Huaihua City, Hunan Province. With regard to drinking water safety: CRCC and Shangyi County Water Resources Bureau jointly invested 140,000 yuan to complete the water storage project in Nanchaonian Village for drinking water and the irrigation of agricultural land. 440,000 yuan was invested to build 3 mechanical wells and drip irrigation equipments in Sunli Village, Wanquan District for drinking water and the irrigation of agricultural land; 622,000 yuan was invested to lay water pipeline for 394 households in Liugou village, Huining County, Shaanxi Province, solving the people's problem of getting access to tap water in their houses.

(4) *Phased progress in performance of social responsibility for targeted poverty alleviation*

Currently, all poverty alleviation projects in the districts and counties, towns and villages under targeted poverty alleviation are being performed and advanced as scheduled. People in Wanquan District and Shangyi County, Zhangjiakou City have been lifted out of poverty since May 2019 and February 2020 separately.

3. Achievements of Targeted Poverty Alleviation

Applicable Not Applicable

Unit: '0,000 Currency: RMB

Indicator	Quantity and implementation
I. Overall situation	
Including: 1. Funds	5,671.6
2. Amount of money converted from materials	282
3. Number of the people lifted out of poverty, who were on the records (person)	4,058

Section VI Significant Events (continued)

Indicator	Quantity and implementation
II. Itemized investments	
1. Lifting the poor out of poverty through industrial development	
Including: 1.1 Types of industrial poverty alleviation projects	<input checked="" type="checkbox"/> Poverty alleviation in agriculture and forestry industry <input checked="" type="checkbox"/> Poverty alleviation in tourism <input checked="" type="checkbox"/> Poverty alleviation in e-commerce <input checked="" type="checkbox"/> Poverty alleviation in assets profit <input type="checkbox"/> Poverty alleviation in science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	50
1.3 Amount invested in industrial poverty alleviation projects	3,166
1.4 Number of the people lifted out of poverty, who were on the records (<i>person</i>)	3,660
2. Lifting the poor out of poverty through finding jobs elsewhere	
Including: 2.1 Amount invested in vocational skills training	120
2.2 Number of the poor who have received vocational skills training (<i>person-time</i>)	567
2.3 Number of the poor on the records who are helped to get employed (<i>person</i>)	1,158
3. Lifting the poor out of poverty through relocation:	
Including: 3.1 Number of the poor out of poverty through relocation who are helped to get employed (<i>person</i>)	–
4. Lifting the poor out of poverty through education	
Including: 4.1 Amount invested for helping the poor students	63
4.2 Number of the poor students who are funded (<i>person</i>)	499
4.3 Amount invested for improving educational resources in poor areas	146
5. Lifting the poor out of poverty through better health care	
Including: 5.1 Investment amount of medical and health resources in poverty-stricken areas	485

Section VI Significant Events (continued)

Indicator	Quantity and implementation
6. Poverty alleviation through ecological protection Including: 6.1 Project title	<input type="checkbox"/> Ecological protection <input type="checkbox"/> Establishing Compensation Mode of Ecological Protection <input type="checkbox"/> Establish ecological public welfare post <input checked="" type="checkbox"/> Others
6.2 Amount invested	1.2
7. Guaranteed basic living standard for people unable to work	
Including: 7.1 Investment in left-behind children, women and senior people	25
7.2 Number of left-behind children, women and senior people assisted (<i>person</i>)	203
7.3 Investment in assisting poor people with physical disabilities	1.3
7.4 Number of poor people with disabilities assisted (<i>person</i>)	28
8. Social poverty alleviation	
Including: 8.1 Investment in coordinated poverty alleviation in East and West China	-
8.2 Investment in targeted poverty alleviation programs	1,828.1
8.3 Charity funds for poverty alleviation	-
9. Other projects	
Including: 9.1 Number of projects	18
9.2 Amount invested	118
9.3 Number of registered poor people lifted out of poverty (<i>person</i>)	398
9.4 Explanation for other projects	Construction of roads connecting each household, activity centres, Party activity centres, village clinics and rehabilitation centres for the disabled, purchase in lieu of donation, village culture construction, e-reading rooms, winter greeting activities, "visiting people and sending support"

Section VI Significant Events (continued)

Indicator	Quantity and implementation
III. Honors (contents and levels)	
	CRCC was honoured "Poverty Alleviation Model Company of Qinghai Province" ("青海省脫貧攻堅先進單位") (Provincial level)
	China Railway 20th Bureau Group Co., Ltd., a subsidiary of the Group, was honoured the "2019 Poverty Alleviation Model Enterprise of Shaanxi Province" (陝西省2019助力脫貧攻堅優秀企業) (Provincial level)
	China Railway First Survey and Design Institute Group Co., Ltd., a subsidiary of the Group, was awarded with "2019 Poverty Alleviation Model Enterprise of Shaanxi Province" (陝西省2019年助力脫貧攻堅優秀企業) (Provincial level)
	China Railway First Survey and Design Institute Group Co., Ltd., a subsidiary of the Group, was awarded with "2018 Excellent Class of Poverty Alleviation of Shaanxi Province" ("2018年陝西省駐郵聯戶扶貧工作優秀等次") (Provincial level)
	China Railway Siyuan Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded with "Excellent" in 2019 assessment on targeted poverty alleviation work of units under provincial jurisdiction of Hubei (Provincial level)
	Poverty Alleviation Work Team of China Railway Siyuan Survey and Design Group Co., Ltd., a subsidiary of the Group, was awarded with the title of "2018 Excellent Resident Poverty Alleviation Work Team of Danjiangkou City" (Municipal level)
	China Railway 22nd Bureau Group Co., Ltd., a subsidiary of the Group, was honoured 2019 Love and Devotion Award of Guangdong Poverty Alleviation Day and Generous Donations for Poverty Alleviation and Disaster Relief in Heyuan Floods (Municipal level)
	Sunjie was honoured the "Innovation Award of Poverty Alleviation" in Hebei Province ("河北省脫貧攻堅創新獎")
	Li Huayi was honoured the "Young Star of Hebei" ("冀青之星") and "Excellent First Secretary" ("優秀駐郵第一書記") of Hebei Province (Provincial level)
	Liu Yinzhou was honoured the "Model Individual of Poverty Alleviation" in Qinghai Province ("青海省脫貧攻堅先進個人稱號") (Provincial level)
	Zhu hao was honoured "2018 Outstanding Team Members" in Hubei Province ("2018年度工作突出的工作隊員") (Provincial level)
	Yang Wei was honoured "Excellent Class of Poverty Alleviation" in Shaanxi Province ("駐郵聯戶扶貧工作優秀等次")(Provincial level)
	Wang Jianbin was honoured "2018 Excellent Dispatched Team Member of Danjiangkou City"("扶貧攻堅優秀駐郵工作隊") (Municipal level)

4. Subsequent targeted poverty alleviation plan

Applicable Not Applicable

- (1) We will strengthen the implementation of assistance responsibilities and ensure the successful completion of poverty alleviation campaign. We will actively raise funds for the development of designated poverty-stricken counties, introduce poverty-stricken enterprises, and cultivate leaders and professional talents who are rich in entrepreneurship; vigorously promote industrial poverty alleviation, carry out in-depth poverty alleviation through consumption, employment and infrastructure construction. Then, further focus on "rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing", and aim at prominent problems and weak links, and help all three designated poverty-stricken counties to achieve poverty alleviation.

Section VI Significant Events (continued)

- (2) We will implement the Four Continuing Requirements and consolidate the achievements of poverty alleviation, adhering that the poverty-relief counties will not shake off poverty without responsibilities, policies, assistance, and supervision”, and further implementing the main supporting policies for poverty-stricken counties and maintaining the basic stability and continuity of cadres in poverty-stricken frontline so as to help the remaining poor people out of poverty. We will explore a long-term mechanism of stable poverty alleviation, enhance the endogenous development ability of poverty-stricken population, stimulate the endogenous power and hematopoietic ability of economic development in poor counties; establish and improve the poverty alleviation mechanism, strengthen the use, supervision and management of poverty alleviation funds, and ensure that every fund is used to the best of its ability.
- (3) We will intensify public opinion propaganda and tell stories about poverty alleviation by actively utilizing the media platforms such as websites, WeChat, newspapers and periodicals, and thoroughly publicizing General Secretary Xi Jinping’s important statement on poverty alleviation, the Central Committee’s major decision and deployment on targeted poverty alleviation, and the typical experience and touching deeds of enterprises in helping overcome poverty to inject powerful spiritual impetus so as to win the battle against poverty.

(II) Activities in social responsibilities

Applicable Not Applicable

The Company actively fulfils its social responsibilities. The 2019 Social Responsibility Report of CRCC will be disclosed together with the annual report, which will be available on the websites of the Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

(III) Environmental Information

1. Explanation on the environment protection by the key pollutant discharging companies and their subsidiaries as announced by the environmental protection department

Applicable Not Applicable

2. Environmental issues of companies other than key pollutant discharging companies

Applicable Not Applicable

In the course of business, the Group strictly abides by the national environmental protection related policies, as well as laws and regulations, resolutely implements the national laws and regulations such as Environmental Protection Law of the People’s Republic of China, and regulatory documents, such as Action Plan for Prevention and Treatment of Air, Water and Soil Pollution, issued by the State Council. The Group has always practiced the environmental management concept of “reasonable energy use and green construction”, made continuous innovations in environmental protection work with the help of science and technology, and consciously fulfilled and assumed the social responsibility of environmental protection, striving to become a “resource-saving and environmentally-friendly” enterprise, and contributing to the construction of ecological civilization of the state by fighting for an environment with blue sky, clear water and rich soil.

Section VI Significant Events (continued)

The major emissions of the Group in the course of business include CO₂ generated from the use of oil, gas and coal, as well as solid wastes such as construction waste generated during construction of engineering projects.

To reduce the emission of carbon dioxide, the Group has taken the following measures: firstly, controlling the total energy consumption; secondly, adjusting the energy utilization structure to cut down the consumption of energy with high carbon dioxide content; thirdly, adopting clean energy and promoting the clean production strategy; fourthly, discarding obsolete capacity and process and purchasing energy saving and advanced equipment; fifthly, optimizing the construction plan to accelerate construction and shorten construction period, thus reducing energy consumption; sixthly, applying advanced technologies to help with energy conservation.

For the purpose of utilizing construction waste in an efficient manner to reduce the total discharge, the Group has taken the following measures: firstly, recycling and treating construction waste for reutilization purposes; secondly, having comprehensive treatment on construction waste in accordance with environmental standards and requirements and discharging the waste only when it met such standards; thirdly, initiating the energy substitution project, using steel over timber, adopting convertible materials and expanding the cycle of convertible materials, thus reducing the production of waste.

3. Explanation of reasons for non-disclosure of environmental information by companies other than key pollutant discharging companies

Applicable Not Applicable

4. Explanation of the follow-up progress of or changes in the disclosure of environmental information during the Reporting Period

Applicable Not Applicable

(IV) Other Explanation

Applicable Not Applicable

XIX. CONVERTIBLE BONDS

Applicable Not Applicable

(一) Issuance of convertible bonds

Applicable Not Applicable

1. Issuance of A-share convertible bonds

As of the disclosure date of this report, the Company did not issue A-share convertible bonds.

Section VI Significant Events (continued)

2. Matters in relation to the issuance of H share convertible corporate bonds by the Company

During the Reporting Period, the Company did not issue H share convertible corporate bonds. As of the end of the Reporting Period, the Company issued two tranches of H-share convertible bonds in total, details of which are set out as follows:

(1) *US\$ H Share Convertible Bonds*

On 29 January 2016, the Company issued the H share convertible bonds at an aggregate principal amount of US\$500,000,000 (hereinafter referred to as "US\$ H Share Convertible Bonds"), which will due on 29 January 2021, with a par value of US\$250,000 each and were issued at 100% of its par value with zero coupon. The initial conversion price of the US\$ H Share Convertible Bonds is HK\$10.30 per H share, which was adjusted to HK\$10.15 per H share on 19 July 2016. The conversion price was adjusted to HK\$10.02 per H Share on 19 July 2017, to HK\$9.83 per H Share on 18 July 2018. The conversion price was adjusted to HK\$9.65 per H Share on 25 July 2019. The subscribers of the US\$ H Share Convertible Bonds are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). Calculated based on the net proceeds from the issuance of the US\$ H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$9.75 (at the pre-determined exchange rate of US\$1.00 = HK\$7.7944). The last closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 18 January 2016 (being the trading day on which the subscription agreement of the US\$H Share Convertible Bonds was signed) is HK\$7.49 per H share, and the last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2016 (being the effective date of the first adjustment of the conversion price) is HK\$9.39 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 19 July 2017 (being the effective date of the second adjustment of the conversion price) was HK\$10.96 per H share. The last closing price as quoted on the Hong Kong Stock Exchange on 18 July 2018 (being the effective date of the third adjustment of conversion price) was HK\$7.72 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 25 July 2019 (being the effective date of the fourth adjustment of conversion price) was HK\$9.39 per H Share.

Section VI Significant Events (continued)

(2) RMB H Share Convertible Bonds

On 21 December 2016, the Company issued the RMB3.450 billion US\$ settled 1.5% convertible bonds (hereinafter referred to as “RMB H Share Convertible Bonds”), which will due in 2021 and can be converted into H shares of the Company. The RMB H Share Convertible Bonds were issued in registered form in minimum denominations of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof. The aggregate issuance price represented 100% of the principal amount of the bonds. The subscribers are not less than six independent placees (each of whom is independent individual, enterprise and/or institutional investor). The initial conversion price of the RMB H Share Convertible Bonds is HK\$13.7750 per H share, and the adjusted conversion price on 19 July 2017 was HK\$13.59 per H share, and the conversion price was adjusted to HK\$13.34 per H Share on 18 July 2018 and the conversion price was adjusted to HK\$13.10 per H Share on 25 July 2019. Calculated based on the net proceeds from the issuance of the RMB H Share Convertible Bonds of approximately US\$496 million after the deduction of fees, commissions and expenses payable, the net price for each share to be converted will be approximately HK\$13.14 (for reference purpose only, at the exchange rate of US\$1.00 = HK\$7.84). The last closing price of H shares of the Company as quoted on the Hong Kong Stock Exchange on 7 December 2016 (being the trading day on which the subscription agreement of the RMB H Share Convertible Bonds was signed) is HK\$11.02 per H share. On 19 July 2017 (being the effective date of the first adjustment of conversion price), the last closing price as quoted on the Hong Kong Stock Exchange was HK\$10.96 per H share. On 18 July 2018 (being the effective date of the second adjustment of conversion price), the last closing price as quoted on the Hong Kong Stock Exchange was HK\$7.72 per H Share. The last closing price as quoted on the Hong Kong Stock Exchange on 25 July 2019 (being the effective date of the fourth adjustment of conversion price) was HK\$9.39 per H Share. On 23 December 2019, as bondholders exercised put options in accordance with the terms and conditions of the bonds, bonds with a principal of RMB3.295 billion (accounting for 95.51% of the bond principal) have been redeemed and cancelled by the Company in accordance with the terms and conditions.

For more details, please see relevant announcements published on 3 June 2015, 29 October 2015, 30 October 2015, 19 January 2016, 28 January 2016, 18 July 2016, 8 December 2016, 21 December 2016, 18 July 2017, 17 July 2018, 24 July 2019 and 23 December 2019 respectively, on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, as well as on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company’s website (www.crcc.cn), respectively.

(II) Holders and guarantors of convertible bonds during the Reporting Period

Applicable Not Applicable

The US\$ H Share Convertible Bonds of an amount of US\$500,000,000 issued by the Company on 29 January 2016 and the RMB H Share Convertible Bonds of an amount of RMB3.45 billion issued by the Company on 21 December 2016 were held by The Hong Kong and Shanghai Banking Corporation Limited, the trustee on behalf of the Company with no guarantee provided. Pursuant to the relevant requirements of the above H share convertible bonds, information of the bondholders was only recorded in the clearing system. No customers’ information was allowed to be disclosed by the trustee to any third parties without the authorization from the customers.

Section VI Significant Events (continued)

(III) Changes in convertible bonds during the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Name of convertible bond	Prior to current changes	Increase/decrease as a result of the current changes			After current changes
		Converted	Redeemed	Resold	
RMB H Share Convertible Bonds	3,450,000		3,295,000		155,000

Aggregated conversion of convertible bonds during the Reporting Period

Applicable Not Applicable

(IV) Previous adjustments to conversion price

Applicable Not Applicable

Unit: yuan Currency: HKD

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
19 July 2016	10.15	18 July 2016	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2015
19 July 2017	10.02	18 July 2017	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2016
18 July 2018	9.83	17 July 2018	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2017
25 July 2019	9.65	24 July 2019	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2018
The latest conversion price as of the end of Reporting Period				9.65

Section VI Significant Events (continued)

(2) Previous adjustments to the conversion price of RMB H Share Convertible Bonds

Unit: yuan Currency: HKD

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Note to adjustments to conversion price
19 July 2017	13.59	18 July 2017	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2016
18 July 2018	13.34	17 July 2018	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2017
25 July 2019	13.10	24 July 2019	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn)	Adjust the conversion price according to the Implementation plan of dividend distribution for the year 2018
The latest conversion price as of the end of Reporting Period				13.10

(V) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years

Applicable Not Applicable

As bondholder exercised put options in accordance with the terms and conditions of the Bonds, the Company redeemed and cancelled the principal of RMB H Share Convertible Bonds of RMB3.295 billion, representing 95.51% of the principal of the Bonds, under the terms and conditions of the Bonds on 23 December 2019. On 23 December 2019, the Company announced that it would redeem the remaining principal of RMB H Share Convertible Bonds of RMB155 million under the terms and conditions of the Bonds on 23 January 2020. After the completion of redemption, the balance of the Bonds is zero. As approved by the Stock Exchange, the Bonds was delisted after the closing of business hours on 3 February 2020.

During the Reporting Period, there was no significant change in the Company's liabilities and creditworthiness. Credit rating granted by all credit rating agencies to the Company remained unchanged. The US\$ H Share Convertible Bonds with an amount of US\$500,000,000 issued by Company bore zero coupons, the investors are possibly not to hold the bonds for principal to maturity. In the meanwhile, the Company has abundant cash flow and banks granted sufficient credit to the Company, the Company is fully capable of redeeming the H Share Convertible Bonds held by bondholders to maturity in cash.

Section VI Significant Events (continued)

(VI) Other information of convertible bonds

Applicable Not Applicable

1. Utilization of proceeds from issuance of convertible bonds

(1) *US\$ H Share Convertible Bonds*

The Company uses the proceeds for, among others, domestic and overseas projects investment, merger and acquisition, capital increase and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans. As at 31 December 2019, the net proceeds from the US\$ H Share Convertible Bonds, amounting to approximately US\$496 million, had been fully used as to (i) approximately US\$85 million (equivalent to approximately 17% of the net proceeds) for replenishment of working capital of the Company, which was primarily used as general working capital for overseas subsidiaries and projects; (ii) approximately US\$211 million (equivalent to approximately 43% of the net proceeds) for repayment of principal and interests of domestic bank loans; and (iii) approximately US\$200 million (equivalent to approximately 40% of the net proceeds) for repayment of principal and interests of overseas bank loans, and the utilization of the proceeds was complied with the plan disclosed previously by the Company.

(2) *RMB H Share Convertible Bonds*

The Company uses the proceeds for, among others, domestic and overseas projects investment, merger and acquisition, capital increase and replenishment of working capital for domestic and overseas construction projects, replenishment of working capital of the Company and repayment of bank loans. As at 31 December 2019, the net proceeds from the RMB H Share Convertible Bonds, amounting to approximately US\$496 million, had been fully used as to (i) approximately US\$430 million (equivalent to approximately 87% of the net proceeds) for replenishment of working capital of the Company, which was primarily used as general working capital for overseas subsidiaries and projects; (ii) approximately US\$66 million (equivalent to approximately 13% of the net proceeds) for repayment of principal of overseas bonds, and the utilization of the proceeds was complied with the plan disclosed previously by the Company.

2. Dilution impact of H Share Convertible Bonds

(1) *Dilution impact of US\$ H Share Convertible Bonds on the shareholding*

As at the end of the Reporting Period, the outstanding principal amount of US\$H Share Convertible Bonds was US\$500 million. If all outstanding US\$ H Share Convertible Bonds were converted based on the adjusted conversion price(HK\$9.65 per H share), the maximum total number of H shares to be issued by the Company will be 403,854,922 H shares (based on the pre-determined exchange rate of US\$1.00 to HK\$7.7944). The Company has sufficient general mandate to issue the H shares upon full conversion of the US\$ H Share Convertible Bonds.

Section VI Significant Events (continued)

The table below sets forth the changes in shareholding structure of the Company if the US\$ H Share Convertible Bonds had been fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any US\$ H Share Convertible Bonds		If the US\$ H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$9.65 per H share at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	49.65
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.61
Public holders of H shares	H share	2,076,296,000	15.29	2,480,150,922	17.74
Total	/	13,579,541,500	100.00	13,983,396,422	100.00

(2) *Dilution impact of conversion of RMB H Share Convertible Bonds on the shareholding*

As at the end of the Reporting Period, the outstanding principal amount of RMB H Share Convertible Bonds was RMB155 million. If all outstanding RMB H Share Convertible Bonds were converted based on the adjusted conversion price (HK\$13.10 per H share), the maximum total number of H shares to be issued by the Company will be 13,297,438 H shares (at the fixed exchange rate of RMB0.8898 to HK\$1.00). The Company will have sufficient general mandate to issue the H shares upon full conversion of the RMB H Share Convertible Bonds.

The table below sets forth the changes in shareholding structure of the Company if the RMB H Share Convertible Bonds had been fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any RMB H Share Convertible Bonds		If the RMB H Share Convertible Bonds were fully converted based on the adjusted conversion price of HK\$13.10 per H share at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	51.08
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	33.55
Public holders of H shares	H share	2,076,296,000	15.29	2,089,593,438	15.37
Total	/	13,579,541,500	100.00	13,592,838,938	100.00

Section VI Significant Events (continued)

(3) Combined dilution impact of US\$ H Share Convertible Bonds and RMB H Share Convertible Bonds on the shareholding

The table below sets forth the changes in shareholding structure of the Company if the US\$ H Share Convertible Bonds and RMB H Share Convertible Bonds were fully converted as at the end of the Reporting Period:

Shareholder	Class of shares	No conversion of any US\$ H Share Convertible Bonds or RMB H Share Convertible Bonds		If the US\$ H Share Convertible Bonds and the RMB H Share Convertible Bonds were fully converted based on their respective adjusted conversion prices at the end of the Reporting Period	
		Number of shares (share)	Approximate percentage of the issued share capital (%)	Number of shares (share)	Approximate percentage of the issued extended share capital (%)
The Controlling Shareholder	A share	6,942,736,590	51.13	6,942,736,590	49.60
Public holders of A shares	A share	4,560,508,910	33.58	4,560,508,910	32.58
Public holders of H shares	H share	2,076,296,000	15.29	2,493,448,360	17.82
Total	/	13,579,541,500	100.00	13,996,693,860	100.00

3. Accounting Treatment for the H share convertible bonds

(1) Accounting Treatment for the US\$ H Share Convertible Bonds

The Company evaluated the fair value of such bonds as at the date of issuance and separated the liability component and financial derivative component in the convertible bonds based on the evaluation result. In the separation, the initial recognition of financial derivatives is made at the fair value, whereas the initial recognition amount of liability component equals to the total issuance amount less the financial derivative component. The transaction fee of the issuance of such bonds will be allocated to the liability component and the derivative component based on their respective fair values.

For the liability component, the Company conducted subsequent calculation through effective interest method according to the initial recognition amount during the term of the bonds based on the amortized cost, and carried out revaluation based on the then exchange rate at the end of the period.

For the derivative component, as at 31 December 2019, the Company revaluated the fair value of the derivatives. The increase of US\$88.939 million in the fair value of derivatives will be recognized through profit or loss.

Section VI Significant Events (continued)

(2) *Accounting Treatment for the RMB H Share Convertible Bonds*

The RMB H Share Convertible Bonds issued by the Company contain a liability component and an equity component according to their terms. On initial recognition, the liability component is separated from the equity component, and different measurements are adopted.

The Company evaluated the fair value of such bonds as at the date of issuance and separated the liability component and equity instruments component for the convertible bonds. In the separation, the initial recognition of liability component is made at the fair value, whereas the initially recognized amount of the equity component equals to the total issuance amount less the initial recognized amount of the liability component. The transaction fees will be allocated on a pro rata basis based on the fair price of the liability component and the equity component in the separation. Transaction fees associated with liability component will be recognized as liability whereas transaction fees associated with equity component will be recognized as other equity instruments. See details in the Note V. "41. Other equity instruments" of the Financial Reports attached to this Report.

For the liability component, the Company conducted subsequent calculation through effective interest method according to the initial recognition amount during the term of the bonds based on the amortized cost. The equity component is not remeasured in subsequent years.

XX. SUBSEQUENT EVENTS

(I) **Changes in Directorship of the Company**

The Board of the Company received the letter of resignation from Mr. GE Fuxing ("Mr. GE"), a non-executive director of the Company, on 17 February 2020. Mr. GE resigned from the position as a non-executive Director of the Company due to his age and ceased to be a member of the Audit and Risk Management Committee, Remuneration and Evaluation Committee and Strategy and Investment Committee. The resignation of Mr. GE took effect upon the delivery of his letter of resignation to the Board.

(II) **The Proposed Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited on the STAR Market of Shanghai Stock Exchange**

In respect of the Company's Proposed Spin-off and the listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange of China Railway Construction Heavy Industry Corporation Limited*, the Hong Kong Stock Exchange has approved that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange in February 2020, the Proposed Spin-off is subject to the approval from the general meeting of the Company, and is also subject to, among other things, the approval(s) from the CSRC and the Shanghai Stock Exchange.

Section VI Significant Events (continued)

(III) Redemption of Convertible Bonds for H Shares in RMB

As disclosed in the announcement dated 23 December 2019 issued by the Company. The Company redeemed the outstanding principal of RMB H Share Convertible Bonds of RMB155 million in accordance with the terms and conditions of the Bonds on 23 January 2020. As at 23 January 2020, the balance of the Bonds of the Company is zero. As approved by the Hong Kong Stock Exchange, such withdrawal of listing of the Bonds became effective upon the close of business on 3 February 2020.

(IV) Amendments to the Articles of Association

Pursuant to the Reply on Adjusting the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)) issued by the State Council, and combined with the relevant requirements of the regulatory authorities and the actual situation of the Company, the Company makes amendments to the articles in relation to the requirements on registration of change of register of shareholders, notice period and convening procedures for convening general meetings and other relevant articles in the Articles of Association, which were considered and approved at the 2020 First Extraordinary General Meeting held on 10 March 2020. The Articles of Association (amended) were published at the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn) on 11 March 2020.

(V) Explanation of other circumstances

The prevention and control of novel coronavirus pneumonia has been promoted throughout the country in an orderly manner under the Joint Prevention and Control Mechanism, and the situation of epidemic prevention and control has continued to improve, and the production and living order has accelerated. The Company is conscientiously implementing the major decisions and arrangements of the CPC and the State Council on the prevention and control of novel coronavirus pneumonia epidemics and the resumption of work and production, and the resumption of work and production is gradually advanced in accordance with the epidemic situation.

The COVID-19 has impacts on the operating order of economy and society in some provinces and cities including Hubei Province and Wuhan, and will affect the construction progress of the Company's construction operations projects to a certain extent. The degree of impact will depend on the prevention and control on the epidemic and promotion of resumption of work and production, as well as the implementation of various regulatory policies.

The Company will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Company.

Section VII Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Table of changes in ordinary shares

1. Table of changes in ordinary shares

The Company's total ordinary shares and share capital structure had no change during the Reporting Period.

2. Particulars of changes in ordinary shares

Applicable Not Applicable

3. Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per share within the year or the period (if any)

Applicable Not Applicable

4. Other discloseable contents that the Company deemed necessary or were required by securities regulatory authorities

Applicable Not Applicable

(II) Changes in shares subject to trading moratorium

Applicable Not Applicable

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Applicable Not Applicable

Notes on issuance of securities during the Reporting Period (please specify respectively for the bonds with different interest rate in the duration):

Applicable Not Applicable

(II) Changes in total common shares, shareholding structure and assets and liabilities structure of the Company

Applicable Not Applicable

(III) Existing internal employee shares

Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Structure of share capital and public float (disclosure under the Listing Rules of the Hong Kong Stock Exchange)

1. Share Capital Structure

As at 31 December 2019, the share capital structure of the Company is set out as follows:

Shareholder	Class of shares	Number of Shares (share)	Approximate Percentage of the issued share capital (%)
China Railway Construction Group Co., Ltd.	A share	6,942,736,590	51.13
Public holders of A shares	A share	4,560,508,910	33.58
Public holders of H shares	H share ^{Note}	2,076,296,000	15.29
Total	–	13,579,541,500	100.00

Note: Including the H shares held by National Council for Social Security Fund.

2. Public float

As at the latest practicable date prior to the publication of this report, and according to all public information and as far as the directors are aware, the public holders of the Company held 6,636.80491 million shares, representing 48.87% of the issued capital of the Company. In particular, public holders of H shares held 2,076.296 million shares, representing 15.29% of the issued capital of the Company; public holders of A shares held 4,560.50891 million shares, representing 33.58% of the issued share capital of the Company. The Company has sufficient public float which satisfies the requirements under the Hong Kong Listing Rules.

(II) The total number of shareholders

As at the end of the Reporting Period, the total number of shareholders of the Company was 283,073, of which 267,330 were holders of A shares and 15,743 were holders of H shares. At the end of the last month prior to the publishing date of this annual report, the total number of common shareholders of the Company was 286,150, of which 270,461 were holders of A shares and 15,689 were holders of H shares.

Total number of common shareholders as at the end of the Reporting Period	283,073
Total number of common shareholders at the end of the last month prior to the date of the issuance of the annual report	286,150
Total number of preference shareholders with voting right restored as at the end of the Reporting Period	N/A
Total number of preference shareholders with voting right restored at the end of the last month prior to the date of the issuance of the annual report	N/A

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(III) Particulars of shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Name of shareholder (full title)	Particulars of Top 10 Shareholders			Number of shares subject to trading moratorium	Shares pledged or frozen	Nature of shareholder
	Increase/decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)			
China Railway Construction Group Co., Ltd.	0	6,942,736,590	51.13	0	Nil	0 State-owned
HKSCC NOMINEES LIMITED	208,413	2,061,649,006	15.18	0	Unknown	0 Overseas legal person
China Securities Finance Corporation Limited	0	407,098,054	3.00	0	Nil	0 Others
Hong Kong Securities Clearing Company Limited	99,819,695	197,995,382	1.46	0	Nil	0 Overseas legal person
Central Huijin Asset Management Corporation Limited (中央匯金資產管理有限責任公司)	0	141,519,100	1.04	0	Nil	0 Others
Beijing Chengtong Financial Investment Co., Ltd.	296,200	136,562,355	1.01	0	Nil	0 Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	Nil	0 Others

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
China Railway Construction Group Co., Ltd.	6,942,736,590	RMB ordinary share	6,942,736,590
HKSCC NOMINEES LIMITED	2,061,649,006	Overseas listed foreign share	2,061,649,006
China Securities Finance Corporation Limited	407,098,054	RMB ordinary share	407,098,054
Hong Kong Securities Clearing Company Limited	197,995,382	RMB ordinary share	197,995,382
Central Huijin Asset Management Corporation Limited (中央匯金資產管理有限責任公司)	141,519,100	RMB ordinary share	141,519,100
Beijing Chengtong Financial Investment Co., Ltd.	136,562,355	RMB ordinary share	136,562,355
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Assets Management Scheme	81,847,500	RMB ordinary share	81,847,500

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

Particulars of shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
Explanations on the connected or concerted action among the above shareholders	HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited (HKEx). In addition to the disclosures above, the Company has no information on whether there exists any related-party relationship between the top ten shareholders not subject to trading moratorium and the top ten shareholders and whether the shareholders are persons acting in concert as specified in the Measures for the Administration of the Acquisition of Listed Companies.		
Explanation on the preference shareholders with voting right restored and their shareholdings	Not Applicable		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. The A shares held by Hong Kong Securities Clearing Company Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,061,649,006 shares of the Company. However, details regarding whether the shares were pledged or frozen were unknown.

The Top Ten Shareholders Subject to Trading Moratorium and Conditions of Such Trading Moratorium

Applicable Not Applicable

(IV) Top 10 shareholders from strategic investors or general legal persons participating in the placing of the new shares

Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

(V) Particulars of interests and short positions of substantial shareholders disclosed in accordance with the SFO

So far as the directors of the Company are aware, as at 31 December 2019, the persons other than directors, supervisors or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Section 336 of Part XV of the SFO were as follows:

Unit: share

Name of substantial shareholder	Class of share	Capacity	Number of shares interested ^{Note 1}	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction Group Co., Ltd.	A share	Beneficial owner	6,942,736,590	60.35%	51.13%
National Council for Social Security Fund	H share	Beneficial owner	188,754,500(L)	9.09%	1.39%
JPMorgan Chase & Co. ^{Note 2}	H share	Interest of corporation controlled by the substantial shareholder, investment manager, person having a security interest in shares, approved lending agent	147,118,752(L)	7.09%	1.08%
		Interest of corporation controlled by the substantial shareholder	18,623,551(S)	0.90%	0.14%
		Approved lending agent	81,970,573(P)	3.95%	0.60%
The Bank of New York Mellon Corporation ^{Note 3}	H share	Interest of corporation controlled by the substantial shareholder	143,811,708(L)	6.93%	1.06%
			140,979,676(P)	6.79%	1.04%
BlackRock, Inc. ^{Note 4}	H share	Interest of corporation controlled by the substantial shareholder	126,667,515(L)	6.10%	0.93%
			582,500(S)	0.03%	0.004%

Note 1. L – long position, S – short position, P – lending pool.

Note 2. As at 31 December 2019, JPMorgan Chase & Co. (including certain corporations under its control) held long positions in 147,118,752 H shares and short positions in 18,623,551 H shares of the Company in total.

Note 3. As at 31 December 2019, The Bank of New York Mellon Corporation held long positions in 143,811,708 H shares of the Company in total through a corporation under its control.

Note 4. As at 31 December 2019, BlackRock, Inc. held long positions in 126,667,515 H shares and short positions in 582,500 H shares of the Company in total through certain corporations under its control.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

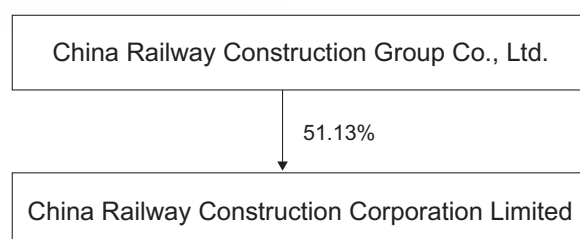
1. Legal Representative

Applicable Not Applicable

Name	China Railway Construction Group Co., Ltd.
Person in charge or legal representative	CHEN Fenjian
Incorporation date	28 August 1990
Principal businesses	Construction of railways, metropolitan railways, highways, airports, ports, dock, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mining facilities; lumbering; provision of technical consultancy services for municipal engineering, general contracting and subcontracting of installation of circuitry, pipeline and equipment; construction of prevention and control of geologic disasters; provision of construction project management services; sale of automobile and cars; wholesale and retail of ferrous metal, timber, cement, fuel, construction materials, chemical products (excluding dangerous chemicals), electromechanical products, armored concrete product and special railway equipment; production of the enterprises under direct control of the organization; overseas construction contracting and domestic construction tendering; provision of rental services of machinery and construction installation equipments, provision of renovation and interior decoration services; provision of technical consulting, technical services, import and export related to the above businesses; advertising business. (The enterprise can choose the business to be engaged in and carry out such business activities pursuant to the laws; for business activities for which approvals are required, they should be carried out after obtaining approvals from relevant authorities; no business activity as prohibited by the industrial policies of the municipality and restricted by the authorities shall be engaged in.)
Particulars of other domestic and overseas listed companies held and invested by the Controlling Shareholder during the Reporting Period	Nil
Explanation on other matters	On 11 January 2019, China Railway Construction Co., Ltd. changed its name to China Railway Construction Group Co., Ltd.

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

2. Natural person
 Applicable Not Applicable
3. Special explanation on no controlling shareholder for the Company
 Applicable Not Applicable
4. Index and date of changes in controlling shareholder during the Reporting Period
 Applicable Not Applicable
5. The chart of the relationship between the Company and the Controlling shareholder on the property ownership and controlling rights
 Applicable Not Applicable



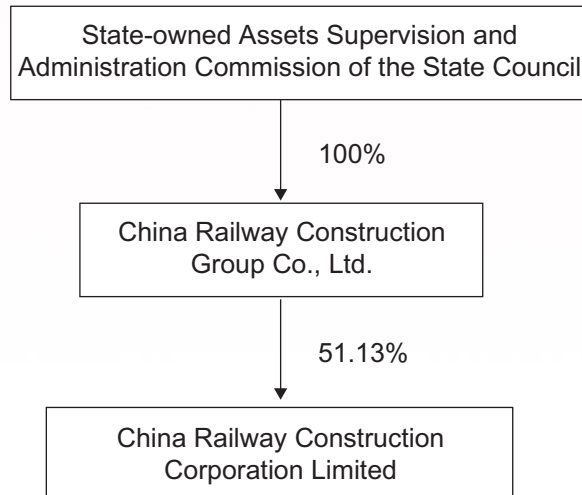
(II) Actual controller

1. Legal Representative
 Applicable Not Applicable
2. Natural person
 Applicable Not Applicable
3. Special explanation on no actual controller for the Company
 Applicable Not Applicable
4. Name of actual controller: State-owned Assets Supervision and Administration Commission of the State Council
5. Index and date of changes in actual controller during the Reporting Period
 Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

6. The chart of the relationship between the Company and the actual shareholder on the property ownership and controlling rights

Applicable Not Applicable



7. The actual controller controls the Company through the trust or other asset management way

Applicable Not Applicable

(III) Introduction of other information on controlling shareholder and actual controller

Applicable Not Applicable

Section VII Changes in Ordinary Shares and Particulars of Shareholders (continued)

V. OTHER SHAREHOLDERS HOLDING MORE THAN 10% OF SHARES

Applicable Not Applicable

Unit: '000 Currency: RMB

Name of the legal shareholder	Person in charge in the Company or legal representative	Established date	Organization Code	Registered capital	The main business or management activities and other information
HKSCC NOMINEES LIMITED	N/A	14 May 1991	N/A	N/A	Security share agent deposited in the depository of CCASS security
Explanation	The H shares held by HKSCC Nominees Limited are held on behalf of its various customers.				

VI. EXPLANATION ON THE RESTRICTION OF REDUCING SHARE

Applicable Not Applicable

VII. REPURCHASE, SALES OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company nor its subsidiary had repurchased, sold or redeemed any securities of the Company during the Reporting Period.

Section VIII Particulars of Preference Shares

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) The changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period

Applicable Not Applicable

Unit: share

Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Number of shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB 0,000)	Whether receive remuneration from related parties of the Company
CHEN Fenjian	Chairman, executive director and secretary of the communist party committee	Male	57	17 September 2018 (Chairman, executive director), 3 July 2018 (Secretary of the communist party committee)	21 December 2020 (Chairman, executive director)	-	-	-	-	95.85	No
ZHUANG Shangbiao	Executive director and president, deputy secretary of the communist party committee	Male	57	28 October 2014 (Executive director), 4 December 2015 (President, Deputy secretary of the communist party committee)	21 December 2020 (Executive director and president)	-	-	-	-	163.57	No
CHEN Dayang	Executive director and deputy secretary of the communist party committee	Male	56	18 June 2019 (Executive director), 29 November 2018 (Deputy secretary of the communist party committee)	21 December 2020 (Executive director)	-	-	-	-	66.06	No
LIU Ruchen	Executive director	Male	56	22 December 2017	21 December 2020	-	-	-	-	144.44	No
GE Fuxing	Non-executive director	Male	63	28 October 2014	17 February 2020	-	-	-	-	1.00	No
WANG Huacheng	Independent non-executive director	Male	56	28 October 2014	21 December 2020	-	-	-	-	20.40	No
Patrick SUN	Independent non-executive director	Male	61	28 October 2014	21 December 2020	-	-	-	-	17.70	No
CHENG Wen	Independent non-executive director	Male	67	28 October 2014	21 December 2020	-	-	-	-	6.00	No
Amanda Xiao Qiang LU	Independent non-executive director	Female	65	28 October 2014	21 December 2020	-	-	-	-	14.20	No
CAO Xirui	Chairman of Supervisory Committee	Male	50	22 December 2017	21 December 2020	-	-	-	-	97.18	No
LIU Zhengchang	Supervisor	Male	51	22 December 2017	21 December 2020	-	-	-	-	70.61	No
KANG Fuxiang	Employee supervisor	Male	51	6 September 2018	21 December 2020	-	-	-	-	70.75	No
WANG Xiuming	Chief accountant	Male	56	29 April 2014	21 December 2020	-	-	-	-	143.79	No
LI Ning	Vice president	Male	57	15 June 2017	21 December 2020	-	-	-	-	116.45	No
WANG Wenzhong	Vice president	Male	56	15 June 2017	21 December 2020	-	-	-	-	193.52	No
LIU Chengjun	Vice president	Male	56	11 June 2018	21 December 2020	-	-	-	-	85.47	No
WANG Lixin	Vice president	Male	49	11 June 2018	21 December 2020	-	-	-	-	197.92	No
NI Zhen	Vice president	Male	48	11 June 2018	21 December 2020	-	-	-	-	269.88	No
ZHAO Dengshan	Secretary to the Board	Male	58	30 May 2018	21 December 2020	-	-	-	-	95.60	No
Total	/	/	/	/	/	-	-	-	/	1,870.39	/

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Notes:

1. Total remunerations before tax received from the Company during the Reporting Period included the tenure incentive income that can be paid after the expiration of the term during 2016–2018 subject to assessment, and also the pension insurance, unemployment insurance, Company's supplementary pension insurance and housing provident fund paid by the Company for employees.
2. Mr. CHEN Dayang has been serving as the Deputy Secretary of the Party Committee of the Company since November 2018, and has been serving as the Executive Director of the Company since June 2019. Mr. CHEN Dayang's remuneration for 2019 includes his remuneration as the Deputy Secretary of the Party Committee of the Company in 2019.
3. Mr. GE Fuxing, a non-executive director, received remuneration from the Company from November 2019.
4. Mr. WANG Wenzhong, Mr. WANG Lixin and Mr. NI Zhen has been serving as vice president of the Company since June 2018, and their remunerations for 2019 included annual performance salaries and tenure incentive income they received for assuming positions in the subsidiaries of the Company.

Name	Main work experience
CHEN Fenjian	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
ZHUANG Shangbiao	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
CHEN Dayang	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LIU Ruchen	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
GE Fuxing	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Huacheng	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
Patrick SUN	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
CHENG Wen	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
Amanda Xiao Qiang LU	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
CAO Xirui	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LIU Zhengchang	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Name	Main work experience
KANG Fuxiang	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Xiuming	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LI Ning	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Wenzhong	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
LIU Chengjun	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
WANG Lixin	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
NI Zhen	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.
ZHAO Dengshan	For details, please refer to "II (I) Biographies of incumbent directors, supervisors and senior management" in this section.

Explanation for other matters

Applicable Not Applicable

(II) The equity incentives granted to the directors and senior management during the Reporting Period

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff (continued)

II. OCCUPATIONS OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Biographies of incumbent directors, supervisors and senior management

1. Directors

Mr. CHEN Fenjian, aged 57, a Chinese with no right of abode overseas, is currently the chairman, executive director and the secretary to the Party Committee of the Company and the chairman and the secretary to the Party Committee of China Railway Construction Group Co., Ltd. From August 1983 to August 1997, Mr. CHEN held various positions in Fourth Navigational Engineering Bureau under the Ministry of Communications and its subsidiaries. From August 1997 to August 2005, he was the manager of a subsidiary of Fourth Navigational Engineering Bureau of China Harbor Engineering Company (Group) and the deputy director, director and deputy secretary to the Party Committee of Fourth Navigational Engineering Bureau. From August 2005 to August 2006, he served as the deputy general manager of China Communications Construction Group (Limited). From August 2006 to November 2006, he served as the director of China Communications Construction Group (Limited) and the deputy general manager of China Communications Construction Company Limited. From November 2006 to April 2007, he served as a temporary Party Committee member of China Communications Construction Group (Limited) and the deputy general manager and a temporary Party Committee member of China Communications Construction Company Limited. From April 2007 to January 2014, he served as a standing committee member of the Party Committee of China Communications Construction Group (Limited), the deputy general manager and a standing committee member of the Party Committee of China Communications Construction Company Limited, the chairman and legal representative of China Harbour Engineering Company Limited, and the chairman and legal representative of CCCC Investment Company Limited. From January 2014 to September 2016, he served as the secretary to the Party Committee and a director of China Communications Construction Group (Limited) and executive director, general manager and deputy secretary to the Party Committee of China Communications Construction Company Limited. From September 2016 to November 2016, he served as the vice chairman, general manager and deputy secretary to the Party Committee of China Communications Construction Group (Limited) and executive director, general manager and deputy secretary to the Party Committee of China Communications Construction Company Limited. From November 2016 to June 2018, he served as the vice chairman, general manager and deputy secretary to the Party Committee of China Communications Construction Group (Limited) and the vice chairman, general manager and deputy secretary to the Party Committee of China Communications Construction Company Limited. Since June 2018, he served as the chairman and secretary to the Party Committee of China Railway Construction Co., Ltd. Since July 2018, he served as the secretary to the Party Committee of the Company. Since September 2018, he served as the chairman of the Company. Mr. CHEN graduated from the civil engineering department of Changsha Communications University, majoring in harbour and channel engineering. He obtained a master's degree in business administration for senior management from Guanghua School of Management of Peking University. Mr. CHEN is a professorate senior engineer and is entitled to special government allowances granted by the State Council.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. ZHUANG Shangbiao, aged 57, a Chinese with no right of abode overseas, is currently the president and executive director and deputy secretary to the communist party committee of the Company, as well as general manager, a director and deputy secretary to the communist party committee of China Railway Construction Group Co., Ltd. Mr. ZHUANG has a deep insight of China's construction industry, great expertise in finance and extensive experience in corporate finance and financial management. Mr. ZHUANG joined China Railway Construction Corporation in 2005. He served as the deputy general manager of the finance department of China Road and Bridge Construction Corporation from February 1992 to March 1994, the deputy general manager and executive deputy general manager of China Road and Bridge Group (H.K.) Limited from March 1994 to March 2001, the chief accountant of China Road and Bridge (Group) Corporation from March 2001 to August 2005, the chief accountant of China Railway Construction Corporation from August 2005 to November 2007, the general legal counsel of China Railway Construction Corporation from April 2006 to November 2007. He has been a member of the standing committee of the communist party committee of China Railway Construction Corporation from May 2007 to December 2015. He has been serving as the chief accountant of the Company from November 2007 to April 2014 and the general legal counsel of the Company since November 2007. He served as the vice president of the Company since April 2008 and an executive director of the Company since October 2014. He began to chair the management of the Company since July 2015. He has served as the president and deputy secretary to the communist party committee of the Company, and secretary to the communist party committee and a director of China Railway Construction Corporation since December 2015. He no longer served as the general legal counsel of the Company since May 2016. Since November 2016, he has served as general manager and deputy secretary to the communist party committee of China Railway Construction Corporation, and no longer served as secretary to the communist party committee. Since December 2017, he serves as the president and executive director of fourth session of the Board, deputy secretary to the communist party committee of the Company as well as general manager, a director and deputy secretary to the communist party committee of China Railway Construction Co., Ltd. Mr. ZHUANG graduated from Changsha Communications University, majoring in engineering and financial accounting and obtained a bachelor's degree in engineering. He is a professorate senior accountant and is granted special allowance by the State Council.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. CHEN Dayang, aged 56, a Chinese with no right of abode overseas, is currently an executive director and the deputy secretary to the Party Committee of the Company, as well as the employee representative director and the deputy secretary to the Party Committee of China Railway Construction Group Co., Ltd. Mr. CHEN joined the workforce in July 1986, and has served as a technician, assistant engineer, engineer, the director at the Talent Exchange Center, the deputy head of human resources department and the director at the Talent Exchange Center of CRCC. From April 2009 to July 2011, he has served as the assistant and the head of human resources department of the Company (cadre department of the Party Committee). From July 2011 to June 2014, he has served as the deputy secretary to the Party Committee, the secretary of disciplinary committee and chairman of the labour union of CSR Group, the deputy secretary to the Party Committee and the secretary of disciplinary committee of CSR Corporation Limited; From June 2014 to May 2015, he has served as the deputy secretary to the Party Committee and the secretary of disciplinary committee of CSR Group, the deputy secretary to the Party Committee and the secretary of disciplinary committee of CSR Corporation Limited; From May 2015 to September 2015, he has served as the deputy secretary to the Party Committee and the secretary of disciplinary committee of CSR Group, the member of the standing committee of the Party Committee and the secretary of disciplinary committee of CRRC Corporation Limited; From September 2015 to December 2017, he has served as the member of the standing committee of the Party Committee and the secretary of disciplinary committee of CRRC Group, the member of the standing committee of the Party Committee and the secretary of disciplinary committee of CRRC Corporation Limited; From December 2017 to November 2018, he has served as the member of the standing committee of the Party Committee and the secretary of disciplinary committee of CRRC GROUP Co., Ltd., the member of the standing committee of the Party Committee and the secretary of disciplinary committee of CRRC Corporation Limited. He has served as the deputy secretary to the Party Committee of the Company since November 2018, as well as the deputy secretary to the Party Committee and the employee representative director of China Railway Construction Co., Ltd. He has served as an executive director of the Company since June 2019. Mr. CHEN graduated from Shijiazhuang Tiedao University, majoring in Railway Engineering and obtained a master's degree of Business Administration. He is a senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Ruchen, aged 56, a Chinese with no right of abode overseas, is currently an executive director and a member of the standing committee of the communist party committee of the Company, as well as a member of the standing committee of the communist party committee of China Railway Construction Group Co., Ltd. Mr. LIU has a deep insight of China's construction industry, great expertise and extensive experience in operation management. Mr. LIU joined CRCCG Group in 1981. He served as the deputy head of the 19th Engineering Bureau of the Ministry of Railways (the predecessor of China Railway 19th Bureau Group Company Limited) since August 1998. He served as the deputy head, vice chairman, general manager and deputy secretary to the communist party committee of China Railway 19th Bureau Group Company Limited from December 1999 to January 2005. He served as the chairman and deputy secretary to the communist party committee of China Railway 16th Bureau Group Company Limited from January 2005 to July 2008. He served as the vice chairman (in charge of the work of the board of directors) and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from July 2008 to December 2008. He served as the chairman and deputy secretary to communist party committee of China Railway 16th Bureau Group Company Limited from December 2008 to April 2009. He has been serving as the vice president of the Company since April 2009. Since December 2017, he serves as an executive director of fourth session of the Board and a member of the standing committee of the communist party committee of the Company as well as a member of the standing committee of the communist party committee of China Railway Construction Co., Ltd. Mr. LIU graduated from Southwest Jiaotong University with a master's degree in Management Science and Engineering and is a professorate senior engineer.

Mr. GE Fuxing, aged 63, a Chinese with no right of abode overseas, was graduated from the Party School of the Central Committee of CPC and was a non-executive director of the Company during the Reporting Period (On 17 February 2020, Mr. GE Fuxing ceased to be a non-executive director of the Company due to his age). Mr. GE once served as the deputy director of the Division of Cadres of the Political Department of Beijing PAP Corps, and the head of Division of Personnel II and III, assistant government affairs commissioner, inspector and deputy head, and head of the General Office of the State Council. Mr. GE is familiar with human resources management and macroeconomic policy and was a full-time external director of a central enterprise. He used to serve as an external director of Sinolight Corporation, as an external director of China International Intellectech Corporation and an external director of China Aerospace Science & Industry Corporation.

Mr. WANG Huacheng, aged 56, a Chinese with no right of abode overseas, holds a doctorate and is currently an independent non-executive director of the Company. He once served as the deputy director of the Department of Accounting, deputy dean of the School of Business of Renmin University of China and secretary-general of China National MPAcc Education Steering Committee. He is currently a professor and doctoral supervisor of the School of Business of Renmin University of China. He is familiar with financial management and served as an independent director of CAMCE and an external director of Sinotrans & CSC Holdings Co., Ltd. He is currently an independent director of Hua Xia Bank and BOE.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. Patrick SUN, aged 61, is a Hong Kong citizen with the right of abode in the European Union countries, and is currently an independent non-executive director of the Company. Mr. SUN acts as independent non-executive directors of Trinity Limited, Sihuan Pharmaceutical Holding Group Ltd. and Kunlun Energy Company Limited (all of them are listed in Hong Kong). Mr. SUN also serves as an independent non-executive director of CRRC Corporation Limited, which is listed in Shanghai and Hong Kong stock exchanges. He once acted as senior regional director and head of Hong Kong Investment Bank Business of JP Morgan Chase Hong Kong; executive director and head of Greater China Investment Bank Business of Fleming Holdings Limited, and an independent non-executive director of China Railway Signal & Communication Corporation. In addition, Mr. SUN was the chairman of Chamber of Commerce of Hong Kong-listed Company (during 2013–2015) and Honorary director-general of the chamber, a member of Takeovers and Mergers Panel and Takeovers Appeal Committee of The Securities and Futures Commission (SFC), Co-convenor of Listing Committee and member of Council of the Stock Exchange of Hong Kong Limited. Mr. SUN graduated from Wharton School, University of Pennsylvania in 1981, holding Bachelor of Science Degree in Economics. In 2000, he completed the Stanford Executive Program offered by Stanford Graduate School of Business. He is currently a senior member of The Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

Mr. CHENG Wen, aged 67, a Chinese with no right of abode overseas, holds a doctorate in management and is a researcher, is currently an independent nonexecutive director of the Company. He was once the assistant to the director and the deputy director of Institute No. 31 of the Third Academy under China Aerospace Industry Corporation (中國航天工業總公司三院31所), vice president of the Third Academy under China Aerospace Industry Corporation (中國航天工業總公司三院), vice president of the Third Academy under China Aerospace Electromechanical Group Corporation (中國航天機電集團公司三院), assistant to the general manager and deputy general manager and a member of the communist party committee of China Aerospace Electromechanical Group Corporation, and deputy general manager, a member of the communist party committee and deputy director of the science and technology committee of China Aerospace Science and Industry Corporation. He is currently an external director of China North Industries Group Corporation. He is familiar with business management, technological innovation and quality Management.

Ms. Amanda Xiao Qiang LU, aged 65, a Canadian with the right of abode in Hong Kong, received her PhD in economics in Canada, is currently an independent nonexecutive director of the Company. She was once a teacher in the University of International Business and Economics in the PRC and a staff in Corporate Banking of CIBC and Corporate Banking of the Royal Bank of Canada, respectively. She also worked as the vice president and a director of Investment Banking for Asia of BNP, the vice president and a director of Investment Banking for Asia of Merrill Lynch, a director of Corporate and Investment Banking for Asia of Citibank, and managing director and head of Corporate and Investment Banking for China and vice chairman of Corporate and Investment Banking for Greater China of Deutsche Bank, and Ms. LU successively worked as member the Asia-Pacific and Global Advisory Committee of British Standard Life, a director of the Asian board of directors of British Standard Life and an external director of the board of directors of China National Building Material Group Corporation. She is familiar with the domestic and overseas business acquisitions and financing, domestic and overseas listing rules, financial analysis, auditing, marketing and macroeconomics.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

2. Supervisors

Mr. CAO Xirui, aged 50, a Chinese with no right of abode overseas, currently serves as the chairman of the Supervisory Committee of the Company. Mr. CAO joined workforce in July 1993. He once served as a trainee of the planning operation division for Dual Line of Lanzhou-Xinjiang Railway of the 20th Bureau of the Ministry of Railways, an assistant accountant, accountant, senior accountant and deputy head of the finance department of China Railway Construction Corporation. He served as the deputy head of the finance department (in charge of work) of the Company since August 2010 and the head of the finance department of the Company from December 2010 to April 2018, and acted concurrently as executive director of CRCC Assets Management Co., Ltd. from March 2016 to November 2018. He served as the chairman of the Supervisory Committee of the Company since December 2017. Mr. CAO graduated from University of International Business and Economics with a major in international trade (master's degree of economics), is qualified as a senior accountant and elected as a member of the national training programme for leaders in the accounting profession.

Mr. LIU Zhengchang, aged 51, a Chinese with no right of abode overseas, currently serves as a supervisor, the chief auditor, general manager of the audit and supervision department of the Company. Mr. LIU joined workforce in July 1989. He once served as a trainee, a statistician, an accounting staff, head of the financial division, assistant accountant of the 1st department of the 19th Bureau of the Ministry of Railways, as well as chief accountant and section chief of the financial section of the 7th branch of the Company and chief accountant of the 5th department, the director of the audit department and the head of the finance department of China Railway 19th Bureau Group Co., Ltd., a member of the communist party committee, the deputy general manager and the chief accountant of China Railway 15th Bureau Group Co., Ltd. He has been serving as a member of the communist party committee, the deputy general manager and the chief accountant of China Railway 16th Bureau Group Co., Ltd. since January 2015 and the chief of the audit and supervision bureau of the Company since May 2016. He has been serving as a supervisor of the Supervisory Committee of the Company since December 2017. He has been serving as a supervisor, the chief auditor, chief of the audit and supervision bureau since January 2019 and the chief auditor, a supervisor, general manager of the audit and supervision department of the Company since December 2019. Mr. LIU graduated from Dongbei University of Finance and Economics with major in business administration, and obtained master's degree of Business Administration, is a senior accountant and elected as a member of the national training programme for leaders in the accounting profession.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. KANG Fuxiang, aged 51, a Chinese with no right of abode overseas, is currently an employee representative supervisor of the Company, and serves concurrently as the head of Organization Department of Party Committee and the general manager of the Human Resources Department of the Company. Mr. KANG joined workforce in July 1990, and served as the deputy head and head of Human Resources Department (Department of Cadres of Party Committee) of China Railway 14th Bureau Group Co., Ltd., a Class-A(1) file clerk, the director of Leading Cadres Department, the deputy head of Human Resources Department (Department of Cadres of Party Committee), and the deputy head of Organization Department of Party Committee (Department of Cadres of Party Committee) of China Railway Construction Corporation Limited. He has been serving as the head of Organization Department of Party Committee (Department of Cadres of Party Committee, Office of United Front of Party Committee) of the Company since June 2018, he has been acting as an employee representative supervisor of the supervisory committee of the Company since September 2018, as well as the head of Organization Department of Party Committee and the general manager of the Human Resources Department of the Company since July 2019. Mr. KANG graduated from Suzhou Railway Normal College, majoring in Chinese Language and Literature Education (bachelor's degree of Arts). He is a senior economist.

3. Senior management

For biographies of **Mr. ZHUANG Shangbiao**, please refer to "Directors".

Mr. WANG Xiuming, aged 56, a Chinese with no right of abode overseas, is currently the member of the standing committee of the communist party committee, the chief accountant, the general legal counsel and the chief compliance officer of the Company. He concurrently serves as the member of the standing committee of the communist party committee of China Railway Construction Group Co., Ltd. and the chairman of CRCC Finance Company Limited, the Chairman of CRCC Financial Leasing Co., Ltd. and the chairman of China Railway Construction Asset Management Co., Ltd. Mr. WANG has great expertise in finance and audit, and extensive experience in finance and audit management. From July 1986 to July 2000, Mr. WANG held various positions in the National Audit Office. From July 2000 to April 2002, Mr. WANG successively served as the deputy director of the Auditing Bureau of Tianjin City, a member of the communist party committee and the deputy commissioner of the Special Commissioner's Office for Beijing, Tianjin and Hebei of the National Audit Office. From April 2002 to March 2014, He successively served as the deputy director of the General Office, the director of the Policy Study Office, deputy head and head of the Legal Department (now renamed as "Department of Policies, Laws and Regulations"), the director of Audit Scientific and Research Institute, the curator of Audit Museum, as well as the commissioner and secretary to the communist party committee of Shenzhen Special Commissioner's Office of the National Audit Office. Mr. WANG has served as the member of the standing committee of the communist party committee of China Railway Construction Corporation since March 2014, the chief accountant of the Company since April 2014, the chairman of CRCC Finance Company Limited since July 2015, the chairman of CRCC Financial Leasing Co., Ltd. since July 2016, the chairman of China Railway Construction Asset Management Co., Ltd. since November 2018, the general legal counsel of the Company since May 2016, the member of the standing committee of the communist party committee of China Railway Construction Co., Ltd. since December 2017, and the chief compliance officer of the Company since July 2019. Mr. WANG graduated from the Finance Department of Anhui University of Finance & Economics (bachelor's degree of Economics), majoring in Finance. Mr. WANG is a professorate senior accountant.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LI Ning, aged 57, a Chinese with no right of abode overseas, is currently a member of the standing committee of the communist party committee and the vice president of the Company. He concurrently serves as a member of the standing committee of the communist party committee of China Railway Construction Group Co., Ltd., as well as the chairman of China Railway Construction International Investment Co., Ltd. Mr. LI has a deep insight of China's construction industry, great expertise in survey and design, investment and financing and extensive experience in operation management. From July 1982 to May 2007, he successively served as the deputy head of institute, assistant to the director, deputy director, director, the deputy chief economist and the head of the construction operation department and the deputy dean of Survey & Design Institute of the MOR (鐵道部第一勘察設計院) and China Railway First Survey & Design Institute Group Co, Ltd (FSDI) (中鐵第一勘察設計院集團有限公司). From May 2007 to March 2011, he successively served as a director, the general manager, the deputy secretary to the communist party committee, the chairman, the general manager and the deputy secretary to the communist party committee of China Railway 21th Bureau Group Co., Ltd. From March 2011 to June 2017, he successively served as a director, the secretary to the communist party committee, the general manager, the chairman and secretary to the communist party committee of China Railway Construction Investment Group Co., Ltd. He has served as a member of the standing committee of the communist party committee and the vice president of the Company since June 2017, and a member of the standing committee of the communist party committee of China Railway Construction Co., Ltd. since June 2017, as well as the chairman of China Railway Construction International Investment Co., Ltd. since March 2019. Mr. LI graduated from Beijing Jiaotong University with a doctoral degree in engineering, majoring in highway and railway engineering. Mr. LI is a professorate senior engineer.

Mr. WANG Wenzhong, aged 56, a Chinese with no right of abode overseas, is currently a member of the standing committee of the communist party committee and the vice president of the Company. He concurrently serves as a member of the standing committee of the communist party committee of China Railway Construction Group Co., Ltd. Mr. WANG has a deep insight of China's construction industry, great expertise and extensive experience in operation management. From July 1985 to April 1999, he successively held positions in Signal & Communication Engineering Company of the MOR (鐵道部通信信號公司), Construction Engineering Section of the Project Directing Department of the MOR (鐵道部工程指揮部建工處) and Beijing China Railway Construction Engineering Corporation (北京中鐵建築工程公司). He served as the deputy secretary to the communist party committee and manager of Beijing Tiecheng Engineering Co., Ltd. (北京鐵城工程公司) and the deputy manager of Beijing China Railway Construction Engineering Corporation (北京中鐵建築工程公司) from April 1999 to August 2001. From August 2001 to December 2003, he successively served as the vice chairman, the general manager, and deputy secretary to the communist party committee, the vice chairman and the general manager of Beijing China Railway Construction Ltd. (北京中鐵建設有限公司). From December 2003 to June 2017, he successively served as the deputy secretary to the communist party committee, the vice chairman, the general manager, the chairman and secretary to the communist party committee of China Railway Construction Group Ltd. (中鐵建設集團有限公司). He has served as a member of the standing committee of the communist party committee and the vice president of our Company since June 2017, and a member of the standing committee of the communist party committee of China Railway Construction Co., Ltd. since June 2017. Mr. WANG graduated from North Jiaotong University with a doctoral degree in management, majoring in management science and engineering. Mr. WANG is a professorate senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. LIU Chengjun, aged 56, a Chinese with no right of abode overseas, is currently a vice president of the Company. Mr. LIU served as a trainee, technician, assistant engineer, engineer, technical director of infrastructure project of the Third Survey & Design Group Co. Ltd. of the Ministry of Railway (鐵道部第三勘测設計院), project director and technical director of China Railway Construction Development Center of the Ministry of Railways (鐵道部中鐵建設開發中心), senior engineer (deputy department director level) of the Third Survey of Design Group Co., Ltd. of the Ministry of Railway, deputy head and head of Engineering Department of Neijiang-Kunming Railway Headquarters of China Railway Engineering Corporation (中國鐵路工程總公司), deputy head (presiding over work), head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Experts of China Railway Engineering Corporation, and head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Experts of China Railway Engineering Corporation, shareholders' representative, vice chairman of China Railway Eryuan Engineering Group Co., Ltd. (中鐵二院工程集團有限公司), head of Design Department, general manager of Design and Consultancy Branch, general secretary of Committee of Experts of China Railway Engineering Corporation, the chairman of Supervisory Committee of China Railway Construction Investment Group Co., Ltd. (中鐵南方投資公司), deputy chief engineer, head of Technology Design Department, general manager of Design and Consultancy Branch of China Railway Group Limited (中國中鐵股份有限公司), the Chairman of China Railway Southwest Science Research Institute Co., Ltd. (中鐵西北科學研究院有限公司), general secretary of Committee of Experts of China Railway Engineering Corporation, the chairman of supervisory committee of China Railway Construction South Investment Group Co., Ltd. (中鐵南方投資公司), the chairman of China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. (中鐵大橋院), and the chairman of Supervisory Committee of China Railway Group Limited. Mr. LIU served as vice president of the Company since June 2018. He graduated from Southwest Jiaotong University with a master's degree of engineering, majoring in Architectural and Civil Engineering, and is a professorate senior engineer.

Mr. WANG Lixin, aged 49, a Chinese with no right of abode overseas, is currently a vice president of the Company, and concurrently served as the commander of the Sichuan-Tibet Project Headquarters of the Company. He served as a trainee of Traffic Engineering Repair Institute, assistant engineer of Science and Technology Department, engineer, deputy general manager, manager of Bridge Construction Company, manager of Bridge Company of Railway Construction Research and Design Institute (鐵道建築研究設計院), deputy general economist of Railway Construction Research and Design Institute and manager of Road and Bridge Company, deputy general economist and president and deputy secretary of Party Committee of Harbin Branch, assistant to president and president, deputy secretary of Party Committee, vice president, director, president, deputy secretary of the Party Committee, chairman of the Board and secretary of the Party Committee of Northeast Branch (Northeast Survey and Design Institute) (東北勘察設計院) of China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司), the chairman, general manager and deputy secretary of Party Committee of China Railway 24th Bureau Group Co., Ltd. He served as vice president of the Company since June 2018 and concurrently served as the commander of the Sichuan-Tibet Project Headquarters of the Company since November 2018. Mr. WANG graduated from Southwest Jiaotong University with a bachelor's degree of Engineering, majoring in Bridge Engineering, and obtained a postgraduate degree in Economic Management of Party School of the Central Committee of C.P.C. He is a professorate senior engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

Mr. NI Zhen, aged 48, a Chinese with no right of abode overseas, is currently a vice president of the Company. He served as a trainee, assistant engineer, project manager of Shilihe Integrated Building Engineering of Equipment Installation Branch, director of Business Department and manager of Equipment Installation Branch of Beijing China Railway Construction Co., Ltd. (北京中鐵建築工程公司), deputy manager of Equipment Installation Company, deputy manager and acting manager of Marketing and Bidding Division I, manager of Equipment Installation Manager of Beijing China Railway Construction Company (北京中鐵建設公司), deputy general manager of China Railway Construction Group Co., Ltd., director, general manager and deputy secretary of Party Committee of China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司), the director, general manager and deputy secretary of Party Committee of China Railway Real Estate Group Corporation Co., Ltd. (中國鐵建房地產集團有限公司). He served as vice president of the Company since June 2018. Mr. NI graduated from Beijing University of Technology with a doctor's degree, majoring in Civil Engineering, and is a professorate senior engineer.

4. Secretary to the Board

Mr. ZHAO Dengshan, aged 58, a Chinese with no right of abode overseas, is currently the Secretary to the Board of the Company. He served as secretary of the Office of Construction Engineering Division, director of Section I Machinery Office, director of Mechanical Equipment Division of Engineering Headquarters of the Ministry of Railways, secretary, deputy director, and director of Party Committee Office of China Railway Construction Corporation (中國鐵道建築總公司), deputy director of President Office (director of the department), director of Party Committee Office, deputy general economist, secretary of Party Committee of Direct affiliated Departments of the Company. He served as the Secretary to the Board of the Company since May 2018. Mr. ZHAO graduated from China PLA Railway Corps Academy (中國人民解放軍鐵道兵學院), majoring in logistical commanding. He obtained a postgraduate degree in Economic Management of the Party School of the Central Committee of C.P.C through on-the-job program. He is a senior political engineer.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(II) Occupations in shareholder entities

Applicable Not Applicable

Name of the employee	Name of shareholder entities	Positions in shareholder entities	Initial date	End date
CHEN Fenjian	China Railway Construction Group Co., Ltd.	Chairman and secretary of the communist party committee	June 2018	
ZHUANG Shangbiao	China Railway Construction Group Co., Ltd.	General manager, director, deputy secretary of the communist party committee	December 2017	
CHEN Dayang	China Railway Construction Group Co., Ltd.	Employee representative director and deputy secretary of the communist party committee	November 2018	
LIU Ruchen	China Railway Construction Group Co., Ltd.	Member of the standing committee of the communist party committee	December 2017	
WANG Xiuming	China Railway Construction Group Co., Ltd.	Member of the standing committee of the communist party committee	December 2017	
LI Ning	China Railway Construction Group Co., Ltd.	Member of the standing committee of the communist party committee	June 2017	
WANG Wenzhong	China Railway Construction Group Co., Ltd.	Member of the standing committee of the communist party committee	June 2017	
Description on the position in shareholder entity		Nil		

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(III) Occupations in other entities

Applicable Not Applicable

Name of the employee	Name of other entities	Positions in other entities	Initial date	End date
GE Fuxing	China International Intellectech Corporation	External director	June 2017	January 2020
	China Aerospace Science & Industry Corporation	External director	September 2018	January 2020
WANG Huacheng	School of Business of Renmin University of China	Professor and doctoral supervisor	June 2001	
	Hua Xia Bank	Independent director	April 2014	
Patrick SUN	BOE	Independent director	July 2015	
	Trinity Limited	Independent non-executive director	October 2008	
CHENG Wen	Sihuan Pharmaceutical Holding Group Ltd.	Independent non-executive director	October 2010	
	CRRC Corporation Limited	Independent non-executive director	May 2015	
	Kunlun Energy Company Limited	Independent non-executive director	February 2016	
WANG Xiuming	China North Industries Group Corporation Limited	External director	September 2014	
	CRCC Finance Company Limited	Chairman	July 2015	
LI Ning	CRCC Financial Leasing Co., Ltd.	Chairman	July 2016	
	China Railway Construction Asset Management Co., Ltd.	Chairman	November 2018	
	China Railway Construction International Investment Co., Ltd.	Chairman	March 2019	
Description on position in other entities		Nil		

Section IX Directors, Supervisors, Senior Management and Staff (continued)

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not Applicable

Decision-making procedures for remuneration of directors, supervisors and senior management

1. Decision-making procedures for remuneration of directors and supervisors

Pursuant to the procedures and standards under the Measures for the Management of Remuneration of Directors and Supervisors of the Company passed and approved at the General Meeting, the Remuneration and Evaluation Committee proposed the annual remuneration standards for the directors and supervisors of the Company, which would be put forward for approval at the General Meeting upon consideration by the Board.

2. Decision-making procedures for remuneration of senior management

The Remuneration and Evaluation Committee proposed the annual remuneration results for senior management of the Company in accordance with the Measures for the Management of Remuneration of Senior Management of China Railway Construction Corporation Limited and the Board's assessment results on the annual performance of the senior management of the Company to determine the annual remuneration of the senior management, and submitted it to the Board for consideration before implementation.

Determination basis for remuneration of directors, supervisors and senior management

1. Determination basis for remuneration of directors

The determination basis for remuneration of directors of the Company shall be relevant provisions under the Measures for the Management of Remuneration of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Directors.

2. Determination basis for remuneration of Supervisors

The determination basis for remuneration of Supervisors of the Company shall be in compliance with relevant requirements under the Measures for the Management of Remuneration of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Supervisors.

Section IX Directors, Supervisors, Senior Management and Staff (continued)

3. Determination basis for remuneration of senior management

The determination basis for remuneration of senior management of the Company shall be in compliance with the Measures for the management of Remuneration of Senior Management of China Railway Construction Corporation Limited and the Board's assessment results on the annual performance for the senior management of the Company.

Particulars of remuneration paid for the remuneration of directors, supervisors and senior management

Please refer to "II. (I) The changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period" of this section for the details of the salary payable and actual salary from the Company and the company of the shareholder at the end of this Reporting Period for current and resigned directors, supervisors, and senior management during the Reporting Period.

Total of actual remuneration received by directors, supervisors and senior management at the end of this Reporting Period

RMB18.7039 million

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not Applicable

Name	Position held	Information on the change	Reason for change
CHEN Dayang	Executive director	Elected	Work demand

On 18 June 2019, as considered and approved at the 2018 Annual General Meeting of the Company, Mr. CHEN Dayang was appointed as the executive director of the Company; On 18 June 2019, as considered and approved at the 22nd meeting of the fourth session of the Board of the Company, Mr. CHEN Dayang was appointed as the member of Nomination Committee of the Board, for a term of office from the date of election to the expiry of the term of office of the fourth session of the Board.

V. PUNISHMENT IMPOSED BY SECURITIES REGULATORY DESCRIPTION IN RECENT THREE YEARS

Applicable Not Applicable

Section IX Directors, Supervisors, Senior Management and Staff (continued)

VI. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES

(I) Employees

Number of existing employees of the parent	286
Number of existing employees of major subsidiaries	293,598
Total number of existing employees	293,884
Number of the resigned and retired staff in the parent company and its major subsidiaries	0

Professional composition

Category of professionals	Number of employees
Construction operations	254,668
Survey, design and consultancy	21,031
Manufacturing	6,374
Material circulation	1,949
Real estate development	5,230
Finance, investment	4,085
Others	547
Total	293,884

Educational level

Category of educational level	Number (<i>person</i>)
Master degree or above	12,147
Bachelor Degree	157,200
College degree	62,079
Technical secondary school education	20,355
High school and below	42,103
Total	293,884

Section IX Directors, Supervisors, Senior Management and Staff (continued)

(II) Remuneration policy

Applicable Not Applicable

The Company implements a remuneration policy with remuneration budget management and links between remuneration and performance based on the principle of “the better performance, the higher remuneration”. The total salary is linked to the total profits and total profits per person. And remuneration of employees is determined based on efficiency of the enterprises and that of each individual.

The remuneration of the employees includes wages, performance bonus and allowance. The employees of the Company are also entitled to pension, medical, unemployment, work injury, maternity insurance and housing funds as well as other benefits.

(III) Training plan

Applicable Not Applicable

For the purpose of the employee training plan for 2020, the Company will be around the “Thirteenth Five-Year Plan” human resources plan, according to the principles of overall planning, highlighting priorities, layered management and hierarchical responsibility, to establish and improve the employee training system, strengthen the team work of internal training teachers, and actively promote online and offline combined training, further improve the pertinence and effectiveness of training; to highlight the training of key positions and high-level talents, focus on the training of new ideas, new business and new management methods, increase the training of professional talents, and continuously improve the professional quality of all employees, provide strong intellectual support and talent guarantee for developing “High-Quality CRCC”.

(IV) Labor outsourcing

Applicable Not Applicable

Total working hours on labor outsourcing	Approximately 6.238 billion working hours
Total payment for labor outsourcing	Approximately RMB171.307 billion

Section IX Directors, Supervisors, Senior Management and Staff (continued)

VII. OTHERS

Applicable Not Applicable

(I) Interests in the Company held by Directors, Supervisors and the Chief Executive

As at the end of the Reporting Period, none of the directors, supervisors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) (a) which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or (b) which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(II) Service Contracts of Directors and Supervisors

Each of the directors and supervisors had entered into a three-year service contract with the Company. None of the directors or supervisors had entered into a service contract with the Company which could not be terminated by the employer within one year without compensation (other than statutory compensation). Remuneration of directors and supervisors and details of the five persons with the highest remuneration are set out in Note XIII "3(ii) directors', supervisors' and key managements' remuneration" to the financial statements in this report. During the Reporting Period, none of the directors or supervisors of the Company waived or agreed to waive any remuneration.

(III) Directors and Supervisors or Related Entities Owned Transactions, Arrangements or Interests in Contracts

During the Reporting Period, neither the Company nor its subsidiaries had entered into any transactions, arrangements or contracts in which any director or supervisor had a material interest, whether directly or indirectly. None of the Company or its subsidiaries had provided any loan or quasi-loan to any directors or other members of senior management of the Company.

Section X Corporate Governance (Corporate Governance Report)

I. BASIC INFORMATION OF CORPORATE GOVERNANCE OF THE COMPANY

Applicable Not Applicable

During the Reporting Period, in strict compliance with laws and regulations such as the Company Law, the Securities Law and the Guidelines for Corporate Governance of Listed Companies issued by CSRC and the relevant provisions and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company constantly improved its corporate governance structure through strengthening strategic guidance, deepening reforms, enhancing internal control and risk management so as to maintain sustainable and healthy development and safeguarded the interests of all shareholders of the Company. There was no substantial difference between the actual situation of corporate governance structure of the Company and the provisions and requirements of relevant documents of CSRC. The Company also complied with the code provisions of the Corporate Governance Code issued by the Hong Kong Stock Exchange.

During the Reporting Period, the Company carried out the following work in terms of corporate governance:

1. Strengthening corporate governance for standardized operation. The General Meetings were held in strict accordance with the Articles of Association and the Rules of Procedure of General Meetings. We enabled the exercise of shareholders' rights according to laws and earnestly safeguarded the interests of shareholders. The Board and its special committees operated in strict compliance with the Articles of Association, the Rules of Procedure of the Board and detailed rules of special committees of the Board and made prudent decisions. The Supervisory Committee performed its duties earnestly in accordance with the Articles of Association and the Rules of Procedure of the Supervisory Committee in order to supervise the financial affairs, establishing internal control system and duty performance of directors and senior management. President and other senior management carried out activities in relation to production, operation and management in strict compliance with the Articles of Association and the Working Rules for the President and other provisions, and implemented the resolutions made by the Board under the supervision of the Supervisory Committee.
2. Improving the corporate governance system. In 2019, the Company amended the Articles of Association of China Railway Construction Corporation Limited, Measures for the Management of the Remuneration of Directors and Supervisors of China Railway Construction Corporation and of the Remuneration of Senior Management of China Railway Construction Corporation, including establishing the compliance committee, appointing the chief compliance officer in the Articles.
3. Enhancing management of information disclosure constantly. The Company disclosed information in a true, accurate, complete, timely and fair manner in strict compliance with the requirements of the listing rules of the stock exchanges where the Company's shares are listed and kept improving its information disclosure. In 2019, the Company adhered to the principle of combining compulsory information disclosure and voluntary information disclosure and continuously enhanced the pertinence and practicality of periodic reports, preparing and disclosing the annual report, interim report and quarterly reports with high quality. In the whole year, the Company published 503 documents in English and Chinese in total, including 182 documents on the Shanghai Stock Exchange, 195 Chinese documents and 126 English documents on the Hong Kong Stock Exchange.

Section X Corporate Governance (Corporate Governance Report) (continued)

4. Conducting solid and effective investor relationship management. In 2019, the Company arranged 88 meetings for investors and analysts and conference calls, and received 392 visitors. The Company actively participated in on-site communication activities organized by domestic and foreign investment institutions, participated in 47 meetings for investors and analysts, received 128 meetings with 716 investors, and participated in reverse roadshows with 6 meetings and 18 participants. In conjunction with the disclosure of regular reports, the Company held a total of 5 press conferences of financial results, 38 one-to-one and one-to-many meetings, and received 112 institutional investors. Through a variety of channels and methods, the Company maintained good communication with financial media, and the Company's investor relationship management has been highly recognized in the capital market, and its corporate image and social influence have been continuously enhanced.

During the Reporting Period, none of the directors, supervisors, senior management members, shareholders or ultimate controller of the Company was subject to any punishment or criticism by the CSRC or the Hong Kong Securities and Futures Commission or any public condemnation by the Shanghai Stock Exchange or the Hong Kong Stock Exchange.

The corporate governance has any discrepancies with the relevant requirements of the CSRC or not. If yes, please explain the reasons.

Applicable Not Applicable

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

(I) Compliance with laws and regulations that have material impact on the Company and the Corporate Governance Code

During the Reporting Period, the Company complied with the Company Law, the Securities Law, applicable Hong Kong laws and regulations and all provisions of the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The Company also conducted corporate governance practices and improved corporate governance structure in accordance with relevant requirements provided by regulatory authorities. In accordance with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules, the Company established its corporate governance system. The Articles of Association, the Terms of Reference of the Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee, the scope of authority of the Supervisory Committee, and the code of conduct for securities transactions by directors and relevant employees constitute the reference basis of the code of corporate governance of the Company. During the Reporting Period, the Company had complied with the code provisions in the Corporate Governance Code and adopted the recommended best practices if applicable.

Section X Corporate Governance (Corporate Governance Report) (continued)

(II) Risk Management and Internal Control of the Company

The Company formulated complete risk assessment specification. For strategic objective, operation objective, reporting objective, compliance objective and assets safety objective, the Company identified the respective scope of risk assessment, and carried out initial information collection and identification. For the identified risks, at the beginning of each year, the Company comprehensively used the quantitative and qualitative method to analyze and assess the possibility of the occurrence and degree of impact of risks, identify the importance level of risks according to risk analysis result so as to identify major risks of the Company, and identify the order of precedence for risk management. Upon completion of the risk analysis and assessment, the Company identified the solutions for major risks, and implemented the detailed plans. During the implementation process, the management of the Company carried out dynamic management on major risks, regularly or irregularly analyzed all kinds of internal and external uncertainties, and took corresponding measures to strengthen control. The Board is responsible for the effectiveness of overall internal control and risk management. The Audit and Risk Management Committee exercised, on behalf of the Board, the supervision and inspection function over the establishment of procedures and systems for the internal control and risk management of the Company as well as the formulation and implementation of major risk management strategy and control measures. The Audit and Risk Management Committee continued to monitor the risk management and internal control systems on behalf of the Board, and ensure to conduct a review on the effectiveness of the risk management and internal control systems of the Company and its subsidiaries at least once a year regarding all significant aspects of risk management and internal control, including financial control, operational control and compliance control. The Board, the Audit and Risk Management Committee and the Supervisory Committee, according to the applicable rules at home and aboard, checked if the Company's operation, financial and accounting policies are in compliance with the laws and regulations, meanwhile coordinate with the management, internal and external auditors to jointly review the adequacy and effectiveness of internal control and risk management of the Company by annual internal control audit, self-assessment and other works. They paid close attention to the major defects and corrective actions, so as to ensure that it can make a full play in internal control and risk management of the Company. To practically fulfill the abovementioned responsibilities, the Board has not only identified the guidelines of "risk management oriented and internal control based", but also realized the integration and effective operation of internal control and risk management system of the Company. By establishing the organization structure of reasonable work allocation, clear definition of responsibilities and clear reporting relationships, the Company stipulated the responsibilities and obligations of internal control and risk management decision-making body, management body, execution body and supervision body, to ensure the responsibilities, authorities and the interrelation of internal control and risk management of the Company are communicated. The Board acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. During the Reporting Period, the Board has complied with the code provisions of risk management and internal control specified in the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules. The Audit and Risk Management Committee of the Board has completed the review of the internal control and risk management systems for the Company and its subsidiaries regarding all significant aspects, including financial control, operational control and compliance control. The Board confirms that such systems are sound and effective.

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Procedures and Internal Control Measures for the Handling and Dissemination of Inside Information

The Company formulated the Management Rules for Insiders and the Management System for Information Disclosure Deferral and Exemption, which set out the detailed rules for the handling, dissemination and internal control of inside information. In 2019, the Company strictly implemented the abovementioned policies, further strengthened the identification and evaluation work for inside information and narrowed down the scope of insiders as limited as possible. Besides, before the disclosure of inside information in accordance with law, the Company conducted strict registration for and management over the insiders. In case of major events which require deferral or exemption of disclosure, in addition to the registration of the insiders involved in the events, the Company also required the relevant insiders to sign the liability notification, so as to ensure the relevant insiders to fulfill their confidentiality obligation, and effectively prevent the leak of the information which is deferred or exempted from disclosure.

III. BRIEF INTRODUCTION OF GENERAL MEETINGS

The General Meeting is the Company's highest authority, through which the shareholders exercise their rights. The Company ensures that all shareholders enjoy equal status, and that the rights of all shareholders are safeguarded. During the Reporting Period, the Company held one annual General Meeting and one extraordinary General Meeting.

Session of the meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
2018 Annual General Meeting	18 June 2019	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	19 June 2019
2019 First Extraordinary General Meeting	18 December 2019	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	19 December 2019

Explanation for General Meeting

Applicable Not Applicable

Section X Corporate Governance (Corporate Governance Report) (continued)

IV. SHAREHOLDER RIGHTS

(I) Shareholder(s) to call an extraordinary General Meeting

According to the provisions of the Articles of Association, a shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to make a request to the Board in writing to convene an extraordinary General Meeting. The Board shall, in accordance with laws and the provisions of the Articles of Association, give a written response on whether or not it agrees to convene such a meeting within 10 days after receipt of the request. If the Board agrees to convene an extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after it has so resolved. The consent of the relevant shareholder(s) shall be obtained if any change is to be made in the notice to the original request. If the Board does not agree to convene such meeting, or fails to give a response within 10 days after receipt of the request, a shareholder alone or shareholders together holding at least 10 percent of the Company's shares shall have the right to propose to the Supervisory Committee in writing to convene the extraordinary General Meeting. If the Supervisory Committee agrees to call the extraordinary General Meeting, it shall issue a notice convening such meeting within 5 days after receipt of the request. The consent of the relevant shareholder(s) shall be obtained if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice convening the General Meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over such meeting, and a shareholder alone or shareholders together having held at least 10 percent of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

Contact details of the Company:

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Investor relations hotline	010-52688600
Fax	010-52688302
E-mail address	ir@crcc.cn

(II) Procedures for shareholders to make requests to the Board and the Company to provide sufficient contact information for the proper handling of the requests

According to the provisions of the Articles of Association, if a shareholder asks to review or request for relevant information in accordance with the Articles of Association, he or she shall submit to the Company written documents evidencing the class and number of shares he or she holds. The Company shall provide the requested information to the shareholder after authenticating his or her identity and receiving the related fees.

The Company disclosed the details of the Company's address, investor relations hotline number, fax number and email address on the Company website and its periodic reports. Specialists are assigned to answer the calls and handle the mails from investors, and to report timely to the Company's management.

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Procedures for shareholders to submit proposals to General Meetings and the Company to provide sufficient contact information

In accordance to the Rules of Procedure of General Meetings, a shareholder alone or shareholders together holding at least 3 percent of the shares of the Company may submit new proposal(s) in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the General Meeting and make a public announcement of the contents of such new proposals within two days after receipt of the proposals, and submit such new proposal(s) to the General Meeting for consideration. Such new proposal(s) should carry specific subjects and matters to be resolved that fall within the scope of the terms of reference of the General Meetings.

The notice of the General Meeting shall include the following contact information: the date, place and duration of the meeting, the time and place for serving the form of proxy appointed for voting at the meeting, the record date for the shareholders who are entitled to attend the meeting, the name and contact information of the contact person for the meeting. For the detailed contact information of the Company, please refer to “IV. (I) Shareholder(s) to call an extraordinary General Meeting” in this section.

V. THE BOARD OF DIRECTORS

(I) Overview of the Board

The Board is a permanent body of the Company for making business decisions, and shall be accountable to the General Meeting. The Board consists of nine directors, with one chairman, and at least one third of them are independent non-executive directors.

At the beginning of the Reporting Period, the fourth session of the Board comprised eight members, including Mr. CHEN Fenjian, Mr. ZHUANG Shangbiao, and Mr. LIU Ruchen as executive directors, Mr. GE Fuxing as non-executive director, and Mr. WANG Huacheng, Mr. Patrick Sun, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU as independent non-executive directors. Mr. CHEN Fenjian served as the chairman, and Mr. ZHUANG Shangbiao acted as the president.

On 18 June 2019, the shareholders of the Company reviewed and approved in the 2018 annual General Meeting that Mr. CHEN Dayang was selected as executive director of the Company. His term would commence from the date of election to the date of the expiry of the term of the 4th session of the Board.

By the end of the Reporting Period, the fourth session of the Board comprised nine members, including Mr. CHEN Fenjian, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang and Mr. LIU Ruchen as executive directors, Mr. GE Fuxing as non-executive director, and Mr. WANG Huacheng, Mr. Patrick Sun, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU as independent non-executive directors. Mr. CHEN Fenjian served as the chairman, and Mr. ZHUANG Shangbiao acted as the president.

Save for their services to the Company, there is no financial, commercial and familial connection among the members of the Board, nor any other material relationship among them.

Save for their respective service contracts entered into with the Company, no directors are materially interested, either directly or indirectly, in the contracts of significance entered into by the Company or any of its subsidiaries during the Reporting Period.

During the Reporting Period, the Board held 18 meetings.

Section X Corporate Governance (Corporate Governance Report) (continued)

(II) The Board and the management

The roles of chairman and president of the Company are exercised by different individuals. The Board and the management carry out their respective duties with synergetic efficiency and in strict compliance with the division of work as specified in the Articles of Association, the Rules of Procedure of the Board of Directors, the Working Rules of the President and other relevant laws and regulations.

1. The Board

The Board shall exercise the following functions and duties: to convene the General Meetings and report on its work thereat, and to carry out the resolutions passed at the General Meetings; to decide on the operation plans and annual business objectives of the Company; to decide on the Company's annual financing plans and its annual guarantee plans for subsidiaries, to review and approve investment in third parties (including entrust financing, entrust loans, etc.) with authorization of the General Meeting according to the provisions of the laws and the Articles of Association; to review and approve the Company's connected/related-party transactions according to the provisions of laws, the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association; to authorize the President of the Company to decide on investment and financing plans, connected transactions and annual guarantee plans for subsidiaries within certain limit; to formulate the Company's annual financial budgets, final accounts, and decide on the Company's donation and sponsorship plans; to formulate the profit distribution plans and plans for making up losses of the Company; to formulate the plans for increasing or reducing the Company's registered capital and issuance of bonds and other securities as well as its listing plan; to draft plans for major acquisitions of the Company and buyback of the Company's own shares or plans for the merger, division, dissolution or changes in the corporate forms of the Company; to formulate amendments to these Articles of Association; to appoint or dismiss the Company's president and Secretary to the Board; to appoint or dismiss the Company's senior management members such as the vice president(s), chief accountant, chief engineer and chief economist of the Company in accordance with the nominations by the president, and decide on matters relating to their remuneration, rewards and punishments; to determine the setting up of internal management institutes and the establishment and cancellation of branches of the Company; to formulate the basic management systems of the Company; to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans; to decide on the Company's risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems; to manage the information disclosure of the Company; to propose at General Meetings the appointment or change of the accounting firm(s) as the Company's auditors; to listen to the work reports of the president of the Company and inspect his/her work, and to supervise inspection of the execution of the resolutions of the Board; and other functions and powers provided for in laws, the listing rules of the stock exchange at the place where the shares of the Company are listed and the Articles of Association.

Section X Corporate Governance (Corporate Governance Report) (continued)

The Nomination Committee, the Strategy and Investment Committee, the Remuneration and Evaluation Committee, and the Audit and Risk Management Committee were established under the Board. Each of the special committees has their terms of reference and shall be accountable to the Board. Under the unified leadership of the Board, the special committees shall provide recommendations, opinions and advice for the decisions to be made by the Board. The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.

During the Reporting Period, to improve the scientific decision-making and enhance the standardized and effective operation, the Board actively widened the information communication channels, carried out special survey activities, strengthened the communication with the management, and paid attention to major issues in a timely manner.

During the Reporting Period, all members of the Board diligently fulfilled their duties and carried out their work in accordance with the Articles of Association, the Rules of Procedure of the Board of Directors and terms of reference for each special committee. On 18 June 2019 after the conclusion of the 22nd meeting of the fourth session of the Board of the Company, Mr. CHEN Fenjian, chairman of the Company, and independent non-executive directors, held a meeting without the attendance of other directors according to the requirements of the Corporate Governance Code of the Hong Kong Stock Exchange.

2. The management

The daily production and operation of the Company is carried out under the president accountability system. The Company shall have one president, multiple vice presidents and a chief accountant. The vice presidents and the chief accountant are responsible for assisting the work of the president and serve together with the president as senior management members of the Company.

The president shall be accountable to the Board and exercise the following functions and powers: to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board; to arrange for the implementation of the Company's annual business plans and investment plans; as authorized by the Board, to decide on the Company's annual investment and financing plans and its annual guarantee plans for subordinate units; to propose the Company's financial budgets and final accountants, and the Company's donation and sponsorship plans; to propose the profit distribution plans and plans for making up losses of the Company; to propose the Company's annual financing plans and its annual guarantee plans for subordinate units; to propose plans for the issuance of corporate bonds; to propose the Company's allocation plans of employees' income; to propose the corporate culture development plans; to propose the basic management systems of the Company; to formulate the basic rules and regulations of the Company; to request the Board to engage or dismiss the Company's vice presidents and chief accountant; to propose, upon engaging the vice presidents and the chief accountant, the plans relating to their remuneration, rewards and punishments; to engage or dismiss management personnel other than those to be engaged or dismissed by the Board; and other functions and powers granted by the Board.

At the request of the Board, the president timely reported on important information related to the Company's operating results, major transactions and material contracts, financial condition and business prospects and regularly reported to the Board on his work, and ensured the truthfulness, objectivity and completeness of contents of such reports.

Section X Corporate Governance (Corporate Governance Report) (continued)

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' attendance at the Board meetings and General Meetings

Name of directors	Independent director or not	Required attendance for the year	Attendance at the Board meetings				Two consecutive absences from the Board meeting	Attendance at the General Meetings		
			Attendance in person	Attendance by communication	Attendance by proxy	Absence		Attendance	Number of attendance	Attendance
CHEN Fenjian	No	18	5	11	2	0	No	88.9%	2	100%
ZHUANG Shangbiao	No	18	5	11	2	0	No	88.9%	1	50%
CHEN Dayang	No	11	3	7	1	0	No	90.9%	1	100%
LIU Ruchen	No	18	2	11	5	0	Yes	72.2%	2	100%
GE Fuxing	No	18	6	11	1	0	No	94.4%	2	100%
WANG Huacheng	Yes	18	7	11	0	0	No	100%	2	100%
Patrick SUN	Yes	18	6	11	1	0	No	94.4%	1	50%
CHENG Wen	Yes	18	7	11	0	0	No	100%	2	100%
Amanda Xiao Qiang LU	Yes	18	5	11	2	0	No	88.9%	1	50%

Notes on the two consecutive absences from the Board meeting

Applicable Not Applicable

Mr. LIU Ruchen failed to attend the 18th meeting and the 19th meeting of the fourth session of the Board due to business arrangement and entrusted other directors to attend and vote on his behalf, respectively.

Explanation of the non-independent directors' absence at the General Meeting

Mr. Patrick SUN failed to attend the 2019 1st extraordinary General Meeting of the Company due to business arrangement.

Amanda Xiao Qiang LU failed to attend the 2018 annual General Meeting of the Company due to business arrangement.

Number of the Board meetings within the year	18
Among which: Number of meetings held on site	7
Number of meetings held by communication	11
Number of meetings held on site in combination with communication	0

(II) Independent Directors' objection to any matters related to the Company

Applicable Not Applicable

Section X Corporate Governance (Corporate Governance Report) (continued)

(III) Others

Applicable Not Applicable

1. Training of directors

Mr. CHEN Fenjian attended CRCC's overseas legal compliance risk training on 19 August 2019.

Mr. ZHUANG Shangbiao participated in CRCC's overseas legal compliance risk training on 19 August 2019; attended CRCC's compliance system release and compliance training conference on 15 November 2019.

Mr. CHEN Dayang attended CRCC's overseas legal compliance risk training on 19 August 2019; attended training course (second session) for central enterprises to improve ability of Party building from 10 October to 6 November 2019; attended CRCC's compliance system release and compliance training conference on 15 November 2019.

Mr. LIU Ruchen attended training on corporate regulations and articles of association from 22 to 25 April 2019.

Mr. GE Fuxing attended the SASAC training course for external directors of central enterprises from 22 to 24 January 2019; and attended the SASAC training course for external directors of central enterprises (second session) from 23 to 25 July 2019; and attended the 2019 special training course for directors and supervisors of listed companies on 26 July 2019.

Mr. WANG Huacheng attended the symposium on financial innovation and development under the background of digital economy on 23 March 2019, the symposium on accounting innovation and reshaping under the new round of industrial revolution on 19 July 2019 and attended the Management Forum of Fudan University on 21 October 2019.

Mr. Patrick SUN attended the internet training for director on "role-play of independent non-executive director in the corporate governance" on 9 January 2019; and attended training course for internet security on 29 May 2019; and attended the 2nd session of follow-up training course for independent directors of listed companies for the year of 2019 from 7 to 9 May 2019.

Mr. CHENG Wen attended the SASAC training course for external directors of central enterprises (first session) from 22 to 24 January 2019; and attended the SASAC training course for external directors of central enterprises (second session) from 23 to 25 July 2019.

Ms. Amanda Xiao Qiang LU attended the SASAC training course for external directors of central enterprises (first session) from 22 to 24 January 2019; and attended the SASAC training course for external directors of central enterprises (second session) from 23 to 25 July 2019.

Section X Corporate Governance (Corporate Governance Report) (continued)

2. Performance of the duties of corporate governance by the Board

In compliance with the regulatory requirements of the place where the shares of the Company are listed, the Board strictly complied with Article 6 of the Rules of Procedure of the Board of Directors to execute its responsibilities on corporate governance, including but not limited to:

Develop and review the Company's policies and practices on corporate governance.

Review and monitor the training and continuous professional development of directors and senior management. The Board actively arranged directors and senior management to participate in training related to their duties, and communicated with directors and senior management personnel on the updates and changes of regulatory laws and regulations in a timely manner, so that the directors and senior management personnel could sustainably develop their professional competence and improve their capabilities of performance of duties.

Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Board paid close attention to the compliance of the Company's operations and established and refined the general legal consultation system. With the establishment of the legal and compliance department and engagement of law firms, the Company was able to comply with the requirements of laws and regulatory regulations.

Review the Company's compliance with the relevant corporate governance requirements of the listing rules of the stock exchanges where the shares of the Company are listed and the disclosure in the Corporate Governance Report. The Board required the Company to strictly comply with the relevant corporate governance requirements of the listing rules of the stock exchanges where the shares of the Company are listed, and disclose information related to corporate governance in a timely manner.

3. The independence of independent non-executive directors

The Company has appointed sufficient number of independent non-executive directors with relevant professional qualifications including expertise in accounting or financial management according to the regulations of CSRC, the Shanghai Stock Exchange and the requirements of the Hong Kong Listing Rules. The Company has received the annual confirmation issued by all independent non-executive directors to acknowledge their respective independence. After due inquiry, the Board is of the view that each of the four independent non-executive directors of the Company maintains the independence as required by Rule 3.13 of the Hong Kong Listing Rules. They have backgrounds in accounting, finance and corporate management and have abundant professional experience, respectively. They have diligently and earnestly performed their duties, provided professional advice for the Company's steady operation and sustainable development, and carried out monitoring and coordination activities to safeguard the interests of the Company and the shareholders.

Section X Corporate Governance (Corporate Governance Report) (continued)

VII. CHAIRMAN AND PRESIDENT

(I) Chairman of the Board

Mr. CHEN Fenjian serves as the chairman of the Company. The chairman shall carry out work according to the requirements specified by the corporate governance systems such as the Articles of Association and the Rules of Procedure of the Board of Directors. The chairman is the legal representative of the Company, mainly responsible for convening and presiding over the Board meeting, inspecting the implementation of the resolutions of the Board, attending the annual General Meeting, arranging the chairmen of special committees of the Board to attend the annual General Meetings and answer shareholders' questions, signing documents relating to issuance of securities issued and other important documents, and exercising other functions and powers authorized by the Board. The chairman is responsible to the Board and reports his work to the Board.

(II) President

Mr. ZHUANG Shangbiao serves as the president of the Company, who is responsible for the daily operation of the Company, mainly including presiding over the production and operation management of the Company, implementing strategies and policies approved by the Board, as well as business plans and investment plans of the Company, drafting internal management structure and basic management system of the Company, formulating basic rules and regulations of the Company, proposing to the Board to appoint or dismiss senior management members and exercising other functions and powers authorized by the Articles of Association and the Board. The president takes responsibility to the Board for the operating conditions of the Company and reports his work to the Board on a regular basis.

VIII. IMPORTANT OPINIONS AND SUGGESTIONS PROPOSED BY SPECIAL COMMITTEES OF THE BOARD UPON PERFORMANCE OF DUTIES DURING THE REPORTING PERIOD AND DISCLOSURE THE PARTICULARS WITH OBJECTIONS RAISED

Applicable Not Applicable

(I) Nomination Committee

During the Reporting Period, before 18 June 2019, the Nomination Committee of the fourth session of the Board consisted of Mr. CHEN Fenjian (chairman), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors) with Mr. CHEN Fenjian serving as the chairman. On 18 June 2019, the shareholders of the Company reviewed and approved in the 2018 annual General Meeting, that Mr. CHEN Dayang was selected as executive director of the Company. On the same day, the Board in the 22nd meeting of the 4th session of the Board approved that Mr. CHEN Dayang was appointed as a member of Nomination Committee. His term would commence from the date of election to the date of the expiry of the term of the 4th session of the Board. After 18 June 2019, the Nomination Committee of the fourth session of the Board consisted of Mr. CHEN Fenjian (chairman), Mr. CHEN Dayang (executive director), Mr. WANG Huacheng, Mr. Patrick SUN and Mr. CHENG Wen (independent non-executive directors) with Mr. CHEN Fenjian serving as the chairman.

Section X Corporate Governance (Corporate Governance Report) (continued)

The main duties of the Nomination Committee include regulating the selection standards and procedures of the directors, president and other senior management of the Company, implementing and reviewing the policy on Board diversity, etc.

The main duties and responsibilities of the Nomination Committee include the director nomination policy, which (as set out below) specifies major standards and principles on the nomination of directors of the Company and the measures to be adopted by the Nomination Committee for the implementation of such policy: 1. to examine the structure, number of members and composition (including professional skills, knowledge and expertise related aspects) of the Board at least once a year and provide recommendations to the Board on any changes proposed to complement the Company's strategies; 2. Considered the criteria and procedures for the selection of directors, and provide recommendations thereon to the Board; 3. to widely seek for candidates that have the appropriate qualifications to serve as directors; 4. to examine candidates for director and provide recommendations; 5. to evaluate the independence of the independent non-executive directors; 6. to provide recommendations to the Board on matters relevant to the plans for the appointment or reappointment of directors and the plans for succession to the positions of directors; 7. to report to the Board its decisions or recommendations, except those which cannot be reported according to the laws or regulatory restrictions; and 8. when reviewing the scale and composition of the Board and searching for and proposing the candidates for the directors, the Nomination Committee will consider the diversity of the Board from various aspects based on the business mode and specific needs, including but not limited to the gender, age, education background or professional experience. During the Reporting Period, the Nomination Committee strictly followed the above nomination policy.

Pursuant to the policy on Board diversity, when reviewing the scale and composition of the Board and searching for and proposing the candidates for the directors, the Nomination Committee will consider the diversity of the Board from various aspects based on the business mode and specific needs, including but not limited to the gender, age, education background or professional experience.

During the Reporting Period, no meeting was held by the Nomination Committee. The Nomination Committee performed its duties conscientiously pursuant to the requirements of the Company Law, the Articles of Association, Terms of Reference of the Nomination Committee and relevant laws and regulations and reviewed the structure, number of members and the composition (including skills, knowledge and experience) of the Board.

(II) Strategy and Investment Committee

During the Reporting Period, the Strategy and Investment Committee of the fourth session of the Board consisted of Mr. ZHUANG Shangbiao (executive director), Mr. LIU Ruchen (executive director), Mr. GE Fuxing (non-executive director), Mr. WANG Huacheng and Mr. Patrick SUN (independent non-executive directors) with Mr. ZHUANG Shangbiao serving as the chairman.

Section X Corporate Governance (Corporate Governance Report) (continued)

The main duties of the Strategy and Investment Committee are to study and make recommendations for the development strategies and plans, significant investment decisions of the Company, etc. During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference for the Strategy and Investment Committee and other relevant laws and regulations, the Strategy and Investment Committee earnestly performed its duties, assessed the development strategies of the Company and studied and proposed suggestions to significant investments and financings, significant capital operations, capital operation programs and plans on adjustment to organizational structure. The Strategy and Investment Committee held a total of 18 meetings. The attendance of all members at the meetings is as follows:

Directors	Required attendance	Attendance in person	Attendance by proxy	Absence
ZHUANG Shangbiao	18	16	2	0
LIU Ruchen	18	15	3	0
GE Fuxing	18	18	0	0
WANG Huacheng	18	18	0	0
Patrick SUN	18	17	1	0

(III) Remuneration and Evaluation Committee

During the Reporting Period, the Remuneration and Evaluation Committee of the fourth session of the Board consisted of Mr. CHENG Wen (independent non-executive director), Mr. GE Fuxing (non-executive director) and Ms. Amanda Xiao Qiang LU (independent nonexecutive director), with Mr. CHENG Wen serving as the chairman.

The main duties of the Remuneration and Evaluation Committee are to formulate and examine the remuneration policies and plans for the directors and senior management members of the Company; to study the evaluation criteria for directors and senior management members of the Company, and to carry out evaluation and make recommendations.

The Company has adopted the mode in which the Remuneration and Evaluation Committee makes recommendations on the remuneration for executive directors and senior management members to the Board. During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association, the Terms of Reference for the Remuneration and Evaluation Committee and other relevant laws and regulations, the Remuneration and Evaluation Committee earnestly performed their duties, formulated the remuneration management method and remuneration plans for the directors, the chairman of the Supervisory Committee and senior management members of the Company and proposed suggestions on their particular remuneration to the Board. The Remuneration and Evaluation Committee held a total of 3 meetings. The attendance of all members at the meetings is as follows:

Directors	Required attendance	Attendance in person	Attendance by proxy	Absence
CHENG Wen	3	3	0	0
GE Fuxing	3	3	0	0
Amanda Xiao Qiang LU	3	2	1	0

Section X Corporate Governance (Corporate Governance Report) (continued)

(IV) Audit and Risk Management Committee

During the Reporting Period, the Audit and Risk Management Committee of the fourth session of the Board consisted of Mr. WANG Huacheng (independent non-executive director), Mr. GE Fuxing (non-executive director), Mr. Patrick SUN, Mr. CHENG Wen and Ms. Amanda Xiao Qiang LU (independent non-executive directors), with Mr. WANG Huacheng serving as the chairman.

The Audit and Risk Management Committee is mainly responsible for making recommendations on the appointment and change of the external auditors of the Company; the supervision of the internal audit system of the Company; the coordination, supervision and inspection of internal and external audits of the Company; the review of financial information and disclosure thereof; the inspection of internal control systems; the formulation of the Company's risk management strategies and solutions, and the risk control, management, supervision and review of major decision-makings, major events and important business procedures.

During the Reporting Period, in accordance with the requirements of the Company Law, the Articles of Association and the Terms of Reference for the Audit and Risk Management Committee and other relevant laws and regulations, the Audit and Risk Management Committee earnestly performed their duties, jointly reviewed the financial and accounting policies, the internal control system and relevant financial matters of the Company, expressed opinions on the appointment of external auditors and listened to the reports of external auditors on the audit and review of the 2018 annual report and the 2019 interim report to ensure the completeness, fairness and accuracy of the financial statements, reports and other relevant data, and established and improved a complete and effective internal control system. The Audit and Risk Management Committee held a total of 7 meetings. The attendance of all members at the meetings is as follows:

Directors	Required attendance	Attendance in person	Attendance by proxy	Absence
WANG Huacheng	7	7	0	0
GE Fuxing	7	7	0	0
Patrick SUN	7	6	1	0
CHENG Wen	7	7	0	0
Amanda Xiao Qiang LU	7	5	2	0

Section X Corporate Governance (Corporate Governance Report) (continued)

IX. EXPLANATION ON THE SUPERVISORY COMMITTEE FINDING RISKS IN THE COMPANY

Applicable Not Applicable

X. EXPLANATION ON THE COMPANY'S INCAPABILITY TO MAINTAIN INDEPENDENCE AND INDEPENDENT OPERATING ABILITY IN ASPECTS OF BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS AND FINANCE RELATIVE TO THE CONTROLLING SHAREHOLDER

Applicable Not Applicable

Measures, progress and follow-up plans of the Company to tackle with intra-industry competition

Applicable Not Applicable

The Company is strictly independent from the controlling shareholder in respect of business, employees, assets, organization and finance and there is no such case under which the Company and its controlling shareholders are not able to ensure their respective independence and maintain their capacity of independent operation.

On 4 December 2015, the Proposal in Relation to the Appointment of President of China Railway Construction Corporation Limited was considered and approved at the 20th meeting of the third session of the Board and Mr. ZHUANG Shangbiao was appointed as the president of the Company. In April 2017, the Company received the Letter on the Approval of Exempting ZHUANG Shangbiao, the President of China Railway Construction Corporation Limited, from Restriction on Concurrent Positions (Shang Shi Bu Han [2017] No. 323) (《關於同意豁免中國鐵建股份有限公司總裁莊尚標兼職限制的函》(上市部函[2017]323號)) issued by the supervisory department of listed company of CSRC, pursuant to which Mr. ZHUANG Shangbiao was approved to be exempted from the restriction on holding concurrent positions in senior management. On 22 December 2017, the Company convened the 2017 second extraordinary General Meeting at which the re-election of members of the Board was conducted, and the first meeting of the 4th session of the Board at which Mr. ZHUANG Shangbiao was appointed as the president of the Company. The independent directors of the Company were of the view that: during the concurrent position period as the general manager of the controlling shareholder, ZHUANG Shangbiao, the president of the Company, strictly abided by the commitment of no intra-industry competition undertaken by China Railway Construction Corporation Limited, kept loyal, diligent and devoted, performed the duties of the president of the Company as first priority, focused on the promotion of operation, management, reform and development of the Company, dealt well with the relationship between the Company and the controlling shareholders, and effectively safeguarded the interests of the Company and the medium and small shareholders. Therefore, ZHUANG Shangbiao justified the confidence from the Board and shareholders of the Company. There were no activities that might impair the interests of the Company and the medium and small shareholders due to such concurrent position, which was in compliance with the independence requirements of staff of the listed company.

Section X Corporate Governance (Corporate Governance Report) (continued)

XI. THE ESTABLISHMENT AND IMPLEMENTATION OF THE EVALUATION MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

Applicable Not Applicable

In accordance with the provisions of the Company's performance method and remuneration management method for senior management members and according to the annual performance evaluation plans for senior management members of the Company considered and determined by the Board meeting, the Remuneration and Evaluation Committee implemented the evaluation for senior management members, of which the results were submitted to Board for consideration and approval and served as the main basis for the remuneration incentives for senior management members. The Remuneration and Evaluation Committee formulated the proposal on the remuneration of senior management members and materialized the annual performance remuneration for senior management members after submitting the proposal to the Board for consideration.

XII. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL DISCLOSED

Applicable Not Applicable

The Company adhered to the working guideline of "Achieving Risk Management through Internal Control"(以風險管理為導向, 以內部控制為手段), standardized the implementation of the basic criteria and supporting guidelines for enterprise internal control, kept on improving the enterprise internal control system, and strengthened the ability and level of risk prevention and control. In accordance with the requirements of the regulation of listed companies, and in light of the development of internal control evaluation, the Internal Control Evaluation Report of 2019 was prepared. For details, please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Description on significant defects of the internal control during the Reporting Period

Applicable Not Applicable

XIII. RELEVANT ISSUE ON AUDIT REPORT ON INTERNAL CONTROL

Applicable Not Applicable

Deloitte Touche Tohmatsu CPA LLP was appointed by the Company to audit the effectiveness of our internal control for the year ended 31 December 2019, and issued an internal audit report with an unqualified audit opinion. Deloitte Touche Tohmatsu CPA LLP was of the view that, the Company maintained an efficient internal control on financial reporting at all material aspects according to Basic Standards for Corporate Internal Control and relevant requirements.

For details of the "Audit Report on Internal Control of the Company", please refer to the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Auditors' Report on Internal Control disclosed: Yes

Section X Corporate Governance (Corporate Governance Report) (continued)

XIV. OTHERS

Applicable Not Applicable

(I) Securities Transactions of Directors, Supervisors and Relevant Employees

The Board has adopted the Model Code as the guidance for the securities transactions of directors, supervisors and relevant employees of the Company. After individual inquiry by the Company, all directors, supervisors and relevant employees (as defined in the Model Code) have confirmed that they have acted in compliance with the required standards set out in the guidance.

(II) Investor Relations

The Company implemented the spirit of the Circular on Further Strengthening the Management of Investor Relations of Listed Companies issued by Shanghai Stock Exchange and the Circular on Carrying out Centralized Publicity for Investor Protection issued by Beijing Securities Regulatory Bureau, and effectively commenced management on investor relations by strictly implementing the relevant provisions set forth in the Working Rules for Investor Relations of the Company.

The Company paid close attention to strengthening communication with investors, answering their questions timely through channels and means such as dedicated hotline and mail boxes for investor relations and the Shanghai Stock Exchange E-interactive Platform. In 2019, the Company arranged 88 face-to-face meetings and teleconferences with investors and analysts, receiving more than 392 visitors. The Company proactively participated in on-site communication activities held by domestic and overseas investment institutions, including 47 face-to-face meetings with investors and analysts and 128 investor receptions with 716 visitors received. To facilitate disclosure of annual and interim reports, the Company held 5 results presentations, and carried out 38 one-to-one and one-to-many meetings with 112 institutional investors received. In July, it participated in reverse road shows organized by 6 institutions including Harvest Money and ICBC-Credit Suisse Salary. And it held 6 investor meetings with 18 visitors received. Through various channels and means, the Company managed to improve investor relations management.

In strict compliance with the requirements of the listing rules of the listing places, the Company carried out information disclosure in a true, accurate, complete, timely and fair manner, and improved information disclosure by constantly enhancing the pertinence and effectiveness of the contents disclosed. In 2019, the Company disclosed 503 documents of various kinds in Chinese and English on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, of which 182 disclosed on Shanghai Stock Exchange and 195 documents in Chinese and 126 documents in English disclosed on Hong Kong Stock Exchange, enabling the investors to keep abreast of the latest tendency of the industry, the Company's production and operation conditions and its development prospects.

Section X Corporate Governance (Corporate Governance Report) (continued)

The Company won the title of “Outstanding Contribution Enterprise for the 70th Anniversary of the Founding of New China” at the 9th China Securities “Golden Bauhinia” Award; won three awards at the 7th Hong Kong Stock Top 100 Selection including the comprehensive “Top 100 of Strength”, “Top 50 Hong Kong Stock Connection” and “Top 10 in Turnover”; won the title of “Tianma Award `Best Investor Relations Board of Chinese Listed Companies” in the 10th China Listed Companies Investor Relations Selection; won two titles of “2019 Top 100 Chinese Listed Companies Integrity Enterprises” and “2019 Best Corporate Governance Board” at the 8th China Listed Companies Integrity Summit Forum; the Company won the “Most Social Responsibility” at the 3rd New Age Capital Forum; won the “Best Board Award” at the 14th “Golden Round Table” Forum of the Board of Directors of Chinese Listed Companies; at the 10th China Listed Companies and City Chamber of Commerce Investment Exchange Meeting, won the “Best Leading Listed Enterprise in Investment Value in China” “and” Top 100 Core Competitiveness of Listed Companies in China “Our Chairman, Mr. Chen Fenjian has been awarded the title of “Competent Entrepreneur and Meritorious Enterprise Entrepreneur”; at the 19th China Top 100 Listed Companies Summit Forum, the Company won the “China Top 100 Enterprise Award”, “China Star Enterprise Award”, “China Ethical Enterprise Award”, Chairman Chen Fenjian Won the “China Top 100 Outstanding Entrepreneur Award” and Zhao Dengshan’s Secretary of the Board won the “China Top 100 Outstanding Secretary Award”.

(III) Amendments to the Articles of Association during the Reporting Period

During the Reporting Period, according to the applicable laws and regulations of the places where the shares of the Company are listed and the actual situation of the Company, the Articles of Association were amended twice after the consideration and approval in the Board meetings and the General Meetings.

The first amendments: According to the Decision on Amending the Guidelines for the Articles of Listed Companies issued by the China Securities Regulatory Commission (Announcement issued by China Securities Regulatory Commission [2019] No. 10) and the 19th National Congress of the Communist Party of China relevant amendments to the Articles of Association, combined with the actual situation of the company, the relevant articles of the Articles of Association were amended and were reviewed and approved by the Company’s 2018 annual general meeting on 18 June 2019. The Articles of Association (amended) was published on the Shanghai Stock Exchange website (www.sse.com.cn), the Hong Kong Stock Exchange website (www.hkex.com.hk) and the Company’s website (www.crcc.cn) on 19 June 2019.

The second amendments: In order to further promote the construction of the rule of law and compliance management of the enterprise, and combined with the actual situation of the Company, the relevant provisions of the Articles of Association were revised and reviewed and approved by the Company’s first extraordinary general meeting in 2019 on 18 December 2019. The Articles of Association (amended) was published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the company’s website (www.crcc.cn) on 19 December 2019.

(IV) Remuneration of Auditors

For relevant information on the remuneration of auditors, please refer to “VII Appointment and removal of auditors” of “Section VI Significant Events” in this report.

Section X Corporate Governance (Corporate Governance Report) (continued)

(V) Company Secretary

During the Reporting Period, the secretary of the Board and the joint company secretary of the Company had respectively completed relevant professional training of not less than 15 hours.

(VI) Directors' Responsibilities Related to Financial Report (Disclosure Pursuant to the Requirements of the Hong Kong Listing Rules)

The Directors shall bear responsibility to supervise the preparation of financial reports. In terms of the annual financial statements for the year ended 31 December 2019, the Board of Directors has selected and used appropriate accounting policies to make prudent and reasonable judgments and estimates, in order to truly and fairly reflect the financial conditions, performance and cash flows of the Group during the financial year.

The statement of reporting responsibilities of the Company's auditors has been contained in the "Audit report" of "Section XIII Financial Reports" of the report.

(VII) Dividend Distribution Policy of the Company

For details, please refer to "I. Ordinary share stock profit distribution plan or reserve-to-equity" of "Section VI Significant Events" in the report.

Section XI Environmental, Social and Governance Report

I. ENVIRONMENTAL

(I) Emissions

CRCC strictly abided by the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations and controlled pollution from the source. It strengthened monitoring and management on dust, water quality and soil on the construction sites and surrounding areas in the course of construction and production, optimized construction plans and approaches, adopted advanced technologies and equipment and consistently reduced the generation and discharging of pollutants in the course of construction and production.

Emissions discharged by the Company in the course of construction and production were primarily carbon dioxide, and non-hazardous waste produced was construction waste. The Company dissolved and disposed waste at the designated waste disposal site and entrusted professional companies with qualifications to dispose them. It conducted harmless treatment, reduced the emission of waste and achieved the recycling of waste through crushing, sorting and recycling of waste. For example, during the construction of Shuangfu Expressway, China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司) introduced the "gravel separator", an environmental and energy-saving product. Waste concrete slurry is put into the gravel separator for cleaning and separating and sands and stones separated are delivered to the exits for sands and stones, respectively. The slurry spilled flew to the sedimentation pool and is pumped back after three-level sedimentation, which achieved the cleaning, separation and recycling of sandstones in the waste concrete and prevented the pollution of waste pollution.

Due to the nature of the industry, the Company seldom produced hazardous waste. Therefore, relevant key performance indicators were not applicable to the Company. Resources consumed in construction and production mainly included electricity, gasoline and diesel, which did not result in emission of oxynitride and oxysulfide. Therefore, relevant key performance indicators were not applicable to the Company. In 2019, the emission of carbon dioxide was 3.4284 million tons, and the discharge of construction waste was 30.2653 million tones.

(II) Use of resources

CRCC advocated work style and consumption model that are low-carbon and energy-saving and actively promoted and applied new technologies, new equipment, new materials and new approaches on energy saving and environmental protection to improve energy utilization efficiency and reduce energy consumption. The Company strengthened measures on water saving and controlled water consumption through the installment of water-saving equipment, the collection and use of surface and underground water in foundation pits and promoting water recycling to save water resources. For example, China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司) generated approximately 200 cubic meters of waste water every day in the construction of the tunnel between Liaoyang East Road Station and Lijixiazhuang Station in section 07 of Qingdao Metro Line 4. In order to reduce the pollution to the urban areas by the discharging of waste water, the Project Department established a sludge treatment system on the construction site. It turned sludge into clean water for recycling and achieved a sewage treatment ratio of 100%. It can recycle approximately 170 cubic meters of clean water every day, which prevented pollution to the city caused by direct discharging and saved huge water resources for the Project Department. The Company did not consume any package materials, therefore, relevant performance indicators were not applicable to the Company. In 2019, the total water consumption of the Company was 289.3217 million cubic meter.

Section XI Environmental, Social and Governance Report (continued)

The Company improved resource utilisation efficiency and reduced resource consumption by phasing out backward capacity and promoting technology upgrade. The Company vigorously advanced green office, developed various environmental measures to save energy, adopted LED energy-saving lights and strictly controlled the air-conditioning temperature in offices. In 2019, the total energy consumption of the Company was 5.3228 million tons of standard coal; comprehensive energy consumption per ten thousand of revenue (comparable) was 0.0807 ton of standard coal, representing a year-on-year decrease of 6.59% from the level of 2018.

Energy Consumption of 2019

Type	Consumption
Coal (<i>ten thousand tons</i>)	25.35
Electricity (<i>ten thousand kWh</i>)	1,017,522.01
Gasoline (<i>ten thousand tons</i>)	19.42
Diesel (<i>ten thousand tons</i>)	163.28
Fuel oil (<i>ten thousand tons</i>)	2.89
Natural gas (<i>ten thousand standard cubic meter</i>)	523.63

(III) Environment and Natural Resources

CRCC advocated the harmonious development of the enterprise and nature and established a long-term mechanism on green development. It improved the environment management system and the environmental protection alarming emergency mechanism and implemented the concept of green development in planning, design, construction, operation and other processes to protect the environment comprehensively in all regions and in the whole process of business operation.

In the development and construction of projects, the Company adhered to the model that environmental protection design and execution is fulfilled and realised in the course of construction and production. Focusing on the “four savings and one protection (saving energy, land, water and materials, and protecting the environment)” objective, the Company optimized construction plans and approaches to protect the ecosystem and environment and reduce the negative effects on the environment. In the course of construction, the Company reduced dust pollution by site hardening, ventilation and watering; built settling tanks to reasonably dispose production waste water and domestic sewage; installed noise monitoring devices to monitor noise in real time and reduce noise pollution; made reasonable site planning to minimise occupation of farmland and arable land and conducted ecological restoration; protected wildlife habitats to reduce the effects of construction on biological population; and strengthened improvement of surrounding ecosystems and environments and built a healthy and harmonious ecological homestead..

Section XI Environmental, Social and Governance Report (continued)

II. SOCIAL

(I) Employment and labor practices

1. Employment

CRCC strictly followed Labour Law of the People's Republic of China, Labour Contract Law of People's Republic of China and relevant laws and regulations, guaranteed various rights and interests of the staff according to laws and created a harmonious labour relationship. It followed the principal of equal employment, adhered to equality of men and women and equal pay for equal work, objected to employment discrimination and forced labour, prohibited employment of child labor and treated staffs of different nationality, race, gender, age, religion and cultural background fairly. It established a fair and reasonable remuneration and welfare system, provided the staff with competitive remuneration and welfare in the industry and region, established a standard annuity and supplementary medical insurance system, developed effective implementation plans to promote a flexible vacation system and encouraged the staff to take paid leaves. It adhered to democratic management, established and improved a democratic management system with the staff representative meeting as the basic form, encouraged the staff to participate in democratic management and decision-making and ensured the effective guarantee of the legitimate rights and interests of the staff.

Number of employees in 2019 (by personnel type)

Personnel type	Number	Proportion (%)
Management personnel	73,956	25.16
Professional and technical personnel	139,435	47.45
Skilled personnel	80,493	27.39
Total	293,884	100.00

Number of employees in 2019 (by educational background)

Educational background	Number	Proportion (%)
Master degree	12,147	4.13
Bachelor degree	157,200	53.49
Junior college	62,079	21.12
Secondary technical school	20,355	6.93
High school and below	42,103	14.33
Total	293,884	100.00

Section XI Environmental, Social and Governance Report (continued)

Number of employees in 2019 (by age group)

Age structure	Number	Proportion (%)
35 and below	163,872	55.76
36-40	41,564	14.14
41-45	30,757	10.47
46-50	26,807	9.12
51-54	11,999	4.08
55 and above	18,885	6.43
Total	293,884	100.00

2. Health and safety

With strict compliance with Law of the People's Republic of China on Work Safety and Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, CRCC held firmly to the safe development concept, enhanced the work safety accountability system through safety systems and mechanisms, strengthened safety risk management and control and stepped up efforts in safety education and training and potential risk identification and rectification to practically improve safety management.

The Company paid attention to the physical and mental health of the staff, established and improved the occupational disease prevention system, improved construction site management and delivered labour protection articles in strict compliance with standards. It actively launched promotion and education programmes on occupational health, organized regular medical examination for employees, and established occupational health records and arranged follow-up health examination, and protected the occupational health interest of staffs.

3. Development and training

CRCC cares about staff development and established smooth development channels for staff, stimulated them to fully display their skills and assisted them to achieve self-realization. With the core of staff capability building and the focus of job skill training and knowledge accumulation, CRCC offered multi-level, multi-channel and multi-mode trainings in accordance with requirements of reasonable planning, priority to key issues, multi-layer management and multi-level responsibility, providing staffs with opportunities of all-round development and helping them grow stronger.

Section XI Environmental, Social and Governance Report (continued)

Employee training in 2019

Training type	Number of persons	Proportion (%)
Senior management	21,514	4.21
Operation management personnel	86,313	16.88
Professional and technical personnel	268,335	52.47
Party and mass relation management personnel	41,648	8.14
Skilled personnel	93,575	18.30
Total	511,385	100.00

4. Labour standards

CRCC strictly abided by labour laws and regulations, adhered to non-discrimination employment policies, i.e. equality of men and women, and equal pay for equal work. CRCC advocated equal opportunity, treated staffs of different nationality, race, gender, age, religion and cultural background fairly, respected customs of ethnic minorities, protected staffs' personal privacy strictly, prohibited and resisted employment of child labor in any form, and objected to forced labor of all forms.

(II) Operation practice

1. Supply chain management

CRCC adhered to the principles of "openness, fairness and impartiality", built the e-commerce platform, promoted centralised, standardised, digitalised and transparent management, and created an open and fair competition environment. It stuck to responsible procurement and prioritised the procurement of green and environmental products to build a green supply chain. The Company implemented strict supplier management and strengthened management and control on access, appointment, signing and execution of contracts, credit appraisal and other key sectors and maintained long-term and stable cooperation relationship with strong and reputable suppliers. It incorporated supplier social responsibility management into daily corporate management, conducted supplier social responsibility trainings and dynamic quantitative evaluation and appraisal, assisted suppliers in gradually improving the performance capability, and strove for a win-win situation.

Section XI Environmental, Social and Governance Report (continued)

Domestic material suppliers in 2019

Region	Supplier (number)
Beijing Headquarters	262
Shanghai Headquarters	218
Guangzhou Headquarters	279
Wuhan Headquarters	153
Xi'an Headquarters	359
Total	1,271

2. Product responsibility

With quality as the cornerstone, CRCC develops refined products with quality. It established and improved the quality management system and vigorously promoted the project quality accountability mechanism. It facilitated the implementation of responsibilities at different levels, consistently advanced the establishment of quality standardization and advanced the project quality improvement initiative to continuously boost the improvement of quality management. It regularly conducts quality trainings to strengthen the quality awareness of all staff and create an atmosphere with "all caring about and attaching great importance to quality". In 2019, the Company obtained 11 National Construction Luban Prizes and 41 National High-Quality Project Awards, 4 of which are National High-Quality Project Golden Awards.

The Company upheld the "customer-oriented" service concept, resolutely fulfilled every commitment to clients and provided customers with high-quality products and services. It enhanced customer relationship management, actively guaranteed customers' interests, smoothed feedback channels for customers, listened to the requirements of customers and protected customers' information to consistently enhance clients' satisfaction.

Section XI Environmental, Social and Governance Report (continued)

3. Anti-corruption

CRCC strictly followed laws and regulations released by the PRC authorities and countries and regions where overseas businesses were operated, and prohibited any corruption and bribery. The Company maintained “zero tolerance” to corruption and adhered to the guideline that any corruption and bribery will not be tolerated, and maintained a firm stance on anti-corruption. It consistently advanced the establishment of the mechanism and system under which no one dares to or can be corrupted or thinks of committing corruption. To strengthen corruption risk control, the Company developed “Implementation Opinions on Strengthening Overseas Corruption Risk Control” (《關於進一步加強境外廉潔風險防控工作的實施意見》) and “Implementation Opinions on Strengthening Corruption Risk Control” (《關於進一步加強廉潔風險防控工作的實施意見》). It issued “Work Rules on Dealing with Corruption Clues (Interim)” (《線索處置工作細則(試行)》) to standardise disposal of corruption clues; released “Measures on Management of Integrity Record of Leaders (Interim)” (《領導人員廉政檔案管理辦法(試行)》) to build integrity records of leaders and to practically enhance regular and long-term leader supervision and management; and released the “Measures for the Implementation of Reporting on Corruption Cases Handled by CRCC to the Disciplinary Committee of the CRCC (Interim)” (《中國鐵建查辦腐敗案件向中國鐵建紀委報告的實施辦法(試行)》), which enhanced the leadership, supervision and guidance on the work of the disciplinary committee. In order to follow the reform of the supervision system, the Company further strengthened the establishment of the disciplinary inspection agencies equipped with professional disciplinary inspection staff to guarantee the implementation of various anti-corruption work.

By multiple supervision mode, which included discipline inspection report, full coverage of inspection tour, audit of discipline execution, economic responsibility audit or special audit, assessment of internal control, supervision on compliance with laws and regulations, anti-fraud and overseas assets, and control of corruption risks, the Company raised the awareness of corruption risk and strengthened the accountability mechanism in key fields, stages and positions related to restructuring, property transaction, investment and acquisition, tendering and bidding, sub-contracting, material procurement, internationalization and human resource development. With such efforts, the Company effectively prevented any corruption behavior.

Section XI Environmental, Social and Governance Report (continued)

(III) Community

Community investment

CRCC actively integrates itself into community and leverages on its own advantages to boost community development and make its contribution to the joint building of a harmonious society. In 2019, the Company made donations of RMB42.3284 million.

Following the working policy of “sincerely making great efforts on poverty alleviation, taking targeted measures to help people lift themselves out of poverty, achieving win-win results on poverty alleviation, making innovations on poverty alleviation and fighting against corruption during poverty alleviation process”, the Company consistently provided assistance to three targeted assistance regions including Wanquan District and Shangyi County in Hebei Province and Gande County in Qinghai Province and poverty-stricken regions in 13 provinces, autonomous regions and municipalities, including Yiwu County in Xinjiang Uygur Autonomous Region, Dingxi City in Gansu Province, Huining County in Shaanxi Province, Ganluo County in Sichuan Province, Yunyang County in Chongqing City and Longan County in Guangxi Zhuang Autonomous Region. It carried out poverty alleviation through industries, employment, infrastructure, Party building, education and medical treatment to resolutely win the battle against poverty. In 2019, Wanquan District in Hebei Province with poverty alleviation aid of the Company was officially lifted out of poverty and Shangyi County in Hebei Province and Gande County in Qinghai Province have successfully passed the provincial acceptance on lifting out of poverty. In 2019, the Company appointed 34 cadres for targeted poverty alleviation, invested poverty alleviation funds of RMB56.716 million and donated RMB2.82 million worth of materials. In particular, poverty alleviation funds invested directly to the three targeted assistance regions amounted to RMB18.281 million, and capital introduction reached RMB2.161 million. The Company purchased RMB10.18 million worth of farm products and RMB17.933 million worth of industrial and light industrial products and 4,058 people on the records were lifted out of poverty.

The Company promoted the standardisation and normalisation of volunteer services, and devoted itself to charity activities. It established over 1,200 “learning from Comrade Lei Feng” volunteer service teams and launched charity activities across the country, which included poverty alleviation, voluntary teaching, environmental protection, community services, serving the elderly, caring children and policy promotion. In 2019, the Company participated in 1,350 charity activities and participation of volunteer services reached 38,000 person times.

III. OTHERS

For relevant information on the corporate governance, please refer to “Section X Corporate Governance (Corporate Governance Report)” in this report.

Section XII Particulars of Corporate Bonds

Applicable Not Applicable

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform
CRCC 2018 publicly issued renewable corporate bonds (first tranche)	18 CRCC Y1	143502	16 March 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	2,996,935	5.56	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (second tranche)	18 CRCC Y2	143961	16 April 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.23	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2018 publicly issued renewable corporate bonds (third tranche)	18 CRCC Y3	143978	30 May 2018	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,997,877	5.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type I)	19 CRCC Y1	155868	28 October 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,427	4.03	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section XII Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (first tranche) (type II)	19 CRCC Y2	155869	28 October 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	499,775	4.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type I)	19 CRCC Y3	155855	15 November 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	3,498,411	4.08	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (second tranche) (type II)	19 CRCC Y4	155856	15 November 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,499,319	4.39	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type I)	19 CRCC Y5	163969	16 December 2019	The basic term of the bonds will be 3 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 3 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	1,998,990	3.90	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Section XII Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Maturity date	Balance of the bond	Interest (%)	Method for payment of principal and interest	Exchange platform
CRCC 2019 publicly issued renewable corporate bonds to qualified investors (third tranche) (type II)	19 CRCC Y6	163970	16 December 2019	The basic term of the bonds will be 5 years. At the end of the agreed basic term and the end of the cycle of each renewal period, the issuer is entitled to exercise the option to renew. The maturity date will extend one cycle (i.e. an extension of 5 years) when the issuer exercises the option to renew. The renewable corporate bonds will become due if the issuer decides not to exercise the option to renew and the full amount is repaid.	999,495	4.20	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.	Shanghai Stock Exchange

Interest payment status of corporate bonds

Applicable Not Applicable

The Company paid the interest of CRCC 2016 renewable corporate bonds (first tranche) from 29 June 2018 to 28 June 2019, and repaid the bond principal on 1 July 2019. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2016 Renewable Corporate Bonds (First Tranche), nominal interest rate of "16 CRCC Y1" was 3.53%. Interest of RMB35.30 (tax inclusive) was distributed for each lot of "16 CRCC Y1" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (first tranche) from 19 March 2018 to 18 March 2019 on 19 March 2019. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (First Tranche), nominal interest rate of "18 CRCC Y1" was 5.56%. Interest of RMB55.60 (tax inclusive) was distributed for each lot of "18 CRCC Y1" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (second tranche) from 17 April 2018 to 16 April 2019 on 17 April 2019. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Second Tranche), nominal interest rate of "18 CRCC Y2" was 5.23%. Interest of RMB52.30 (tax inclusive) was distributed for each lot of "18 CRCC Y2" with a nominal value of RMB1,000.

The Company paid the interest of CRCC 2018 publicly issued renewable corporate bonds (third tranche) from 31 May 2018 to 30 May 2019 on 31 May 2019. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2018 Publicly Issued Renewable Corporate Bonds (Third Tranche), nominal interest rate of "18 CRCC Y3" was 5.30%. Interest of RMB53.00 (tax inclusive) was distributed for each lot of "18 CRCC Y3" with a nominal value of RMB1,000.

Additional situation statement of corporate bonds

Applicable Not Applicable

Section XII Particulars of Corporate Bonds (continued)

II. CONTACT PERSON, CONTACT INFORMATION OF CORPORATE BONDS TRUSTEE MANAGER AND CONTACT INFORMATION OF CREDIT RATING ORGANIZATION

Corporate Bond trustee manager	Name	CITIC Securities Co., Ltd.
	Office address	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
	Contact person	WANG Yanyan, ZHU Jun
Credit rating organization	Contact number	010-60833551, 60833585
	Name	China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司)
	Office address	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing

Other Explanation:

Applicable Not Applicable

Upon the approval of the CSRC, China Chengxin International Credit Rating Co., Ltd. (hereinafter referred to as "CCXI") has been carrying out the stock market credit rating business since 26 February 2020, and China Chengxin Securities Rating Co., Ltd., its wholly-owned subsidiary, has terminated the stock market credit rating business from the same day, and the stock market credit rating business undertaken by it has been inherited by CCXI.

III. UTILIZATION OF PROCEEDS FROM CORPORATE BONDS

Applicable Not Applicable

The application, performance procedure, and the operation of the special account of the proceeds raised from the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and China Railway Construction Corporation Limited 2019 publicly issued renewable corporate bonds (type 1 of first tranche, type 2 of first tranche, type 1 of second tranche, type 2 of second tranche, type 1 of third tranche and type 2 of third tranche) to qualified investors of the Company were in strict compliance with the prospectus and Administrative Measures of the Proceeds Raised by CRCC. Upon the deduction of the issuance fees, all of the proceeds were used for the replenishment of the working capital. At the end of the Reporting Period, the proceeds have been fully utilized.

IV. RATING OF CORPORATE BONDS

Applicable Not Applicable

China Chengxin Securities Rating Co., Ltd. issued a credit rating report for the issuance of the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and the 2019 publicly issued renewable corporate bonds to qualified investors (first, second and third tranche) of the Company, assigning an AAA rating to the issuer of the bonds and an AAA rating to the bonds. China Chengxin Securities Rating Co., Ltd. issued the report on 22 May 2019 on the ongoing credit rating of the 2016 renewable corporate bonds (first tranche) and 2018 publicly issued renewable corporate bonds (first, second and third tranche) of the Company, pursuant to which the ongoing credit rating of the subject is maintained at AAA, the credit rating outlook is stable; the credit rating of the current bonds is maintained at AAA.

Section XII Particulars of Corporate Bonds (continued)

For details, please refer to the announcements of the Company dated 23 May 2019 published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

Applicable Not Applicable

No guarantee has been made for the 2018 publicly issued renewable corporate bonds (first, second and third tranche) and the 2019 publicly issued renewable corporate bonds (type 1 of first tranche, type 2 of first tranche, type 1 of second tranche, type 2 of second tranche, type 1 of third tranche and type 2 of third tranche) to qualified investors of the Company. The debt repayment scheme is that the bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment.

VI. CONVENING OF THE MEETING OF BONDHOLDERS

Applicable Not Applicable

VII. PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

Applicable Not Applicable

During the Reporting Period, CITIC Securities Co., Ltd., as the bonds trustee manager of the “18 CRCC Y1”, “18 CRCC Y2”, “18 CRCC Y3”, “19 CRCC Y1”, “19 CRCC Y2”, “19 CRCC Y3”, “19 CRCC Y4”, “19 CRCC Y5” and “19 CRCC Y6” was continuously aware of the operations, financial conditions and credit standing of the Company and performed its duties as the trustee manager in strict compliance with the stipulations under the Bonds Trustee Management Agreement (《債券受托管理人協議》).

In October 2018, CITIC Securities Co., Ltd. issued the Interim Report on Trusted Management Affairs for the Public Issuance of 2016 and 2018 Renewable Corporate Bonds of CRCC. In June 2019, CITIC Securities Co., Ltd. issued the Report on Trusted Management Affairs for the 2016 Corporate Bonds and 2018 Corporate Bonds of CRCC for the year 2018. For details, please refer to the announcements of the Company dated 1 November 2018 and 29 June 2019 respectively published on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crcc.cn).

Section XII Particulars of Corporate Bonds (continued)

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD FOR THE LAST TWO YEARS

Applicable Not Applicable

Unit: '000 Currency: RMB

Key indicators	2019	2018	Increase or decrease at this year as compared with the end of last year (%)	Reasons of change
Earnings before interest, tax, depreciation and amortization (EBITDA)	52,489,617	45,536,082	15.27	
Liquidity ratio	1.10	1.09	0.92	
Quick ratio	0.59	0.61	-3.28	
Debt to assets ratio (%)	75.77	77.41	Decreased by 1.64 percentage points	
Total debt ratio of EBITDA	6.41%	6.41%	-	
Interest coverage ratio	3.12	3.29	-5.17	
Cash flow interest coverage	4.78	2.34	104.27	Mainly due to the increase in cash received from the sale of goods or rendering of services by the Group during the Reporting Period.
Interest coverage multiples EBITDA	4.72	4.73	-0.21	
Loan repayment ratio (%)	100.00	100.00	-	
Interest repayment ratio (%)	100.00	100.00	-	

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable Not Applicable

The principal and interest on other existing bonds and debt financing instruments of the Company have been repaid in a timely manner, and there has been no default so far.

Section XII Particulars of Corporate Bonds (continued)

X. BANKING FACILITIES DURING THE REPORTING PERIOD

Applicable Not Applicable

As at the end of the Reporting Period, the Group has already obtained banking facilities from several PRC banks of up to RMB1,353.7497 billion, of which an amount of RMB492.4819 billion has been utilized.

XI. FULFILLMENT OF STIPULATIONS OR COMMITMENT IN THE COMPANY'S PROSPECTUS DURING THE REPORTING PERIOD

Applicable Not Applicable

During the Reporting Period, the Company strictly complied with and fulfilled the relevant agreements and commitments in the prospectus of the CRCC 2018 publicly issued renewable corporate bonds (first, second and third tranches) and the 2019 publicly issued renewable corporate bonds (type 1 of first tranche, type 2 of first tranche, type 1 of second tranche, type 2 of second tranche, type 1 of third tranche and type 2 of third tranche) to qualified investors, there had been no default in this regard.

XII. IMPACT OF MAJOR EVENTS ON OPERATING STATUS AND SOLVENCY OF THE COMPANY

Applicable Not Applicable

Independent Auditor's Report

De Shi Bao (Shen) Zi (20) No.P00841

To the shareholders of China Railway Construction Corporation Limited

I. OPINION

We have audited the accompanying financial statements of China Railway Construction Corporation Limited ("the Company", the company and its subsidiaries collectively referred to as the Group), which comprise the consolidated and company statements of financial position as at 31 December 2019, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of China Railway Construction Corporation Limited give a true and fair view, in all material respects, of the consolidated and company financial position as of 31 December 2019, and the consolidated and company financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. 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 Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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. The followings are key audit matters that we have determined to communicate in the independent auditor's report.

Independent Auditor's Report (continued)

III. KEY AUDIT MATTERS (Continued)

1. Revenue from construction operations

1.1 Description

As disclosed in Note V.47 to the consolidated financial statements, the revenue of the Group mainly are derived from construction operations, which has significance to the consolidated financial statements. As stated in Note III.19 to the consolidated financial statements, for most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations and, through regular review, revises the estimates when the Group management considers there are changes in the assumptions in deriving the estimates throughout the contract period. We identified the revenue from construction operations as a key audit matter due to the fact that the accounting treatments of which require significant estimations and judgments.

1.2 Audit Response

Our procedures in relation to recognition of revenue from construction operations mainly included:

- (1) Testing and evaluating the effectiveness of the key internal controls in place on budget preparation and revenue recognition of the construction operations;
- (2) Evaluating the basis in determining total revenue and expected total costs and checking to the construction contracts and related budgets on a sample basis;
- (3) Checking construction costs incurred during the year by tracing to support documentation on a sample basis;
- (4) Recalculating the calculation accuracy on performance progress of construction operations by reference to construction contract ledger on a sample basis; and
- (5) Visiting the selected samples of sites of construction projects to observe the progress of the construction work, discussing with the site project managers the extent to which the construction work was completed and investigating for unusual deviations compared to the performance progress in record.

Independent Auditor's Report (continued)

III. KEY AUDIT MATTERS (Continued)

2. Impairment of trade receivables and contract assets

2.1 Description

As stated in Note III.32 "Impairment of trade receivables and contract assets" to the consolidated financial statements, the Group measures loss allowances for trade receivables and contract assets based on lifetime expected credit losses. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually by estimating the contractual cash flow expected to receive, based on the evidence of credit-impairment and forward-looking information. Except for the trade receivables and contract assets whose impairment of credit losses are assessed individually, the Group's management uses provision matrix to assess expected credit losses, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical actual loss rates, taking into consideration forward-looking information. We identified the impairment of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements and its involvement of management's significant accounting estimations and judgements.

2.2 Audit response

Our procedures in relation to the impairment of trade receivables and contract assets mainly included:

- (1) Testing and evaluating the effectiveness of the key internal controls relating to the management and impairment test of trade receivables and contract assets;
- (2) Corroborating the relevant consideration and objective evidences used by the management in assessing the expected credit losses of trade receivables and contract assets;
- (3) For trade receivables and contract assets individually assessed for expected credit losses, reviewing the supporting documentation and its reasonableness for the estimated future cash flows on a sample basis; and
- (4) For trade receivables and contract assets assessed by provision matrix based on collective credit risk characteristics for expected credit losses, assessing the reasonableness of the provision rate determined by the management, including recalculation of historical actual loss rates determined by the management, and involving our internal valuation specialists to evaluate the appropriateness of management's assessment of forward-looking information; Meanwhile, checking the appropriateness of classification of trade receivables and contract assets in the provision matrix based on collective credit risk characteristics for expected credit losses on a sample basis.

Independent Auditor's Report (continued)

IV. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the 2019 Annual Report, but does not include the financial statements and our independent 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.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent 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.

Independent Auditor's Report (continued)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management' 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 independent 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 independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) 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.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide 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.

Independent Auditor's Report (continued)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our independent 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.

Deloitte Touche Tohmatsu CPA LLP
Shanghai China

Chinese Certified Public Accountant: **Ma Yanmei**
(Engagement Partner)

Chinese Certified Public Accountant: **Yin Lili**
(Engagement Partner)

30 March 2020

This independent auditor's report of the financial statements and the accompanying financial statements are English translations of the independent 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 financial position 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.

Consolidated Statement of Financial Position

As at 31 December 2019

RMB'000

ASSETS	Note V	31 December 2019	31 December 2018
Current assets			
Cash and bank balances	1	156,887,177	143,801,598
Held-for-trading financial assets	2	3,587,646	3,344,458
Bills receivable	3	10,305,274	7,636,443
Receivables at FVTOCI	4	2,654,263	2,143,802
Trade receivables	5	112,138,537	99,382,305
Advances to suppliers	6	24,335,981	18,591,945
Other receivables	7	60,100,338	63,474,288
Inventories	8	194,891,575	159,891,368
Contract assets	9	154,903,081	123,938,151
Current portion of non-current assets	12, 22	18,109,883	10,836,740
Other current assets	10	17,900,227	17,236,252
Total current assets		755,813,982	650,277,350
Non-current assets			
Loans and advances to customers	11	2,730,000	2,145,000
Long-term receivables	12	60,804,614	54,442,045
Long-term equity investments	13	49,644,634	28,978,555
Debt investments		41	41
Other debt investments		–	100,513
Other non-current financial assets		1,643,494	779,049
Other equity instrument investments	14	10,038,609	8,268,378
Investment properties	15	5,357,757	5,644,080
Fixed assets	16	50,891,768	50,300,597
Construction in progress	17	5,614,803	4,428,384
Right-of-use assets	18	5,678,711	/
Intangible assets	19	59,871,943	50,667,006
Development expenditure		9,436	–
Goodwill	20	118,841	228,713
Long-term prepayments		420,477	384,745
Deferred tax assets	21	5,624,947	4,916,848
Other non-current assets	22	66,975,156	56,109,278
Total non-current assets		325,425,231	267,393,232
TOTAL ASSETS		1,081,239,213	917,670,582

Consolidated Statement of Financial Position (continued)

As at 31 December 2019

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2019	31 December 2018
Current liabilities			
Short-term loans	23	42,749,266	61,781,084
Due to customers	24	3,820,235	5,881,497
Bills payable	25	69,601,977	51,036,428
Trade payables	26	325,785,304	274,354,876
Advances from customers		128,914	64,390
Contract liabilities	27	108,506,589	89,276,585
Employee benefits payable	28	11,880,367	11,280,571
Taxes payable	29	6,970,004	6,948,114
Other payables	30	70,116,812	55,429,042
Current portion of non-current liabilities	31	34,672,076	23,218,971
Other current liabilities	32	14,747,536	12,434,964
Total current liabilities		688,979,080	591,706,522
Non-current liabilities			
Long-term loans	33	87,936,038	69,840,477
Bonds payable	34	26,143,894	37,458,422
Lease liabilities	35	3,160,980	/
Long-term payables	36	8,563,197	7,197,581
Long-term employee benefits payable	37	233,175	407,145
Provisions		417,208	145,810
Deferred income	38	2,842,220	2,263,783
Deferred tax liabilities	21	507,813	233,522
Other non-current liabilities	39	434,034	1,082,465
Total non-current liabilities		130,238,559	118,629,205
Total liabilities		819,217,639	710,335,727

Consolidated Statement of Financial Position (continued)

As at 31 December 2019

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2019	31 December 2018
Shareholders' equity			
Share capital	40	13,579,542	13,579,542
Other equity instruments	41	40,189,093	20,392,922
Capital reserve	42	44,154,726	40,434,270
Other comprehensive income	43	(66,158)	(515,059)
Special reserve	44	–	–
Surplus reserve	45	4,613,506	3,229,881
Retained earnings	46	107,488,965	92,768,356
Total equity attributable to owners of the Company		209,959,674	169,889,912
Non-controlling interests		52,061,900	37,444,943
Total shareholders' equity		262,021,574	207,334,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,081,239,213	917,670,582

The accompanying notes form part of the financial statements.

The financial statements have been signed by:

Chairman of the Company:
Chen Fenjian

CFO:
Wang Xiuming

Head of the Finance Department:
Qiao Guoying

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

RMB'000

ITEM	Note V	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue	47	830,452,157	730,123,045
Less: Cost of sales	47	750,365,068	658,711,266
Taxes and surcharges	48	4,633,550	4,805,880
Selling and distribution expenses	49	5,432,855	4,431,330
General and administrative expenses	50	18,151,260	17,235,632
Research and development expenses	51	16,527,801	11,571,783
Finance costs	52	3,632,348	3,910,313
Including: Interest expenses		6,693,276	5,680,164
Interest income		3,982,445	3,077,852
Add: Other income	55	415,139	260,140
Investment losses	56	(420,036)	(226,251)
Including: Share of profits of associates and joint ventures		2,396,480	1,257,184
Losses from derecognition of financial assets measured at amortised cost		(2,908,505)	(1,627,411)
Gains/(losses) on fair value changes	57	656,543	(226,347)
Impairment losses on assets	53	(1,493,799)	(179,635)
Impairment of credit losses	54	(3,517,359)	(4,292,765)
Gains on disposal of assets		279,016	529,783
Operating profit		27,628,779	25,321,766
Add: Non-operating income	58	974,713	1,096,998
Less: Non-operating expenses	59	576,842	1,313,502
Profit before tax		28,026,650	25,105,262
Less: Income tax expenses	61	5,402,959	5,266,854
Net profit		22,623,691	19,838,408
Classified by the continuity of operation			
Net profit from continuing operations		22,623,691	19,838,408
Net profit from discontinued operations		—	—
Classified by the ownership			
Net profit attributable to owners of the Company		20,197,378	17,935,281
Net profit attributable to non-controlling interests		2,426,313	1,903,127

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2019

RMB'000

ITEM	Note V	For the year ended 31 December 2019	For the year ended 31 December 2018
Other comprehensive income/(expense), net of tax	43		
Other comprehensive income/(expense) attributable to owners of the Company, net of tax		446,984	(338,677)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit, net of tax		13,015	48,750
Changes in fair value of other equity instrument investments		301,561	(380,451)
Other comprehensive income/(expense) to be reclassified to profit or loss			
Shares of other comprehensive income/(expense) that will be reclassified subsequently into profit or loss by the investee under equity method		251,093	13,550
Changes in fair value of other debt investments		(417)	513
Other comprehensive income recognised due to reclassification of financial assets		(5,082)	–
Exchange differences on translation of foreign operations		(113,186)	(21,039)
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax		(25,487)	(11,579)
Total comprehensive income		23,045,188	19,488,152
Including:			
Total comprehensive income attributable to owners of the Company		20,644,362	17,596,604
Total comprehensive income attributable to non-controlling interests		2,400,826	1,891,548
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	62	1.40	1.26
Diluted earnings per share (<i>RMB/share</i>)	62	1.33	1.23

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

RMB'000

ITEM	Note V	For the year ended 31 December 2019	For the year ended 31 December 2018
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		830,912,219	738,836,489
Refunds of tax		119,616	536,999
Net increase in due to customers and due to banks		–	5,076,663
Cash received from other operating activities	63(1)	16,512,485	13,280,074
Subtotal of cash inflows from operating activities		847,544,320	757,730,225
Cash paid for goods and services		702,630,596	657,105,765
Net increase in loans and advances to customers		600,000	500,000
Net decrease in due to customers and due to banks		2,061,262	–
Net increase in balances with the central bank		1,346,240	1,090,359
Cash paid to and on behalf of employees		63,879,466	57,431,142
Cash paid for all taxes		26,148,753	25,592,749
Cash paid for other operating activities	63(2)	10,872,165	10,562,349
Subtotal of cash outflows from operating activities		807,538,482	752,282,364
Net cash flows generated from/(used in) operating activities	64(1)	40,005,838	5,447,861

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2019

RMB'000

ITEM	Note V	For the year ended 31 December 2019	For the year ended 31 December 2018
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		6,309,580	3,456,819
Cash received from investment income		1,023,430	174,571
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,258,099	1,834,570
Net cash received from disposal of subsidiaries		–	23,619
Cash received from other investing activities		95,795	659,233
Subtotal of cash inflows from investing activities		8,686,904	6,148,812
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		32,264,997	32,338,988
Cash paid for acquisition of investments		23,958,633	21,044,766
Net increase in cash and bank balances with title restrictions		1,533,440	810,057
Net cash paid for acquisition of subsidiaries		212,883	17,534
Cash paid for other investing activities		885,809	1,181,693
Subtotal of cash outflows from investing activities		58,855,762	55,393,038
Net cash flows generated from/(used in) investing activities		(50,168,858)	(49,244,226)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2019

RMB'000

ITEM	Note V	For the year ended 31 December 2019	For the year ended 31 December 2018
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		51,276,449	14,945,566
Including: Cash received from non-controlling shareholders of subsidiaries		18,766,645	7,952,877
Cash received from issuing bonds		18,827,127	2,200,000
Cash received from borrowings		137,963,607	118,980,818
Cash received from other financing activities	63(3)	6,507,000	4,700,000
Subtotal of cash inflows from financing activities		214,574,183	140,826,384
Cash repayments for borrowings		163,071,203	82,808,194
Cash paid for distribution of dividends or profits and for interest expenses		16,324,940	14,106,213
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		1,819,328	1,456,459
Cash paid for other financing activities	63(4)	14,980,045	-
Subtotal of cash outflows from financing activities		194,376,188	96,914,407
Net cash flows generated from/(used in) financing activities		20,197,995	43,911,977
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		170,924	579,385
5. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10,205,899	694,997
Add: Cash and cash equivalents at beginning of the year	64(2)	130,087,717	129,392,720
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64(2)	140,293,616	130,087,717

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

RMB'000

ITEM	For the year ended 31 December 2019									
	Equity attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2019	13,579,542	20,392,922	40,434,270	(515,059)	-	3,229,881	92,768,356	169,889,912	37,444,943	207,334,855
II. Increase/(decrease) during the year	-	19,796,171	3,720,456	448,901	-	1,383,625	14,720,609	40,069,762	14,616,957	54,686,719
(I) Total comprehensive income	-	-	-	446,984	-	-	20,197,378	20,644,362	2,400,826	23,045,188
(II) Capital contributions and withdrawals by shareholders	-	19,796,171	3,720,456	-	-	-	-	23,516,627	14,708,804	38,225,431
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	11,974,506	11,974,506
2. Capital contributions by other equity instrument holders (Note V. 41)	-	20,185,964	(7,896)	-	-	-	-	20,178,068	-	20,178,068
3. Equity transactions with non-controlling shareholders (Note V. 42)	-	-	3,338,559	-	-	-	-	3,338,559	2,734,298	6,072,857
4. Others (Note V. 42)	-	(389,793)	389,793	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	1,383,625	(5,474,852)	(4,091,227)	(2,492,673)	(6,583,900)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,383,625	(1,383,625)	-	-	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(4,091,227)	(4,091,227)	(2,492,673)	(6,583,900)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	12,436,845	-	-	12,436,845	-	12,436,845
2. Used in current year	-	-	-	-	(12,436,845)	-	-	(12,436,845)	-	(12,436,845)
(V) Others	-	-	-	1,917	-	-	(1,917)	-	-	-
1. Others	-	-	-	1,917	-	-	(1,917)	-	-	-
III. As at 31 December 2019	13,579,542	40,189,093	44,154,726	(66,158)	-	4,613,506	107,488,965	209,959,674	52,061,900	262,021,574

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2019

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ITEM	For the year ended 31 December 2018										
	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal			
I. As at 31 December 2017	13,579,542	13,400,233	40,428,564	(92,447)	-	2,891,462	79,204,629	149,411,983	29,236,862	178,648,845	
(I) Changes in accounting policies	-	-	-	(83,432)	-	(1,025)	(721,313)	(805,770)	-	(805,770)	
II. As at 1 January 2018	13,579,542	13,400,233	40,428,564	(175,879)	-	2,890,437	78,483,316	148,606,213	29,236,862	177,843,075	
III. Increase/(decrease) during the year	-	6,992,689	5,706	(339,180)	-	339,444	14,285,040	21,283,699	8,208,081	29,491,780	
(I) Total comprehensive income	-	-	-	(338,677)	-	-	17,935,281	17,596,604	1,891,548	19,488,152	
(II) Capital contributions and withdrawals by shareholders	-	6,992,689	14,480	-	-	-	-	7,007,169	8,061,456	15,068,625	
1. Capital contributions by shareholders	-	-	-	-	-	-	-	-	9,113,936	9,113,936	
2. Capital contributions by other equity instrument holders (Note V. 41)	-	6,992,689	-	-	-	-	-	6,992,689	-	6,992,689	
3. Others	-	-	14,480	-	-	-	-	14,480	(1,052,480)	(1,038,000)	
(III) Profit distribution	-	-	-	-	-	339,444	(3,650,744)	(3,311,300)	(1,744,923)	(5,056,223)	
1. Appropriation to statutory surplus reserve	-	-	-	-	-	339,444	(339,444)	-	-	-	
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(3,311,300)	(3,311,300)	(1,744,923)	(5,056,223)	
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-	-	-	
1. Appropriated in current year	-	-	-	-	9,164,297	-	-	9,164,297	-	9,164,297	
2. Used in current year	-	-	-	-	(9,164,297)	-	-	(9,164,297)	-	(9,164,297)	
(V) Others	-	-	(8,774)	(503)	-	-	503	(8,774)	-	(8,774)	
1. Others	-	-	(8,774)	(503)	-	-	503	(8,774)	-	(8,774)	
IV. As at 31 December 2018	13,579,542	20,392,922	40,434,270	(515,059)	-	3,229,881	92,768,356	169,889,912	37,444,943	207,334,855	

The Company's Statement of Financial Position

As at 31 December 2019

RMB'000

ASSETS	Note XIV	31 December 2019	31 December 2018
Current assets			
Cash and bank balances		15,303,074	13,407,775
Held-for-trading financial assets		54,086	35,709
Trade receivables	1	5,187,891	3,151,936
Advances to suppliers		93,263	374,028
Other receivables	2	25,767,145	26,285,916
Contract assets		309,861	675,348
Current portion of non-current assets		8,501,726	8,165,000
Other current assets		155,106	85,773
Total current assets		55,372,152	52,181,485
Non-current assets			
Long-term receivables		23,776,000	17,776,000
Long-term equity investments	3	96,644,338	94,487,290
Other equity instrument investments		364,646	262,652
Fixed assets		32,278	25,731
Construction in progress		29,691	46,364
Right-of-use assets		63,547	/
Intangible assets		49,036	29,516
Long-term prepayments		-	1,445
Deferred tax assets		348	380
Other non-current assets		2,640,297	1,959,816
Total non-current assets		123,600,181	114,589,194
TOTAL ASSETS		178,972,333	166,770,679

The Company's Statement of Financial Position (continued)

As at 31 December 2019

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	31 December 2019	31 December 2018
Current liabilities			
Short-term loans		–	11,000,000
Trade payables		6,498,216	6,028,927
Contract liabilities		168,538	123,861
Employee benefits payable		75,578	82,161
Taxes payable		71,000	41,951
Other payables	4	23,360,538	25,333,933
Current portion of non-current liabilities		14,396,304	2,644,626
Other current liabilities		414,417	3,000,000
Total current liabilities		44,984,591	48,255,459
Non-current liabilities			
Long-term loans	5	3,415,448	5,750,439
Bonds payable	Note V. 34	3,298,086	16,192,972
Lease liabilities		33,295	/
Long-term payables		2,417,169	1,248,904
Long-term employee benefits payable		12,440	14,290
Deferred tax liabilities		193,204	28,355
Deferred income		970	3,646
Other non-current liabilities		244,414	850,865
Total non-current liabilities		9,615,026	24,089,471
Total liabilities		54,599,617	72,344,930
Shareholders' equity			
Share capital	Note V. 40	13,579,542	13,579,542
Capital reserve		46,875,449	46,493,552
Other comprehensive income		109,164	85,292
Other equity instruments	Note V. 41	40,189,093	20,392,922
Special reserve		–	–
Surplus reserve	Note V. 45	4,613,506	3,229,881
Retained earnings		19,005,962	10,644,560
Total shareholders' equity		124,372,716	94,425,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		178,972,333	166,770,679

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

RMB'000

ITEM	Note XIV	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue	6	17,365,607	16,978,838
Less: Cost of sales	6	16,248,993	16,438,087
Taxes and surcharges		6,494	7,277
Selling and distribution expenses		26,846	29,615
General and administrative expenses		483,619	418,846
Research and development expenses		55,790	45,691
Finance costs	7	(13,966)	446,949
Including: Interest expenses		2,543,016	2,410,878
Interest income		2,662,929	2,332,272
Add: Other income		654	–
Investment income	8	12,913,509	3,929,889
Including: Share of profits(losses) of joint ventures		(136)	2,059
Gains(losses) on fair value changes		624,828	(144,672)
Impairment of credit losses		(116,286)	(32,748)
Losses on disposal of assets		–	(146)
Operating profit		13,980,536	3,344,696
Add: Non-operating income		15,151	15,835
Less: Non-operating expenses		1,839	1,042
Profit before tax		13,993,848	3,359,489
Less: Income tax expenses		157,594	(34,949)
Net profit		13,836,254	3,394,438
Classified by the continuity of operation			
Net profit from continuing operations		13,836,254	3,394,438
Net profit from discontinued operations		–	–
Other comprehensive income/(expense), net of tax		23,872	(28,921)
Other comprehensive income/(expense) not to be reclassified to profit or loss			
Re-measurement of defined benefit plan, net of tax		(525)	(2,723)
Changes in fair value of other equity instrument investments		24,397	(26,198)
Other comprehensive income/(expense) to be reclassified to profit or loss			
Total comprehensive income		13,860,126	3,365,517

The Company's Statement of Cash Flows

For the year ended 31 December 2019

RMB'000

ITEM	Note XIV	For the year ended 31 December 2019	For the year ended 31 December 2018
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from the sale of goods or rendering of services		16,406,737	17,393,095
Cash received from other operating activities		35,203,341	21,661,325
Subtotal of cash inflows from operating activities		51,610,078	39,054,420
Cash paid for goods and services		15,470,066	16,489,777
Cash paid to and on behalf of employees		288,618	255,145
Cash paid for all taxes		125,348	77,780
Cash paid for other operating activities		38,255,695	26,226,320
Subtotal of cash outflows from operating activities		54,139,727	43,049,022
Net cash flows generated from/(used in) operating activities	9(1)	(2,529,649)	(3,994,602)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		–	10,000
Cash received from investment income		10,438,829	3,910,072
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	47
Net decrease in cash and bank balances with title restrictions		–	2,892,600
Subtotal of cash inflows from investing activities		10,438,829	6,812,719
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		43,446	38,163
Cash paid for acquisition of investments		2,328,128	3,680,000
Increase in cash and bank balances with title restrictions		67,179	–
Cash paid for other investing activities		–	–
Subtotal of cash outflows from investing activities		2,438,753	3,718,163
Net cash flows generated from/(used in) investing activities		8,000,076	3,094,556

The Company's Statement of Cash Flows (continued)

For the year ended 31 December 2019

RMB'000

ITEM	Note XIV	For the year ended 31 December 2019	For the year ended 31 December 2018
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received as capital contributions		33,178,069	6,992,689
Cash received from borrowings		7,537,502	11,000,000
Cash received from issuing bonds		7,000,000	3,000,000
Subtotal of cash inflows from financing activities		47,715,571	20,992,689
Cash repayments for borrowings		32,925,904	14,580,096
Cash paid for distribution of dividends or profits and for interest expenses		5,496,166	4,664,653
Cash paid for other financing activities		13,043,538	-
Subtotal of cash outflows from financing activities		51,465,608	19,244,749
Net cash flows generated from/(used in) financing activities		(3,750,037)	1,747,940
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		107,730	227,128
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		1,828,120	1,075,022
Add: Cash and cash equivalents at beginning of the year	9(2)	13,393,575	12,318,553
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9(2)	15,221,695	13,393,575

The Company's Statement of Changes in Equity

For the year ended 31 December 2019

RMB'000

ITEM	For the year ended 31 December 2019							Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. As at 1 January 2019	13,579,542	20,392,922	46,493,552	85,292	-	3,229,881	10,644,560	94,425,749
II. Increase/(decrease) during the year	-	19,796,171	381,897	23,872	-	1,383,625	8,361,402	29,946,967
(I) Total comprehensive income	-	-	-	23,872	-	-	13,836,254	13,860,126
(II) Capital contributions and withdrawals by shareholders	-	19,796,171	381,897	-	-	-	-	20,178,068
1. Capital contributions by other equity instrument holders (Note V. 41)	-	20,185,964	(7,896)	-	-	-	-	20,178,068
2. Others (Note V. 41)	-	(389,793)	389,793	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	1,383,625	(5,474,852)	(4,091,227)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	1,383,625	(1,383,625)	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(4,091,227)	(4,091,227)
(IV) Special reserve	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	317,516	-	-	317,516
2. Used in current year	-	-	-	-	(317,516)	-	-	(317,516)
III. As at 31 December 2019	13,579,542	40,189,093	46,875,449	109,164	-	4,613,506	19,005,962	124,372,716

The Company's Statement of Changes in Equity

For the year ended 31 December 2019

RMB'000

ITEM	For the year ended 31 December 2018							Total equity
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. As at 31 December 2017	13,579,542	13,400,233	46,493,552	114,213	-	2,891,462	10,910,084	87,389,086
(I) Changes in accounting policies	-	-	-	-	-	(1,025)	(9,218)	(10,243)
II. As at 1 January 2018	13,579,542	13,400,233	46,493,552	114,213	-	2,890,437	10,900,866	87,378,843
III. Increase/(decrease) during the year	-	6,992,689	-	(28,921)	-	339,444	(256,306)	7,046,906
(I) Total comprehensive income	-	-	-	(28,921)	-	-	3,394,438	3,365,517
(II) Capital contributions and withdrawals by shareholders	-	6,992,689	-	-	-	-	-	6,992,689
1. Capital contributions by other equity instrument holders (Note V. 41)	-	6,992,689	-	-	-	-	-	6,992,689
(III) Profit distribution	-	-	-	-	-	339,444	(3,650,744)	(3,311,300)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	339,444	(339,444)	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(3,311,300)	(3,311,300)
(IV) Special reserve	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	231,167	-	-	231,167
2. Used in current year	-	-	-	-	(231,167)	-	-	(231,167)
IV. As at 31 December 2018	13,579,542	20,392,922	46,493,552	85,292	-	3,229,881	10,644,560	94,425,749

Notes to the Financial Statements

For the year ended 31 December 2019

I. CORPORATE INFORMATION

China Railway Construction Corporation Limited (the “Company”) is a joint stock limited company with limited liability registered in Beijing in the People’s Republic of China (the “PRC” or “Mainland China”) on 5 November 2007. The Company’s shares, have been listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The registered address of the Company’s head office is located at East No. 40 Fuxing Road, Haidian District, Beijing, PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) mainly consist of construction operations, survey, design and consultancy operations, trade and logistics, manufacturing operations and real estate development operations.

The Company’s parent and ultimate holding company is China Railway Construction Group Co., Ltd. (CRCG), a company registered in PRC.

These financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2020.

The scope of consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the changes of consolidation scope for the year.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared by the Group on a going-concern basis in accordance with *Accounting Standards for Business Enterprises* and other relevant provisions issued and revised subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, the financial statements are also disclosed in accordance with *Information Disclosure and Presentation Rules for Companies Public offering Securities No. 15 — General Provisions on Financial Reporting* (revised by China Securities Regulatory Commission in 2014).

The Group has adopted accrual basis for accounting measurement. The financial statements have been presented under the historical cost, except for certain financial assets which have been measured at fair value. If the assets are impaired, the corresponding provisions for impairment shall be made according to relevant requirements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and accounting estimates, including the impairment of receivables and contract assets, the measurement of inventories, the provisions for decline in value of inventories, the depreciation methods and the depreciation rates of the fixed assets, the amortisation methods of the intangible assets, the method of long-term assets impairment testing, and the policy for revenue recognition, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully the financial position of the Group and the Company as at 31 December 2019 and the consolidated and company financial performance, changes in equity and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The overseas subsidiaries of the Company may determine their own functional currencies based on their specific economic environments. The Group adopts RMB to prepare its financial statements.

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

4.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is a party being acquired. The combination date is the date on which the acquirer effectively obtains control of the party being acquired.

Assets and liabilities (including the goodwill recognised by the ultimate controlling party in acquisition of the acquiree) that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the combination date as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued as consideration) is adjusted to share premium under capital reserve. If the capital reserve 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 year in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4. Business combinations (Continued)

4.2 Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination involving entities not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the purchase date.

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable assets. Goodwill is subsequently measured at cost deducted by accumulated provision. If the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss.

4.3 Acquire assets through the acquisition of subsidiaries

For the acquisition of subsidiaries not constituting a business, the acquisition cost is allocated to each single identifiable asset and liability at fair value, and no goodwill or purchase gain will be recognised.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control exists when the investor 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 over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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 the consolidated statement of profit or loss and other comprehensive income 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 the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "non-controlling interests" in the consolidated statement of financial position within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "net profit attributable to non-controlling interests" in the consolidated statement of profit or loss and other comprehensive income below the "net profit" line item.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Consolidated financial statements (Continued)

Acquisition of minority interests or disposal of 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 the Company's interests and minority 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 shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are 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 (1) the aggregate of the consideration received on disposal and the fair value of any retained interest and (2) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised 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.

6. Joint arrangement and joint operations

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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 arrangement.

In respect of joint operations, the Group as a party of joint operation recognises its interest in a joint operation: (1) its assets held individually and its share of assets held jointly; (2) its liabilities assumed individually and its share of liabilities assumed jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its expenses incurred individually and its share of expenses incurred jointly.

The Group measures its joint ventures under equity method, please refer to Note III. 11.3.2.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. Foreign currency transactions and foreign currency translations

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency spot exchange rate ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the spot exchange rate ruling at the balance sheet date. All differences are recognised in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation for the purpose of acquisition, construction or production of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign spot exchange rates at the transaction dates and do not change the amounts of functional currency.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange spot rate at the date the fair value is determined; the exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates functional currencies of overseas financial statements into RMB financial statements. All assets and liabilities are translated at the spot exchange rates ruling at the balance sheet date; the shareholders' equity, with the exception of retained earnings, is translated at the spot exchange rates ruling at the transaction dates; all items in the statement of profit or loss and other comprehensive income and items reflect amounts of profit distribution are translated at the spot exchange rates at the transaction dates. The undistributed profit at the beginning of the year equals the translated undistributed profit of the previous year; The undistributed profit at the end of the year is calculated according to the translated profit distribution items. Exchange fluctuations arising from the translations mentioned above are recognised as other comprehensive income. When an overseas business is disposed of, the exchange fluctuation reserve of the overseas business will be transferred to profit or loss in the same period.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated into RMB at the spot exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash and cash equivalents are presented as a reconciled item separately in the statement of cash flows.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument. For the financial assets that are purchased and sold under regular ways, the assets to be acquired and the liabilities to be assumed are recognised on the trade days, and the assets sold are derecognised on the trade days.

On initial recognition, financial assets and financial liabilities are recognised at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognised. For trade receivables initially recognised that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered, which are within the scope of *Accounting Standard for Business Enterprises No. 14 — Revenue* (ASBE No.14), transaction prices shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant 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 to the carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

9.1 Classification and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.1 *Financial assets measured as at amortised cost*

If 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 to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortised cost. The Group's financial assets measured at amortised cost including cash and bank balances, bills receivable, trade receivables, other receivables, loans and advances to customers, long-term receivables and debt investments.

The above financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

Interest income from financial assets at amortised cost and at fair value through other comprehensive income is recognised based on the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial asset, except:

- (1) For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- (2) For the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If the credit impairment no longer exists due to an improvement in credit risk of the financial instruments subsequently and such improvement is relevant to some events occurred after applying the policies mentioned above, the Group recognises interest income based on applying effective interest rate to gross carrying amount of the financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.2 *Financial assets classified as at fair value through other comprehensive income (FVTOCI)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and 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. Financial assets classified as at FVTOCI are presented by the Group as other debt investments and receivables at FVTOCI in financial statements.

Financial assets classified as at FVTOCI's relevant loss/gain on impairment and interest income based on effective interest rate are recognised in profit or loss. Except for the above circumstances, changes in fair value of such financial assets are all recognised in other comprehensive income. Such financial assets' changes that are recognised in profit or loss in each period equal to their changes that are recognised in profit or loss in each period as they are measured at amortised cost from acquisition date. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in profit or loss.

9.1.3 *Financial assets designated as at fair value through other comprehensive income*

On initial recognition, the Group may irrevocably designate non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual basis. Financial assets designated as at fair value through other comprehensive income are presented by the Group as other equity instrument investments in financial statements.

The fair value changes of such financial asset is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in equity instruments, dividend income is recognised in profit or loss for the period when the Group has right to collect dividend, the economic benefits associated with dividend will probably flow into the Group and the amount of dividend can be reliably measured.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.4 Financial assets measured at fair value through profit or loss (FVTPL)

Any financial assets that does not qualify for amortised cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL. FVTPL are presented by the Group as held-for-trading financial assets and other non-current financial assets items in the statement of financial position, based on its liquidity.

The above financial assets are subsequently measured at fair value. Gains or losses arising from fair value changes and dividends and interest income in relation to such financial assets are recognised in profit or loss for the period.

9.2 Impairment of financial assets

The Group recognises loss allowance for financial assets measured as at amortised cost, financial assets classified as at FVTOCI, lease receivables, contract assets and financial guarantee contracts based on expected credit losses ("ECL").

The Group measures loss allowance for contract assets, trade receivables and lease receivables based on the amount of full lifetime ECL.

For other financial instruments, except for the purchased or internally generated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has not increased significantly since initial recognition, the Group recognises loss allowance based on 12-month ECL of the financial instrument. If the credit risk of the above financial instruments has increased significantly, the Group measures loss based on the amount of ECL for their full lifetime. The increase or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. Except for financial assets classified as at FVTOCI, impairment of credit losses decreases the gross carrying amount of financial assets. For financial assets classified as at FVTOCI, the Group recognises credit loss allowance in other comprehensive income and does not decrease the carrying amount of such financial assets in the statement of financial position.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, at each balance sheet date, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at each balance sheet date. Relevant reversal of loss allowance is included in profit or loss for the current period as gain on impairment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group uses available, reasonable and supportable forward-looking information, to compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly: Whether the actual or expected operating results of the debtor have changed significantly; Whether supervisory, economic or technical environment for the debtor has significant detrimental changes; Whether value of collateral against debt mortgage or guarantee/ credit enhancement provided by a third party has changed significantly. It is expected that the aforesaid changes are economic motives that will lower the debtor's repayment based on contractual stipulation or have an impact on probability of default; Whether the debtor's expected performance and repayment activities have changed significantly; Whether the Group's financial instrument management measures have changed, etc.

At the balance sheet date, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to low credit risk. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or overdue in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) Other objective evidences indicating the impairment of financial assets.

9.2.3 Measurement and recognition of ECL

The Group recognises credit losses for lease receivables and financial guarantee contracts on an individual basis. For trade receivables and contract assets, the Group individually assesses credit losses for those individually significant and credit-impaired and uses provision matrix to assess credit losses for the remaining. For other financial assets measured as at amortised cost and financial assets measured at fair value through other comprehensive income, the Group individually assesses credit losses for those individually significant and uses provision matrix to assess credit losses for the remaining. The Group classifies financial instruments into different groups based on similar credit risk characteristics. Similar credit risk characteristics include: type of financial instruments, credit risk rating, contractual billing period and industry of debtor etc.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.3 Measurement and recognition of ECL (Continued)

ECL of relevant financial instruments is recognised based on the following methods:

- (1) For a financial asset, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (2) For a lease receivable, credit loss is the present value of difference between the contractual cash flows and the cash flows that the Group expects to receive.
- (3) For a financial guarantee contract, credit loss is the present value of difference between the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.
- (4) For credit-impaired financial assets other than the purchased or internally generated of credit-impaired financial assets at the balance sheet date, credit loss is the difference between the gross carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

9.2.4 Reduction in financial assets

The Group directly reduces the gross carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; or (3) although the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

- (1) For transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortised cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- (2) For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred and the consideration received from the transfer; and (2) the accumulated changes in fair value initially recorded in other comprehensive income is recognised in profit or loss. While regarding non-trading equity instruments designated as at fair value through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Transfer of financial assets (Continued)

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts at the date of transfer. The difference between (1) the consideration received from the transfer; and (2) the cumulative changes in fair value previously recognised in other comprehensive income allocated to the part derecognised plus the carrying amount allocated to the part derecognised is recognised in profit or loss. If the Group transfers a financial asset that belongs to non-trading equity instrument investments designated as at FVTOCI, the cumulative gains or losses previously recognised in other comprehensive income allocated to the part derecognised are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and recognises the consideration received as a liability.

9.4 Classification and measurement of financial liabilities

The Group's financial instruments or their components are, on initial recognition, classified into financial liabilities or equity instruments on the basis of contractual terms for issuance and the economic substance reflected by such terms and in combination with definitions of financial liability and equity instruments, instead of only on the basis of the legal form.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading (including derivative instruments that are financial liabilities) and those designated as at fair value through profit or loss.

Held-for-trading financial liabilities are subsequently measured at fair value, any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.4 Classification and measurement of financial liabilities (Continued)

9.4.2 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, gains or losses arising from derecognition or amortisation are recognised in profit or loss for the period.

9.4.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognised less cumulative amortisation amount during the guarantee period.

9.5 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the debtor) and the creditor 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 derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.6 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. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognised as changes of equity. Changes of fair value of equity instruments is not recognised by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognises the distribution to holders of the equity instruments as distribution of profits, dividends paid do not affect total amount of shareholders' equity.

9.7 Derivatives and embedded derivatives

Derivative financial instruments related to the Group include option contracts. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The changes in fair value is recognised in profit or loss.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

If the host contract included in the hybrid contract is not a financial asset and meets all of the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a standalone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not highly related to the economic characteristics and risks of the host contract;
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (3) The hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.7 Derivatives and embedded derivatives (Continued)

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent reporting dates after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

9.8 Convertible bonds

Convertible bonds issued by the Group that contain liability and conversion option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for as equity rather than conversion option derivatives.

Convertible bonds are initially recognised at fair value at the issue date. If the convertible bonds includes equity instruments, the fair value of liability component of the convertible bonds is determined based on the market value of similar bonds which have no conversion option. The balance of issue price and the fair value of liability is the value of conversion option and is recognised in shareholders' equity. The liability and conversion embedded derivatives of the convertible bonds which include conversion embedded derivatives are initially recognised at fair value at the issue date.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss. The conversion option classified as equity remains in equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of the convertible bonds are allocated to the liability, equity and derivative financial instruments components in proportion to their respective fair values. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative financial instruments are charged to profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise 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 statement of financial position. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

10. Inventories

Inventories include raw materials, work in progress, finished goods, turnover materials, properties under development and completed properties held for sale. Costs of properties under development and completed properties held for sale mainly consist of the acquisition cost of land use rights, expenditures of land development, construction costs, infrastructure costs, costs of supporting facilities and other relevant costs.

Inventories are initially measured at actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined using the first-in first-out method. Turnover materials include low value consumables and packing materials. Low value consumables and packing materials are amortised using immediate write-off, and other turnover materials are amortised based on the number of times that they are estimated to be used.

Inventories are accounted for using the perpetual inventory system.

At each balance sheet date, inventories shall be measured at the lower of cost and net realisable value. If the cost is in excess of net realisable value, provision for inventories is recognised in the statement of profit or loss and other comprehensive income. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realisable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

Net realisable value is the estimated selling price under normal business terms deducted by the estimated costs to completion, the estimated selling expenses and related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments

11.1 Basis for determining joint control and significant influence

Control exists when the investor 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 over the investee 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.

11.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition on the date of combination. For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not under common control, this should be dealt with for whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as one transaction to acquire control. If it does not belong to 'package deal', the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. When the equity held was accounted for under equity method, relevant other comprehensive income is not accounted temporarily; when the equity held was accounted for other investments in equity instruments, the difference between the fair value and carrying amount, together with the cumulative changes in fair value recognised in other comprehensive income are included in retained earnings for the current period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.2 Determination of initial investment cost (Continued)

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standard for Business Enterprises No. 22-Financial Instruments; Recognition and Measurement* (ASBE No. 22) and the additional investment cost.

11.3 Subsequent measurement and recognition of profit or loss

11.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

11.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.3 Subsequent measurement and recognition of profit or loss (Continued)

11.3.2 Long-term equity investment accounted for using the equity method (Continued)

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 recognised 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 recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or other comprehensive income respectively for the period. Meanwhile, the carrying amount of long-term equity investments will be adjusted accordingly; for the share of the investee's profit or cash dividends declared by the investee, the carrying amount of long-term equity should be decreased accordingly; for changes in owner's equity rather than the investee's net profit or loss, other comprehensive income and profit distribution, carrying amount of long-term equity investments should be adjusted and included in capital reserve. The Group recognises 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. When the investee adopts different accounting policies and accounting period with the Company's, the financial statements are adjusted in accordance with the Company's accounting policies and accounting period, and then investment income and other comprehensive income are recognised. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognising 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 recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

11.4 Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the consideration shall be recorded through profit or loss in the current period. For a long-term equity investment accounted for using the equity method, if remaining shares after the disposal are still accounted for using the equity method, other comprehensive income is accounted on the basis of directly disposed related assets and liabilities of investee and carried forward proportionately; other shareholders' equity recognised from changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution is recognised in profit or loss of current period and carried forward proportionately. For a long-term equity investment accounted for using the cost method, if remaining shares after the disposal are still accounted for using the cost method, other comprehensive income recognised before controlling the investee according to equity method or recognition and measurement of financial instruments, accounted for on the basis of directly disposed related assets and liabilities of the investee, and recognised in profit or loss for the period and carried forward proportionately; changes of shareholders' equity except for net profit or loss, other comprehensive income and profit distribution are carried forward and recognised in profit or loss for the current period.

The Group loses control on investee due to disposal of part of shares, when preparing separate financial statement, remaining shares after disposal which can make joint control or significant influence on investee, are accounted under equity method, and are adjusted as they are accounted under equity method from acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instrument, and the difference between fair value on date of losing control and carrying amount is recognised in profit or loss for the current period.

12. Investment properties

Investment property is property held to earn rentals or for capital appreciation or for both purpose. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

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 recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Investment properties (Continued)

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

When the Group has evidence indicating the self-occupied houses and buildings are converted to leasing or leasing out its properties held for sale under operating leases, the carrying amount of such fixed assets, intangible assets or inventories before the conversion are transferred to investment properties.

When the Group has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation or the property intended for operating lease purpose are open for sale, the carrying amount of such properties before the conversion are transferred to fixed assets, intangible asset or inventories.

13. Fixed assets

A fixed asset is a tangible asset whose useful life exceeds one accounting year and which is held for production of goods, rendering services, offering leases or operation and management. A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss for the period in which it is incurred.

Fixed assets are initially measured at cost. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation costs and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, the cost of the fixed asset shall be determined based on the present value of the instalment payments. The difference between the actual payment and the present value of the purchase price is recognised in profit or loss over the credit period, except for such difference that is capitalised according to *Accounting Standard for Business Enterprises No. 17 — Borrowing Costs* (ASBE No.17).

The accelerated depreciation method is adopted for depreciation of the fixed assets specifically used for research and development. The units of production method is adopted for the depreciation of the large-scaled construction equipment. For other fixed assets, the straight-line method is adopted.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Fixed assets (Continued)

For fixed assets depreciated with the straight-line method, the estimated useful lives, estimated residual values rates and annual depreciation rates by category are as follows:

Category	Estimated residual value rates	Useful lives	Annual depreciation rates
Buildings	5%	20-35 years	2.71%-4.75%
Machinery	5%	10-25 years	3.80%-9.50%
Vehicles	5%	5-10 years	9.50%-19.00%
Production equipment	5%	5-10 years	9.50%-19.00%
Measuring and testing equipment	5%	5 years	19.00%
Others	5%	3-5 years	19.00%-31.67%

Where the individual component parts of a fixed asset have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

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 derecognised. 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 recognised in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year, makes adjustments and accounts for any change as a change in an accounting estimate when necessary.

14. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowings before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Borrowing costs

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the construction or production of qualifying assets are capitalised and other borrowing costs are recognised as expenses. A qualifying asset is defined as a fixed asset, investment property or inventory that necessarily takes a substantially long period of time to get ready for its intended use or sale.

Capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset have incurred; and
- (2) borrowing costs have incurred; and
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as expenses in the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) for specific borrowings, the borrowing costs eligible for capitalisation are the actual borrowing costs incurred during the current period deducted by any temporary interest or investment income; and
- (2) for general borrowings, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the capital expenditure that accumulated capital expenditures exceed the specific borrowings.

Capitalisation of borrowing costs is suspended during extended periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than three months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspension period are recognised as expenses until the acquisition or construction of a fixed asset is resumed.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Intangible assets

The Group's intangible assets include land use rights, concession rights, and mining rights.

An intangible asset shall be recognised only when it is probable that the related economic benefits will flow to the Group and the costs of which can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination involving entities not under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured initially at fair value at the date of acquisition.

The useful lives of intangible assets are assessed based on estimated economic benefit periods. Those intangible assets without foreseeable economic benefit periods are classified as intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are amortised over the useful lives on the traffic volume basis, straight-line basis or unit of production basis. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if appropriate, at least at each year end.

16.1 Land use rights

Land use rights represent costs incurred for a certain lease period of land.

The Group accounts for its land use rights as intangible assets. The land use rights of self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Land use rights of the Group are amortised on the straight-line basis according to the useful lives approved in the obtained land use certificates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Intangible assets (Continued)

16.2 Concession rights

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and bridges) 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 calculated according to their arrangement nature.

The Group recognises revenue and a contract asset or a financial asset to the extent that it has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the granting authority, or to receive the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts.

If the Group receives a right to charge users of public service, with an undeterminable amount, the assets are classified as intangible assets and the Group recognises revenue at the same time in the "concession rights" under intangible assets included in the statement of financial position. The amortisation approach, either the traffic volume method or the straight-line method, should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be realised at the commencement of operations.

16.3 Mining rights

Mining rights are stated at cost incurred to obtain the mining license. Amortisation is calculated in adoption of the unit of production method based on proved mining reserves.

16.4 Development expenditure

The Group classifies the expenditure in an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (5) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Long-term prepayments

Long-term prepayments represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods, including costs of improvements to fixed assets under operating leases. Long-term prepayments are amortised on the straight-line basis over the estimated beneficial period. Expenditure incurred during the pre-operating period should be recognised in profit or loss immediately as incurred.

18. Provisions

Except for contingent liabilities assumed in business combinations involving entities not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group; and
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue

The revenue of the Group is mainly generated from business types as follows:

- The construction operations, which mainly comprises the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- The survey, design and consultancy operations, which mainly comprises the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- The manufacturing operations, which mainly comprises the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- The real estate development operations, which mainly comprises the development, construction and sale of residential properties and commercial properties;
- The other business operations, which mainly comprises trade and logistics, finance and insurance and highway operation.

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the Group satisfies the performance obligation over time or the Group satisfies the performance obligation at a point in time. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs; or (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. When the Group is not able to reasonably measure its performance progress, the Group recognises revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

For survey, design and consultancy operations, manufacturing operations, real estate development operations and other business operations, revenue is recognised over the contract period based on the performance progress, or recognised at a point in time when the customer obtains control of relevant goods or services.

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 that the Group expects to refund to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At each balance sheet date, the Group updates the estimated transaction price.

Existence of significant financing component

For contracts that contain significant financing components, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when the control of goods or services is transferred to the customer. The difference between the transaction price and the contract consideration shall be amortised within the contract period using effective interest rate. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Consideration payable to a customer

If the contract includes consideration payable to a customer, the Group shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service, and shall recognise the reduction of revenue when (or as) the later of either of the following events occurs: (1) the Group recognises revenue for the transfer of the related goods or services to the customer; and (2) the Group pays or promises to pay the consideration.

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the variable consideration to one or more, but not all, performance obligations in the contract.

The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

Sales with warranties

For sales with warranties, if the warranties are separate services to the customer other than serving as an assurance that the products sold comply with agreed-upon specifications, the warranties constitute single performance obligations. Otherwise, the Group accounts for warranties in accordance with the *Accounting Standards for Business Enterprises No. 13 — Contingencies* (ASBE No.13).

Principal versus agent

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by some established amounts or proportions.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs as an asset if it expects to recover these costs. The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year. Other costs of obtaining a contract are recognised in profit or loss when they occur, unless they are going to be reimbursed by customers. The asset is presented as other current assets or other non-current assets according to whether the amortisation period exceeds one normal operating period.

Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than ASBE No.14, the Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset is presented as inventories or other non-current assets according to whether the amortisation period exceeds one normal operating period.

The asset mentioned above shall be amortised on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognised as expenses in relevant periods.

The Group shall recognise an impairment loss to the extent that the carrying amount of the asset mentioned above exceeds:

- (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the estimated costs that relate to providing those goods or services and that have not been recognised as expenses.

The Group shall, after the impairment has been provided, recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised previously.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Revenue (Continued)

Contract assets

Contract assets refer 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. Accounting policies relating to contract assets are specified in Note III. 9.2. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

Contract liabilities

Contract liabilities refer 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.

20. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attached and the Group would receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value of the asset. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

20.1 Judgment basis and accounting treatments for government grants related to assets

Government grants related to assets refer to those acquired by the Group for the purpose of purchasing or constructing or forming long-term assets.

Government grants related to assets are charged against carrying amount in related assets when related assets become ready for their intended use.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Government grants (Continued)

20.2 Judgment basis and accounting treatments for government grants related to income

Government grants related to income refer to those other than grants related to assets.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related expenses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Government grants related to the Group's daily activities are included in other income in accordance with its economic substance. Otherwise, government grants are included in non-operating income or expense.

For repayment of a government grant already recognised, if government grants were charged against carrying amount of the related assets at initial recognition, the repayment adjusts the carrying amount of assets. If there is related deferred income, the repayment is offset against the gross carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

20.3 Relocation compensation received due to public interests

The Group receives relocation compensation directly from the government for the benefit of public interests such as urban overall planning, reservoir construction, and renovation of shanty towns and subsidence area control. The relocation compensation is paid out of financial budgets by the government and is recognised as special payable when received. Therein compensation granted for losses of fixed assets and intangible assets, expenses incurred, losses from suspension of projects, and assets to be constructed after the relocation, should be transferred to deferred income and recognised as government grants relating to assets and government grants related to income accordingly. Excess of the relocation compensation over the amount transferred to deferred income should be recorded in capital reserve.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Income tax

Income tax expenses comprise current and deferred tax. Current tax expenses and deferred tax expenses are recognised as income or expenses in profit or loss for the current period, except for the deferred tax as an adjustment of goodwill arising from a business combination, or the current tax expenses and the deferred tax expenses to be recognised directly in other comprehensive income or shareholders' equity, which arise from transactions or events that should be recognised directly in other comprehensive income or shareholders' equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

Based on the temporary differences between the carrying amount of an asset or liability on the balance sheet date and its tax base, and the differences between the carrying amount of some items that have a tax base but are not recognised as assets and liabilities and their tax base, the Group adopts the liability method for the provision for deferred tax.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable profit or loss;
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carry forward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Income tax (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

22. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the 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.

22.1 As a lessee

Separating components of a contract

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises a right-of-use asset at the commencement date of the lease. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use. The right-of-use asset is measured at cost. The cost of the right-of-use asset shall include:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the Group; and
- (4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

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 terms are depreciated from commencement date to the end of their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with *Accounting Standards for Business Enterprises No. 8 — Impairment of Assets* (ASBE No.8).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognises the lease liability at the present value of the lease payments that are not paid 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 determined.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group:

- (1) fixed payments, including in-substance fixed payments, less any lease incentives receivable, if applicable;
- (2) the exercise price of a purchase option reasonably certain to be exercised by the Group;
- (3) payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the Group recognises interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities. The interest expenses are recognised into profit or loss for the current period or the cost of the related assets.

After the commencement date, the Group shall remeasure the lease liability and make corresponding adjustments to the related right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurement in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.1 As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and vehicles and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain any purchase options. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognise the lease payments associated with short-term leases and leases of low-value assets as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) 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 reallocates the consideration in the contract, and remeasures the lease liability 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 (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Leases (Continued)

22.2 As a lessor

Separating components of a contract

For a contract that contains lease components and non-lease components, the Group applies ABSE No.14 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Classification of leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Other leases which are not finance leases are operating leases.

Recognition and measurement as a lessor of an operating lease

The Group recognises lease receivables from operating leases as income on a straight-line basis over the lease term. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

For the contingent receivables not included in the operating lease receivables, the Group recognises into profit or loss when received.

22.3 Sale and leaseback transactions

As a seller-lessee

The Group applies the requirements of ASBE No.14 to assess whether the sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For the sales and leaseback transaction that does not constitute a sale, the Group continues to recognise the transferred asset, and recognises a financial liability which equals to the transfer proceeds and accounts for the financial liability applying ASBE No. 22. If the sales and leaseback transaction constitutes a sale, the Group measures 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 retained, and recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Impairment of long-term assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred tax assets, financial assets, contract assets and assets related to the costs incurred in fulfilling a contract, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that the assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset. Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

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. The recoverable amount of an asset or an asset group is the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from the asset or the asset group.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognised as a provision for impairment loss and profit or loss for the current period.

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 groups 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.

In impairment testing for goodwill, if there is any indication of impairment, the Group first tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and recognised any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is 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 above impairment loss is recognised, it cannot be reversed in subsequent periods.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee benefits

Employee benefits are all forms of considerations given by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouses, children, dependent, and families of deceased employees and other beneficiaries also belong to employee benefits.

24.1 Short-term benefits

In the period of employee services, short-term benefits are actually recognised as liabilities and charged to profit or loss or the related costs of assets for the current period.

24.2 Post-employment benefits (defined contribution plans)

If employees of the Group participate in the basic pension insurance and unemployment insurance plans managed by local governments and participate in the supplementary pension insurance of the Group as well, the relevant expenditures are recorded in the relevant capital costs and expenses in the period when incurred.

24.3 Post-employment benefits (defined benefit plans)

The Group provides benefit plans for long-term post-leaving personnel, which are considered as defined benefit plans. The Group does not put any funds in the plans; the costs of the defined benefit plans are measured using the projected cumulative unit credit method.

Any remeasurement caused by the defined benefit plans, including actuarial gains or losses, is recognised in the statement of financial position immediately and recorded in equity as other comprehensive income in the accounting period the remeasurement occurred. Those losses and gains should not be reversed to profit or loss in the subsequent accounting periods.

The past service costs should be recognised as current expenses at the earlier of the following dates: (1) when the Group modifies the defined benefit plans; and (2) when the Group recognises relevant restructuring costs or termination benefits.

Net interest equals to the net defined benefit liability multiply by the discount rate. The Group recognised changes in the net defined benefit obligation as general and administrative expenses in the statement of profit or loss and other comprehensive income. Those changes include service costs, including current service costs, past service costs and gains and losses on settlement, and net interest, which are the interest expenses of the plan.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee benefits (Continued)

24.4 Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates: (1) when the Group can no longer unilaterally withdraw the offer of those benefits for proposals or suggestions for termination of employment; and (2) when the Group recognises costs for restructuring and involves the payment of termination costs.

24.5 Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

24.6 Bonus entitlements

The estimated cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are estimated to be settled within twelve months and are measured at the amounts estimated to be paid when they are settled.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Debt restructuring

25.1 Recording of debt restructuring obligation as the debtor

When a debt is settled by an asset in a debt restructuring, the Group derecognises the relevant asset and the debt settled when the derecognition criteria for the asset and the debt are satisfied. The difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognised in profit or loss for the current period.

When a debt is converted into an equity instrument in a debt restructuring, the Group derecognises the debt settled when the derecognition criteria for the debt are satisfied. On initial recognition, the equity instrument are recognised at fair value. When the fair value of the equity instrument cannot be measured reliably, the equity instruments are recognised at the fair value of the debt. The difference between the carrying amount of the debt and the carrying amount of the equity instrument is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the debt restructured in accordance with ASBE No. 22 and *Accounting Standard for Business Enterprises No.37- Presentation of Financial Instruments* (ASBE No. 37).

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group recognises and measures the equity instrument and the debt restructured in accordance with the policies regarding debts settled by assets and debts converted into equity instruments, as mentioned above. The difference between the carrying amount of the debt and the sum of the carrying amount of the assets transferred, the carrying amount of the equity instrument recognised and the carrying amount of the debt restructured, is recognised in profit or loss for the current period.

25.2 Recording of debt restructuring obligation as the creditor

When a debt is settled by assets in a debt restructuring, on initial recognition of the assets other than financial assets, the assets are recognised at cost.

- (1) The cost of inventories includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, insurance and other costs, for bringing the assets to the current position and condition;
- (2) The cost of fixed assets includes the fair value of the debt receivable and any directly attributable expenditure, including taxes, transportation costs, handling costs, installation costs, professional service costs and other costs, for bringing the assets to working condition for intended use.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Debt restructuring (Continued)

25.2 Recording of debt restructuring obligation as the creditor (Continued)

The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When the debt restructuring causes the Group to convert the debt receivable to an equity investment of joint ventures or associates, the creditor shall measure the equity investment based on the sum of the fair value of debt receivable, and any directly attributable taxes and other costs of the investment. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

When a debt restructuring involves the modification of other terms of a debt, the Group recognises and measures the restructured debt receivable in accordance with ASBE No. 22.

When a debt is settled by multiple assets or combination of various methods in a debt restructuring, the Group first recognises and measures the financial assets received and restructured debt receivable in accordance with ASBE No. 22, and then allocates the net value, which is the fair value of the debt receivable deducted by the recognised total carrying amount of financial assets received and restructured debt receivable, to the costs of non-financial assets received based on their relative fair value. The difference between the fair value and the carrying amount of the debt receivable is recognised in profit or loss for the current period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Nonmonetary Transactions

When the non-monetary assets are of commercial substance and the fair value of assets received or the assets given up can be measured reliably, the nonmonetary transactions are measured at fair value. For the asset received, the fair value of the asset given up and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value and the carrying amount is recognised in profit or loss for the current period. When there is clear evidence indicating that the fair value of the received asset is more reliable, for the asset received, the fair value of the asset received and related taxes payable are recognised as the cost at initial recognition; For the asset given up, at derecognition, the difference between the fair value of the asset received and the carrying amount of the asset given up is recognised in profit or loss for the current period.

When the nonmonetary transactions fail to meet criteria to be measured at fair value, the transactions are measured at carrying amounts. For the asset received, the carrying amount of the asset given up and relevant taxes payable are recognised as the cost of at initial recognition. For the asset given up, at derecognition, no profit or loss is recognised.

When several assets are received at the same time in a nonmonetary transaction, if the transaction is measured at fair value, the cost of each asset other than financial assets received is determined by apportioning the net amount, which is the total fair value of all assets given up deducted by the fair value of the financial assets received, based on the proportion of the fair value of each asset received, and plus related taxes payable, at initial recognition; When there is clear evidence indicating that the fair value of the received assets is more reliable, the fair value of each asset received and related taxes payable are recognised as cost of each asset received at initial recognition; If the transaction is measured at carrying amounts, the cost of each asset received is determined by apportioning the total carrying amounts of all assets given up based on the proportion of the fair value of each asset received to the total fair value of all assets received.

When several assets are given up at the same time in a nonmonetary transaction, if the transaction is measured at fair value, at each asset's derecognition, the difference between each asset's fair value and carrying amount is recognised in profit or loss for the current period; When there is clear evidence indicating that the fair value of the received assets is more reliable, the profit or loss, recognised for the current period, of derecognition of each asset given up is the net amount, which is the apportioning of the total fair value of the assets received, based on the proportion of the fair value of each asset given up to the total fair value of all assets given up, deducted by the carry amount of each asset given up; if the transaction is measured by carrying amounts, no profit or loss of derecognition of assets given up, is recognised.

27. Profit distribution

The cash dividend of the Company is recognised as a liability upon approval in the annual shareholders' meeting.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Renewable corporate bonds and other financial instruments

The perpetual securities and other financial instruments issued by the Group shall be classified as equity instruments if no contractual obligations of one party (the issuer) to deliver cash or another financial asset to another party (the holder), or to exchange financial assets or liabilities under conditions that are potentially unfavorable.

For perpetual securities and other financial instruments classified as equity instruments, distribution of interests and dividends are recognised into distribution of equity. Its repurchase and cancellation are recognised as changes of equity and transaction costs related to equity transactions are deducted from equity.

29. 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 Utilisation* (Cai Qi [2012] No.16) and the *Management Measures on the Enterprises Production Safety Expenses Appropriation and Utilisation*, issued by the Ministry of Finance 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 period, and provided as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in the statement of profit or loss and other comprehensive income and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

30. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that they can access at the measurement date;

Level 2: Inputs are inputs, other than quoted process included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Asset securitisation

The Group has securitised a portion of receivables (“underlying assets”) where underlying assets are sold and transferred to a special purpose entity (“SPE”). The SPE issues senior and subordinate assets-backed securities to investors, while the Group holds some portion of subordinate assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as asset management and collection, contract revision and other services. The cash received from the underlying assets during the periods of collection, after paying SPE taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining cash after paying the principal and interests in full is treated as income from subordinate assets-backed securities. The Group shares relevant income based on its proportion of subordinate assets-backed securities.

When applying the accounting policy of securitisation of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- (1) When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognise the relevant financial asset;
- (2) When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognise the relevant financial asset;
- (3) When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognise the financial asset and recognise the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognise the financial asset to the extent of its continuing involvement in the transferred financial asset.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at each balance sheet date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities in the future.

At the balance sheet date, key assumptions and uncertainties that probably lead to significant future adjustments on the carrying amount of assets and liabilities are as follows:

Revenue from construction operations

For most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress, which is determined by input method. The Group's management makes reasonable estimates on the expected total contract revenue and total contract costs based on the budgets prepared for construction operations to determine the performance progress and identify onerous contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Due to the nature of activities associated with construction, the Group has to continuously review and revise budget prepared for each construction operation throughout the contract period. Revision may have effect on revenue, profit and other items related to construction operations during the period when the revision incurred.

Impairment of trade receivables and contract assets

For trade receivables and contract assets scoped in ASBE No. 14, the Group measures loss allowances for trade receivables and contract assets based on lifetime ECL. For trade receivables and contract assets which are individually significant and credit-impaired, the Group's management assesses credit losses individually by estimating the contractual cash flow expected to receive, based on the evidence of credit-impairment and forward-looking information. Except for trade receivables and contract assets which are individually significant and credit-impaired, the Group's management uses provision matrix to assess ECL, which is based on collective credit risk characteristics. The provision rates are based on the Group's historical actual loss rates, taking into consideration forward-looking information. The impairment of trade receivables and contract assets involves management's accounting estimations and judgements. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of trade receivables and contract assets during the period when the reassessment incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Impairment of other financial assets

For financial assets which are not scoped in ASBE No. 14, the Group assesses changes in credit risk of relevant financial instruments since initial recognition at each balance sheet date and calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. The calculation of ECL involves management's judgment on whether significant increase in credit risk and management's estimation on future contractual cash flows. If the result of reassessment is different from the current estimation, such differences may have influence on the profit and carrying amount of financial assets during the period which the reassessment incurred.

Impairment of properties under development and completed properties held for sale

The Group has to evaluate the net realisable values for properties under development and completed properties held for sale at each balance sheet date. When the net realisable values are lower than the carrying amounts, a provision is made by the Group.

The principal assumptions for the Group's estimation of the net realisable values of the properties under development include those related to prevailing market prices for similar properties in the same location and condition, estimated costs to be incurred to completion of the properties and discount rates.

The Group estimates the net realisable value for completed properties held for sale based on the selling price, sales projections, sales expenses to be incurred and relevant tax expenses, with reference to the current market prices and actual sale progress.

Impairment of concession rights

The Group assesses at the balance sheet date whether there is any indication that the concession rights may be impaired. If there is any indication of impairment, the Group will estimate the recoverable amount and perform the impairment test. The provision for impairment loss is recognised according to the difference where the recoverable amount of an asset is less than its carrying amount and charged to the impairment loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Impairment of concession rights (Continued)

The recoverable amount of the franchise rights is the higher of its fair value less costs of disposal and the present value of the estimated future cash flows. The present value of estimated future cash flows is determined based on the present value of estimated future cash flows during the period of the concession rights, i.e. based on the estimated future cash flows generated by the concession rights in the continuous use and discounted to the present value by selecting the appropriate discount rates. The estimated future cash flows are estimated based on the expected revenue of services rendered under concession arrangements and other income from the concession rights, net of necessary maintenance expenses and operating costs.

Based on the best estimate of the management, the Group has recognised provision for impairment loss of RMB1,060,130,000 for concession rights as at 31 December 2019 (31 December 2018: Nil). The Group's estimation results based on existing experience may be affected by business development, external environment and other factors, resulting in different actual results for the next year.

Contingent liabilities arising from litigation and claims

The Group is involved in a number of litigation and claims in respect of certain construction work performed at present and in the past. Contingent liabilities arising from these litigation and claims have been assessed by management with reference to legal advice. Provisions on the probable obligations have been made based on management's best estimates and judgments.

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.

In determining the useful lives and residual values of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the residual values of fixed assets are less than previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Amortisation of concession rights of highways

If the assets under the concession arrangement acquired by the “Build-Operate-Transfer” (“BOT”) participating in the construction of the expressway is applicable to intangible asset model, the concession rights is amortised at the early stage of operation period based on expected realisation approach of associated economic benefits using traffic volume method or straight-line method. In the case of traffic volume method amortisation (namely, calculating the total annual amortisation amount based on the percentage of actual traffic volume in certain years in the estimated total traffic volumes), amortisation calculation is initiated since the operation of the relevant turnpike highways.

The Group’s management made judgments on the proportion of actual traffic volume in the total estimated traffic volume. Where the difference between the actual amount and the estimation is substantial, the management will reestimate the total estimated traffic volume based on the actual traffic volume and adjust the amortisation of annual provisions for standard traffic volumes in subsequent years.

Income tax and deferred tax assets

The Company and its subsidiaries are subject to income taxes in numerous jurisdictions in domestic provinces and certain overseas countries. In order to reliably estimate and judge, the income tax provision is required to be determined based on existing tax laws, regulations and practices, if the relevant affairs of income tax have not yet been confirmed by relevant tax authorities. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current period income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. In cases where the actual future profits generated are different from the estimation, such difference will influence on or change the deferred tax assets and income tax recognised in the relevant period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Significant accounting judgments and estimates (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Provisions for long-term post-leaving benefits

The Group recognised the benefits paid to certain long-term post-leaving personnel as a liability. The amounts of employee benefit expenses and liabilities are determined using various assumptions, including the estimated rates of return on assets, pension benefit inflation rates, medical benefit inflation rates, and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The differences between actual experience and assumptions are recognised immediately in other comprehensive income in the period in which such differences arise. While management believes that its assumptions are reasonable, differences in actual experience or changes in assumptions may affect other comprehensive income and balance of liabilities related to the long-term post-leaving benefit obligations.

33. Changes in significant accounting policies

The Group has implemented the *Accounting Standards for Business Enterprises No.21 — Leases* amended by the Ministry of Finance (“MoF”) in 2018 (hereinafter by referred to as the “New Leases Standard”), the *Accounting Standards for Business Enterprises No.12 — Debt Restructurings*, the *Accounting Standards for Business Enterprises No.7 — Nonmonetary Transactions* amended by MoF in 2019, since 1 January 2019 (the first implementation). Updated group accounting policies are presented in Note III. 22, 25 and 26.

In addition, the financial statements have been prepared based on *Notice of the Revised Format of Consolidated Financial Statements for General Business Enterprise for the year of 2019* (Cai Kuai [2019] No.6), issued by MoF on 30 April 2019 and the comparative financial information are presented according to Cai Kuai [2019] No.6.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard

The New Leases Standard improves the definition of leases; adds contents including identifying a lease, separating components of a lease and combination of leases; no longer adopts the original classification of operating leases and finance leases for lessees, requiring that in cases of all leases (except short-term leases and leases of low-value assets), a right-of-use asset and a lease liability shall be recognised at the commencement date of the lease, while depreciation and interest expenses shall be recognised respectively; improves subsequent measurement of leases for lessors, adding accounting treatments for changes in the lease term or the assessment of an option to purchase the underlying asset; Sets out relevant principles for disclosure.

For the lease contracts that already existed before the implementation of the standard, the Group chose not to reassess whether the contract was, or contained, a lease on the date of initial implementation.

As a lessee

In accordance with the New Leases Standard, during the first implementation of the standard, the accumulative amounts impacted shall be adjusted in the opening balance of relevant items in the financial statements, with no impacts on comparative information.

Except for the leases of low-value assets, for all the leases classified as operating leases before the first implementation of the New Leases Standard, the Group chooses one or more of the following practical expedients:

- (1) leases for which the lease term ends within 12 months of the date of initial implementation are accounted for in the same way as short-term leases;
- (2) the measurement of right-of-use assets excludes any initial direct costs incurred;
- (3) If the contract contains options to extend or terminate the lease, the Group determines the lease term based on the actual usage of the options before the date of initial implementation and hindsight.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

As a lessee (Continued)

On the date of initial implementation, the Group made the following adjustments in accordance with the New Leases Standard:

- (1) For leases that were classified as finance leases previously, the carrying amount of the right-of-use asset and the lease liability at the date of initial implementation shall be the carrying amount of the lease asset and lease liability immediately before that date.
- (2) For a lease previously classified as an operating lease, the Group recognised a lease liability at the date of initial implementation, by measuring that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate(4.5%-4.9%) at the date of initial implementation, and a right-of-use asset at the date of initial implementation, by measuring that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As a lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and shall account for those leases applying the New Leases Standard from the date of initial implementation.

Sale and leaseback transactions

For sale and leaseback transactions existed before the first implementation, the Group did not apply the requirements in ASBE No.14 to determine whether the transfer of an asset in a sale and leaseback transaction is a sale on the date of first implementation. For transactions that occur after the first implementation, the Group, as the seller-lessee, applies the requirements ASBE No.14 to determine whether the transfer of an asset in a sale and leaseback transaction is a sale.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

The information regarding the lease liabilities recognised by the Group on 1 January 2019 and the significant operating leases disclosed in the financial statements for the year ended 31 December 2018 is listed as follows:

Item	<i>RMB'000</i> 1 January 2019
I. Significant operating leases as at 31 December 2018	6,676,434
Lease liabilities, discounted using the incremental borrowing rate at the date of initial implementation	5,753,482
Add: Finance lease payables as at 31 December 2018	907,517
II. Lease liabilities as at 1 January 2019	6,660,999
Presented as:	
Current liabilities	1,976,247
Non-current liabilities	4,684,752

Carrying amount of right-of-use assets as at 1 January 2019 is listed as follows:

Category	<i>RMB'000</i> 1 January 2019
Right-of-use assets:	7,144,313
Right-of-use assets recognised for the leases classified as operating leases before the initial implementation	5,753,482
The assets recognised from finance leases under the Original Leases Standard	1,390,831
	<i>Notes</i>
	Note 1
Total	7,144,313

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

Right-of-use assets by category as at 1 January 2019 is listed as follows:

Category	1 January 2019
Buildings	907,708
Machinery	5,131,559
Vehicles	1,010,508
Others	94,538
Total	7,144,313

RMB'000

Note 1: For the leases classified as finance leases under the Original Leases Standard and had not terminated as at 1 January 2019, the carrying amount of such lease assets amounted to RMB1,390,831,000 and were recognised as right-of-use assets by the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

Impacts of the New Leases Standard on opening balances of items in the consolidated statement of financial position are as follows:

RMB'000

Item	31 December 2018	Impacts of the New Leases Standard	1 January 2019
Current assets:			
Total current assets	650,277,350	–	650,277,350
Non-current assets:			
Fixed assets (Note 2)	50,300,597	(1,390,831)	48,909,766
Right-of-use assets (Note 1, Note 2)	/	7,144,313	7,144,313
Others	217,092,635	–	217,092,635
Total non-current assets	267,393,232	5,753,482	273,146,714
TOTAL ASSETS	917,670,582	5,753,482	923,424,064
Current liabilities:			
Current portion of non-current liabilities (Note 1)	23,218,971	1,632,494	24,851,465
Others	568,487,551	–	568,487,551
Total current liabilities	591,706,522	1,632,494	593,339,016

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

RMB'000

Item	31 December 2018	Impacts of the New Leases Standard	1 January 2019
Non-current liabilities			
Lease liabilities (<i>Note 1</i>)	/	4,684,752	4,684,752
Long-term payables (<i>Note 2</i>)	7,197,581	(563,764)	6,633,817
Others	111,431,624	–	111,431,624
Non-current liabilities	118,629,205	4,120,988	122,750,193
Total liabilities	710,335,727	5,753,482	716,089,209
Shareholders' equity :			
Total equity attributable to owners of the Company	169,889,912	–	169,889,912
Non-controlling interests	37,444,943	–	37,444,943
Total shareholders' equity	207,334,855	–	207,334,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	917,670,582	5,753,482	923,424,064

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Changes in significant accounting policies (Continued)

33.1 Impacts of the New Leases Standard (Continued)

Note 1: For the leases classified as operating leases before the initial implementation, the Group recognised the lease liabilities at the date of initial implementation, by measuring that lease liability at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate at the date of initial implementation. As at 1 January 2019, the Group recognised right-of-use assets amounting to RMB5,753,482,000 and lease liabilities amounting to RMB5,753,482,000. Among the lease liabilities, the current portion of lease liabilities amounting to RMB1,632,494,000 were presented in the current portion of non-current liabilities.

Note 2: For the leases classified as finance leases before the initial implementation and had not terminated as at 1 January 2019, the carrying amount of such lease assets amounted to RMB1,390,831,000. The Group recognised such lease assets as right-of-use assets at their carrying amount. Also, finance lease payables over one year amounting to RMB563,764,000 were reclassified to lease liabilities from long-term payables.

33.2 Debt restructuring and nonmonetary transactions

The Group has implemented the *Accounting Standards for Business Enterprises No. 12 — Debt Restructuring* and the *Accounting Standards for Business Enterprises No. 7 — Nonmonetary Transactions* amended by MoF since 1 January 2019. The Group makes no retrospective adjustments for debt restructurings and nonmonetary transactions occurred before 1 January 2019. The amended standards mentioned above have no significant impact on the Group.

33.3 Format of consolidated financial statements

Cai Kuai [2019] No.6 has modified the items in the statements of financial position, the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity. The *Bills receivable and trade receivables* is separated as the *Bills receivable* and the *Trade receivables*. The *Bills payable and trade payables* is separated as the *Bills payable* and the *Trade payables*. A new line item *Receivables at FVTOCI* is included. The disclosure of several line items has been clarified or modified, which includes *Other receivables*, *Current portion of non-current assets*, *Other payables*, *Deferred income*, *Other equity instruments*, *Research and development expenses*, *Interest income* under *Finance costs*, *Other income*, *Non-operating income*, *Non-operating expenses* and *Capital contributions by other equity instrument holders*. Impairment of losses for commitments for loans and financial guarantees are required. A new sub-item *Income from derecognition of financial assets measured at amortised cost* is included in the *Investment income/(loss)*. The positions of several line items in the statements of profit or loss and other comprehensive income have been adjusted. The line item where the government grants should be included in the statements of cash flows has been clarified. Regarding the modified items, the comparative financial information is presented after reclassification.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES

1. Major categories of taxes and respective tax rates

Category	Tax basis	Tax rate
Value-added tax ("VAT")	Sales revenue and construction installation income in accordance with relevant tax law	3%, 6%, 9% (10% before 1 April 2019), 13% (16% before 1 April 2019)
Enterprise income tax ("EIT")	Taxable income	All enterprises are subject to EIT at 25% except for some domestic subsidiaries qualified for tax preferential (<i>Note IV. 2</i>) and overseas subsidiaries that are subject to EIT in accordance with the local tax laws applicable to the jurisdiction where the company was registered.
City maintenance and construction tax ("CCT")	Based on the actual VAT and circulation tax payment	1%, 5%, 7%
Educational surcharge	Based on the actual VAT and circulation tax payment	3%
Local educational surcharge	Based on the actual VAT and circulation tax payment	2%
Land appreciation tax ("LAT")	Calculate LAT based on the appreciation amount arising from the transfer of properties and the extra progressive tax rate	Extra progressive tax rate: 30%, 40%, 50%, 60%

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential

Super deduction of research and development (R&D) expenses

Pursuant to Chapter IV, Item 1 of Article 30 of the *Law of the PRC on Enterprise Income Tax Law* (the “New EIT Law”), 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 [2015] No. 119) and *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 Proportion of Research and Development Expenses* (Cai Shui [2018] No. 99), the Company and its subsidiaries complying with the relevant provisions can make a super deduction on their research and development expenditures when calculating the taxable income.

Tax preferential for the Western Region Development

Pursuant to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs* (Cai Shui [2011] No. 58), the tax preference for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, enterprise income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the *Catalogue of Encouraged Industries in the Western Region*, the income of which accounts for more than 70% of the total income of such enterprises. The *Catalogue of Encouraged Industries in the Western Region* shall be issued separately.”

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

At present, the Catalogue of Encouraged Industries in the Western Region has been approved by the State Council, and shall be implemented as from 1 October 2014. Certain subsidiaries of the Group, including China Railway 11th Bureau Group 5th Engineering Co., Ltd. (中鐵十一局集團第五工程有限公司), China Railway 12th Bureau Group 1st Engineering Co., Ltd. (中鐵十二局集團第一工程有限公司), China Railway 12th Bureau Group 4th Engineering Co., Ltd. (中鐵十二局集團第四工程有限公司), China Railway 12th Bureau Group Railway Maintenance Engineering Co., Ltd. (中鐵十二局集團鐵路養護工程有限公司), China Railway 12th Bureau Group (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)工程有限公司), China Railway Construction Bridge Engineering Bureau Group 5th Engineering Co., Ltd. (中鐵建大橋工程局集團第五工程有限公司), Lanzhou Tunnel Equipment Co., Ltd. of China Railway Construction Bridge Engineering Bureau Group (中鐵建大橋局集團蘭州隧道裝備有限公司), China Railway 15th Bureau Group 1st Engineering Co., Ltd. (中鐵十五局集團第一工程有限公司), China Railway 15th Bureau Group Tibet Engineering Co., Ltd. (中鐵十五局集團西藏工程有限公司), China Railway 16th Bureau Group Tibet Engineering Co., Ltd. (中鐵十六局集團西藏工程有限公司), China Railway 17th Bureau Group 2nd Engineering Co., Ltd. (中鐵十七局集團第二工程有限公司), China Railway 17th Bureau Group 4th Engineering Co., Ltd. (中鐵十七局集團第四工程有限公司), China Railway 17th Bureau Group Tibet Engineering Co., Ltd. (中鐵十七局集團西藏工程有限公司), China Railway 18th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十八局集團隧道工程有限公司), China Railway 18th Bureau Group Tibet Engineering Co., Ltd. (中鐵十八局集團西藏工程有限公司), China Railway 19th Bureau Group Tibet Engineering Co., Ltd. (中鐵十九局集團西藏工程有限公司), China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司), China Railway 20th Bureau Group 2nd Engineering Co., Ltd. (中鐵二十局集團第二工程有限公司), China Railway 20th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十局集團第三工程有限公司), China Railway 20th Bureau Group 5th Engineering Co., Ltd. (中鐵二十局集團第五工程有限公司), China Railway 20th Bureau Group 6th Engineering Co., Ltd. (中鐵二十局集團第六工程有限公司), China Railway 20th Bureau Group Electrical Engineering Co., Ltd. (中鐵二十局集團電氣化工程有限公司), China Railway 20th Bureau Group Municipal Engineering Co., Ltd. (中鐵二十局集團市政工程有限公司), China Railway Guizhou Engineering Co., Ltd. (中鐵貴州工程有限公司), China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司), China Railway 21st Bureau Group 1st Engineering Co., Ltd. (中鐵二十一局集團第一工程有限公司), China Railway 21st Bureau Group 2nd Engineering Co., Ltd. (中鐵二十一局集團第二工程有限公司), China Railway 21st Bureau Group 3rd Engineering Co., Ltd. (中鐵二十一局集團第三工程有限公司), China Railway 21st Bureau Group 4th Engineering Co., Ltd. (中鐵二十一局集團第四工程有限公司), China Railway 21st Bureau Group 5th Engineering Co., Ltd. (中鐵二十一局集團第五工程有限公司), China Railway 21st Bureau Group Electrical Engineering Co., Ltd. (中鐵二十一局集團電務電化工程有限公司), China Railway 21st Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵二十一局集團路橋工程有限公司), China Railway 22nd Bureau Group 5th Engineering Co., Ltd. (中鐵二十二局集團第五工程有限公司), China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司), China Railway 23rd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十三局集團第三工程有限公司), China Railway 23rd Bureau Group 4th Engineering Co., Ltd. (中鐵二十三局集團第四工程有限公司), China Railway 23rd Bureau Group 6th Engineering Co., Ltd. (中鐵二十三局

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

集團第六工程有限公司), China Railway 23rd Bureau Group Rail Transit Chengdu Engineering Co., Ltd. (中鐵二十三局集團軌道交通成都工程有限公司), China Railway 25th Bureau Group (Ganzhou) Engineering Co., Ltd. (中鐵二十五局集團(贛州)工程有限公司), China Railway Construction Electrification Bureau Group Xi'an Electrical Product Co., Ltd. (中鐵建電氣化局集團西安電氣化製品有限公司), China Railway Chongqing Urban Rail Transit Engineering Co., Ltd. (中鐵建重慶軌道環線建設有限公司), China Railway First Survey and Design Institute Group Ltd. (中鐵第一勘察設計院集團有限公司), Shaanxi Xingan Runtong Electrification Co., Ltd. (陝西興安潤通電氣化有限公司), Gansu Runtong Telecom Engineering Co., Ltd. (甘肅潤通電信與自動化控制工程有限公司), Lanzhou Railway Survey and Design Institute Co., Ltd. (蘭州鐵道設計院有限公司), China Railway Siyuan Group Nanning Survey and Design Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司), China Railway Siyuan Group Southwest Survey and Design Co., Ltd. (中鐵四院集團西南勘察設計有限公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), CRCC High-tech Equipment Co., Ltd. (中國鐵建高新裝備股份有限公司), China Railway Construction Heavy Industry Xinjiang Co., Ltd. (鐵建重工新疆有限公司), China Railway Longchang Materials Co., Ltd. (中鐵隆昌鐵路器材有限公司), Chongqing China Petroleum & Railway Construction Industrial Co., Ltd. (重慶中油鐵建實業有限公司), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公司), CRCC Chongqing Investment Group Co., Ltd. (中鐵建重慶投資集團有限公司), China Railway Construction Kunlun Metro Investment Construction Management Co., Ltd. (中鐵建昆侖地鐵投資建設管理有限公司), CRCC Kunlun Investment Co., Ltd. (中國鐵建昆侖投資集團有限公司), China Railway Construction Guizhou Construction Co., Ltd. (中鐵建貴州建設有限公司), China Railway Construction Yunnan Transportation Construction Management Co., Ltd. (中鐵建雲南交通建設管理有限公司), China Railway Construction Yunnan Investment Co., Ltd. (中鐵建雲南投資有限公司), CRCC Kunlun Tianfu Greenway Chengdu Co., Ltd. (中鐵建昆侖天府綠道成都有限公司), CRCC Beibuwan Construction and Investment Co., Ltd. (中鐵建北部灣建設投資有限公司) and China Railway Construction Northwest Investment & Construction Co., Ltd. (中鐵建西北投資建設有限公司), met requirements of "enterprises located in the Western Region, whose principal businesses are encouraged industries, and the income of which accounts for more than 70% of the total income of such enterprises" in 2018 and 2019, and are applicable to preferential income tax rate of 15% for the Western Region Development.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries

China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司): (1) its subsidiaries including China Railway 11th Bureau Group 1st Engineering Co., Ltd. (中鐵十一局集團第一工程有限公司), China Railway 11th Bureau Group 2nd Engineering Co., Ltd. (中鐵十一局集團第二工程有限公司), China Railway 11th Bureau Group 3rd Engineering Co., Ltd. (中鐵十一局集團第三工程有限公司), China Railway 11th Bureau Group 4th Engineering Co., Ltd. (中鐵十一局集團第四工程有限公司) and China Railway 11th Bureau Group City Rail Engineering Co., Ltd. (中鐵十一局集團城市軌道工程有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋梁有限公司) has been recognised as a High-tech Enterprise by Jiangxi Provincial Science and Technology Department, Jiangxi Provincial Department of Finance, and Jiangxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 11th Bureau Group 6th Engineering Co., Ltd. (中鐵十一局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration, and Hubei Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiaries including China Railway 11th Bureau Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限公司), China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵十一局集團電務工程有限公司) and China Railway 11th Bureau Construction and Installation Engineering Co., Ltd. (中鐵十一局集團建築安裝工程有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 12th Bureau Group Co., Ltd. (中鐵十二局集團有限公司): (1) its subsidiary China Railway 12th Bureau Group 7th Engineering Co., Ltd. (中鐵十二局集團第七工程有限公司) has been recognised as a High-tech Enterprise by Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary Building and Installing Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiaries including China Railway 12th Bureau Group 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) and China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) have been recognised as High-tech enterprises by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary Electrification Engineering Co., Ltd. of China Railway 12th Bureau Group (中鐵十二局集團電氣化工程有限公司) has been recognised as a High-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Bridge Engineering Bureau Group Co., Ltd. (中國鐵建大橋工程局集團有限公司): (1) its subsidiary China Railway Construction Bridge Engineering Bureau Group 1st Engineering Co., Ltd. (中國鐵建大橋工程局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway Construction Bridge Engineering Bureau Group 2nd Engineering Co., Ltd. (中鐵建大橋工程局集團有限公司第二工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Innovation Committee of Shenzhen Municipality, Shenzhen Finance Bureau, Shenzhen Tax Service, State Taxation Administration, and Shenzhen Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate of 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway Construction Bridge Engineering Bureau Group 6th Engineering Co., Ltd. (中鐵建大橋工程局集團第六工程有限公司) has been recognised as a High-tech Enterprise by Jilin Science and Technology Department, Jilin Province Department of Finance, Jilin Provincial Tax Service, State Taxation Administration, and Jilin Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiary China Railway Construction Bridge Engineering Bureau Group Electrification Engineering Co., Ltd. (中鐵建大橋工程局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration, and Tianjin Local Taxation Bureau since 2017 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiary China Railway Modern Survey and Design Institute Group Co., Ltd. (中鐵現代勘察設計院有限公司) has been recognised as a High-tech Enterprise by Jilin Science and Technology Department, Jilin Province Department of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司): (1) its subsidiary Beijing China Railway Fangshan Bridge Co., Ltd. (北京中鐵房山橋梁有限公司) has been recognised as a High-tech Enterprise by the Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including Electrification Engineering Co., Ltd. of China Railway 14th Bureau Group (中鐵十四局集團電氣化工程有限公司), and Shandong Tiezheng Testing Technology Co., Ltd. (山東鐵正工程試驗檢測中心有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 14th Bureau Group 3rd Engineering Co., Ltd. (中鐵十四局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 15th Bureau Group Co., Ltd. (中鐵十五局集團有限公司): (1) its subsidiary China Railway 15th Bureau Group 3rd Engineering Co., Ltd. (中鐵十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 15th Bureau Group 4th Engineering Co., Ltd. (中鐵十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 15th Bureau Group 5th Engineering Co., Ltd. (中鐵十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 16th Bureau Group Co., Ltd. (中鐵十六局集團有限公司): (1) China Railway 16th Bureau Group Co., Ltd. and its subsidiary China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries including China Railway 16th Bureau Group 4th Engineering Co., Ltd. (中鐵十六局集團第四工程有限公司), China Railway 16th Bureau Group Beijing Metro Engineering Co., Ltd. (中鐵十六局集團北京軌道交通工程建設有限公司) and China Railway 16th Bureau Group Electrification Engineering Co., Ltd. (中鐵十六局集團電氣化工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 16th Bureau Group 5th Engineering Co., Ltd. (中鐵十六局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) its subsidiary China Railway 16th Bureau Group 3rd Engineering Co., Ltd. (中鐵十六局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration, and Zhejiang Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiaries including China Railway 16th Bureau Group Urban Construction Development Co., Ltd. (中鐵十六局集團城市建設發展有限公司) and China Railway 16th Bureau Group Road & Bridge Engineering Co., Ltd. (中鐵十六局集團路橋工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (6) its subsidiary China Railway 16th Bureau Group 2nd Engineering Co., Ltd. (中鐵十六局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (7) its subsidiary China Railway 16th Bureau Group Subway Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (8) its subsidiary China Railway 16th Bureau Group Railway Transportation Engineering Co., Ltd. (中鐵十六局集團鐵運工程有限公司) has been recognised as a High-tech Enterprise by Inner Mongolia Autonomous Region Science & Technology Department, Inner Mongolia Autonomous Region Department of Finance, and Inner Mongolia Autonomous Region Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 17th Bureau Group Co., Ltd. (中鐵十七局集團有限公司): (1) its subsidiary China Railway 17th Bureau 3rd Engineering Co., Ltd. (中鐵十七局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, Hebei Provincial Tax Service, State Taxation Administration, and Hebei Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway 17th Bureau 5th Engineering Co., Ltd. (中鐵十七局集團第五工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary China Railway(Guizhou) Municipal Engineering Co., Ltd. (中鐵(貴州)市政工程有限公司) has been recognised as a High-tech Enterprise by Guizhou Provincial Department of Science and Technology, Guizhou Provincial Finance Bureau, and Guizhou Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 17th Bureau Shanghai Rail Transit Engineering Co., Ltd. (中鐵十七局集團上海軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway 17th Bureau 1st Engineering Co., Ltd. (中鐵十七局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (6) its subsidiary China Railway 17th Bureau Group Electrification Engineering Co., Ltd. (中鐵十七局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 18th Bureau Group Co., Ltd. (中鐵十八局集團有限公司): (1) its subsidiaries including China Railway 18th Bureau Group 1st Engineering Co., Ltd. (中鐵十八局集團第一工程有限公司) and China Railway 18th Bureau Group 2nd Engineering Co., Ltd. (中鐵十八局集團第二工程有限公司) have been recognised as High-tech Enterprises by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, Hebei Provincial Tax Service, State Taxation Administration, and Hebei Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway 18th Bureau Group 3rd Engineering Co., Ltd. (中鐵十八局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Zhuozhou Municipal Tax Service, State Tax Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 18th Bureau Group 4th Engineering Co., Ltd. (中鐵十八局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway 18th Bureau Group 5th Engineering Co., Ltd. (中鐵十八局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, Tianjin Municipal Tax Service, State Taxation Administration, and Tianjin Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (5) its subsidiary China Railway 18th Bureau Group Construction and Installation Engineering Co., Ltd. (中鐵十八局集團建築安裝工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司): (1) its subsidiaries including China Railway 19th Bureau Group Rail Transit Engineering Co., Ltd. (中鐵十九局集團軌道交通工程有限公司) and China Railway 19th Bureau Group Mining Investment Co., Ltd. (中鐵十九局集團礦業投資有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 19th Bureau Group 5th Engineering Co., Ltd. (中鐵十九局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, and Dalian Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiaries including China Railway 19th Bureau Group 1st Engineering Co., Ltd. (中鐵十九局集團有限公司第一工程有限公司) and China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (中鐵十九局集團有限公司第二工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, Liaoning Provincial Tax Service, State Taxation Administration, and Liaoning Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (4) its subsidiary China Railway 19th Bureau Group Corporation Electric Engineering Co., Ltd. (中鐵十九局集團電務工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019;

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

(5) its subsidiary China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary China Railway 19th Bureau Group 7th Engineering Co., Ltd. (中鐵十九局集團有限公司第七工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 20th Bureau Group Co., Ltd. (中鐵二十局集團有限公司): (1) its subsidiary China Railway 20th Bureau Group 4th Engineering Co., Ltd. (中鐵二十局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway Building and Installing Engineering Design Institute Co., Ltd. (中鐵建安工程設計院有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): its subsidiary China Railway 21st Bureau Group Metro Engineering Co., Ltd. (中鐵二十一局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Shandong Province, Shandong Province Finance Bureau, and Shandong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 22nd Bureau Group Co., Ltd. (中鐵二十二局集團有限公司): (1) China Railway 22nd Bureau Group Co., Ltd. and its subsidiary China Railway 22nd Bureau Group Metro Co., Ltd. (中鐵二十二局集團有限公司軌道有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway 22nd Bureau Group 4th Engineering Co., Ltd. (中鐵二十二局集團有限公司第四工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二局集團有限公司第三工程有限公司) has been recognised as a High-tech Enterprise by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, and Xiamen Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiaries China Railway 22nd Bureau Group 2nd Engineering Co., Ltd. (中鐵二十二局有限公司第二工程有限公司) and China Railway 22nd Bureau Group Electrical Engineering Co., Ltd. (中鐵二十二局集團電氣化工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 23rd Bureau Group Co., Ltd. (中鐵二十三局集團有限公司): (1) its subsidiary China Railway 23rd Bureau Group Metro Engineering Co., Ltd. (中鐵二十三局集團軌道交通工程有限公司) has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration, and Shanghai Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway 23rd Bureau Group Survey & Design Institute Co., Ltd (中鐵二十三局集團建築設計研究院有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) China Railway 25th Bureau Group Co., Ltd. and its subsidiary China Railway 25th Bureau Group 1st Engineering Co., Ltd. (中鐵二十五局集團第一工程有限公司) have been recognised as High-tech Enterprises by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiary China Railway 25th Bureau Group 5th Engineering Co., Ltd. (中鐵二十五局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Qingdao Science and Technology Bureau, Qingdao Municipal Bureau of Finance, and Qingdao Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) its subsidiary China Railway 25th Bureau Group 3rd Engineering Co., Ltd. (中鐵二十五局集團第三工程有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) its subsidiary Guangzhou Tiecheng Engineering Inspection Co., Ltd. (廣州鐵誠工程質量檢測有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

China Railway Construction Group Ltd. (中鐵建設集團有限公司): (1) its subsidiaries Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司), Beijing CRCC Architecture & Technology Co., Ltd. (北京中鐵建築科技有限公司) and Beijing CRCC Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (2) its subsidiaries China Railway Construction Group Equipment Co., Ltd. (中鐵建設集團設備安裝有限公司) and China Railway Construction Group Municipal Engineering Co., Ltd. (中鐵建設集團市政工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2019, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司): (1) its subsidiary China Railway Construction Electrification Bureau Group 1st Engineering Co., Ltd. (中鐵建電氣化局集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Henan Science and Technology Department, Henan Provincial Department of Finance, and Henan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (2) its subsidiary China Railway Construction Electrification Bureau Group 2nd Engineering Co., Ltd. (中鐵建電氣化局集團第二工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (3) its subsidiary China Railway Construction Electrification Bureau Group 3rd Engineering Co., Ltd. (中鐵建電氣化局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (4) its subsidiary China Railway Construction Electrification Bureau Group 5th Engineering Co., Ltd. (中鐵建電氣化局集團第五工程有限公司) has been recognised as a High-tech Enterprise by Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, and Sichuan Provincial Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021; (5) its subsidiary Beijing CRCC Electrification Design Institute Co., Ltd. (北京中鐵建電氣化設計研究院有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary China Railway Construction Electrification Bureau Group North Engineering Co., Ltd. (中鐵建電氣化局集團北方工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, Shanxi Provincial Tax Service, State Taxation Administration, and Shanxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (7) its subsidiary China Railway Construction Electrification Bureau Group Kangyuan New Material Co., Ltd. (中鐵建電氣化局集團康遠新材料有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, Jiangsu Provincial Tax Service, State Taxation Administration, and Jiangsu Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (8) its subsidiary the 4th Engineering Co., Ltd. of China Railway Construction Electrification Bureau Group (中鐵建電氣化局集團第四工程有限公司) has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2017 till 31 December 2019; (9) its subsidiary China Railway Construction Electrification Bureau Group South Engineering Co., Ltd. (中鐵建電氣化局集團南方工程有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (10) its subsidiary China Railway Construction Electrification Bureau Group Science and Technology Co., Ltd. (中

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

鐵建電氣化局集團科技有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Department of Science and Technology, Finance Bureau of Hebei Province, and Hebei Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (11) its subsidiary China Railway Construction Electrification Bureau Group Metro Engineering Machinery Co., Ltd. (中鐵建電氣化局集團軌道交通器材有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (12) China Railway Construction Electrification Bureau Group Co., Ltd. has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): (1) CRCC Harbor & Channel Engineering Bureau Group Co., Ltd. has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration, and Guangdong Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary CRCC Harbour & Channel Engineering Bureau Group Survey & Design Institute Co., Ltd. (中鐵建港航局集團勘察設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) its subsidiary Beijing Engineering Company Limited of China Railway Urban Construction Group (中鐵城建集團北京工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary China Railway Urban Construction Group 1st Engineering Co., Ltd. (中鐵城建集團第一工程有限公司) has been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi, and Shanxi Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (3) CRCC Urban Construction Group Co., Ltd. has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary China Railway Urban Construction Group 2nd Engineering Co., Ltd. (中鐵城建集團第二工程有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary China Railway Urban Construction

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

Group 3rd Engineering Co., Ltd. (中鐵城建集團第三工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau, and Tianjin Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary China Railway Urban Construction Group Nanchang Construction Co., Ltd. (中鐵城建集團南昌建設有限公司) has been recognised as a High-tech Enterprise by Jiangxi Provincial Science and Technology Department, Jiangxi Provincial Department of Finance, Jiangxi Provincial Tax Service, State Taxation Administration, and Jiangxi Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團有限公司): (1) China Railway Siyuan Survey and Design Group Co., Ltd. and its subsidiary Railway Siyuan (Hubei) Engineering Supervision Consulting Co., Ltd. (鐵四院(湖北)工程監理諮詢有限公司) have been recognised as High-tech Enterprises by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, Hubei Provincial Tax Service, State Taxation Administration, and Hubei Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (2) its subsidiary Guangzhou Holding Company of the China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團廣州設計院有限公司) has been recognised as a High-tech Enterprise by Department of Science & Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration, and Guangdong Local Taxation Bureau since 2017 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019; (3) its subsidiary Geotechnical Engineering Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團巖土工程有限責任公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (4) its subsidiary Wuhan Tiechen Engineering Testing Co., Ltd. (武漢鐵辰工程檢測有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (5) its subsidiary New Rail Transit Design and Research Institute Co., Ltd. of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵四院集團新型軌道交通設計研究院有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2018 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020; (6) its subsidiary Wuhan Railway Siyuan Engineering Consulting Co., Ltd. (武漢鐵四院工程諮詢有限公司) has been recognised as a High-tech Enterprise by Hubei Provincial Science and Technology Department, Hubei Provincial Department of Finance, and Hubei Provincial Tax Service, State Taxation Administration since 2019 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IV. TAXES (Continued)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Fifth Survey and Design Institute Group Co., Ltd. (中鐵第五勘察設計院集團有限公司): China Railway Fifth Survey and Design Institute Group Co., Ltd. and its subsidiaries Beijing Railway Fifth Group Engineering Machinery Co., Ltd. (北京鐵五院工程機械有限公司) and Beijing China Railway Construction North Road & Bridge Engineering Co., Ltd. (北京中鐵建北方路橋工程有限公司) have been recognised as High-tech Enterprises by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau since 2017, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團股份有限公司): China Railway Construction Heavy Industry Co., Ltd. has been recognised as a High-tech Enterprise by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration, and Hunan Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Civil Engineering Construction Corporation (中國土木工程集團有限公司): its subsidiary China Railway CCECC Fuzhou Survey & Design Institute Co., Ltd. (中土集團福州勘察設計研究院有限公司) has been recognised as a High-tech Enterprise by Fujian Provincial Department of Science and Technology, Fujian Provincial Department of Finance, Fujian Provincial Tax Service, State Taxation Administration, and Fujian Local Taxation Bureau since 2017, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2017 till 31 December 2019.

China Railway Shanghai Design Institute Group Co., Ltd. (中鐵上海設計院集團有限公司): China Railway Shanghai Design Institute Group Co., Ltd. has been recognised as a High-tech Enterprise by Science and Technology Commission Shanghai Municipality, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC High-tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司): its subsidiary Beijing Ruiweitong Engineering Machinery Co., Ltd. (北京瑞維通工程機械有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2018, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2018 till 31 December 2020.

CRCC Cyber Informational Technology Co., Ltd. (中鐵建網絡信息科技有限公司): CRCC Cyber Informational Technology Co., Ltd. has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau and Beijing Municipal Tax Service, State Taxation Administration since 2019, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2019 till 31 December 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB'000

Item	31 December 2019	31 December 2018
Cash on hand	97,202	88,145
Cash at banks	142,462,384	132,538,139
Other cash and bank balances	7,770,596	5,964,559
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	6,556,995	5,210,755
Total	156,887,177	143,801,598

The restricted cash and bank balances of the Group are stated in Note V. 65.

As at 31 December 2019, the Group held foreign cash and bank balances amounting to RMB9,263,845,000 (31 December 2018: RMB11,863,714,000), and held no restricted deposits. (31 December 2018: Nil).

RMB'000

Item	31 December 2019	31 December 2018
Cash and bank balances at the end of the year	156,887,177	143,801,598
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	6,556,995	5,210,755
Less: Other restricted cash and bank balances	7,708,492	5,851,756
Less: Non-pledged time deposits with original maturity of three months or more when acquired	2,328,074	2,651,370
Cash and cash equivalents at the end of the year	140,293,616	130,087,717

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Held-for-trading financial assets

RMB'000

Item	31 December 2019	31 December 2018
Monetary fund products	3,009,186	2,964,966
Equity instruments	168,119	235,657
Others	410,341	143,835
Total	3,587,646	3,344,458

3. Bills receivable

RMB'000

Item	31 December 2019	31 December 2018
Commercial acceptance bills	10,260,964	7,636,443
Bank acceptance bills	91,053	–
Less: Impairment of credit losses	46,743	–
Total	10,305,274	7,636,443

The restricted bills receivable of the Group are stated in Note V. 65.

4. Receivables at FVTOCI

RMB'000

Item	31 December 2019	31 December 2018
Bank acceptance bills	2,654,263	2,143,802
Total	2,654,263	2,143,802

As at 31 December 2019, the Group had RMB1,098,468,000 (31 December 2018: RMB908,101,000) non-matured bills receivable which had right of recourse and had been discounted or endorsed to other parties. The Group derecognised those bills receivable as the Group considered that all risks and rewards of the ownership had been transferred from the discounted or endorsed bills receivable since there was extremely low risk of the acceptor's inability to cash the bills upon expiry due to the acceptor's good reputation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

	<i>RMB'000</i>	
Aging	31 December 2019	31 December 2018
Within 1 year	92,147,207	80,446,020
1 to 2 years	14,220,068	13,580,936
2 to 3 years	6,306,436	4,509,348
Over 3 years	6,077,845	5,551,846
Subtotal	118,751,556	104,088,150
Less: Impairment of credit losses	6,613,019	4,705,845
Total	112,138,537	99,382,305

Movements in impairment of credit losses for trade receivables is listed as follows:

	<i>RMB'000</i>	
Item	2019	2018
Opening balance of current year	4,705,845	3,685,717
Provision for the year	2,939,511	1,768,510
Less: Reversal for the year	898,997	651,671
Less: Write-off for the year	99,405	56,811
Others	(33,935)	(39,900)
Closing balance of current year	6,613,019	4,705,845

The movements in detail of impairment of credit losses for the year ended 31 December 2019 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

Trade receivables and impairment of credit losses are listed by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2019 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	5,337,174	4.49	3,394,656	63.60	1,942,518
Impairment of credit losses assessed by credit risk portfolio	113,414,382	95.51	3,218,363	2.84	110,196,019
Total	118,751,556	100.00	6,613,019	5.57	112,138,537

RMB'000

Category	Gross carrying amount		31 December 2018 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,841,201	3.69	2,922,003	76.07	919,198
Impairment of credit losses assessed by credit risk portfolio	100,246,949	96.31	1,783,842	1.78	98,463,107
Total	104,088,150	100.00	4,705,845	4.52	99,382,305

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2019, trade receivables whose impairment of credit losses were assessed individually are listed as follows:

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	575,639	219,907	38.20	Note
Company 2	241,519	241,519	100.00	Note
Company 3	212,523	140,091	65.92	Note
Company 4	164,184	111,636	67.99	Note
Company 5	162,474	162,474	100.00	Note
Others	3,980,835	2,519,029	63.28	—
Total	5,337,174	3,394,656	63.60	—

Note: According to the recoverability of receivables, the Group recorded all or a portion of impairment of credit losses.

As at 31 December 2019, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	31 December 2019			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	91,484,013	80.66	857,849	0.94
1 to 2 years	14,172,822	12.50	850,887	6.00
2 to 3 years	5,278,706	4.65	631,717	11.97
Over 3 years	2,478,841	2.19	877,910	35.42
Total	113,414,382	100.00	3,218,363	2.84

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2019, trade receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	2,058,196	Within 1 year	1.73
Company 2	Joint venture	1,536,437	Within 1 year	1.29
Company 3	Third party	1,523,394	Within 1 year	1.28
Company 4	Third party	1,183,224	Within 1 year	1.00
Company 5	Joint venture	936,166	Within 1 year	0.79
Total	—	7,237,417	—	6.09

As at 31 December 2018, trade receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,304,403	Within 1 year	1.25
Company 2	Third party	1,230,876	Within 1 year	1.18
Company 3	Third party	1,041,037	Within 1 year	1.00
Company 4	Third party	1,007,531	Within 1 year	0.97
Company 5	Third party	986,359	Within 1 year	0.95
Total	—	5,570,206	—	5.35

For the year ended 31 December 2019, the write-off of trade receivables amounted to RMB99,405,000 (For the year ended 31 December 2018: RMB56,811,000)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

Transferred trade receivables that are derecognised are analysed as follows:

For the year ended 31 December 2019, the Group derecognised trade receivables of RMB52,130,810,000 (For the year ended 31 December 2018: RMB34,944,140,000) due to transfer of financial assets and recognised losses from derecognition of financial assets RMB2,720,403,000 (For the year ended 31 December 2018: 1,627,411,000).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 31 December 2019, the Group recognised assets of RMB374,000,000 and liabilities of RMB374,000,000 (As at 31 December 2018: RMB231,600,000 and RMB231,600,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 65.

6. Advances to suppliers

An aging analysis of advances to suppliers is listed as follows:

RMB'000

Aging	31 December 2019		31 December 2018	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	23,826,757	97.91	17,874,496	96.15
1 to 2 years	261,322	1.07	555,890	2.99
2 to 3 years	191,190	0.79	37,941	0.20
Over 3 years	56,712	0.23	123,618	0.66
Total	24,335,981	100.00	18,591,945	100.00

As at 31 December 2019, there were no significant advances to suppliers aged over one year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Advances to suppliers (Continued)

As at 31 December 2019, advances to the five largest suppliers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	1,966,795	Within 1 year	8.08
Company 2	Third party	226,388	Within 1 year	0.93
Company 3	Third party	206,381	Within 1 year	0.85
Company 4	Third party	197,282	Within 1 year	0.81
Company 5	Third party	180,000	Within 1 year	0.74
Total	—	2,776,846	—	11.41

As at 31 December 2018, advances to the five largest suppliers are listed as follows:

RMB'000

Company name	Relationship with the Group	Amount	Time for prepayment	Percentage of total advances to suppliers (%)
Company 1	Third party	646,000	Within 1 year	3.47
Company 2	Third party	625,000	Within 1 year	3.36
Company 3	Third party	217,386	Within 1 year	1.17
Company 4	Third party	205,666	Within 1 year	1.11
Company 5	Third party	197,761	Within 1 year	1.06
Total	—	1,891,813	—	10.17

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables

An aging analysis of other receivables is listed as follows:

	<i>RMB'000</i>	
Aging	31 December 2019	31 December 2018
Within 1 year	50,868,850	51,410,221
1 to 2 years	6,229,654	10,316,663
2 to 3 years	2,998,293	2,411,940
Over 3 years	4,770,025	3,164,183
Subtotal	64,866,822	67,303,007
Less: Impairment of credit losses	4,766,484	3,828,719
Total	60,100,338	63,474,288

Movements in the impairment of credit losses/provision for bad debts are listed as follows:

	<i>RMB'000</i>	
Item	2019	2018
Opening balance of the year	3,828,719	3,554,913
Provision for the year	1,000,212	697,462
Less: Reversal for the year	272,810	375,830
Less: Write-off for the year	53,916	26,573
Others	264,279	(21,253)
Closing balance of the current year	4,766,484	3,828,719

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (1) As at 31 December 2019, analysis of impairment of credit losses of other receivables at phase I by portfolio are listed as follows:

RMB'000

Nature	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Loans for cooperative development project	23,622,256	23,744	0.10
Security deposit and cash pledged	16,650,856	485,313	2.91
Advance payments	6,342,722	127,372	2.01
Others	12,191,756	228,961	1.88
Total	58,807,590	865,390	1.47

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (2) As at 31 December 2019, analysis of impairment of credit losses of other receivables at phase II are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2019 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	1,145,162	54.01	243,635	21.28	901,527
Impairment of credit losses assessed by credit risk portfolio	975,160	45.99	408,899	41.93	566,261
Total	2,120,322	100.00	652,534	30.78	1,467,788

Impairment of credit losses assessed individually of other receivables are listed as follows:

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Percentage (%)	Reasons
Company 1	847,837	193,345	22.80	Note
Others	297,325	50,290	16.91	—
Total	1,145,162	243,635	21.28	—

Note: According to the recoverability of other receivables, the Group recorded a portion of impairment of credit losses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (3) As at 31 December 2019, analysis of impairment of credit losses of other receivables at phase III are listed as follows:

RMB'000

Category	31 December 2019				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	3,658,652	92.88	3,103,484	84.83	555,168
Impairment of credit losses assessed by credit risk portfolio	280,258	7.12	145,076	51.77	135,182
Total	3,938,910	100.00	3,248,560	82.47	690,350

Impairment of credit losses assessed individually of other receivables are listed as follows:

RMB'000

Company name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reasons
Company 1	446,618	446,618	100.00	Note
Company 2	193,168	193,168	100.00	Note
Company 3	129,521	129,521	100.00	Note
Company 4	123,104	123,104	100.00	Note
Company 5	109,252	109,252	100.00	Note
Others	2,656,989	2,101,821	79.11	—
Total	3,658,652	3,103,484	84.83	—

Note: According to the recoverability of other receivables, the Group recorded all or a portion of impairment of credit losses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

For the year ended 31 December 2019, the write-off of other receivables amounted to RMB53,916,000 (for the year ended 31 December 2018: RMB26,573,000).

Other receivables categorized by nature are listed as follows:

Nature	<i>RMB'000</i>	
	31 December 2019 Gross carrying amount	31 December 2018 Gross carrying amount
Loans for cooperative development project	23,622,256	25,594,807
Security deposit/cash pledged	17,947,945	17,466,964
Advance payments	7,363,930	5,807,345
Others	15,932,691	18,433,891
Total	64,866,822	67,303,007

As at 31 December 2019, other receivables from the five largest customers are listed as follows:

Company name	<i>RMB'000</i>				
	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	3,009,661	4.64	Loans for cooperative development project	Within 2 years	3,007
Company 2	2,528,986	3.90	Loans for cooperative development project	Within 2 years	2,529
Company 3	1,962,977	3.03	Loans for cooperative development project	Within 1 year	1,963
Company 4	1,540,329	2.37	Loans for cooperative development project	Within 1 year	1,540
Company 5	1,359,148	2.10	Loans for cooperative development project	Within 3 years	1,359
Total	10,401,101	16.04	—	—	10,398

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

As at 31 December 2018, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Impairment of credit losses
Company 1	3,697,681	5.49	Loans for cooperative development project	Within 1 year	3,698
Company 2	2,865,484	4.26	Loans for cooperative development project	Within 1 year	2,865
Company 3	2,805,537	4.17	Loans for cooperative development project	Within 1 year	2,806
Company 4	2,749,694	4.09	Loans for cooperative development project	Within 1 year	2,750
Company 5	1,906,619	2.83	Loans for cooperative development project	Within 1 year	1,907
Total	14,025,015	20.84	—	—	14,026

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories

RMB'000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	22,367,821	14,056	22,353,765
Work in progress	2,095,484	–	2,095,484
Finished goods	5,998,048	197,507	5,800,541
Turnover materials	10,299,081	99,514	10,199,567
Properties under development (1)	123,214,723	840,394	122,374,329
Completed properties held for sale (2)	32,635,344	567,455	32,067,889
Total	196,610,501	1,718,926	194,891,575

RMB'000

Item	31 December 2018		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	18,522,934	21,815	18,501,119
Work in progress	2,009,792	–	2,009,792
Finished goods	5,334,211	168,380	5,165,831
Turnover materials	9,244,582	99,514	9,145,068
Properties under development (1)	101,440,556	1,099,596	100,340,960
Completed properties held for sale (2)	25,123,217	394,619	24,728,598
Total	161,675,292	1,783,924	159,891,368

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

Movements in the provision for decline in value of inventories are listed as follows:

RMB'000

Item	1 January 2019	Additions		Reductions		31 December 2019
		Provision	Others	Reversal	Write-off and others	
Raw materials	21,815	3,321	–	–	11,080	14,056
Finished goods	168,380	41,341	–	6,986	5,228	197,507
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	1,099,596	51,747	20,118	–	331,067	840,394
Completed properties held for sale	394,619	113,658	257,881	–	198,703	567,455
Total	1,783,924	210,067	277,999	6,986	546,078	1,718,926

RMB'000

Item	1 January 2018	Additions		Reductions		31 December 2018
		Provision	Others	Reversal	Write-off and others	
Raw materials	21,686	521	–	386	6	21,815
Finished goods	199,644	15,593	–	46,317	540	168,380
Turnover materials	–	99,514	–	–	–	99,514
Properties under development	1,400,781	202,768	–	503,953	–	1,099,596
Completed properties held for sale	110,792	288,477	–	–	4,650	394,619
Total	1,732,903	606,873	–	550,656	5,196	1,783,924

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(1) Details of the properties under development are listed as follows:

<i>RMB'000</i>					
Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	31 December 2019 Gross carrying amount	31 December 2018 Gross carrying amount
Tianjin Guoyin Wenyuan Project	October 2018	August 2021	10,156,510	6,474,997	3,558,133
International Mansion Project (Original name: Beijing Daxing Yizhuang Development Zone X89R2 lot Project)	July 2019	June 2021	5,552,440	4,117,115	3,715,183
CRCC Haiyu Xi'an Project	August 2019	November 2021	10,727,370	3,978,450	2,628,265
CRCC Xipai City Project	September 2017	June 2022	12,365,490	3,776,429	5,638,801
Chongqing Dadukou Project	July 2019	September 2022	5,961,690	3,085,278	—
CRCC Huayutang Project	December 2019	December 2022	5,900,000	2,870,085	—
Shaoxing Huayujiangnan Mansion Project	August 2019	September 2021	5,748,770	2,817,615	1,170,500
Lingxiu Mansion North Zone Project	December 2018	November 2020	4,711,900	2,816,722	2,211,765
CRCC Huayu City Project	May 2020	April 2022	5,912,480	2,552,919	—
Wutong Bay Project	December 2018	September 2020	2,920,080	2,354,323	2,013,194
Jinan Wutong Bay Project	November 2019	June 2022	4,665,170	2,326,046	—
Lingxiu Mansion South Zone Project	December 2018	November 2020	3,826,430	2,179,894	1,907,551
Huayu Lingnanyuan Project (Original Name: Original lot of Anmei Fire-proof Plastic Products Co., Ltd. in Yixing Industrial Park, Panyu District, Guangzhou City Project)	November 2019	November 2021	3,054,280	2,096,593	1,731,225
Huayu Tianjingfu Project	August 2019	August 2021	2,872,340	2,063,841	—
Jiaxing Huayu Jiangnan Project	July 2017	June 2020	2,670,770	1,991,356	1,628,816
Buffalo Fang Lot Project	September 2020	July 2022	2,725,390	1,956,787	1,820,491
Changchun Xipai Tangsong Project	June 2019	October 2020	3,868,270	1,942,581	1,594,436
Huayu Jinjun Project	March 2019	August 2021	2,957,680	1,863,270	1,056,468
Xi'an CRCC International City III Project	August 2011	July 2020	5,721,880	1,831,685	1,489,515
Nanchoumingju Project	May 2020	September 2021	3,792,080	1,821,846	—
Others	—	—	356,540,494	68,296,891	69,276,213
Total	—	—	462,651,514	123,214,723	101,440,556

As at 31 December 2019, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB8,235,648,000 (31 December 2018: RMB7,815,050,000). Borrowing costs capitalised for the year ended 31 December 2019 amounted to RMB3,867,604,000 (for the year ended 31 December 2018: RMB2,589,835,000). The capitalisation rates of borrowing costs ranged from 3.66% to 8.20% (2018: 3.40% to 7.13%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(2) Details of the completed properties held for sale are listed as follows:

RMB'000

Project name	Latest completion date	1 January 2019 Gross carrying amount	Additions	Reductions	31 December 2019 Gross carrying amount
Xiangxie International Project	April 2019	–	4,470,677	1,997,531	2,473,146
Chengdu Beihu Xinqu Project	December 2019	1,694,046	1,587,337	1,358,210	1,923,173
Guiyang CRCC International City Project	December 2019	766,177	1,228,055	308,158	1,686,074
Chengdu CRCC Xipai Lan'an Project	January 2019	475,881	1,264,455	89,587	1,650,749
Tianjin CRCC International City Project	April 2019	485,941	1,853,781	792,300	1,547,422
CRCC Southern Headquarter Base Project	June 2019	497,031	1,529,139	556,794	1,469,376
Nananhuayu Project	October 2018	1,623,115	–	233,286	1,389,829
CRCC Kaiyuan Community Project	August 2019	–	1,793,770	549,795	1,243,975
Beijing CRCC International City Project	September 2019	138,582	1,114,412	142,628	1,110,366
CRCC Xipai City Project	December 2019	–	4,076,158	2,985,430	1,090,728
Dalian Qingxiu Lanwan Project	December 2018	1,383,467	–	309,831	1,073,636
CRCC Guobinyuan Project	December 2017	1,054,245	9,766	288,648	775,363
Qingyangpeng Project	November 2019	–	1,103,084	339,190	763,894
CRCC Jiangsu Qingxiu City Project	September 2019	181,238	3,317,497	2,804,293	694,442
Jiucheng Yihao Project	December 2018	719,371	–	51,427	667,944
Beijing Tongzhou Yongshun Town No.51 Lot Project	September 2017	675,099	–	99,360	575,739
Yuehu International Project	November 2019	–	707,336	272,272	435,064
Changsha Meixi Lake Project	November 2019	264,388	824,257	679,286	409,359
CRCC Yangchun Hupan Project	April 2019	301,885	602,000	496,465	407,420
Xi'an CRCC International City I Project	May 2018	272,630	87,033	11,057	348,606
Others	—	14,590,121	14,345,266	18,036,348	10,899,039
Total	—	25,123,217	39,914,023	32,401,896	32,635,344

The restricted inventories of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets

Contract assets are from the Group's construction operations. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract term, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term. Revenue recognised based on performance progress in excess of progress billings is presented as contract asset, and is disclosed in contract assets/other non-current assets based on liquidity. While progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities.

RMB'000

Item	31 December 2019		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Contract assets	160,274,029	5,370,948	154,903,081

RMB'000

Item	31 December 2018		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Contract assets	129,206,889	5,268,738	123,938,151

The movements of impairment of credit losses for contract assets for the year ended 31 December 2019 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other current assets

RMB'000

Item	31 December 2019	31 December 2018
Prepaid taxes and VAT input to be deducted	17,329,486	14,126,170
Treasury bond related investment	–	2,999,900
Others	570,741	110,182
Total	17,900,227	17,236,252

11. Loans and advances to customers

RMB'000

Item	31 December 2019	31 December 2018
Loans to customers	2,730,000	2,145,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables

RMB'000

Item	31 December 2019		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	29,711,700	518,519	29,193,181
A-land development	21,037,729	139,544	20,898,185
Long-term loans to customers	10,357,357	50,625	10,306,732
Others	10,615,141	53,245	10,561,896
Total	71,721,927	761,933	70,959,994
Less: Current portion of non-current assets:			
Including: Long-term project receivables	3,696,172	21,366	3,674,806
Long-term loans to customers	3,127,905	13,945	3,113,960
A-land development	3,293,487	16,467	3,277,020
Others	90,044	450	89,594
Long-term receivables due after one year	61,514,319	709,705	60,804,614

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

RMB'000

Item	31 December 2018		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	28,131,695	419,902	27,711,793
Long-term loans to customers	17,811,309	23,576	17,787,733
A-land development	6,395,825	12,792	6,383,033
Others	8,486,216	35,277	8,450,939
Total	60,825,045	491,547	60,333,498
Less: Current portion of non-current assets:			
Including: Long-term project receivables	5,922,862	31,409	5,891,453
Long-term loans to customers	3,615,503	22,129	3,593,374
A-land development	1,694,713	2,450	1,692,263
Long-term receivables due after one year	612,646	6,830	605,816
	54,902,183	460,138	54,442,045

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

The Group assesses ECL of long-term receivables on an individual or a collective basis of credit risk characteristics.

RMB'000

Category	Gross carrying amount		31 December 2019 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	747,596	1.04	406,378	54.36	341,218
Impairment of credit losses assessed by credit risk portfolio	70,974,331	98.96	355,555	0.50	70,618,776
Total	71,721,927	100.00	761,933	1.06	70,959,994

As at 31 December 2019, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 4.35%-5.50% (31 December 2018: 4.75%-6.17%).

Movements in the impairment of credit losses/provision for bad debts of long-term receivables were as follows:

RMB'000

Item	2019	2018
Opening balance of the current year	491,547	364,792
Provision for the year	325,863	138,780
Less: Reversal for the year	55,646	1,005
Others	169	(11,020)
Closing balance of the current year	761,933	491,547

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

Transferred long-term receivables that are derecognised are analysed as follows:

For the year ended 31 December 2019, the Group derecognised long-term receivables of RMB2,902,721,000 (For the year ended 31 December 2018: Nil) due to transfer of financial assets and recognised losses from derecognition of financial assets RMB158,656,000 (For the year ended 31 December 2018: Nil).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 31 December 2019, the Group recognised assets of RMB15,250,000 and liabilities of RMB15,250,000 (As at 31 December 2018: Nil) related to continuing involvement of transferred trade receivables.

The restricted long-term receivables of the Group are stated in Note V. 65.

13. Long-term equity investments

		<i>RMB'000</i>	
Item		31 December 2019	31 December 2018
Investments in unlisted companies			
— equity method			
Joint ventures	(1)	24,533,795	13,085,418
Associates	(2)	25,160,118	15,893,208
Less: Provision for impairment of long-term equity investments		49,279	71
Total		49,644,634	28,978,555

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments

(1) Investment in joint ventures

31 December 2019:

RMB'000

Investee	Investment cost	1 January 2019	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			Others	31 December 2019	Provision for impairment at the end of year
					Investment profits or losses under equity method	Declaration of cash dividends	Provision for impairment of long-term equity investments			
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,310,664	1,240,000	2,070,664	-	-	-	-	3,310,664	-	
Sichuan Tianfu Airport Expressway Co., Ltd.	3,100,000	1,900,000	1,200,000	-	-	-	-	3,100,000	-	
Yunnan Yulin Expressway Construction Co., Ltd.	2,078,996	289,770	1,789,226	-	-	-	-	2,078,996	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,838,159	-	(150,000)	(60)	-	-	1,688,099	-	
Chongqing Tiefu Jianshi Highway Co., Ltd.	1,554,400	854,400	700,000	-	-	-	-	1,554,400	-	
CRCC Shanxi Highway Co., Ltd.	1,149,380	190,020	959,360	-	(14)	-	-	1,149,366	-	
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,018,247	-	-	(9,071)	-	-	1,009,176	-	
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	870,188	-	-	(475)	(3,500)	-	866,213	-	
Chongqing Tiefu Shuanghe Expressway Co., Ltd.	850,000	470,000	380,000	-	-	-	-	850,000	-	
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	598,200	-	598,200	-	(313)	-	-	597,887	-	
Others	-	4,414,634	2,798,657	(154,557)	1,842,440	(522,590)	(49,208)	8,279,786	(49,208)	
Total	-	13,085,418	10,496,107	(304,557)	1,832,507	(526,090)	(49,208)	24,484,587	(49,208)	

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(1) Investment in joint ventures (Continued)

31 December 2018:

RMB'000

Investee	Investment cost	1 January 2018	Changes for the year				31 December 2018	Provision for impairment at the end of year	
			Transfer to/ Increase in investment	Decrease in investment	Investment profits or losses under equity method	Declaration of cash dividends			
Sichuan Tianfu Airport Expressway Co., Ltd.	1,900,000	1,000,000	900,000	-	-	-	1,900,000	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,838,159	1,688,500	150,000	-	(341)	-	1,838,159	-	
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	1,240,000	520,000	720,000	-	-	-	1,240,000	-	
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. (Note 2)	1,021,998	1,027,310	-	(9,089)	26	-	1,018,247	-	
China-Africa Lekkil Investment Co., Ltd. (Note 3)	851,410	868,129	-	-	2,059	-	870,188	-	
Chongqing Tiefa Jianxin Highway Co., Ltd.	854,400	288,000	566,400	-	-	-	854,400	-	
Changzhou Jingrui Real Estate Development Co., Ltd.	510,000	-	510,000	-	(1,178)	(14,203)	494,619	-	
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	470,000	40,000	430,000	-	-	-	470,000	-	
Guangzhou Xintie Xinjian Investment Co., Ltd.	450,000	451,586	-	-	608	-	452,194	-	
Xinxing Jianxin (Shenzhen) Development Holding Co., Ltd.	450,000	450,070	-	-	(5,323)	-	444,747	-	
Others	-	1,318,447	1,447,290	(114,686)	925,231	(9,397)	(64,021)	3,502,864	-
Total	-	7,652,042	4,723,690	(123,775)	921,082	(9,397)	(78,224)	13,085,418	-

Note 1: According to the articles of association of Hohhot Metro Line 2 Construction & Management Co., Ltd. ("Hohhot Metro Line 2"), the major decisions made in the shareholders' meeting shall be subject to more than two-thirds of voting rights of shareholders. As the Group holds 51.00% shares in Hohhot Metro Line 2, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 2: According to the articles of association of China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd. ("The 6th Continent"), all the decisions made in the shareholders' meeting shall be subject to 100% of voting rights of shareholders. As the Group holds 70.00% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Note 3: According to the articles of association of China-Africa Lekkil Investment Co., Ltd. ("China-Africa Lekkil"), the major decisions made in shareholders' meeting shall be subject to more than three-quarters of voting rights of shareholders. As the Group holds 74.47% shares in the entity, it can jointly control the entity with other shareholders but not wholly control it. Therefore, it is accounted for a joint venture of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates

31 December 2019:

RMB'000

Investee	Investment cost	1 January 2019	Changes for the year					31 December 2019	Provision for impairment at the end of year	
			Transfer to/ Increase in investment	Decrease in investment	Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			
Hengda Real Estate (Shenzhen) Co., Ltd.	2,313,506	-	2,313,506	-	-	-	-	2,313,506	-	
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	1,718,427	-	-	332,638	-	-	24,466	2,075,531	-
Ningxia Inter-City Railway Co., Ltd.	2,036,500	2,236,500	-	(200,000)	154,315	-	(154,315)	-	2,036,500	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,449,910	-	-	(28,163)	238,511	-	-	1,660,258	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	775,400	409,400	366,000	-	-	-	-	-	775,400	-
CRCC Gansu Zhangbian Highway Co., Ltd.	739,850	254,240	485,610	-	10,765	-	-	-	750,615	-
Yunnan Kunchu Highway Investment & Development Co., Ltd. (Note 3)	660,099	300,000	360,099	-	-	-	-	-	660,099	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	575,017	-	-	38,164	-	(38,164)	-	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	566,549	-	-	7,196	-	-	-	573,745	-
Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) (Note 4)	560,000	-	560,000	-	-	-	-	-	560,000	-
Others	-	8,383,094	4,926,336	(102,306)	49,058	12,582	(87,988)	(1,400)	13,179,376	(71)
Total	-	15,893,137	9,011,551	(302,306)	563,973	251,093	(280,467)	23,066	25,160,047	(71)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

31 December 2018:

RMB'000

Investee	Investment cost	1 January 2018	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			Provision for impairment of long-term equity investments	Others	31 December 2018	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends				
Ningxia Inter-City Railway Co., Ltd.	2,236,500	1,860,000	376,500	-	-	-	-	-	-	2,236,500	-
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	1,067,172	547,618	-	225,499	-	-	(121,862)	-	1,718,427	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,446,596	-	-	(10,086)	13,400	-	-	-	1,449,910	-
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	575,017	451,887	123,130	-	33,036	-	(33,036)	-	-	575,017	-
Chongqing Yurong Highway Co., Ltd.	853,960	570,791	-	-	(4,242)	-	-	-	-	566,549	-
CRCC Real Estate Co., Ltd.	298,900	441,002	-	-	85,030	-	(25,264)	-	-	500,768	-
Fujian Green Energy Construction & Development Co., Ltd.	495,000	-	495,000	-	-	-	-	-	-	495,000	-
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	464,832	-	464,832	-	-	-	-	-	-	464,832	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. (Note 2)	409,400	309,400	100,000	-	-	-	-	-	-	409,400	-
Guizhou Wengma Railway Co., Ltd.	339,400	274,000	65,400	-	-	-	-	-	-	339,400	-
Others	-	3,796,635	3,623,896	(209,671)	6,865	150	(54,207)	(71)	(26,263)	7,137,334	(71)
Total	-	10,217,483	5,796,376	(209,671)	336,102	13,550	(112,507)	(71)	(148,125)	15,893,137	(71)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

Note 1: According to the articles of association of CRCC Financial Leasing Co., Ltd. ("Financial Leasing Co., Ltd."), the decisions of amending the company's articles of association, increasing the registered capital, resolutions of the company merger, division, dissolution or changing the company form, scope of operations and selecting the directors shall be subject to more than two-thirds of voting rights of shareholders. Others shall be subject to more than half of voting rights of shareholders. As the Group holds 50% shares in Financial Leasing Co., Ltd., it can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Note 2: According to the articles of association of Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), as the decision-making authority, all decisions made in the broad of directors' meetings shall be subject to 100% consent of directors. Kunming Metro Line 5 has five directors, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders over the entity, but has significant influence. Therefore, it is accounted for an associate of the Group.

Note 3: According to the shareholders' agreement and the articles of association of Yunnan Kunchu Highway Investment & Development Co., Ltd. ("Yunnan Kunchu"), the decisions made in the shareholders' meetings of increasing or decreasing the registered capital, transferring shareholders' shares, establishing and amending the company's articles of association shall be subject to 100% consent of voting rights of shareholders. Other decisions shall be subject to more than three quarters of voting rights of shareholders. The Group holds 72% of the voting rights of Yunnan Kunchu. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the Company. Therefore, it is accounted for an associate of the Group.

Note 4: According to rules of procedure of Beijing City Vice-Center Investment Fund Partnership (Limited Partnership) ("City Vice-Center Fund Partnership"), The City Vice-Center Fund Partnership has established an investment decision-making committee (hereinafter referred to as the "investment committee"). The resolutions made by the investment committee shall be subject to more than half (excluding half) of members' consent. The investment committee consists of 9 members, one of which can be nominated by the Group. The Group can neither control nor jointly control the entity with other shareholders, but has significant influence over the entity. Therefore, it is accounted for an associate of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Other equity instrument investments

RMB'000

Item	31 December 2019	31 December 2018
Equity investments in listed companies	2,130,633	1,704,079
Equity investments in unlisted companies	7,907,976	6,564,299
Total	10,038,609	8,268,378

2019:

RMB'000

Item	1 January 2019	Increase of investment	Changes for the year			31 December 2019	Dividends recognised for the year
			Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	8,268,378	1,673,638	(260,000)	353,903	2,690	10,038,609	187,668

2018:

RMB'000

Item	1 January 2018	Increase of investment	Changes for the year			31 December 2018	Dividends recognised for the year
			Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	7,701,886	1,528,525	(89,035)	(492,114)	(380,884)	8,268,378	65,287

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties

Subsequent measurement under cost method

2019:

	<i>RMB'000</i>	
	Buildings	Total
I. Original costs		
1 January 2019	6,336,471	6,336,471
Additions	18,239	18,239
Transferred in from inventories	278,746	278,746
Transferred in from fixed assets	224,398	224,398
Transferred in	1,198	1,198
Transferred out to fixed assets	102,500	102,500
Transferred out	285,767	285,767
31 December 2019	6,470,785	6,470,785
II. Accumulated depreciation and amortisation		
1 January 2019	646,646	646,646
Provision	201,900	201,900
Transferred in from fixed assets	17,551	17,551
Transferred out to fixed assets	4,378	4,378
Transferred out	17,928	17,928
31 December 2019	843,791	843,791
III. Provision for impairment		
1 January 2019	45,745	45,745
Provision	64,184	64,184
Transferred in	159,308	159,308
31 December 2019	269,237	269,237
IV. Carrying amount		
Closing balance	5,357,757	5,357,757
Opening balance	5,644,080	5,644,080

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

2018:

	<i>RMB'000</i>	
	Buildings	Total
I. Original costs		
1 January 2018	4,188,492	4,188,492
Additions	4,298	4,298
Transferred in from inventories	2,629,928	2,629,928
Transferred in	56,003	56,003
Transferred out	542,250	542,250
31 December 2018	6,336,471	6,336,471
II. Accumulated depreciation and amortisation		
1 January 2018	496,002	496,002
Provision	207,411	207,411
Transferred in	1,478	1,478
Transferred out	58,245	58,245
31 December 2018	646,646	646,646
III. Provision for impairment		
1 January 2018 and 31 December 2018	45,745	45,745
IV. Carrying amount		
Closing balance	5,644,080	5,644,080
Opening balance	3,646,745	3,646,745

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

As at 31 December 2019, the Group was in the process of applying for and handling registration or transfer of the title certificates of investment properties with an aggregate carrying amount of RMB51,503,000 (31 December 2018: RMB52,981,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned investment properties. The Company's management is also of the opinion that the aforesaid matter did not have any adverse significant impact on the Group's financial position as at 31 December 2019.

As at 31 December 2019, investment properties whose title rights certificates had not been obtained are listed as follows:

RMB'000

Item	Carrying amount	Reason
East China Headquarter Base of China Railway Construction Group	51,503	In progress

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets

2019:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
31 December 2018	20,471,891	46,424,736	14,388,468	44,074,335	125,359,430
Changes in accounting policies (Note III, 33)	–	(3,045,613)	–	–	(3,045,613)
1 January 2019	20,471,891	43,379,123	14,388,468	44,074,335	122,313,817
Additions	122,693	4,056,656	1,678,994	9,562,384	15,420,727
Transferred in from construction in progress	1,186,021	932,654	–	672,802	2,791,477
Transferred in from investment properties	102,500	–	–	–	102,500
Transferred in	74,764	1,822	799	1,204	78,589
Disposal or retirement	335,276	1,559,537	825,847	3,840,383	6,561,043
Transferred out to investment properties	224,398	–	–	–	224,398
Transferred out	30,888	586,472	–	27,108	644,468
31 December 2019	21,367,307	46,224,246	15,242,414	50,443,234	133,277,201
II. Accumulated depreciation					
31 December 2018	4,634,087	27,493,365	11,522,575	31,233,393	74,883,420
Changes in accounting policies (Note III, 33)	–	(1,654,782)	–	–	(1,654,782)
1 January 2019	4,634,087	25,838,583	11,522,575	31,233,393	73,228,638
Provision	531,031	4,271,887	1,110,019	9,002,469	14,915,406
Transferred in from investment properties	4,378	–	–	–	4,378
Disposal or retirement	154,367	1,411,379	707,090	3,438,560	5,711,396
Transferred out to investment properties	17,551	–	–	–	17,551
Transferred out	15,003	193,295	–	401	208,699
31 December 2019	4,982,575	28,505,796	11,925,504	36,796,901	82,210,776

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

2019: (Continued)

Item	Buildings	Machinery	Vehicles	Other equipment	Total
III. Provision for impairment					
31 December 2018 and 1 January 2019	74,128	74,794	902	25,589	175,413
Provision	2,397	–	–	–	2,397
Disposal or retirement	4	3,007	72	70	3,153
31 December 2019	76,521	71,787	830	25,519	174,657
IV. Carrying amount					
Closing balance	16,308,211	17,646,663	3,316,080	13,620,814	50,891,768
1 January 2019	15,763,676	17,465,746	2,864,991	12,815,353	48,909,766
31 December 2018	15,763,676	18,856,577	2,864,991	12,815,353	50,300,597

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

2018:

	<i>RMB'000</i>				
Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2018	18,737,739	43,969,342	14,419,643	37,591,834	114,718,558
Additions	588,522	2,981,880	1,000,498	10,359,918	14,930,818
Transferred in from construction in progress	1,270,226	1,574,670	57,215	389,869	3,291,980
Transferred in	395,618	580,182	79,083	3,742	1,058,625
Disposal or retirement	457,989	2,550,620	1,036,016	4,271,028	8,315,653
Transferred out	62,225	130,718	131,955	–	324,898
31 December 2018	20,471,891	46,424,736	14,388,468	44,074,335	125,359,430
II. Accumulated depreciation					
1 January 2018	4,145,987	25,800,379	11,689,866	26,701,799	68,338,031
Provision	612,838	3,604,484	811,847	8,144,187	13,173,356
Transferred in	41,095	29,460	40,235	4,860	115,650
Disposal or retirement	159,594	1,893,965	937,158	3,617,453	6,608,170
Transferred out	6,239	46,993	82,215	–	135,447
31 December 2018	4,634,087	27,493,365	11,522,575	31,233,393	74,883,420
III. Provision for impairment					
1 January 2018	199,045	71,786	924	126,922	398,677
Provision	–	3,009	–	–	3,009
Disposal or retirement	124,917	1	22	101,333	226,273
31 December 2018	74,128	74,794	902	25,589	175,413
IV. Carrying amount					
Closing balance	15,763,676	18,856,577	2,864,991	12,815,353	50,300,597
Opening balance	14,392,707	18,097,177	2,728,853	10,763,113	45,981,850

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Fixed assets (Continued)

The restricted fixed assets of the Group are stated in Note V. 65.

As at 31 December 2019, the amount of interest expenses capitalised in the balance of fixed assets was RMB35,866,000 (31 December 2018: RMB32,737,000). For the year ended 31 December 2019, the amount of interest expenses capitalised which was transferred in from construction in progress had been RMB3,129,000 (2018: RMB8,061,000).

As at 31 December 2019, the Group had no significant fixed assets that were temporarily idle (31 December 2018: Nil).

As at 31 December 2019, the Group was in the process of applying for and handling registration or transfer of the title certificates of certain buildings with an aggregate carrying amount of RMB1,631,534,000 (31 December 2018: RMB1,439,602,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Company's management is also of the opinion that the aforesaid matter did not have any adverse significant impact on the Group's financial position as at 31 December 2019.

As at 31 December 2019, fixed assets whose title rights certificates had not been obtained are listed as follows:

RMB'000

Buildings	Carrying amount	Reasons
Headquarters Building of China Railway Siyuan Survey and Design Group Co., Ltd.	486,928	In progress
Integrated Office Building of China Railway 21st Bureau Group Co., Ltd.	352,103	In progress
Office building of China Railway Urban Construction Group Co., Ltd.	194,780	In progress
East China Headquarters Base of China Railway Construction Group Co., Ltd.	107,253	In progress
Others	490,470	In progress
Total	1,631,534	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress

RMB'000

Item	31 December 2019			31 December 2018		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Zhuhai Tiejian Plaza Project of China Railway Construction Investment Group Co., Ltd.	568,508	-	568,508	-	-	-
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	369,230	-	369,230	74,983	-	74,983
Yangtze River Wharf Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	327,869	-	327,869	87,446	-	87,446
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	318,428	-	318,428	265,840	-	265,840
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	264,829	-	264,829	175,781	-	175,781
Wuhu Tunnel Boring Machine Construction Project of China Railway 14th Bureau Group Co., Ltd.	239,802	-	239,802	170,978	-	170,978
Guanggu Hi-Tech Innovation Base Project of China Railway Siyuan Survey and Design Group Co., Ltd.	227,186	-	227,186	92,316	-	92,316
Prefabricated Construction Base of China Railway Construction 14th Bureau Group Co., Ltd.	214,425	-	214,425	4,215	-	4,215
TBM(Tunnel Boring Machine) (S1051) Renovation Project of China Railway 14th Bureau Group Co., Ltd.	191,514	-	191,514	-	-	-
Hengda Weilai City Phase 2 Office Building No.3 of China Railway 12th Bureau Group Co., Ltd.	146,956	-	146,956	-	-	-
Others	2,755,619	9,563	2,746,056	3,566,388	9,563	3,556,825
Total	5,624,366	9,563	5,614,803	4,437,947	9,563	4,428,384

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2019:

RMB'000

Item	Budget	1 January 2019	Additions	Transfer out	Disposals	Others	31 December 2019	Source of funds	Proportion of investment to budget (%)
Zhuhai Tiejian Plaza Project of China Railway Construction Investment Group Co., Ltd.	2,056,000	-	568,508	-	-	-	568,508	Self-funding	28
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	1,211,836	74,983	294,247	-	-	-	369,230	Self-funding	30
Yangtze River Wharf Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	371,250	87,446	240,423	-	-	-	327,869	Self-funding	88
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	446,000	265,840	52,588	-	-	-	318,428	Self-funding	71
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	510,030	175,781	89,048	-	-	-	264,829	Self-funding/ loan	52
Wuhu Tunnel Boring Machine Construction Project of China Railway 14th Bureau Group Co., Ltd.	499,000	170,978	68,824	-	-	-	239,802	Self-funding/ loan	48
Guanggu Hi-Tech Innovation Base Project of China Railway Siyuan Survey and Design Group Co., Ltd.	822,482	92,316	134,870	-	-	-	227,186	Self-funding	28
Prefabricated Construction Base of China Railway Construction 14th Bureau Group Co., Ltd.	467,300	4,215	210,210	-	-	-	214,425	Self-funding/ loan	46
TBM(Tunnel Boring Machine) (S1051) Renovation Project of China Railway 14th Bureau Group Co., Ltd.	250,000	-	191,514	-	-	-	191,514	Self-funding	77
Hengda Weilai City Phase 2 Office Building No.3 of China Railway 12th Bureau Group Co., Ltd.	276,937	-	146,956	-	-	-	146,956	Self-funding	53
Others	-	3,566,388	2,231,051	3,015,123	27,397	700	2,755,619	Self-funding/ loan	-
Total	-	4,437,947	4,228,239	3,015,123	27,397	700	5,624,366	—	—
Less: Provision for impairment	-	9,563	-	-	-	-	9,563	—	—
Net value at the end of the year	-	4,428,384	4,228,239	3,015,123	27,397	700	5,614,803	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2018:

RMB'000

Item	Budget	1 January 2018	Additions	Transfer out	Disposals	Others	31 December	Source of funds	Proportion of
							2018		investment to
									budget
									(%)
Integrated Office Building of China Railway Construction Electrification Bureau Group Co., Ltd.	470,000	176,085	185,183	-	-	-	361,268	Self-funding	77
Tiejian Building Phase II Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	446,000	114,783	151,057	-	-	-	265,840	Self-funding	60
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	510,030	-	175,781	-	-	-	175,781	Self-funding/ loan	34
Wuhu Tunnel Boring Machine Construction Project of China Railway 14th Bureau Group Co., Ltd.	499,000	91,607	79,371	-	-	-	170,978	Self-funding/ loan	34
Jiadun Building Renovation Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	225,380	145,981	-	-	-	-	145,981	Self-funding	65
Jingjiang Bridge Science and Technology Industrial Park Project of China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	942,370	32,908	110,660	-	-	-	143,568	Self-funding	15
Nanjing Changjiang No.5 Bridge TMB Renovation Project of China Railway 14th Bureau Co., Ltd.	140,000	51,381	85,810	-	-	-	137,191	Self-funding	98
Western Engineering Material Technology Base of China Railway 21st Bureau Group Co., Ltd.	167,371	123,220	12,239	-	-	-	135,459	Self-funding/ loan	81
Others	-	3,151,461	3,461,817	3,492,522	229,485	10,610	2,901,881	Self-funding/ loan	-
Total	-	3,887,426	4,261,918	3,492,522	229,485	10,610	4,437,947	-	-
Less: Provision for impairment	-	23,848	-	-	14,285	-	9,563	-	-
Net value at the end of the year	-	3,863,578	4,261,918	3,492,522	215,200	10,610	4,428,384	-	-

For the year ended 31 December 2019, construction in progress with a carrying amount of RMB2,791,477,000 (2018: RMB3,291,980,000), RMB19,017,000 (2018: RMB15,407,000) and Nil (2018: Nil) had been transferred to fixed assets, intangible assets and investment properties respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

The amounts of interest expenses capitalised in the balance of construction in progress and the capitalisation rates are listed as follows:

2019:

RMB'000

Item	Progress as at 31 December 2019 (%)	Accumulated amount of interest capitalised as at 31 December 2019	Interest capitalised during the period	Capitalisation rate during the period (%)
Wuhu Tunnel Boring Machine Construction Project of China Railway 14th Bureau Group Co., Ltd.	48	17,392	6,783	4.74
Zhuhai Tiejian Tower Project of China Railway Construction Investment Group Co., Ltd.	52	5,933	4,986	4.89
North Blue Ocean Production Base of CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	54	4,484	1,185	4.35
Others	–	1,985	1,850	–
Total	–	29,794	14,804	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Construction in progress (Continued)

2018:

RMB'000

Item	Progress as at 31 December 2018 (%)	Accumulated amount of interest capitalised as at 31 December 2018	Interest capitalised during the year	Capitalisation rate during the year (%)
Wuhu Tunnel Boring Machine Construction Project of China Railway 14th Bureau Group Co., Ltd.	34	10,609	6,810	5.17
North Blue Ocean Production Base of CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	74	3,299	1,113	4.35
Western Engineering Material Technology Base of China Railway 21st Bureau Group Co., Ltd.	81	2,121	2,121	4.35
Others	–	1,082	1,082	–
Total	–	17,111	11,126	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Right-of-use assets

2019:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
31 December 2018	/	/	/	/	/
Changes in accounting policies (Note III, 33)	907,708	5,131,559	1,010,508	94,538	7,144,313
1 January 2019	907,708	5,131,559	1,010,508	94,538	7,144,313
Additions	449,687	902,548	–	40,744	1,392,979
Disposal or retirement	146,884	194,321	472,865	9,493	823,563
31 December 2019	1,210,511	5,839,786	537,643	125,789	7,713,729
II. Accumulated depreciation					
1 January 2019	–	–	–	–	–
Provision	348,636	1,606,072	59,898	30,073	2,044,679
Disposal or retirement	1,804	4,400	2,102	1,355	9,661
31 December 2019	346,832	1,601,672	57,796	28,718	2,035,018
III. Carrying amount					
Closing balance	863,679	4,238,114	479,847	97,071	5,678,711
Opening balance	907,708	5,131,559	1,010,508	94,538	7,144,313

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets

2019:

RMB'000

Item	Land use rights	Concession rights	Mining rights	Others	Total
I. Original costs					
1 January 2019	7,193,473	45,497,193	164,837	1,216,932	54,072,435
Additions	529,508	11,723,703	3,501	211,763	12,468,475
Transferred in from construction in progress	–	–	–	19,017	19,017
Disposal of subsidiaries	–	1,444,297	–	–	1,444,297
Disposal or retirement	157,557	–	–	68,900	226,457
31 December 2019	7,565,424	55,776,599	168,338	1,378,812	64,889,173
II. Accumulated amortisation					
1 January 2019	1,321,363	1,691,133	23,330	357,460	3,393,286
Provision	216,458	219,944	915	170,389	607,706
Disposal or retirement	21,372	–	–	32,441	53,813
31 December 2019	1,516,449	1,911,077	24,245	495,408	3,947,179
III. Provision for impairment					
1 January 2019	11,265	–	878	–	12,143
Provision	–	1,060,130	–	–	1,060,130
Disposal	2,222	–	–	–	2,222
31 December 2019	9,043	1,060,130	878	–	1,070,051
IV. Carrying amount					
Closing balance	6,039,932	52,805,392	143,215	883,404	59,871,943
Opening balance	5,860,845	43,806,060	140,629	859,472	50,667,006

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

2018:

RMB'000

Item	Land use rights	Concession rights	Mining rights	Others	Total
I. Original costs					
1 January 2018	7,098,602	35,035,094	172,511	900,535	43,206,742
Additions	290,678	10,460,031	–	313,071	11,063,780
Transferred in from construction in progress	–	2,068	–	13,339	15,407
Disposal	195,807	–	7,674	10,013	213,494
31 December 2018	7,193,473	45,497,193	164,837	1,216,932	54,072,435
II. Accumulated amortisation					
1 January 2018	1,203,694	1,512,663	24,604	266,060	3,007,021
Provision	165,355	178,470	–	95,512	439,337
Disposal	47,686	–	1,274	4,112	53,072
31 December 2018	1,321,363	1,691,133	23,330	357,460	3,393,286
III. Provision for impairment					
1 January 2018	42,979	–	878	–	43,857
Disposal	31,714	–	–	–	31,714
31 December 2018	11,265	–	878	–	12,143
IV. Carrying amount					
Closing balance	5,860,845	43,806,060	140,629	859,472	50,667,006
Opening balance	5,851,929	33,522,431	147,029	634,475	40,155,864

As at 31 December 2019, there were no intangible assets recognised through internal research and development (31 December 2018: Nil).

The restricted intangible assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

As at 31 December 2019, the Group was in the process of applying for the title certificates of certain parcels of its land in the PRC with an aggregate carrying amount of RMB78,326,000 (31 December 2018: RMB102,326,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and also of the opinion that the aforesaid matter did not have any significant adverse impact on the Group's financial position as at 31 December 2019.

As at 31 December 2019, intangible assets whose title rights certificates had not been obtained are listed as follows:

RMB'000

Land	Carrying amount	Reasons
Yanliang New Production Base of China Railway 20th Bureau Group Co., Ltd.	39,015	In progress
Doumen Base of CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	13,723	In progress
New office land in Dares Salaam, Tanzania of China Civil Engineering Construction Corporation	12,138	In progress
Others	13,450	In progress
Total	78,326	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analysed as follows:

2019:

RMB'000

Item	Progress as at 31 December 2019 (%)	Accumulated amount of interest capitalised as at 31 December 2019	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan JianPu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dejian Highway Project concession rights	80	586,472	309,936	4.76
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dedu Highway Project concession rights	56	215,877	133,665	4.88
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Hunan Anxiang to Cili Highway Project concession rights	48	85,667	58,465	4.60
Beijing New Airport North Line Highway project	100	57,579	7,201	4.45
Beijing Xingyan Highway Project concession rights	100	45,554	–	–
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
S404 from Sucheng, Suzhou to demarcation between Anhui and Jiangsu concession rights	48	20,720	20,720	5.00
Others	–	12,295	11,586	–
Total	–	3,104,772	541,573	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Intangible assets (Continued)

2018:

RMB'000

Item	Progress as at 31 December 2018 (%)	Accumulated amount of interest capitalised as at 31 December 2018	Interest capitalised during the year	Capitalisation rate during the year (%)
Sichuan JianPu Highway Project concession rights	100	1,151,795	–	–
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT project concession rights	100	546,609	–	–
Sichuan Dejian Highway Project concession rights	63	276,536	205,546	4.68
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	14,606	4.75
Sichuan Dedu Highway Project concession rights	27	82,212	80,509	4.69
Beijing New Airport North Line Highway project	49	50,378	50,378	5.98
Beijing Xingyan Highway Project concession rights	92	45,554	42,968	4.61
Lotus Avenue Project of China Railway 16th Bureau Group Co., Ltd.	82	34,583	–	4.90
Hunan Anxiang to Cili Highway Project concession rights	26	27,202	27,202	4.65
Jiyang Yellow River Bridge concession rights	100	23,564	–	–
Others	–	709	709	–
Total	–	2,597,782	421,918	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Goodwill

For the year ended 31 December 2019:

Original costs

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Others	38,280	5,919	–	44,199
Total	229,784	5,919	–	235,703

Accumulated depreciation

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Acquisition of Hangsheng Company (Note 1)	–	100,135	–	100,135
Acquisition of CIDEON Company (Note 2)	–	15,656	–	15,656
Others	1,071	–	–	1,071
Total	1,071	115,791	–	116,862

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Goodwill (Continued)

For the year ended 31 December 2018:

Original costs

<i>RMB'000</i>				
Item	1 January 2018	Increase	Decrease	31 December 2018
Acquisition of Hangsheng Company (Note 1)	100,135	–	–	100,135
Acquisition of CIDEON Company (Note 2)	91,369	–	–	91,369
Others	10,073	28,207	–	38,280
Total	201,577	28,207	–	229,784

Accumulated depreciation

<i>RMB'000</i>				
Item	1 January 2018	Increase	Decrease	31 December 2018
Acquisition of Hangsheng Company (Note 1)	–	–	–	–
Acquisition of CIDEON Company (Note 2)	–	–	–	–
Others	1,071	–	–	1,071
Total	1,071	–	–	1,071

Note 1: The goodwill of RMB100,135,000 was acquired in the business combination involving entities not under common control of Guangdong Hangsheng Group Construction Co., Ltd. ("Hangsheng Company") in 2012. In 2019, due to internal business restructuring and institutional reform, the synergies of the business combination no longer existed and the group accrued impairment of the goodwill of RMB100,135,000.

Note 2: On 29 February 2016, the Group purchased CIDEON Engineering GmbH & Co. KG, CIDEON Engineering Verwaltungs GmbH and CIDEON Schweiz AG (collectively referred to as "CIDEON Company"), which is a business combination involving entities not under common control and resulted in the increase in goodwill by RMB91,369,000. The group accrued impairment of the goodwill of RMB15,656,000 in 2019

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred tax assets/liabilities

RMB'000

Item	31 December 2019		31 December 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	352,843	73,006	571,443	108,148
Provision for impairment of assets and credit losses	11,228,915	2,253,061	7,129,053	1,604,742
Deductible tax losses	2,771,562	511,742	2,377,448	428,018
Revaluation surplus from restructuring	1,383,180	341,388	1,504,711	371,683
Convertible bonds	–	–	19,871	4,968
Unrealised profits of intra-group transactions	4,714,240	1,093,891	3,367,573	789,049
Changes in fair value of other equity instrument investments	306,758	64,654	204,958	47,819
Others	5,745,402	1,389,770	6,917,243	1,590,694
Total	26,502,900	5,727,512	22,092,300	4,945,121
Item	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in fair value of other equity instrument investments	1,207,810	227,163	753,815	133,847
Convertible bonds	586,580	146,644	–	–
Others	1,037,233	236,571	531,112	127,948
Total	2,831,623	610,378	1,284,927	261,795

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Deferred tax assets/liabilities (Continued)

Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:

RMB'000

Item	Offset amount between deferred tax assets and liabilities at the end of the year	Closing balance of deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities at the beginning of the year	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	102,565	5,624,947	28,273	4,916,848
Deferred tax liabilities	102,565	507,813	28,273	233,522

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB'000

Item	31 December 2019	31 December 2018
Deductible temporary differences	11,291,639	10,780,349
Deductible tax losses	11,563,321	9,525,497
Total	22,854,960	20,305,846

Deductible tax losses that are not recognised as deferred tax assets will expire in the following years:

RMB'000

Year	31 December 2019	31 December 2018
2019	–	179,136
2020	726,436	1,311,151
2021	758,148	1,093,106
2022	1,533,850	2,255,109
2023	3,607,344	4,170,673
2024	4,154,083	17,246
2025	25,675	25,675
2026	35,299	39,503
2027	130,889	139,775
2028	295,292	294,123
2029	296,305	–
Total	11,563,321	9,525,497

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Other non-current assets

RMB'000

Item	31 December 2019	31 December 2018
Retention receivables	62,759,430	51,481,822
A-land development and other projects	7,439,734	5,095,362
Prepayment for investment	355,254	356,254
Others	4,220,093	4,121,127
Subtotal	74,774,511	61,054,565
Less: Retention receivables due within one year Including: Retention receivables	7,799,355 7,799,355	4,945,287 4,945,287
Total	66,975,156	56,109,278

The restricted other non-current assets of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Short-term loans

RMB'000

Item	31 December 2019	31 December 2018
Pledged loans (<i>Note 1, Note 2</i>)	1,799,449	380,000
Mortgaged loans (<i>Note V. 33 (Note 5)</i>)	112,873	205,000
Guaranteed loans (<i>Note 3</i>)	5,093,140	4,358,930
Credit loans	35,743,804	56,837,154
Total	42,749,266	61,781,084

Note 1: As at 31 December 2019, short-term loans with carrying amounts of RMB1,236,968,000 (31 December 2018: RMB380,000,000) were secured by the pledge of the Group's trade receivables with a carrying amount of RMB1,245,243,000 (31 December 2018: RMB389,222,000).

Note 2: As at 31 December 2019, short-term loans with carrying amounts of RMB562,481,000 (31 December 2018: Nil) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB562,481,000 (31 December 2018: Nil).

Note 3: As at 31 December 2019, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2018: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 31 December 2019, annual interest rates of above short-term loans ranged from 2.15% to 7.99% (31 December 2018: 2.35% to 8.00%).

As at 31 December 2019, the Group had no overdue short-term loans (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Due to customers

RMB'000

Item	31 December 2019	31 December 2018
Due to customers	3,820,235	5,881,497

25. Bills payable

RMB'000

Item	31 December 2019	31 December 2018
Commercial acceptance bills	17,409,156	8,696,965
Bank acceptance bills	52,192,821	42,339,463
Total	69,601,977	51,036,428

As at 31 December 2019, the Group had no unpaid overdue bills payable (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Trade payables

Aging of trade payables is listed as follows:

RMB'000

Item	31 December 2019	31 December 2018
Within 1 year	318,511,674	267,308,664
1 to 2 years	5,059,474	5,067,436
2 to 3 years	1,050,771	914,250
Over 3 years	1,163,385	1,064,526
Total	325,785,304	274,354,876

As at 31 December 2019, trade payables aged over one year amounted to RMB7,273,630,000 (31 December 2018: 7,046,212,000), primarily consisted of payables for construction contracts and materials. Since the progress of relevant projects had not reached the point of payments, these trade payables had not been settled.

27. Contract liabilities

RMB'000

Item	31 December 2019	31 December 2018
Advances for construction contracts	61,232,083	44,249,968
Advances for the sale of properties (<i>Note</i>)	41,866,261	39,148,662
Advances for the sale of materials	4,040,219	4,862,273
Advances for the sale of goods	353,972	161,881
Others	1,014,054	853,801
Total	108,506,589	89,276,585

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Contract liabilities (Continued)

Note: Details of advances for the sale of properties are listed as follows:

RMB'000

Project name	31 December	Percentage of	Estimated
	2019	accumulated pre-sales as at 31 December 2019 %	
Xi'an CRCC International City III Project	3,133,951	65	July 2020
Jiaxing Huayu Jiangnan Project	2,565,443	80	June 2020
Xi'an CRCC International City II Project	2,025,592	67	June 2021
CRCC Kaiyuan Community Project	1,985,352	99	August 2019
Guian Shanyucheng Project	1,459,423	88	March 2020
CRCC Yangchun Hupan Project	1,316,424	75	December 2021
Xi'an Tiexing Xipai International Project	1,281,383	76	October 2021
CRCC Yujing Yangguang Project	1,230,186	53	November 2020
Hefei Qingxiucheng Project	1,174,891	77	December 2020
Changsha Meixi Lake Project	1,168,950	89	December 2020
CRCC Donglindao Project	1,157,057	98	August 2020
Xiangman Xi'an Project	1,149,603	85	August 2020
CRCC Wanguo City Project	1,099,780	83	July 2020
Changchun Economic Development Zone Yangpu Plot Project	939,480	77	October 2020
CRCC Xishan Wutong Project	807,336	63	November 2020
CRCC Qingxiucheng Project	764,980	90	April 2020
CRCC Zhuhai Tiejian Tower Project	764,563	35	June 2020
CRCC Fengling International City Project	757,187	90	June 2021
Xiangxie International Project	745,544	52	November 2020
CRCC Shanyucheng (Ningbo) Project	645,870	73	August 2020
CRCC Fuzhou Langqi Shanyu City	604,107	57	December 2020
Shanghai Tiefeng Real Estate Development Co., Ltd. Lingangluochaogang Community Lot E0605 Commercial Center Project	589,343	62	June 2020
Yushuilanwan Project Phase 1	479,241	34	October 2021
CRCC Taiyuanxifu International Project	442,363	77	April 2021
CRCC Guiyang International City	416,345	77	September 2021
CRCC Chengdu Xipai Project	410,813	46	December 2020
Zhangzhou Gaoxin Area Yuanshanxincheng Middle Area Grouped Resettlement House Reconstruction Project (Phase 1)	406,823	45	August 2020
Lanzhou SOHO Project	397,210	93	December 2019
CRCC Huayu Jiangnan Project	394,048	8	May 2020
CRCC Donglai Shangcheng Project	384,879	73	June 2020
Others	11,168,094	—	—
Total	41,866,261	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Contract liabilities (Continued)

As at the balance sheet date, significant contract liabilities aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2019	Reasons
Company 1	Third party	404,251	Work performed but not billed
Company 2	Third party	261,556	Work performed but not billed
Company 3	Third party	253,424	Work performed but not billed
Company 4	Third party	181,340	Work performed but not billed
Company 5	Third party	145,784	Work performed but not billed
Total	—	1,246,355	—

28. Employee benefits payable

2019:

RMB'000

Item	1 January 2019	Accrued	Paid	31 December 2019
Short-term benefits	9,717,291	57,590,072	57,078,695	10,228,668
Post-employment benefits (defined contribution plans)	1,563,280	6,673,519	6,585,100	1,651,699
Total	11,280,571	64,263,591	63,663,795	11,880,367

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

2018:

RMB'000

Item	1 January 2018	Accrued	Paid	31 December 2018
Short-term benefits	8,701,940	52,318,090	51,302,739	9,717,291
Post-employment benefits (defined contribution plans)	1,457,566	5,911,297	5,805,583	1,563,280
Total	10,159,506	58,229,387	57,108,322	11,280,571

Short-term benefits:

2019:

RMB'000

Item	1 January 2019	Accrued	Paid	31 December 2019
Salaries, bonuses, allowances and subsidies	6,978,400	41,585,790	41,198,724	7,365,466
Staff welfare	–	3,571,972	3,571,972	–
Social insurance	1,110,730	3,481,968	3,496,710	1,095,988
Including: Medical insurance	970,674	3,038,880	3,052,835	956,719
Work injury insurance	91,072	236,105	241,052	86,125
Maternity insurance	48,984	206,983	202,823	53,144
Housing funds	684,423	3,161,120	3,171,056	674,487
Union fund and employee education fund	569,131	1,198,488	1,181,633	585,986
Others	374,607	4,590,734	4,458,600	506,741
Total	9,717,291	57,590,072	57,078,695	10,228,668

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Short-term benefits: (Continued)

2018:

Item	<i>RMB'000</i>			
	1 January 2018	Accrued	Paid	31 December 2018
Salaries, bonuses, allowances and subsidies	6,171,699	38,783,781	37,977,080	6,978,400
Staff welfare	–	2,824,368	2,824,368	–
Social insurance	1,054,646	3,107,784	3,051,700	1,110,730
Including: Medical insurance	919,130	2,692,150	2,640,606	970,674
Work injury insurance	88,520	252,359	249,807	91,072
Maternity insurance	46,996	163,275	161,287	48,984
Housing funds	680,760	2,775,309	2,771,646	684,423
Union fund and employee education fund	523,855	1,067,032	1,021,756	569,131
Others	270,980	3,759,816	3,656,189	374,607
Total	8,701,940	52,318,090	51,302,739	9,717,291

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee benefits payable (Continued)

Defined contribution plan:

2019:

RMB'000

Item	1 January 2019	Accrued	Paid	31 December 2019
Basic pension insurance	1,146,935	5,074,155	5,038,292	1,182,798
Unemployment insurance	91,745	194,898	195,276	91,367
Supplementary pension insurance	324,600	1,404,466	1,351,532	377,534
Total	1,563,280	6,673,519	6,585,100	1,651,699

2018:

RMB'000

Item	1 January 2018	Accrued	Paid	31 December 2018
Basic pension insurance	1,103,707	4,757,840	4,714,612	1,146,935
Unemployment insurance	99,329	162,492	170,076	91,745
Supplementary pension insurance	254,530	990,965	920,895	324,600
Total	1,457,566	5,911,297	5,805,583	1,563,280

Defined contribution plan includes basic pension insurance and unemployment insurance managed by local governments and the Group's supplementary pension insurance. In addition to the monthly payments, the Group is no longer liable for further payments. Relevant expenditures are capitalised or expensed in the period when incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Taxes payable

RMB'000

Item	31 December 2019	31 December 2018
VAT	2,264,422	2,962,306
EIT	2,352,430	2,513,210
Others	2,353,152	1,472,598
Total	6,970,004	6,948,114

30. Other payables

RMB'000

Item	31 December 2019	31 December 2018
Guarantees and deposits	18,653,879	14,810,200
Payables for advances	21,365,743	12,101,637
Amounts due from related parties	7,589,027	6,345,515
Dividends payable	977,453	447,024
Others	21,530,710	21,724,666
Total	70,116,812	55,429,042

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Other payables (Continued)

As at 31 December 2019, significant other payables aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2019	Reasons
Company 1	Third party	187,166	Payables not settled
Company 2	Third party	157,108	Payables not settled
Company 3	Third party	141,500	Payables not settled
Company 4	Third party	136,358	Payables not settled
Company 5	Third party	135,926	Payables not settled
Total	—	758,058	—

31. Current portion of non-current liabilities

RMB'000

Item	31 December 2019	31 December 2018
Current portion of long-term loans (Note V. 33)	16,914,489	17,833,584
Current portion of bonds payable (Note V. 34)	13,565,374	1,000,000
Current portion of lease liabilities (Note V. 35)	1,920,949	/
Current portion of long-term payables	2,140,031	4,221,089
Current portion of post-employment benefits payable (Note V. 37)	119,668	164,298
Current portion of provisions	11,565	—
Total	34,672,076	23,218,971

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Current portion of non-current liabilities (Continued)

The current portion of long-term loans is presented as follows:

	<i>RMB'000</i>	
Item	31 December 2019	31 December 2018
Pledged loans (<i>Note V. 33 (Note 1, Note 2)</i>)	947,593	–
Mortgaged loans (<i>Note V. 33 (Note 4, Note 5)</i>)	2,569,180	1,035,880
Guaranteed loans (<i>Note V. 33 (Note 8)</i>)	3,363,450	2,331,640
Credit loans	10,034,266	14,466,064
Total	16,914,489	17,833,584

32. Other current liabilities

	<i>RMB'000</i>	
Item	31 December 2019	31 December 2018
Amounts to be transferred to output VAT	14,449,127	7,095,560
Short-term unsecured financing bonds (<i>Note 1</i>)	–	4,998,272
Others	298,409	341,132
Total	14,747,536	12,434,964

Note 1: Short-term unsecured financing bonds bear a fixed interest rate. The principal and the interest will be repaid in a lump sum at the end of the term.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Other current liabilities (Continued)

The movement of short-term unsecured financing bonds is listed as follows:

RMB'000

Bond name	Par value	Issuance date	Bond term	Opening balance	Issuance during the year	Interests accrued	Amortisation of discounts and premiums	Principle and interest paid	Closing balance
China Railway Construction Corporation Limited 2018 first issue ultra-short-term financing bond	3,000,000	13 September 2018	9 months	3,000,000	-	47,241	-	3,047,241	-
China Railway Construction Real Estate Group Co., Ltd. 2018 first issue ultra-short-term financing bond	2,000,000	28 November 2018	9 months	1,998,272	-	51,156	1,728	2,051,156	-
China Railway Construction Corporation Limited 2019 first issue ultra-short-term financing bond	3,000,000	23 May 2019	6 months	-	3,000,000	39,836	-	3,039,836	-
China Railway Construction Corporation Limited 2019 second issue ultra-short-term financing bond	4,000,000	13 June 2019	6 months	-	4,000,000	54,098	-	4,054,098	-
China Railway Construction Real Estate Group Co., Ltd. 2019 first issue ultra-short-term financing bond	1,500,000	16 January 2019	9 months	-	1,498,425	38,836	1,575	1,538,836	-
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue ultra-short-term financing bond	1,500,000	24 January 2018	9 months	-	1,498,425	38,614	1,575	1,538,614	-
Total	15,000,000	—	—	4,998,272	9,996,850	269,781	4,878	15,269,781	-

33. Long-term loans

RMB'000

Item	31 December 2019	31 December 2018
Pledged loans (Note 1, Note 2, Note 3)	35,091,405	26,840,000
Mortgaged loans (Note 4, Note 5, Note 6, Note 7)	6,639,979	4,725,841
Guaranteed loans (Note 8)	21,249,507	13,529,940
Credit loans	24,955,147	24,744,696
Total	87,936,038	69,840,477

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term loans (Continued)

Note 1: As at 31 December 2019, long-term loans with a carrying amount of RMB33,787,052,000, including current portion of long-term loans of RMB114,500,000 (31 December 2018: RMB25,970,000,000, including no current portion of long-term loans) were secured by pledges of the Group's concession rights with a carrying amount of RMB48,874,715,000 (31 December 2018: RMB41,455,348,000).

Note 2: As at 31 December 2019, long-term loans with a carrying amount of RMB2,110,946,000, including current portion of long-term loans of RMB833,093,000 (31 December 2018: RMB800,000,000, including no current portion of long-term loans) were secured by pledges of the Group's other non-current assets with a carrying amount of RMB4,779,563,000 (31 December 2018: RMB1,888,875,000).

Note 3: As at 31 December 2019, long-term loans with a carrying amount of RMB141,000,000, including no current portion of long-term loans (31 December 2018: RMB70,000,000, including no current portion of long-term loans) were secured by pledges of the Group's long-term receivables with a carrying amount of RMB133,142,000. (31 December 2018: RMB149,599,000).

Note 4: As at 31 December 2019, long-term loans with a carrying amount of RMB355,148,000, including long-term loans due within one year of RMB22,004,000 (31 December 2018: RMB21,539,000, including no including no long-term loans due within one year) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB1,018,038,000 (31 December 2018: RMB60,969,000).

Note 5: As at 31 December 2019, short-term loans with a carrying amount of RMB112,873,000 (31 December 2018: RMB205,000,000) and long-term loans with a carrying amount of RMB8,554,011,000, including current portion of long-term loans of RMB2,547,176,000 (31 December 2018: RMB5,730,732,000 including current portion of long-term loans of RMB1,035,880,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB25,222,650,000 (31 December 2018: RMB14,401,283,000).

Note 6: As at 31 December 2019, long-term loans with a carrying amount of RMB300,000,000, including no current portion of long-term loans (31 December 2018: Nil) were secured by mortgages of the Group's long-term receivables with a carrying amount of RMB1,291,510,000. (31 December 2018: Nil).

Note 7: As at 31 December 2018, long-term loans with a carrying amount of RMB 9,450,000 were secured by pledges of the Group's construction in progress with a carrying amount of RMB 48,600,000.

Note 8: As at 31 December 2019, the guaranteed long-term loans, including long-term loans due within one year of RMB3,363,450,000, were all internally guaranteed by the entities comprising the Group (31 December 2018: the guaranteed long-term loans, including long-term loans due within one year of RMB2,331,640,000, were all internally guaranteed by the entities comprising the Group).

As at 31 December 2019, the Group had no overdue long-term loans (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Long-term loans (Continued)

The maturity profile of the long-term loans as at the end of the year is listed as follows:

RMB'000

Item	31 December 2019	31 December 2018
Within one year or paid on demand (<i>Note V. 31</i>)	16,914,489	17,833,584
In the second year (inclusive)	16,265,195	20,591,310
In the third to fifth year (inclusive)	29,947,337	14,351,111
Over five years	41,723,506	34,898,056
Total	104,850,527	87,674,061

34. Bonds payable

Bonds payable include: (1) unsecured medium-term notes, private placement notes, and bonds guaranteed by the Group with a fixed interest rate issued by the Company and its subsidiaries in the National Inter Bank Bond Market. The bonds' interest is paid on schedule whereas the principal is paid at the maturity date; (2) the 5-year zero-interest US dollar and 5-year RMB Convertible Bond issued by the Company in the international market with a fixed interest rate with interest repayable semi-annually and the principal repayable upon maturity; and (3) the 10-year US dollar bond with a fixed interest rate issued by its overseas subsidiaries and guaranteed by the Company. The bonds' interest is repayable semi-annually whereas the principal is repayable upon maturity.

RMB'000

Item	31 December 2019	31 December 2018
Bonds payable	39,709,268	38,458,422
Less: Current portion of bonds payable (<i>Note V. 31</i>)	13,565,374	1,000,000
Non-current portion of bonds payable	26,143,894	37,458,422

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

As at 31 December 2019, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2019
China Railway Construction Corporation Limited — First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,979,362	-	509,256	11,621	510,000	10,261,286
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD 800 million and interest rate of 3.5%	USD 800,000	16 May 2013	10 years	USD 800,000	3.50%	5,463,582	-	194,223	95,849	193,827	5,583,848
China Railway Construction Corporation Limited — USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD 500,000	29 January 2016	5 years	USD 500,000	0.00%	3,040,981	-	-	257,105	-	3,298,086
China Railway Construction Real Estate Co., Ltd. — 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,971,853	-	144,000	17,084	144,000	3,024,938
China Railway Construction Real Estate Co., Ltd. — 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,789,332	-	103,600	5,103	103,600	2,889,402
China Railway Construction Real Estate Co., Ltd. — 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	5 years	2,700,000	4.25%	-	2,688,840	86,063	1,533	-	2,776,436
China Railway Construction Real Estate Co., Ltd. — 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,192,819	-	130,680	1,601	130,680	2,314,209
China Railway Construction Real Estate Co., Ltd. — 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	5 years	1,500,000	4.90%	-	1,494,028	67,375	963	-	1,562,366
China Railway Construction Real Estate Co., Ltd. — 2019 first issue of private placement Corporate bond (variety I)	1,500,000	10 January 2019	3 years	1,500,000	4.73%	-	1,496,009	65,038	1,073	-	1,562,120
China Railway Construction Real Estate Co., Ltd. — 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,494,698	-	63,900	(2,533)	312,000	1,292,065
China Railway Construction Investment Group Co., Ltd. — 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3 years	1,200,000	3.98%	-	1,198,642	35,157	70	-	1,233,869
China Railway 16th Bureau Group Co., Ltd. — 2019 private placement Corporate bond	1,000,000	30 October 2019	10 years	1,000,000	4.73%	-	1,000,000	8,015	-	-	1,008,015

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2019	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2019
China Railway Construction Real Estate Co., Ltd. — 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	1,494,453	-	57,921	(1,158)	626,500	969,341
CRCC (Beijing) Property Management Co., Ltd. — 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	868,360	-	57,549	1,203	132,411	823,130
China Railway Construction Real Estate Co., Ltd. — 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	-	654,000	-	-	-	654,000
China Railway Construction Real Estate Co., Ltd. — 2019 second issue of private placement Corporate bond	300,000	18 March 2019	5 years	300,000	4.90%	-	298,758	11,025	169	-	309,952
China Railway Construction Corporation Limited — RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,172,629	-	50,332	268,511	3,346,750	146,205
China Railway Construction Real Estate Co., Ltd. — 2016 second issue of Corporate bond	3,000,000	20 January 2016	3 years	3,000,000	4.58%	2,990,353	-	11,450	9,647	3,137,400	-
China Railway 15th Bureau Group Co., Ltd. — 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	-	2,900	-	418,000	-
China Railway 24th Bureau Group Co., Ltd. — 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	5,507	-	624,780	-
China Railway 16th Bureau Group Co., Ltd. — 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	3 years	1,000,000	4.00%	1,000,000	-	30,000	-	1,040,000	-
Total	-	-	-	-	-	38,458,422	8,830,277	1,633,991	667,841	10,719,948	39,709,268
Less: Current portion of bonds payable	-	-	-	-	-	1,000,000	-	-	-	-	13,565,374
Non-current portion of bonds payable	-	-	-	-	-	37,458,422	-	-	-	-	26,143,894

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

As at 31 December 2018, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2018	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2018
China Railway Construction Corporation Limited — First issue of medium-term notes in 2013	10,000,000	20 June 2013	7 years	10,000,000	5.10%	9,969,024	-	510,000	10,338	510,000	9,979,362
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD 800 million and interest rate of 3.5%	USD 800,000	16 May 2013	10 years	USD 800,000	3.50%	5,196,349	-	185,750	267,233	185,846	5,463,582
China Railway Construction Corporation Limited — RMB3.45 billion 1.5% Coupon Convertible Bond due 2021 (Note 1)	3,450,000	21 December 2016	5 years	3,450,000	1.50%	3,093,529	-	51,750	79,100	51,750	3,172,629
China Railway Construction Corporation Limited — USD500 million Zero Coupon Convertible Bond due 2021 (Note 2)	USD 500,000	29 January 2016	5 years	USD 500,000	0.00%	2,722,717	-	-	318,264	-	3,040,981
China Railway Construction Real Estate Co., Ltd. — 2016 second issue of Corporate bond	3,000,000	20 January 2016	5 years	3,000,000	4.58%	2,986,206	-	137,400	4,147	137,400	2,990,353
China Railway Construction Real Estate Co., Ltd. — 2015 first issue of Corporate bond	3,000,000	29 September 2015	5 years	3,000,000	4.80%	2,985,179	-	126,450	(13,326)	120,600	2,971,853
China Railway Construction Real Estate Co., Ltd. — 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,784,611	-	103,600	4,721	103,600	2,789,332
China Railway Construction Real Estate Co., Ltd. — 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	-	2,200,000	119,790	(7,181)	-	2,192,819
China Railway Construction Real Estate Co., Ltd. — 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.80%	1,492,662	-	72,000	2,036	72,000	1,494,698
China Railway Construction Real Estate Co., Ltd. — 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	5.10%	1,492,450	-	76,500	2,003	76,500	1,494,453
China Railway 16th Bureau Group Co., Ltd. — 2016 first issue of private placement Corporate bond	1,000,000	6 September 2016	5 years	1,000,000	4.00%	1,000,000	-	40,000	-	40,000	1,000,000
CRCC (Beijing) Property Management Co., Ltd. — 2017 first issue of private placement assets-backed note	960,000	13 December 2017	7 years	960,000	6.90%	955,196	-	65,897	664	124,968	868,360
China Railway 24th Bureau Group Co., Ltd. — 2016 second issue of private placement note	600,000	24 March 2016	3 years	600,000	4.13%	600,000	-	25,124	-	24,780	600,000
China Railway 15th Bureau Group Co., Ltd. — 2016 first issue of private placement note	400,000	4 March 2016	3 years	400,000	4.50%	400,000	-	18,355	-	18,000	400,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Bonds payable (Continued)

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2018	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2018
China Railway Construction Corporation Limited — 2011 first issue of medium-term note	7,500,000	14 October 2011	7 years	7,500,000	6.28%	7,487,134	-	375,510	12,866	7,971,000	-
China Railway 20th Bureau Group Co., Ltd. — 2015 first issue of private placement note	700,000	13 March 2015	3 years	700,000	6.50%	700,000	-	21,700	-	721,700	-
China Railway 23rd Bureau Group Co., Ltd. — 2015 first issue of private placement note	100,000	11 February 2015	3 years	100,000	6.30%	99,989	-	812	11	100,811	-
China Railway 23rd Bureau Group Co., Ltd. — 2015 second issue of private placement note	100,000	12 February 2015	3 years	100,000	6.30%	99,988	-	828	12	100,828	-
China Railway 25th Bureau Group Co., Ltd. — 2015 first issue of private placement note	400,000	30 January 2015	3 years	400,000	6.50%	400,000	-	2,084	-	402,084	-
China Railway Construction Investment Group Co., Ltd. — 2015 first issue of private placement note	1,000,000	28 July 2015	3 years	1,000,000	4.85%	1,000,000	-	31,027	-	1,048,500	-
Chongqing Tiefa Suiyu Highway Co., Ltd. — 2015 first issue of private placement note	200,000	11 February 2015	3 years	200,000	6.00%	200,000	-	-	-	200,000	-
Total	-	-	-	-	-	45,665,034	2,200,000	1,964,577	680,888	12,010,367	38,458,422
Less: Current portion of bonds payable	-	-	-	-	-	9,987,111	-	-	-	-	1,000,000
Non-current portion of bonds payable	-	-	-	-	-	35,677,923	-	-	-	-	37,458,422

Note 1: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 (settled by US Dollar). The conversion period is from 31 January 2017 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, is set to be HKD 13.7750 per H share (calculated in a fixed exchange rate by HKD1 to RMB0.8898), and will be subject to adjustments under certain circumstances. The debt component of the convertible bond is initially recognised at fair value at the issue date, and the issue price in excess of the initially recognised liability is recognised as equity. On 23 December 2019, the Company redeemed and cancelled an aggregate principle amount of RMB3.295 billion and the remaining part has been fully redeemed on 23 January 2020.

Note 2: The Company issued a five-year Convertible Bond at zero interest rate with the principal of USD 500 million on 29 January 2016. The conversion period is from 10 March 2016 or later to the close of business of the tenth operation day before expiration. The initial conversion price, at which the shares will be issued if conversion rights are executed, was set to be HKD 10.30 per H share, and will be subject to adjustments under certain circumstances. The embedded derivatives of the convertible bond is initially recognised at fair value at the issue date, and the issue price in excess of the fair value of derivative financial liabilities is recognised as debt instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Lease liabilities

RMB'000

Item	31 December 2019	31 December 2018
Lease liabilities	5,081,929	/
Less: Current portion of lease liabilities (<i>Note V. 31</i>)	1,920,949	/
Non-current portion of lease liabilities	3,160,980	/

36. Long-term payables

RMB'000

Item	31 December 2019	31 December 2018
Retention payables (<i>Note 1</i>)	7,515,958	5,635,733
Finance lease payables	/	563,764
Special payables (<i>Note 2</i>)	99,222	155,269
Others	948,017	842,815
Total	8,563,197	7,197,581

Note 1: In construction operations and real estate development operations, the Group is billed according to the terms of the contracts with the suppliers. The retention payables are usually due by the later of the completion of the construction operation and the end of the guarantee period. The non-current portion of the retention payables is included in long-term payables and the current portion of the retention payables is included in the current portion of non-current liabilities. The comparative financial information are presented with reclassification adjustments. Before the reclassification, the Group's trade payables included retention payables amounting to RMB9,316,030,000. The Group reclassified retention payables amounting to RMB5,635,733,000 to long-term payables and retention payables amounting to RMB3,680,297,000 to the current portion of non-current liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Long-term payables (Continued)

Note 2: 2019:

RMB'000

Item	1 January 2019	Additions	Reductions	31 December 2019
Specific project funds	96,285	73,417	81,286	88,416
Research and development funds	58,984	7,271	55,449	10,806
Total	155,269	80,688	136,735	99,222

2018:

RMB'000

Item	1 January 2018	Additions	Reductions	31 December 2018
Specific project funds	547,372	29,958	481,045	96,285
Research and development funds	55,877	23,907	20,800	58,984
Others	351	–	351	–
Total	603,600	53,865	502,196	155,269

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Long-term employee benefits payable

RMB'000

Item	31 December 2019	31 December 2018
Defined benefit plans — post-employment benefits	233,175	407,145

Certain employees of the Group had completely dealt with their respective long-term post-leaving. Post-employment benefits were recognised in the period in which the relevant entities of the Group have entered into agreements with the employees specifying terms, or after the individual employees have been advised of the specific terms. The specific terms vary among the terminated and post-employment benefits depending on various factors including their positions, length of service, and the district in which the employees are located.

The plan has no defined benefit plan asset.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for post-leaving personnel.

The principal actuarial assumptions used as at the balance sheet date are listed as follows:

Item	31 December 2019	31 December 2018
Discount rate (%)	2.75	2.75
Increase in the expected rate of cost of living adjustment for long-term post-leaving personnel (%)	2.50	2.50
Increase in the expected rate of medical reimbursement expenses (%)	8.00	8.00
Average lifetime for defined benefit plans (year)	2.3	2.4

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Long-term employee benefits payable (Continued)

The following table demonstrates the quantitative sensitivity analysis of significant assumption adopted as at 31 December 2019:

RMB'000

	Increase	Defined benefit plans (decrease)/ increase	Decrease	Defined benefit plans Increase/ (decrease)
Discount rate	0.25%	(1,920)	0.25%	1,950
Increase in medical expenses	1%	30	1%	(30)

The above sensitivity analysis evaluates the impact of a reasonably possible change in key assumptions on defined benefit plans at end of the Reporting Period. The sensitivity analysis is made based on changes in significant assumptions while all the other assumptions are held constant. The sensitivity analysis may not represent actual changes of defined benefit plans as changes of assumptions may not be isolated from each other.

Movements in the present value of defined benefit plan obligations are listed as follows:

RMB'000

Item	2019	2018
Opening balance of the year	571,443	925,357
Defined benefit cost recognised in profit or loss	—	(360)
Past service cost	12,800	28,490
Net interest		
Defined benefit cost recognised in other comprehensive income		
Actuarial losses/(gains)	(15,729)	(59,224)
Other changes		
Benefit payments	(215,671)	(322,820)
Closing balance of the year	352,843	571,443
Including: Current portion of post-employment benefits payable (Note V. 31)	(119,668)	(164,298)
Non-current portion of post-employment benefits payable	233,175	407,145

The actuarial evaluation on the present value of liabilities in defined benefit plans for the last tranche was conducted by the independent actuarial appraiser, Willis Towers Watson Consultancy Co., Ltd, which was based on the data as of 31 December 2019, using the projected unit credit method to determine the present value and relevant service fees in defined benefit plans.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Deferred income

2019:

RMB'000

Item	1 January 2019	Additions	Reductions	31 December 2019
Government grants related to assets	1,070,289	1,249,714	469,410	1,850,593
Government grants related to income	46,471	791,295	399,709	438,057
Others	1,147,023	164,926	758,379	553,570
Total	2,263,783	2,205,935	1,627,498	2,842,220

2018:

RMB'000

Item	1 January 2018	Additions	Reductions	31 December 2018
Government grants related to assets	148,316	975,043	53,070	1,070,289
Government grants related to income	22,304	377,049	352,882	46,471
Others	660,862	523,918	37,757	1,147,023
Total	831,482	1,876,010	443,709	2,263,783

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Deferred income (Continued)

As at 31 December 2019, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2019	Additions	Included in non-operating income/ other income in the year	Other changes (Note)	31 December 2019	Related to assets/ income
Sichuan Dedu Highway Project	500,000	1,217,200	—	—	1,717,200	Related to assets
Enterprise Development and Support Fund	463	214,286	(137,570)	—	77,179	Related to assets/ income
Others	616,297	609,523	(276,623)	(454,926)	494,271	—
Total	1,116,760	2,041,009	(414,193)	(454,926)	2,288,650	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Deferred income (Continued)

As at 31 December 2018, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2018	Additions	Included in non-operating income/ other income in the year	Other changes (Note)	31 December 2018	Related to assets/ income
Sichuan Dedu Highway Project	-	500,000	-	-	500,000	Related to assets
High-tech Underground Equipment Manufacturing Project	-	387,000	-	-	387,000	Related to income
Enterprise Development and Support Fund	166	142,272	(141,398)	(577)	463	Related to assets/ income
Others	170,454	322,820	(214,642)	(49,335)	229,297	—
Total	170,620	1,352,092	(356,040)	(49,912)	1,116,760	—

Note: Government grants related to assets are used to offset against the carrying amount of relevant assets when relevant assets become ready for their intended use.

39. Other non-current liabilities

RMB'000

Item	31 December 2019	31 December 2018
Derivatives- convertible bonds (Note V. 34 (Note 2))	244,414	850,865
Others	189,620	231,600
Total	434,034	1,082,465

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Share capital

2019:

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Unrestricted shares				
— RMB ordinary shares	11,258,246	—	—	11,258,246
— Overseas listed foreign shares	2,076,296	—	—	2,076,296
— National Social Security Fund	245,000	—	—	245,000
Total	13,579,542	—	—	13,579,542

2018:

RMB'000

Item	1 January 2018	Increase	Decrease	31 December 2018
Unrestricted shares				
— RMB ordinary shares	11,258,246	—	—	11,258,246
— Overseas listed foreign shares	2,076,296	—	—	2,076,296
— National Social Security Fund	245,000	—	—	245,000
Total	13,579,542	—	—	13,579,542

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other equity instruments

RMB'000

Item		31 December 2019	31 December 2018
2016 renewable corporate bonds (First tranche)	Note 1	–	7,992,104
Convertible bond for the year of 2016	Note 2	18,336	408,129
2017 renewable loans	Note 3	–	5,000,000
2018 renewable corporate bonds	Note 4	6,992,689	6,992,689
2019 renewable corporate bonds	Note 5	11,994,417	–
2019 renewable loans	Note 6	15,201,000	–
2019 CRCC medium-term notes	Note 7	5,982,651	–
Total		40,189,093	20,392,922

Note 1: On 29 June 2016, the Company issued 2016 renewable corporate bonds (First tranche). The basic term was 3 years. Upon the end of the basic term or every renewal term, the Company had the right to execute the renewal option. If the Company chose not to execute the renewal option, the bonds were due when the payments are made in full. The Company chose not to execute the renewal option by the end of the basic term, and paid the principles and interests in full to China Securities Depository and Clearing Co., Ltd, Shanghai Branch by 29 June 2019 according to the terms of issuance. The Company redeemed an aggregate principal amount of RMB8,000,000,000 and recognised the difference, amounting to RMB7,896,000, between the carrying amount and the price of redemption as capital reserve.

Note 2: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 and the part which was recognised as equity amounted to RMB408,129,000. On 23 December 2019, the Company redeemed an aggregate principal amount of RMB3,295,000,000 (representing approximately 95.51% of the initial aggregate principal amount) and transferred the carrying amount of the corresponding equity component, amounting to RMB389,793,000, into capital reserve. The remaining part of the convertible bond has been fully redeemed on 23 January 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other equity instruments (Continued)

Note 3: On 22 December 2017, the Company issued RMB5,000,000,000 in an aggregate principal amount of renewable loans which was included in other equity instruments. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities and recognised the loans as other equity instruments. In 2019, the Company has fully redeemed the renewable loans.

Note 4: In 2018, the Company issued RMB7,000,000,000 in an aggregate principal amount of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities and recognised the bonds as other equity instruments. The net proceeds from the issuance amounting to RMB6,992,689,000, net of the relevant expenses of issuance of RMB7,311,000 were included in other equity instruments.

Note 5: In 2019, the Company issued RMB12,000,000,000 in an aggregate principal amount of three tranches of renewable corporate bonds. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the bonds did not satisfy the definition of financial liabilities and recognised the bonds as other equity instruments. The net proceeds from the issuance amounting to RMB11,994,417,000, net of the relevant expenses of issuance of RMB5,583,000 were included in other equity instruments.

Note 6: In 2019, the Company issued RMB15,201,000,000 in an aggregate principal amount of renewable loans. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the loans did not satisfy the definition of financial liabilities and recognised the loans as other equity instruments and the loans were included in other equity instruments.

Note 7: In 2019, the Company issued RMB6,000,000,000 in an aggregate principal amount of two tranches of medium-term notes. According to the terms of the contract, the Company had no contractual obligation to deliver cash or other financial assets to the holders. The Company considered that the notes did not satisfy the definition of financial liabilities and recognised the notes as other equity instruments. The net proceeds from the issuance amounting to RMB5,982,651,000, net of the relevant expenses of issuance of RMB17,349,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Capital reserve

2019:

RMB'000

Item	1 January 2019	Increase	Decrease	31 December 2019
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders (Note 1) (Note VII. 1)	(461,878)	4,020,273	681,714	2,876,681
Others (Note 2)	(506,626)	389,793	7,896	(124,729)
Total	40,434,270	4,410,066	689,610	44,154,726

2018:

RMB'000

Item	1 January 2018	Increase	Decrease	31 December 2018
Share premium	41,241,813	–	–	41,241,813
Relocation compensation granted by government	160,961	–	–	160,961
Acquisition of non- controlling interests	(467,584)	5,706	–	(461,878)
Others	(506,626)	–	–	(506,626)
Total	40,428,564	5,706	–	40,434,270

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Capital reserve (Continued)

Note 1: On 18 December 2019, the Company and its subsidiaries including China Railway 11th Bureau Group Co., Ltd., China Railway Construction Group Co., Ltd., China Railway Construction Investment Group Co., Ltd. and CRCC Kunlun Investment Group Co., Ltd. ("the Target Companies") entered into Capital Contribution Agreements and Investment Agreements with several third-party investors. Pursuant to the agreements, the third-party investors respectively made capital contributions to the Target Companies in cash. Upon completion of the capital contribution, the Company's shareholding proportion of the Target Companies decreased from 100% to 81.62%, 85.64%, 87.34% and 70.77% respectively, but the Company will not lose actual control over the Target Companies. The capital contributions made by the third-party investors amounted to RMB11,000,000,000 in aggregate. These transactions resulted in an increase of capital reserve amounting to RMB2,996,354,000 and an increase of non-controlling interests amounting to RMB8,003,646,000 in the consolidated financial statements of the Group as at 31 December 2019.

In December 2019, the Company's subsidiaries including China Railway 14th Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 19th Bureau Group Co., Ltd., China Railway 21th Bureau Group Co., Ltd. and CRCC Urban Construction Group Co., Ltd. and their subsidiaries entered into Capital Contribution Agreements and Equity Transferring Agreements with several third-party investors. Pursuant to the agreements, the third-party investors made capital contributions amounting to RMB5,950,000,000 in aggregate to the subsidiaries. These transactions resulted in an increase of capital reserve amounting to RMB1,022,523,000 and an increase of non-controlling interests amounting to RMB4,927,477,000 in the consolidated financial statements of the Group as at 31 December 2019.

Note 2: The Company issued a five-year 1.5% Coupon Convertible Bond at RMB3.45 billion on 21 December 2016 and the part which was recognised as equity amounted to RMB408,129,000. On 23 December 2019, the Company redeemed an aggregate principal amount of RMB3,295,000,000 (representing approximately 95.51% of the initial aggregate principal amount) and transferred the difference, amounting to RMB389,793,000, between the carrying amount and the price of redemption into capital reserve. The remaining part of the convertible bond has been fully redeemed on 23 January 2020.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Other comprehensive income

Accumulated balances of other comprehensive income attributable to owners of the Company in the consolidated statement of financial position:

RMB'000

Item	1 January 2018	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	1 January	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings	31 December
				2019			2019
Re-measurement of defined benefit	(51,167)	60,896	603	9,126	15,729	(2,021)	26,876
Effect of deferred tax from changes in re-measurement of defined benefit	(36,094)	(12,146)	-	(48,240)	(2,714)	-	(50,954)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	(136,130)	13,550	-	(122,580)	251,093	-	128,513
Changes in fair value of other debt investments	-	513	-	513	(417)	-	96
Changes in fair value of other equity instrument investments	700,428	(480,632)	(100)	219,896	382,311	-	602,207
Effect of deferred tax from changes in fair value of other equity instrument investments	(145,901)	100,181	-	(45,720)	(80,750)	-	(126,470)
Other comprehensive income recognised due to reclassification of financial assets	-	-	-	-	(7,785)	-	(7,785)
Effect of deferred tax from other comprehensive income recognised due to reclassification of financial assets	-	-	-	-	2,703	-	2,703
Exchange differences on translation of foreign operation	(507,015)	(21,039)	-	(528,054)	(113,186)	104	(641,344)
Total	(175,879)	(338,677)	503	(515,059)	446,984	(1,917)	(66,158)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Other comprehensive income (Continued)

Other comprehensive income in the statement of profit or loss and other comprehensive income:

2019:

RMB'000

Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	15,729	2,714	13,015	–
Gains/(losses) from changes in fair value of other equity instrument investments	353,903	76,481	301,561	(24,139)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	251,093	–	251,093	–
Losses from changes in fair value of other debt investments	(417)	–	(417)	–
Other comprehensive income recognised due to reclassification of financial assets	(10,327)	(2,703)	(5,082)	(2,542)
Exchange differences on translation of foreign operations	(111,992)	–	(113,186)	1,194
Total	497,989	76,492	446,984	(25,487)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Other comprehensive income (Continued)

2018:

	<i>RMB'000</i>			
Item	Other comprehensive income before tax	Less: Income tax effect	Attributable to owners of the Company	Attributable to non-controlling interests
Other comprehensive income not to be reclassified to profit or loss				
Re-measurement of defined benefit	59,224	12,146	48,750	(1,672)
Losses from changes in fair value of other equity instrument investments	(492,114)	(101,679)	(380,451)	(9,984)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	13,550	-	13,550	-
Gains from changes in fair value of other debt Investments	513	-	513	-
Exchange differences on translation of foreign operations	(20,962)	-	(21,039)	77
Total	(439,789)	(89,533)	(338,677)	(11,579)

44. Special reserve

The Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects, and utilised them according to the *Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation* (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety. Further details are stated in Note III. 29.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Surplus reserve

2019:

RMB'000

Item	1 January 2019	Increase	31 December 2019
Statutory surplus reserve (<i>Note</i>)	3,229,881	1,383,625	4,613,506

2018:

RMB'000

Item	1 January 2018	Increase	31 December 2018
Statutory surplus reserve (<i>Note</i>)	2,890,437	339,444	3,229,881

Note: In accordance with the Company Law and the Company's articles of association, the Company appropriated 10% of the net profit to the surplus reserve. Where the accumulated amount of the surplus reserve reaches 50% of the Company's registered capital, additional appropriation will not be needed.

The Company and certain of its subsidiaries are authorized to allocate the discretionary surplus reserve from profit after tax after the allocation of the statutory reserve. Upon the approval of the board, the discretionary surplus reserve can be used to offset previous years' losses or increase the share capital.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Retained earnings

RMB'000

Item	2019	2018
Retained earnings at the beginning of year	92,768,356	78,483,316
Net profit attributable to the owners	20,197,378	17,935,281
Less: Appropriation to statutory surplus reserve	1,383,625	339,444
Cash dividend declared for ordinary Shares (<i>Note 1</i>)	2,851,704	2,444,317
Interest distributed to other equity instrument holders (<i>Note 2</i>)	1,239,523	866,983
Others	(1,917)	503
Retained earnings at the end of the year (<i>Note 3</i>)	107,488,965	92,768,356

Note 1: In accordance with the resolution at the 2018 annual general meeting of shareholders on 20 June 2019, the Company declared a cash dividend for the year ended 31 December 2019 of RMB0.21 per share (2018: RMB0.18 per share), which amounted to RMB2,851,704,000 (2018: RMB2,444,317,000) based on 13,579,541,500 ordinary shares in issue. The dividend has been paid on 25 July 2019 and 9 August 2019.

Note 2: For the year ended 31 December 2019, due to the trigger of a mandatory interest payment event, the Group accrued interest of renewable corporate bonds and renewable loans amounting of RMB1,239,523,000 (2018: RMB866,983,000).

Note 3: As at 31 December 2019, the Group's retained earnings include no interest of renewable corporate bonds and renewable loans (31 December 2018: RMB148,950,000) which was not accrued as mandatory interest payment events have not been triggered.

47. Revenue and cost of sales

RMB'000

Item	2019		2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	824,182,647	746,000,147	726,325,658	656,255,482
Other operating revenue	6,269,510	4,364,921	3,797,387	2,455,784
Total	830,452,157	750,365,068	730,123,045	658,711,266

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Revenue and cost of sales (Continued)

(1) Revenue is listed as follows:

RMB'000

Sector	2019	2018
Construction operations	713,557,663	622,822,165
Real estate development operations	41,297,403	36,913,777
Manufacturing operations	16,379,287	14,596,953
Survey, design and consultancy operations	17,946,952	16,295,241
Other business operations	41,270,852	39,494,909
Total	830,452,157	730,123,045

(2) Disaggregation of revenue:

RMB'000

	Construction operations	Real estate development operations	Manufacturing operations	Survey, design and consultancy operations	Other business operations	Total
Timing of revenue recognition						
Over time	713,557,663	-	-	17,096,203	4,234,640	734,888,506
A point in time	-	41,297,403	16,379,287	850,749	37,036,212	95,563,651
Total	713,557,663	41,297,403	16,379,287	17,946,952	41,270,852	830,452,157

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Revenue and cost of sales (Continued)

(3) The construction services provided by the Group are mainly identified as single performance obligation and met the criteria of performance obligation performed over time. As at 31 December 2019, for the construction services in progress, the transaction prices allocated to their unsatisfied (including partially unsatisfied) performance obligations are based on their performance progress over the relevant construction contract periods and would be recognised as revenue based on their performance progress in future construction contract periods.

48. Taxes and surcharges

	<i>RMB'000</i>	
Item	2019	2018
City maintenance and construction tax	768,925	790,454
Stamp duty	391,191	364,656
Property tax	224,007	222,972
Others	3,249,427	3,427,798
Total	4,633,550	4,805,880

49. Selling and distribution expenses

	<i>RMB'000</i>	
Item	2019	2018
Employee compensation costs	2,713,083	2,334,989
Advertising and publicity expenses	1,469,782	1,137,664
Transportation expenses	329,224	269,505
Others	920,766	689,172
Total	5,432,855	4,431,330

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. General and administrative expenses

Item	<i>RMB'000</i>	
	2019	2018
Employee compensation costs	13,019,187	12,200,212
Depreciation expenses of fixed assets	679,006	727,386
Office, travelling and transportation expenses	1,227,660	1,172,341
Others	3,225,407	3,135,693
Total	18,151,260	17,235,632

The above general and administrative expenses include audit fees for the year 2019, amounting to RMB33,364,000 (2018: RMB33,364,000).

51. Research and development expenses

Item	<i>RMB'000</i>	
	2019	2018
Employee compensation costs and material costs	16,527,801	11,571,783

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Finance costs

	<i>RMB'000</i>	
Item	2019	2018
Interest expenses	11,118,265	8,703,043
Less: Interest income	3,982,445	3,077,852
Less: Interest capitalised	4,424,989	3,022,879
Exchange gains	(473,879)	(130,803)
Bank charges and others	1,395,396	1,438,804
Total	3,632,348	3,910,313

The amount of capitalised interest had been included in the balances of fixed assets (Note V. 16), construction in progress (Note V. 17), intangible assets (Note V. 19) and properties under development (Note V. 8 (1)).

53. Impairment losses on assets

	<i>RMB'000</i>	
Item	2019	2018
Losses from impairment of intangible assets	(1,060,130)	–
Losses from decline in value of inventories	(203,081)	(56,217)
Others	(230,588)	(123,418)
Total	(1,493,799)	(179,635)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Impairment of credit losses

	<i>RMB'000</i>	
Item	2019	2018
Losses from impairment of receivables and contract assets	(3,502,359)	(4,254,765)
Losses from impairment of loans to customers	(15,000)	(38,000)
Total	text-align: right;"> (3,517,359)	text-align: right;">(4,292,765)

55. Other income

	<i>RMB'000</i>	
Item	2019	2018
Government grants relating to daily operations	322,530	241,778
Others	92,609	18,362
Total	text-align: right;"> 415,139	text-align: right;">260,140

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Investment income/(losses)

RMB'000

Item	2019	2018
Share of profits of long-term equity investments under the equity method	2,396,480	1,257,184
Investment income/(loss) from disposal of long-term equity investments under the equity method	166,307	24,373
Gains from the remeasurement at fair values of remaining equity investments when losing controls of subsidiaries	2,964	10,029
Gains from the remeasurement at fair values of original equity investments when achieving controls of subsidiaries	–	98,302
Losses from derecognition of financial assets measured at amortised cost	(2,908,505)	(1,627,411)
Losses from derecognition of financial assets measured at fair value	–	–
Investment income from holding other equity instrument	187,668	65,287
Investment income from holding of held-for-trading financial assets	36,902	5,278
Investment income from disposal of held-for-trading financial assets	–	20,168
Others	(301,852)	(79,461)
Total	(420,036)	(226,251)

57. Gains (Losses) on fair value changes

RMB'000

Item	2019	2018
Financial assets and liabilities at fair value through profit or loss	656,543	(226,347)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Non-operating income

RMB'000

Item	2019	2018	Non-recurring profit or loss of the year
Approved unpayable balances	357,294	287,740	357,294
Gains on compensation, penalties and fines	193,443	176,532	193,443
Government grants	96,503	165,614	96,503
Gains on debt restructuring	14,939	133,650	14,939
Others	312,534	333,462	312,534
Total	974,713	1,096,998	974,713

Government grants credited to profit or loss for the period are listed as follows:

RMB'000

Nature	2019	2018	Related to assets/income
Enterprise development funds	227,688	141,398	Related to income
Refund of taxes	119,616	108,485	Related to income
Relocation compensation	32,270	70,623	Related to income
Others	39,459	86,886	Related to income
Total	419,033	407,392	-
Including: Other income	322,530	241,778	-
Non-operating income	96,503	165,614	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Non-operating expenses

RMB'000

Item	2019	2018	Non-recurring profit or loss of the year
Loss on compensation, penalties and fines	351,321	359,491	351,321
Donations	42,328	19,025	42,328
Losses on debt restructuring	3,041	675	3,041
Others (Note)	180,152	934,311	180,152
Total	576,842	1,313,502	576,842

Note: Others for 2018 is mainly comprised of expenses related to the Separation and Transfer of "Water/Electricity/Gas Supply and Property". According to the "Notice of the Office of the State Council on the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance Regarding the Guidelines Related to the Separation and Transfer of "Water/Electricity/Gas Supply and Property" in the Employee Family Area of the State-owned Enterprises" (Guobanfa [2016] No. 45), the "Notice of Management Measures on Fiscal subsidies on Separation and Transfer of "Water/Electricity/Gas Supply and Property" in the Employee Family Area of the State-owned Enterprises" (Cai Zi [2016] No.38) and other related management documents, the transfer and renovation expenses involved in the Separation and Transfer will be borne collectively by the Ministry of Finance of the Central Government, the controlling shareholder of the Company and the Company. The expenses borne by the Company is RMB710,165,000.

60. Costs and expenses classified by nature

Supplementary information of the Group's costs of sales, selling and distribution expenses, general and administrative expenses, research and development expenses categorized by nature are listed as follows:

RMB'000

Item	2019	2018
Cost of services rendered	661,211,928	579,575,461
Cost of goods sold	72,949,220	66,786,831
Employee benefits	18,391,333	16,676,790
Depreciation expenses on fixed assets (Note V. 16)	14,915,406	13,173,356
Amortisation expenses on intangible assets (Note V. 19)	607,706	439,337
Depreciation expenses on right-of-use assets (Note V. 18)	2,044,679	/

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Income tax expenses

Item	<i>RMB'000</i>	
	2019	2018
Current tax expenses — Mainland China	5,807,731	6,532,972
Current tax expenses — Others	111,014	43,659
Deferred tax expenses	(515,786)	(1,309,777)
Total	5,402,959	5,266,854

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

Item	<i>RMB'000</i>	
	2019	2018
Profit before tax	28,026,650	25,105,262
Income tax at the statutory income tax rate of 25% (2018: 25%)	7,006,662	6,276,316
Tax effect of preferential tax rates for some subsidiaries	(922,320)	(829,445)
Tax effect of share of profits and losses of joint ventures and associates	(599,120)	(316,274)
Effect of non-taxable income	(354,350)	(349,111)
Effect of non-deductible expenses	336,766	314,312
Effect of utilisation of unrecognised deductible tax losses	(286,635)	(464,940)
Income tax benefits on research and development expenses (<i>Note</i>)	(1,106,615)	(953,030)
Effect of unrecognised deductible tax losses	1,112,597	1,116,199
Deductible temporary differences not recognised as deferred tax assets	190,022	430,402
Adjustments in respect of current income tax of previous years	6,379	27,024
Others	19,573	15,401
Income tax expense at the Group's effective tax rate	5,402,959	5,266,854

Note: Pursuant to Cai Shui [2018] No. 99, for the period from 1 January 2018 to 31 December 2020, the weighted deduction proportion of research and development expenses increased to 75%.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Income tax expenses (Continued)

The income tax of the Group is calculated based on the estimated taxable profit arising in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at the statutory tax rate according to existing laws, interpretations and practices of the country or jurisdiction in which the Group operates.

62. Earnings per share

The basic earnings per share is calculated based on the net profit for the period/year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the period/year.

	<i>RMB'000</i>	
Item	2019	2018
Earnings		
Net profit attributable to shareholders of the Company	20,197,378	17,935,281
Including: profit or loss from continuing operations	20,197,378	17,935,281
Less: attributable to holder of other equity instruments	1,239,523	866,983
Net profit attributable to ordinary shareholders	18,957,855	17,068,298
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (<i>RMB/share</i>)	1.40	1.26
Diluted earnings per share (<i>RMB/share</i>) (<i>Note</i>)	1.33	1.23

Note: A Coupon Convertible Bond at USD 500 million with the issue date on 29 January 2016 and a Coupon Convertible Bond at RMB3.45 billion with the issue date on 21 December 2016 have been taken into consideration.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Notes to items in the statement of cash flows

<i>RMB'000</i>		
Item	2019	2018
(1) Cash received from other operating activities:		
Rental income of fixed assets	809,958	698,621
Sale of raw materials	684,650	741,354
Government grants	419,033	425,754
Others	14,598,844	11,414,345
Total	16,512,485	13,280,074

<i>RMB'000</i>		
Item	2019	2018
(2) Cash paid for other operating activities:		
Office and travelling expenses	1,556,884	1,441,846
Repair and maintenance costs	451,788	418,039
Advertising and publicity expenses	1,469,782	1,137,664
Others	7,393,711	7,564,800
Total	10,872,165	10,562,349

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

63. Notes to items in the statement of cash flows (Continued)

	<i>RMB'000</i>	
Item	2019	2018
(3) Cash received from other financing activities: Cash receipts from supply chain asset support special projects	6,507,000	4,700,000
Total	6,507,000	4,700,000

	<i>RMB'000</i>	
Item	2019	2018
(4) Cash paid for other financing activities:		
Redemption of 2016 renewable corporate bonds (First tranche) (<i>Note V. 41 (note 1)</i>)	8,000,000	–
Redemption of 2017 renewable loans (<i>Note V. 41 (note 3)</i>)	5,000,000	–
Principles and interests of lease liabilities	1,970,045	–
Others	10,000	–
Total	14,980,045	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the statement of cash flows

	<i>RMB'000</i>	
Item	2019	2018
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	22,623,691	19,838,408
Add: Impairment losses on assets	1,493,799	179,635
Impairment of credit losses	3,517,359	4,292,765
Depreciation of fixed assets	14,915,406	13,173,356
Depreciation of right-of-use assets	2,044,679	/
Amortisation of intangible assets	607,706	439,337
Amortisation of investment properties	201,900	207,411
Gains from disposal of fixed assets, intangible assets and other long-term assets	(211,564)	(444,013)
Losses/(Gains) on fair value changes	(656,543)	226,347
Finance costs	5,597,643	5,496,938
Investment income	(2,790,321)	(1,401,160)
Increase in deferred tax assets	(691,355)	(1,427,819)
Increase in deferred tax liabilities	180,975	118,042
Increase in inventories	(34,935,209)	(28,684,693)
(Increase)/Decrease in contract assets	(31,067,140)	3,091,041
Increase in operating receivables	(19,621,112)	(40,272,020)
Increase in operating payables	80,142,164	26,627,982
Increase in the deposits with the central bank	(1,346,240)	3,986,304
Net cash flows used in operating activities	40,005,838	5,447,861

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Supplementary information to the consolidated statement of cash flows (Continued)

(1) Supplementary information to the statement of cash flows (Continued)

Net changes in cash and cash equivalents:

	<i>RMB'000</i>	
Item	2019	2018
Cash at the end of the year	134,751,232	128,786,704
Less: Opening balance of cash	128,786,704	109,326,251
Add: Closing balance of cash equivalents	5,542,384	1,301,013
Less: Opening balance of cash equivalents	1,301,013	20,066,469
Net increase in cash and cash equivalents	10,205,899	694,997

(2) Cash and cash equivalents

	<i>RMB'000</i>	
Item	31 December 2019	31 December 2018
Cash	134,751,232	128,786,704
Including: Cash on hand	97,202	88,145
Cash with banks/financial institutions without restriction	134,654,030	128,698,559
Cash equivalents	5,542,384	1,301,013
Closing balance of cash and cash equivalents	140,293,616	130,087,717

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

65. Assets with title restrictions

RMB'000

Item	31 December 2019	31 December 2018	Reason
Intangible assets	48,874,715	41,455,348	Pledged for loans
Inventories	25,222,650	14,401,283	Mortgaged for loans
Cash and bank balances	14,265,487	11,062,511	Note
Other non-current assets	4,779,563	1,888,875	Pledged for loans
Long-term receivables (mortgaged)	1,291,510	–	Mortgaged for loans
Trade receivables	1,245,243	389,222	Pledged for loans
Fixed assets	1,018,038	60,969	Mortgaged for loans
Bills receivable	562,481	–	Pledged for loans
Long-term receivables (pledged)	133,142	149,599	Pledged for loans
Construction in progress	–	48,600	Mortgaged for loans
Total	97,392,829	69,456,407	–

Note: As at 31 December 2019, the Group held frozen deposits of RMB284,785,000 (31 December 2018: RMB250,126,000), the residual amount of RMB7,423,707,000 (31 December 2018: RMB5,601,630,000) was a deposit. CRCC Finance Company Limited placed RMB6,556,995,000 (31 December 2018: RMB5,210,755,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Foreign currency monetary items

As at 31 December 2019:

Item	Closing balance of foreign currencies (<i>'000</i>)	Exchange rate	<i>RMB'000</i> Closing balance in RMB
Cash and bank balances			11,736,146
Including: U.S. Dollar	1,507,678	6.9762	10,517,860
Euro	65,339	7.8155	510,659
Others			707,627
Trade receivables			1,827,231
Including: U.S. Dollar	117,509	6.9762	819,765
Algeria Dinars	13,577,221	0.0584	792,706
Others			214,760
Other receivables			392,325
Including: U.S. Dollar	44,643	6.9762	311,436
Others			80,889
Trade payables			864,882
Including: U.S. Dollar	93,195	6.9762	650,144
Algeria Dinars	868,374	0.0584	50,700
Others			164,038
Other payables			216,532
Including: U.S. Dollar	16,260	6.9762	113,432
Others			103,100
Short-term loans			640,882
Including: U.S. Dollar	10,000	6.9762	69,762
Euro	31,015	7.8155	242,400
Saudi Riyal	67,280	1.8568	124,926
Qatari Riyal	78,193	1.9129	149,577
Others			54,217
Long-term loans			838,105
Including: U.S. Dollar	15,000	6.9762	104,643
Euro	93,124	7.8155	727,809
Others			5,653
Bonds payable			8,881,934
Including: U.S. Dollar	1,273,177	6.9762	8,881,934

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VI. CHANGES OF CONSOLIDATION SCOPE

In the current year, the Company invested to establish the wholly-owned subsidiaries CRCC Yellow River Investment & Construction Co., Ltd., CRCC East Investment & Construction Co., Ltd., CRCC North Investment & Construction Co., Ltd., CRCC International Investment Co., Ltd., CRCC Development Group Co., Ltd. Except the above, the consolidation scope of the Group's consolidated financial statements has no significant changes compared to last year.

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

Particulars of the principal subsidiaries of the Company are listed as follows:

Subsidiaries acquired through establishment or investment

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Civil Engineering Construction Corporation	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 11th Bureau Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Construction	6,162,382	81.62	-
China Railway 12th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	5,060,677	100.00	-
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100.00	-
China Railway 14th Bureau Group Co., Ltd.	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	100.00	-
China Railway 15th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	3,000,000	100.00	-
China Railway 16th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100.00	-
China Railway 17th Bureau Group Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction	3,021,226	100.00	-
China Railway 18th Bureau Group Co., Ltd.	Tianjin	Tianjin	Construction	3,000,000	100.00	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100.00	-
China Railway 20th Bureau Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	100.00	-
China Railway 21st Bureau Group Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	Construction	2,038,000	100.00	-
China Railway 22nd Bureau Group Co., Ltd.	Beijing	Beijing	Construction	2,000,000	100.00	-
China Railway 23rd Bureau Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Construction	2,000,000	100.00	-
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100.00	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Railway 25th Bureau Group Co., Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Construction	2,000,000	100.00	-
China Railway First Survey and Design Institute Group Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Survey and design	1,000,000	100.00	-
China Railway Siyuan Survey and Design Group Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Survey and design	1,000,000	100.00	-
China Railway Construction Group Co., Ltd.	Beijing	Beijing	Construction	3,502,971	85.64	-
China Railway Electrification Bureau Group Co., Ltd.	Beijing	Beijing	Construction	3,800,000	100.00	-
China Railway Material Group Co., Ltd.	Beijing	Beijing	Purchase and sales of goods and materials	3,000,000	100.00	-
CRCC High-tech Equipment Corporation Limited	Kunming, Yunnan	Kunming, Yunnan	Manufacturing operations	1,519,884	63.70	1.30
China Railway Construction Real Estate Group Co., Ltd.	Beijing	Beijing	Real estate development and operation	7,000,000	100.00	-
China Railway Construction Heavy Industry Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Manufacturing operations	3,855,540	99.50	0.50
China Railway Construction Investment Group Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment, Construction	12,067,086	87.34	-
CRCC Finance Company Limited	Beijing	Beijing	Finance agency service	9,000,000	94.00	-
CRCC International Group Co., Ltd.	Beijing	Beijing	Construction	3,000,000	100.00	-
CRCC Assets Management Co., Ltd.	Beijing	Beijing	Assets management	3,000,000	100.00	-
CRCC Urban Construction Group Co., Ltd.	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	100.00	-
CRCC Kunlun Investment Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Project investment, Construction	5,087,166	70.77	-
CRCC Chongqing Investment Group Co., Ltd.	Chongqing	Chongqing	Project investment, Construction	3,000,000	100.00	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

The subsidiaries with significant non-controlling interests are listed as follows:

RMB'000

Subsidiary	Shareholding proportion (%)	Net profit or loss attributable to non- controlling interests	Dividends distribute to non- controlling shareholders	Accumulated balances of non- controlling interests at the reporting date
China Railway Construction Investment Group Co., Ltd.	12.66	288,200	291,901	9,218,849
China Railway 11th Bureau Group Co., Ltd.	18.38	370,949	739,693	4,152,259

RMB'000

Subsidiary	31 December 2019					
	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	24,006,529	96,570,729	120,577,258	44,952,443	48,863,994	93,816,437
China Railway 11th Bureau Group Co., Ltd.	41,572,344	10,884,610	52,456,954	38,234,426	984,895	39,219,321

RMB'000

Subsidiary	31 December 2018					
	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
China Railway Construction Investment Group Co., Ltd.	21,685,533	74,117,282	95,802,815	33,266,338	40,443,285	73,709,623
China Railway 11th Bureau Group Co., Ltd.	42,252,310	11,733,002	53,985,312	39,862,066	1,300,925	41,162,991

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

RMB'000

Subsidiary	For the year ended 31 December 2019			Net cash flows generated from operating activities
	Revenue	Net profit	Total comprehensive income	
China Railway Construction Investment Group Co., Ltd.	27,633,955	979,237	1,086,963	7,096,758
China Railway 11th Bureau Group Co., Ltd.	64,670,305	1,411,892	1,397,881	784,059

RMB'000

Subsidiary	For the year ended 31 December 2018			Net cash flows generated from operating activities
	Revenue	Net profit	Total comprehensive income	
China Railway Construction Investment Group Co., Ltd.	16,601,617	1,395,376	1,289,500	(2,966,405)
China Railway 11th Bureau Group Co., Ltd.	60,333,697	1,344,595	1,344,184	4,977,003

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

1. Subsidiaries (Continued)

CRCC Yupeng Limited

The Company's subsidiary CRCC Yupeng Limited issued perpetual securities in 2014. According to the terms of the perpetual securities, the Group had no contractual obligation to deliver cash or other financial assets to the holders. The Group considered that the perpetual securities did not satisfy the definition of financial liabilities and recognised the perpetual securities as non-controlling interests in the consolidated financial statements. In August 2019, CRCC Yupeng Limited exercised the option of the redemption of the perpetual securities, and recognised the difference, amounting to RMB668,264,000, between the carrying amount and the price of redemption as capital reserve.

CRCC Chengan Limited

The Company's subsidiary CRCC Chengan Limited issued perpetual securities in 2019. According to the terms of the perpetual securities, the Group had no contractual obligation to deliver cash or other financial assets to the holders. The Group considered that the perpetual securities did not satisfy the definition of financial liabilities and recognised the perpetual securities as non-controlling interests amounting to RMB6,720,190,000 in the consolidated financial statements.

Introduction of investors for capital contributions to certain subsidiaries

In 2019, the Group introduced several third-party investors for capital contributions to the Group's certain subsidiaries. The capital contributions made by the third-party investors amounted to RMB16,950,000,000 in aggregate. The effect of the capital contributions on the non-controlling interests are stated in Note V. 42.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates

(1) Principle joint ventures and associates

RMB'000

Name of principle joint ventures and associates	Principal place of business	Place of registration	Principal activities	Shareholding proportion %		Measurement of joint ventures and associates
				Direct	Indirect	
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Hohhot, Inner Mongolia	Hohhot, Inner Mongolia	Rail Transit Project Investment & Development	51	-	Equity method
Sichuan Tianfu Airport Expressway Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Highway Project Investment & Management	50	-	Equity method
Hengda Real Estate (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Real estate development	49	-	Equity method
CRCC Financial Leasing Co., Ltd.	Tianjin	Tianjin	Finance lease	50	-	Equity method

(2) Major financial information of principle joint ventures

RMB'000

	31 December 2019/For the year ended 31 December 2019		31 December 2018/For the year ended 31 December 2018	
	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.	Hohhot Metro Line 2 Construction & Management Co., Ltd.	Sichuan Tianfu Airport Expressway Co., Ltd.
Current assets	2,118,045	957,208	1,079,320	1,080,189
Including: Cash and cash equivalents	738,451	885,882	14,108	1,078,891
Non-current assets	10,056,891	27,949,797	4,393,413	17,196,908
Total assets	12,174,936	28,907,005	5,472,733	18,277,097
Current liabilities	1,312,572	298,602	1,407,733	1,603,696
Non-current liabilities	4,560,350	22,408,403	1,000,000	12,873,401
Total liabilities	5,872,922	22,707,005	2,407,733	14,477,097
Non-controlling interests	-	-	-	-
Total equity attributable to owners of the company	6,302,014	6,200,000	3,065,000	3,800,000
The net assets multiplied by the shareholding proportion	3,214,027	3,100,000	1,563,150	1,900,000
Adjustment issue				
— Others	96,637	-	(323,150)	-
Carrying amount of investments in the joint ventures attributable to the Group	3,310,664	3,100,000	1,240,000	1,900,000
Dividends from joint ventures this year	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

(3) Major financial information of principle associates

RMB'000

	31 December 2019/For the year ended 31 December 2019		31 December 2018/For the year ended 31 December 2018	
	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.	Hengda Real Estate (Shenzhen) Co., Ltd.	CRCC Financial Leasing Co., Ltd.
Total assets	10,912,457	48,565,281	–	45,305,843
Total liabilities	6,221,768	43,602,472	–	41,008,309
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	4,690,689	4,962,809	–	4,297,534
The net assets multiplied by the shareholding proportion	2,298,438	2,481,405	–	2,148,767
Adjustment issue				
— Unrealised profits of intra-group transactions	–	(403,514)	–	(427,980)
— Others	15,068	(2,360)	–	(2,360)
Carrying amount of investments in the associates attributable to the Group	2,313,506	2,075,531	–	1,718,427
Revenue	982	4,843,951	–	3,742,798
Finance costs	420	–	–	–
Income tax expenses	–	231,932	–	152,714
Net profit	1,258	665,275	–	450,265
Other comprehensive income	–	–	–	–
Total comprehensive income	1,258	665,275	–	450,265
Dividends from associates this year	–	–	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VII. EQUITY IN OTHER ENTITIES (Continued)

2. Equity in joint ventures and associates (Continued)

- (4) The aggregate financial information of the individually insignificant joint ventures and associates

	31 December 2019	31 December 2018
		<i>RMB'000</i>
Joint ventures:		
Shares of net profit of the joint ventures attributable to the Group	1,832,507	921,082
Shares total comprehensive income of the joint ventures attributable to the Group	1,832,507	921,082
Carrying amount of investments in the joint ventures attributable to the Group	18,073,923	9,945,418
Associates:		
Shares of net profit of the associates attributable to the Group	231,335	110,603
Shares of other comprehensive income of the associates attributable to the Group	251,093	13,550
Shares of total comprehensive income of the associates attributable to the Group	482,428	124,153
Carrying amount of investments in the associates attributable to the Group	20,771,010	14,174,710

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category

The carrying amount of each categories of financial instruments at the balance sheet date are as follows:

31 December 2019:

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	-	-	-	10,305,274	10,305,274
Trade receivables	-	-	-	112,138,537	112,138,537
Receivables at FVTOCI	2,654,263	-	-	-	2,654,263
Loans and advances to customers	-	-	-	2,730,000	2,730,000
Other receivables (excluding petty cash)	-	-	-	59,544,500	59,544,500
Other current assets	-	-	-	225,545	225,545
Long-term receivables	-	-	-	60,804,614	60,804,614
Cash and bank balances	-	-	-	156,887,177	156,887,177
Held-for-trading financial assets	-	-	3,587,646	-	3,587,646
Debt investments	-	-	-	41	41
Other equity instrument investments	-	10,038,609	-	-	10,038,609
Other non-current financial assets	-	-	1,643,494	-	1,643,494
Current portion of non-current assets	101,930	-	-	10,155,380	10,257,310
Total	2,756,193	10,038,609	5,231,140	412,791,068	430,817,010

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

Financial liabilities

RMB'000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	42,749,266	42,749,266
Due to customers	–	3,820,235	3,820,235
Bills payable	–	69,601,977	69,601,977
Trade payables	–	325,785,304	325,785,304
Other payables	–	70,116,812	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	–	32,619,894	32,619,894
Other current liabilities	–	218,000	218,000
Long-term loans	–	87,936,038	87,936,038
Bonds payable	–	26,143,894	26,143,894
Long-term payables (excluding special payables)	–	8,463,975	8,463,975
Other non-current liabilities	244,414	171,250	415,664
Total	244,414	667,626,645	667,871,059

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

31 December 2018:

Financial assets

RMB'000

Item	Classified as financial assets at fair value through other comprehensive income	Designated as financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets measured at amortised cost	Total
Bills receivable	–	–	–	7,636,443	7,636,443
Trade receivables	–	–	–	99,382,305	99,382,305
Receivables at FVTOCI	2,143,802	–	–	–	2,143,802
Loans and advances to customers	–	–	–	2,145,000	2,145,000
Other receivables (excluding petty cash)	–	–	–	63,288,905	63,288,905
Other current assets	–	–	–	2,999,900	2,999,900
Long-term receivables	–	–	–	54,442,045	54,442,045
Cash and bank balances	–	–	–	143,801,598	143,801,598
Held-for-trading financial assets	–	–	3,344,458	–	3,344,458
Debt investments	–	–	–	41	41
Other debt investments	100,513	–	–	–	100,513
Other equity instrument investments	–	8,268,378	–	–	8,268,378
Other non-current financial assets	–	–	779,049	–	779,049
Current portion of non-current assets	–	–	–	5,891,453	5,891,453
Total	2,244,315	8,268,378	4,123,507	379,587,690	394,223,890

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

1. Financial instruments by category (Continued)

Financial liabilities

RMB'000

Item	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	–	61,781,084	61,781,084
Due to customers	–	5,881,497	5,881,497
Bills payable	–	51,036,428	51,036,428
Trade payables	–	274,354,876	274,354,876
Other payables	–	55,429,042	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	–	23,054,673	23,054,673
Other current liabilities	–	4,998,272	4,998,272
Long-term loans	–	69,840,477	69,840,477
Bonds payable	–	37,458,422	37,458,422
Long-term payables (excluding special payables)	–	7,042,312	7,042,312
Other non-current liabilities	850,865	231,600	1,082,465
Total	850,865	591,108,683	591,959,548

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

2. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety but continuously involved

As at 31 December 2019, the Group had endorsed and discounted bank acceptance bills amounting to RMB1,098,468,000 (31 December 2018: RMB908,101,000). As at 31 December 2019, for bills within 12 months, if acceptance banks dishonored the bills, endorsees shall have the right to turn to the Group for recourse according to the Law of Bill. The Group considered the risks and rewards of the bills had been transferred. Therefore, the Group had derecognised the related bills receivable and trade payables that had been settled by the bills. The undiscounted cash flows and maximum losses of continuing involvement and repurchase equalled to the book value of the bills. The Group considered the fair value of continuing involvement to be not significant.

In 2019, the Group did not recognise any profit or loss at the date of transfer. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognised. The endorsement and discount happens evenly throughout the year.

Transferred financial assets that are not derecognised in their entirety

In 2019, the trade receivables and long-term receivables that have been transferred but not derecognised in their entirety are stated in Note V. 5 and Note V. 12 respectively.

3. Financial instrument risks

The Group's major financial instruments include loans, due to customers, bonds and convertible bonds. The purpose of these financial instruments is to support daily operations of the Group. The Group also has various financial assets and liabilities arising from operation, such as bills receivable, trade receivables, other receivables, receivables at FVTOCI, long-term receivables, bills payable, trade payables, other payables and long-term payables.

The major risks from the Group's financial instruments are credit risk, liquidity risk and market risk. The management will hold meetings at least four times a year to analyse and make plans to manage these risks. Besides, the board will hold meetings at least twice a year to discuss and approve the suggestions from management. Generally, the Group introduces conservative strategies in risk management. As these risks for the Group are kept at a low level, the Group does not use any derivative instrument and other instruments to hedge these risks in the whole year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the balances and collection of bills receivable and trade receivables and contract assets are monitored on an ongoing basis to ensure that the Group's exposure to credit loss is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group. Besides, the Group reviews collections of financial assets at each balance sheet date to ensure sufficient provisions for estimated credit loss have been made for relevant financial assets.

Other financial assets of the Group include cash and bank balances, bills receivable, receivables at FVTOCI, other receivables, debt investments, loans and advances to customers and long-term receivable. Credit risk of such financial assets is resulted from defaults of counterparties. The largest risk exposure equals to the carrying amount of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XI. 3 to the financial statements. Substantially all of the Group's cash and bank balances are held in major financial institutions located in the PRC, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limit the amount of credit exposure to any single financial institution.

The Group adopts the provision matrix based on portfolio to assess the credit losses of trade receivables, except for trade receivables that are individually significant and credit-impaired. The Group's trade receivables involve a large number of customers. Aging information may reflect these customers' solvency in regard of such trade receivables. According to the credit risk characteristics of different types of customers, trade receivables are divided into several group. The Group calculates the historical actual loss rate of different aging periods based on historical data, taking into consideration of the forward-looking information like growth rate of GDP and CPI, and makes adjustments to estimate the provision rate. For contract assets and long-term receivables, the Group comprehensively considers billing period, contractual payment period, the debtor's financial position and economic situation of the debtor's industry, takes into account the above forward-looking information and makes adjustments, and works out reasonable assessment on ECL. For other financial assets, the Group calculates ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime. This period, there is no significant change in the forward-looking information.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2019, the credit risk exposure and expected credit-impairment losses of trade receivables are disclosed as follows:

RMB'000

	Gross carrying amount		
	Not credit impaired	Credit impaired	Total
31 December 2019	113,414,382	5,337,174	118,751,556

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2019	1,783,842	2,922,003	4,705,845
Transferred to impairment of credit losses occurred	(41,620)	41,620	–
Provision for the year	2,151,483	788,028	2,939,511
Reversal for the year	(641,407)	(257,590)	(898,997)
Write-off for the year	–	(99,405)	(99,405)
Others	(33,935)	–	(33,935)
31 December 2019	3,218,363	3,394,656	6,613,019

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2019, there is no significant credit impaired contract asset in the Group. The Group measure the provision according to the lifetime amount of credit losses in the whole duration, based on the billing period, settlement overdue time, the financial status of the debtor and the economic situation of the industry which the debtor is located of different types of construction projects.

RMB'000

	1 January 2019	Provision for the year	Reversal for the year	Others	31 December 2019
Impairment of credit losses	5,268,738	699,399	(605,799)	8,610	5,370,948

As at 31 December 2019, the credit risk exposure and ECL of long-term receivables (including current portion of long-term receivables) generated from transactions scoped in ASBE No. 14 are disclosed as follows:

RMB'000

	Gross carrying amount		Total
	Not credit impaired	Credit impaired	
31 December 2019	39,321,461	747,596	40,069,057

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Credit risk (Continued)

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2019	80,951	351,743	432,694
Transferred to credit impaired	(544)	544	–
Provision for the year	146,718	32,723	179,441
Reversal for the year	(12,967)	(5,737)	(18,704)
Others	(21,842)	(2,445)	(24,287)
31 December 2019	192,316	376,828	569,144

As at 31 December 2019, the Group's contract assets in other non-current assets including retention receivables, A-land development receivables and other project receivables (includes retention receivables due within one year), are amounting to RMB70,199,164,000, with no credit impaired. The Group recognises loss provision amounting to RMB741,006,000 based on lifetime ECL.

As at 31 December 2019, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,589,931,000 and RMB17,712,148,000 respectively. Details of financial guarantee contracts are set out in Note XI. 3. As at 1 January 2019, management of the Group assessed overdue status of relevant borrowings, financial position of relevant debtor, and economic condition in the debtor's industry. Management is of the view that relevant credit risk of such part of financial guarantee contract had not increased significantly since initial recognition. Therefore, loss allowance for the Group's financial guarantee contracts were not determined based on the amount of lifetime ECL, but measured at the amount of the future 12-month ECL of the above financial guarantee contracts. In 2019, the Group's assessment method and significant assumptions did not change. The Group had not recognised significant expected loss allowance for guarantees and mortgages based on management's assessment.

As the Group's major customers are PRC government agencies at the national, provincial and local levels and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk

The Group monitors its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Due to the capital intensive nature of the Group's businesses, the Group ensures that it maintains sufficient cash and credit facility to meet its liquidity requirements.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. With regard to its future capital commitments and other financing requirements, the Group already had banking facilities from several PRC banks.

The Group's policy is that not more than 75% of the borrowings shall mature in the following 12 months based on the carrying amount of borrowings reflected in the financial statements. As at 31 December 2019, the Group has 39.1% of loans and bonds payable that would expire within one year (As at 31 December 2018: 44.4%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

The table below summarizes the maturity profile of the Group's financial liabilities and lease liabilities at the balance sheet date, based on the undiscounted contractual cash flows:

RMB'000

Item	31 December 2019					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	43,605,808	-	-	-	43,605,808
Due to customers	3,820,235	-	-	-	-	3,820,235
Bills payable	-	69,601,977	-	-	-	69,601,977
Trade payables	-	325,785,304	-	-	-	325,785,304
Other payables	-	70,116,812	-	-	-	70,116,812
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	35,565,075	-	-	-	35,565,075
Other current liabilities	-	218,000	-	-	-	218,000
Long-term loans	-	4,294,424	20,353,652	36,785,148	59,863,157	121,296,381
Bonds payable	-	1,567,074	9,492,280	17,197,757	1,229,011	29,486,122
Long-term payables (excluding special payables)	-	-	5,480,992	2,794,898	266,642	8,542,532
Lease liabilities	-	-	1,605,408	1,547,326	360,868	3,513,602
Other non-current liabilities	-	-	156,000	15,250	-	171,250
Financial guarantees (Note XI. 3) (excluding the real estate mortgage guarantee)	2,589,931	-	-	-	-	2,589,931
Total	6,410,166	550,754,474	37,088,332	58,340,379	61,719,678	714,313,029

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

RMB'000

Item	31 December 2018					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	63,157,274	-	-	-	63,157,274
Due to customers	5,881,497	-	-	-	-	5,881,497
Bills payable	-	51,036,428	-	-	-	51,036,428
Trade payables	-	274,354,876	-	-	-	274,354,876
Other payables	-	55,429,042	-	-	-	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable)	-	23,475,743	-	-	-	23,475,743
Other current liabilities	-	5,120,058	-	-	-	5,120,058
Long-term loans	-	3,374,077	23,466,448	16,827,343	62,731,433	106,399,301
Bonds payable	-	1,523,395	14,217,428	25,014,249	964,356	41,719,428
Long-term payables (excluding special payables)	-	38,451	4,537,798	2,375,196	256,577	7,208,022
Other non-current liabilities	-	-	231,600	-	-	231,600
Financial guarantees (Note XI. 3) (excluding the real estate mortgage guarantee)	1,649,070	-	-	-	-	1,649,070
Total	7,530,567	477,509,344	42,453,274	44,216,788	63,952,366	635,662,339

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Interest-bearing borrowings, cash and short term deposits are stated at amortised cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 31 December 2019, floating interest rate loans and fixed interest rate loans accounted for approximately 84.07% and 15.93% of the Group's borrowings respectively. Management would adjust the proportion of floating and fixed rate loans based on changes in the market interest rates to reduce the significant impact arising from interest rate risk.

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 0.25% (2018: 0.25%), with all other variables held constant, the consolidated operating results (the effect of capitalization of borrowing costs has been taken into account) would have decreased/increased by approximately RMB150,749,000 in 2019 (2018: RMB169,995,000), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2019 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.25% (2018: 0.25%) of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year from now until the end of the next annual reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group had not entered into any hedging transactions as at 31 December 2019 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2018: Nil).

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rates of the United States dollar, Euro and Algerian dinar, with all other variables held constant, of the Group's net profit and shareholder's equity net of tax.

2019:

RMB'000

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	5%	29,535	29,535
Decrease in the United States dollar rate	(5%)	(29,535)	(29,535)
Increase in the Euro rate	3%	(11,027)	(11,027)
Decrease in the Euro rate	(3%)	11,027	11,027
Increase in the Algerian dinar rate	7%	63,799	63,799
Decrease in the Algerian dinar rate	(7%)	(63,799)	(63,799)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

2018:

Item	Exchange Rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	<i>RMB'000</i>
			Total equity Increase/ (Decrease)
Increase in the United States dollar rate	4%	86,532	86,532
Decrease in the United States dollar rate	(4%)	(86,532)	(86,532)
Increase in the Euro rate	5%	(8,399)	(8,399)
Decrease in the Euro rate	(5%)	8,399	8,399
Increase in the Algerian dinar rate	6%	55,696	55,696
Decrease in the Algerian dinar rate	(6%)	(55,696)	(55,696)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 31 December 2019 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in foreign exchange rates over the year from now until the end of the next annual reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

4. Capital management

The Group's primary objectives for capital management are to safeguard the Group's ability to continue as a going concern and keep the capital ratio at a healthy level, so that it can support business development and maximize the value of shareholders and other equity investors.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital for the year ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes all loans, due to customers, due to banks, other current liabilities, bills payable, trade payables, other payables, bonds payable, lease liabilities, long-term payables (excluding special payables), current portion of non-current liabilities (excluding the current portion of long-term employee benefits payable and provisions) and other non-current liabilities less cash and bank balances. Total equity comprises equity attributable to owners of the Company and non-controlling interests stated in the consolidated statement of financial position. The gearing ratios at the balance sheet date are listed as follows:

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

4. Capital management (Continued)

Item	<i>RMB'000</i>	
	31 December 2019	31 December 2018
Short-term loans	42,749,266	61,781,084
Long-term loans	87,936,038	69,840,477
Due to customers	3,820,235	5,881,497
Bills payable	69,601,977	51,036,428
Trade payables	325,785,304	274,354,876
Other payables	70,116,812	55,429,042
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	34,540,843	23,054,673
Other current liabilities	218,000	4,998,272
Bonds payable	26,143,894	37,458,422
Long-term payables (excluding special payables)	8,463,975	7,042,312
Lease liabilities	3,160,980	/
Other non-current liabilities	415,664	1,082,465
Less: Cash and bank balances	156,887,177	143,801,598
Net debt	516,065,811	448,157,950
Attributable to shareholders' equity of the Company	209,959,674	169,889,912
Non-controlling interests	52,061,900	37,444,943
Total equity	262,021,574	207,334,855
Total equity and net debt	778,087,385	655,492,805
Gearing ratio	66%	68%

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB'000

31 December 2019	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,654,263	–	2,654,263
Held-for-trading financial assets	168,119	3,009,186	410,341	3,587,646
Current portion of other debt investments	–	101,930	–	101,930
Other equity instrument investments	1,969,717	160,916	7,907,976	10,038,609
Other non-current financial assets	59,733	–	1,583,761	1,643,494
Other non-current liabilities	–	–	244,414	244,414
Total	2,197,569	5,926,295	10,146,492	18,270,356

RMB'000

31 December 2018	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Receivables at FVTOCI	–	2,143,802	–	2,143,802
Held-for-trading financial assets	235,657	2,964,966	143,835	3,344,458
Other debt investments	–	100,513	–	100,513
Other equity instrument investments	1,461,847	242,232	6,564,299	8,268,378
Other non-current financial assets	436	–	778,613	779,049
Other non-current liabilities	–	–	850,865	850,865
Total	1,697,940	5,451,513	8,337,612	15,487,065

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

Quantitative information of fair value measurement at Level 2:

RMB'000

Item	Fair value as at 31 December 2019	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	2,654,263	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Held-for-trading financial assets	3,009,186	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	101,930	Discounted cash flows	Market average rate of return with the category in the same term
Other equity instrument investments	160,916	Comparable listed companies	Discount rate for lack of market mobility
Total	5,926,295	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IX. DISCLOSURE OF FAIR VALUE (Continued)

1. Assets and liabilities measured at fair value (Continued)

Quantitative information of fair value measurement at Level 3:

RMB'000

Item	Fair value as at 31 December 2019	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	410,341	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	7,907,976	Market method	Discount rate for lack of market mobility
Other non-current financial assets — call options for unlisted entities	329,027	Binomial tree option pricing model for valuation	Unlisted entities' revenue volatility and unlisted equity investments' comparable entities' stock price volatility
Other non-current financial assets — others	1,254,734	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other non-current liabilities	244,414	Binomial tree option pricing model for valuation	Expected stock price volatility and risk-free interest rate
Total	10,146,492	—	—

Fair value of listed equity instruments is determined based on a quoted market price.

For the year of 2019, there was no transfer of fair value measurements between each level for both financial assets and financial liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

IX. DISCLOSURE OF FAIR VALUE (Continued)

2. Fair value of assets and liabilities that are not measured at fair values

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate to their fair values except the following items:

RMB'000

Item	Carrying amount		Fair value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Long-term loans	87,936,038	69,840,477	88,315,870	70,070,718
Bonds payable				
— Convertible bonds (Note)	3,542,500	7,472,604	3,618,298	7,478,185
— Others	22,845,808	31,244,812	23,077,263	31,261,788

Note: The carrying amounts of convertible bonds include the carrying amounts of corresponding embedded derivative instruments and equity components.

The fair value of the convertible bond is an unadjusted price quoted in an active market, which is determined by applying the first-level input value.

Fair value of long-term loans and bonds payable (excluding the convertible bonds) is determined by discounted future cash flow method, with market yield of other financial instruments with similar contractual terms, credit risk and remaining period, which used as the discount rate. As at 31 December 2019, its own default risk of long-term and short-term loans was evaluated as insignificant.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

RMB '000

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
CRCG	Beijing	Construction and management	9,000,000	51.13	51.13

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

3. Joint venture and associate

Company name	Related party relationship
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture
Jiashan Chengfa Construction & Development Co., Ltd.	Joint venture
CRCG-HC-CR15G Joint Venture	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Changzhou China Railway Blue Flame Component Co., Ltd.	Joint venture
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Tianjin China Railway Yuhua Real Estate Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huafu Real Estate Co., Ltd.	Joint venture
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
Chongqing Pinjinyue Real Estate Co., Ltd.	Joint venture
Guangzhou Jingyue Bay Industry Development Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
Nanjing Jingrui Real Estate Investment Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Ningbo Jinghai Investment Management Co., Ltd.	Joint venture
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Beijing Jiehai Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
Beijing Liuzhuang Real Estate Co., Ltd.	Joint venture
Beijing Ruida Real Estate Co., Ltd.	Joint venture
Beijing Xinda Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
PetroChina & CRCC Petroleum Marketing Co., Ltd.	Joint venture
Sichuan Tianfu Airport Expressway Co., Ltd.	Joint venture
Yunnan Yulin Expressway Construction Co., Ltd.	Joint venture
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	Joint venture
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	Joint venture
CRCC Shaanxi Meitai Expressway Co., Ltd.	Joint venture
Lin'an Changxi Investment and Construction Management Co., Ltd.	Joint venture
Wuhan Tongsui Construction & Investment Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.	Joint venture
Chongqing Jianlian New Real Estate Co., Ltd.	Joint venture
Hangzhou Jingping Real Estate Co., Ltd.	Joint venture
Hangzhou Jingbin Real Estate Co., Ltd.	Joint venture
Hangzhou Jianshen Real Estate Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Dalian Jingcheng Real Estate Co., Ltd.	Joint venture
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Joint venture
Fuzhou Xincheng Real Estate Co., Ltd.	Joint venture
Guangzhou Suiyun Real Estate Co., Ltd.	Joint venture
Chongqing Yonglu Expressway Co., Ltd.	Joint venture
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Inner Mongolia Dongyun Sports Investment Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	Associate
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.	Associate
Jiangyang Railway Construction Hexing Highway Investment Co., Ltd.	Associate
Jiangxi Wanshui Ecology Resource Development Co., Ltd.	Associate
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	Associate
China Railway 14th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Changde Yuanjiang Tunnel Co., Ltd.	Associate
Xingan Mengxingzhong Project Management Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Shaanxi Huangpu Highway Co., Ltd.	Associate
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	Associate
Gansu Zhuzhong Railway Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
Chengdu Urban Investment & Construction Technology Co., Ltd.	Associate
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	Associate
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	Associate
Guizhou China Railway Construction Engineering Investment Co., Ltd.	Associate
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	Associate
CRCC-Tongguan Investment Co., Ltd.	Associate
Chongqing Yurong Highway Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Associate
Hunan Maglev Transportation Development Co., Ltd.	Associate
Kunming Metro Line 5 Construction & Operation Co., Ltd.	Associate
Jiaxing Jingkai Real Estate Development Co., Ltd.	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Baorui Real Estate Co., Ltd.	Associate
Guangzhou Jingye Real Estate Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Xinjiang Taqia Highway Project Management Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Gansu Dundang Highway Project Management Co., Ltd.	Associate
Guangxi Jingcheng Real Estate Development Co., Ltd.	Associate
Jining CRCC Sihe Road Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Highway Co., Ltd.	Associate
CRCC Real Estate Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Gansu Jinhe Highway Project Management Co., Ltd.	Associate
CRCC Shandong Jixu Highway Jiyu Co., Ltd.	Associate
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	Associate
Hangzhou Beikong Jiandejiang Investment Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
Wuhan Lvyin Green Lawn Engineering Co., Ltd.	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Chongqing Tiefa Xiusong Highway Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Kunming Fuyi Highway Co., Ltd.	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Sichuan Jintou Project Investment Co., Ltd.	Associate
Hangzhou Jingjiang Real Estate Development Co., Ltd.	Associate
Wuhan Qingfeng Construction & Investment Co., Ltd.	Associate
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Associate

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
Beijing Railway Construction Technology Magazine Co., Ltd.	Fellow subsidiary
China Railway Construction Jinli Assets Management Co., Ltd.	Fellow subsidiary

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions

		<i>RMB'000</i>	
Item		2019	2018
(1) Revenue from construction services	Note 1		
Yunnan Yulin Expressway Construction Co., Ltd.		5,844,740	3,016,082
Chongqing Tiefa Jianxin Highway Co., Ltd.		5,614,172	460,023
Hohhot Metro Line 2 Construction & Management Co., Ltd.		4,206,522	2,852,330
CRCC Shaanxi Highway Co., Ltd.		4,066,442	2,027,547
Sichuan Tianfu Airport Expressway Co., Ltd.		3,562,508	3,503,490
CRCC Xinjiang Jingxin Expressway Co., Ltd.		3,224,805	2,423,985
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		2,712,472	–
Yunnan Kunchu Highway Investment & Development Co., Ltd.		2,530,372	187,552
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		2,504,310	1,962,440
Shaanxi Huangpu Highway Co., Ltd.		2,449,455	1,823,757
CRCC (Shandong) Gaodong Highway Co., Ltd.		2,189,445	677,310
Kunming Metro Line 5 Construction & Operation Co., Ltd.		1,325,518	931,060
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		1,184,173	–
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		1,071,504	–
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.		1,035,364	–
CRCC Gansu Zhangbian Highway Co., Ltd.		1,008,206	1,513,262
Jining CRCC Sihe Road Management Co., Ltd.		941,184	–
Gansu Dundang Highway Project Management Co., Ltd.		940,828	–
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		742,613	869,488
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		731,531	178,509
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.		721,659	243,044
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		586,357	–
Jiashan Chengfa Construction & Development Co., Ltd.		554,111	63,110
Ningxia Inter-City Railway Co., Ltd.		527,612	1,771
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		513,492	402,620
Changde Yuanjiang Tunnel Co., Ltd.		438,748	417,576
Changzhou Jingrui Real Estate Development Co., Ltd.		382,145	–
Yuxi China Railway Infrastructure Construction Co., Ltd.		374,124	222,801
Tianjin China Railway Guancheng Real Estate Co., Ltd.		352,796	242,194

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

Item	2019	2018
(1) Revenue from construction services (Continued)		
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.	325,546	332,130
Qingyuan Maglev Transportation Co., Ltd.	304,259	576,739
Xi'an China Railway Jingmao Real Estate Co., Ltd.	274,942	1,349
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.	268,509	144,416
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.	216,971	644,693
Xingan Mengxingzhong Project Management Co., Ltd.	193,984	194,703
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.	156,210	125,137
Gansu Zhuzhong Railway Co., Ltd.	129,314	476,225
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.	128,731	222,243
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	107,563	470,740
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.	96,762	125,830
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	95,339	518,167
Chongqing Monorail Transit Engineering Co., Ltd.	48,294	98,570
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	43,168	212,914
Hunan Maglev Transportation Development Co., Ltd.	15,131	31,622
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.	9,748	-
Chongqing Yurong Highway Co., Ltd.	4,592	14,475
CRCC-HC-CR15G Joint Venture	2,105	22,913
Guizhou China Railway Construction Engineering Investment Co., Ltd.	-	656,276
Total	54,758,376	28,889,093

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

Item		2019	2018
(2) Revenue from sales of goods	Note 2		
CRCC Financial Leasing Co., Ltd.		2,018,353	2,109,300
Chongqing Tiefa Jianxin Highway Co., Ltd.		821,331	1,056,427
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		120,683	303,136
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		8,812	3,014
Total		2,969,179	3,471,877
(3) Other income	Note 3		
Tianjin Wanhe Real Estate Co., Ltd.		153,969	207,667
Chengdu China Railway Huafu Real Estate Co., Ltd.		141,810	168,892
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		130,792	999
Nanjing Jingrui Real Estate Investment Co., Ltd.		118,604	117,507
Ningbo Jinghai Investment Management Co., Ltd.		94,672	142,892
CRCG	Note 4	91,540	77,410
Beijing Jiehai Real Estate Co., Ltd.		75,448	4,919
Beijing Liuzhuang Real Estate Co., Ltd.		32,369	53,731
Guangzhou Baorui Real Estate Co., Ltd.		26,078	40,262
Beijing Xinda Real Estate Co., Ltd.		20,579	194,994
Guangzhou Jingyue Bay Industry Development Co., Ltd.		10,460	13,762
Chengdu Tiecheng Real Estate Co., Ltd.		1,449	15,305
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		642	6,621
Shanghai Hongjun Real Estate Co., Ltd.		–	19,725
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		–	8,573
Guangzhou Hongjia Real Estate Co., Ltd.		–	7,323
Guangzhou Hongxuan Real Estate Co., Ltd.		–	1,056
Guangzhou Jingye Real Estate Co., Ltd.		–	428
Tianjin China Railway Yuhua Real Estate Co., Ltd.		–	217
Total		898,412	1,082,283

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

Item		2019	2018
(4) Purchase of goods and receipt of services	Note 5		
Changzhou China Railway Blue Flame Component Co., Ltd.		142,314	59,581
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		61,233	41,830
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		26,892	24,840
China Railway Construction Jinli Assets Management Co., Ltd.		20,618	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		16,459	–
PetroChina & CRCC Petroleum Marketing Co., Ltd.		218	34,230
Total		267,734	160,481
(5) Other expenses	Note 5		
CRCC	Note 4	49,776	44,453
China Railway Construction Jinli Assets Management Co., Ltd.	Note 4	13,792	4,518
Beijing Tongda Jingcheng Highway Co., Ltd.	Note 4	3,881	3,189
Guangzhou Xintie Xinjian Investment Co., Ltd.		1,561	386
CRCC Real Estate Co., Ltd.		578	402
Beijing Xinda Real Estate Co., Ltd.		558	4
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		117	158
PetroChina & CRCC Petroleum Marketing Co., Ltd.		24	8
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		–	72,981
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		–	62
Beijing Railway Construction Technology Magazine Co., Ltd.		–	16
Total		70,287	126,177

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(6) Related party leasing

As the lessee:

RMB'000

Lessor	Leasing asset types	Amount recognised in the current year	Amount recognised in the prior year
CRCC Financial Leasing Co., Ltd.	Machinery	1,305,238	966,147
CRCC	Buildings	80,394	74,141
China Railway Construction Jinli Assets Management Co., Ltd.	Buildings	28,500	27,051
Total	–	1,414,132	1,067,339

(7) Guarantees granted to a related party

31 December 2019:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,702,960	17 March 2014	30 December 2023	No
CRCC-Tongguan Investment Co., Ltd.	387,179	13 June 2019	13 June 2024	No
CRCC-Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
CRCC-Tongguan Investment Co., Ltd.	172,192	20 May 2015	20 November 2023	No
Chengdu Urban Investment & Construction Technology Co., Ltd.	15,000	28 April 2018	26 February 2023	No
Total	2,472,331	–	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(7) Guarantees granted to a related party (Continued)

31 December 2018:

<i>RMB'000</i>				
Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC-Tongguan Investment Co., Ltd.	1,029,480	17 March 2014	30 December 2023	No
CRCC-Tongguan Investment Co., Ltd.	296,490	20 May 2015	20 November 2023	No
CRCC Shandong Jinghu Highway Jile Co., Ltd.	195,000	8 December 2016	7 December 2025	No
Total	1,520,970	-	-	-

(8) Key management's remuneration

<i>RMB'000</i>		
Item	2019	2018
Key management's remuneration	18,704	10,313

Note 1: The terms of the construction service agreements entered into by the Group and related parties were mutually agreed by the parties.

Note 2: The terms of the sales agreements of goods entered into by the Group and related parties were mutually agreed by the parties.

Note 3: The terms of the agreements relating to rendering of or receiving other services entered into by the Group and related parties were mutually agreed by the parties. The other income from related parties was mainly interest income from loans receivable.

Note 4: The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

Note 5: The terms of the purchase agreements of goods and services entered into by the Group and related parties were mutually agreed by the parties.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties

RMB'000

		31 December 2019		31 December 2018	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable	Note 1				
CRCC Shaanxi Highway Co., Ltd.		220,000	220	–	–
Shaanxi Huangpu Highway Co., Ltd.		200,529	–	–	–
CRCC Financial Leasing Co., Ltd.		138,000	276	1,165,117	–
Total		558,529	496	1,165,117	–
Trade receivables	Note 1				
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.		1,536,437	8,536	188,825	378
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		936,166	1,905	–	–
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		808,062	4,040	404,631	405
Qingyuan Maglev Transportation Co., Ltd.		502,141	502	390,551	391
Hohhot Metro Line 2 Construction & Management Co., Ltd.		460,839	2,304	928,501	1,857
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		320,001	320	–	–
Tianjin China Railway Guancheng Real Estate Co., Ltd.		246,821	311	9	9
CRCC Shaanxi Highway Co., Ltd.		228,597	229	952,416	952
CRCC Financial Leasing Co., Ltd.		223,799	3,228	70,486	146
Changzhou Jingrui Real Estate Development Co., Ltd.		195,394	1	–	–
CRCC Gansu Zhangbian Highway Co., Ltd.		182,495	182	904,848	905
Xingan Mengxingzhong Project Management Co., Ltd.		163,415	817	65,308	113
Shaanxi Huangpu Highway Co., Ltd.		132,683	133	539,229	539
Yuxi China Railway Infrastructure Construction Co., Ltd.		121,187	7,241	108,138	654
Chongqing Tiefsa Jianxin Highway Co., Ltd.		114,481	558	950,090	1,030
Shijiazhuang Jiatai Pipeline Corridor Operation Co., Ltd.		105,944	208	103,968	208
Changde Yuanjiang Tunnel Co., Ltd.		83,519	84	–	–
Lanzhou Matan Pipeline Corridor Project Management Co., Ltd.		81,935	410	33,874	67
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.		71,890	72	–	–
CRCC Xinjiang Jingxin Expressway Co., Ltd.		69,561	70	844,572	–
Chongqing Monorail Transit Engineering Co., Ltd.		69,037	110	73,049	73

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		31 December 2019		31 December 2018	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (Continued)	Note 1				
China Railway Construction Group Rongsheng Chengdu Tianfu New Area Investment Co., Ltd.		61,400	61	8,932	–
Fuzhou North Railway Station South Square Construction & Development Co., Ltd.		61,179	61	653	1
Tianjin China Railway Yuhua Real Estate Co., Ltd.		57,288	57	81,594	99
CRCC (Shandong) Gaodong Highway Co., Ltd.		53,547	54	673,255	673
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		48,498	842	165,852	706
Hunan Maglev Transportation Development Co., Ltd.		44,402	289	144,402	289
CRCC (Shandong) Deshang Highway Co., Ltd.		36,408	39	99,584	94
Lin'an Changxi Investment and Construction Management Co., Ltd.		25,145	25	26,029	–
Jiangxi Wanshui Ecology Resource Development Co., Ltd.		17,846	18	–	–
Gansu Zhuzhong Railway Co., Ltd.		6,679	3,606	556,995	–
Chengdu China Railway Huafu Real Estate Co., Ltd.		5,654	7	10,850	11
Hubei Provincial Communications Investment ZiYun Railway Co., Ltd.		4,114	15	2,469	5
Xi'an China Railway Jingmao Real Estate Co., Ltd.		3,461	3	2,779	3
Chongqing Yurong Highway Co., Ltd.		2,243	2	7,409	5
Qingdao Qingping Tiecheng Construction Engineering Co., Ltd.		2,087	160	49,462	99
Yunnan Yulin Expressway Construction Co., Ltd.		–	–	33,348	33
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.		–	–	109,941	–
Kunming Metro Line 5 Construction & Operation Co., Ltd.		–	–	4,600	5
Total		7,084,355	36,500	8,536,649	9,750
Loans and advances to related parties	Note 3				
CRCC		2,800,000	70,000	2,200,000	55,000
Total		2,800,000	70,000	2,200,000	55,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		31 December 2019		31 December 2018	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	Note 2	3,009,661	3,007	2,865,484	2,865
Chengdu China Railway Huafu Real Estate Co., Ltd.	Note 2	2,528,986	2,529	2,804,381	2,804
Guangzhou Xintie Xinjian Investment Co., Ltd.		1,962,977	1,963	2,749,694	863
Beijing Xinda Real Estate Co., Ltd.	Note 2	1,540,329	1,540	3,697,681	3,698
CRCC Real Estate Co., Ltd.		1,359,149	1,359	425,374	425
Ningbo Jinghai Investment Management Co., Ltd.	Note 2	1,250,378	1,250	1,906,619	1,907
Beijing Ruida Real Estate Co., Ltd.	Note 2	1,176,251	1,176	872,676	873
Guangzhou Suiyun Real Estate Co., Ltd.	Note 2	1,081,433	1,081	–	–
China Railway Construction Real Estate Group Jinan 6th Continent Real Estate Co., Ltd.		1,048,535	1,048	75	–
Nanjing Jingrui Real Estate Investment Co., Ltd.	Note 2	982,724	983	1,024,314	1,024
Guangzhou City Zengcheng District Shunxuan Real Estate Co., Ltd.	Note 2	881,787	882	–	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.	Note 2	871,498	871	1,393,008	1,393
Ningbo Jingwan Investment Management Co., Ltd.	Note 2	769,033	769	1,370,231	1,370
Hangzhou Jingjiang Real Estate Development Co., Ltd.	Note 2	756,140	756	–	–
CRCC-Shandong Jinghu Highway Jile Co., Ltd.		740,253	740	474,382	474
CRCC Xinjiang Jingxin Expressway Co., Ltd.		736,749	737	1,720,716	1,721
CRCC (Shandong) Gaodong Highway Co., Ltd.		733,628	734	1,194,944	1,195
Kunming Qiping Real Estate Co., Ltd.	Note 2	686,471	686	301,801	302
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Note 2	661,084	661	–	–
CRCC-Tongguan Investment Co., Ltd.		565,680	566	510,902	511
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	537,366	537	1,369,470	1,369
Nanjing Daqiaobei Environmental Comprehensive Management Co., Ltd.		450,000	19,892	–	–
Deqing Jingsheng Real Estate Development Co., Ltd.	Note 2	394,115	394	637,224	637
CRCC Gansu Zhangbian Highway Co., Ltd.		381,000	381	–	–
Beijing Jiehai Real Estate Co., Ltd.	Note 2	361,155	361	1,069,068	1,069
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		315,000	315	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

	31 December 2019		31 December 2018	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)				
Qingyuan Maglev Transportation Co., Ltd.	240,329	240	–	–
Fuzhou Xincheng Real Estate Co., Ltd. Note 2	240,194	250	279,054	279
Chongqing Jianlian New Real Estate Co., Ltd. Note 2	220,161	220	238,933	239
Taiyuan City Jinyuan East Zone Comprehensive Pipeline Corridor Construction & Management Co., Ltd.	197,361	6,634	176,361	–
Beijing Liuzhuang Real Estate Co., Ltd. Note 2	194,290	194	1,554,083	1,554
Chongqing Pinjinyue Real Estate Co., Ltd. Note 2	123,305	123	353,764	354
Guangzhou Baorui Real Estate Co., Ltd. Note 2	58,732	59	570,298	570
Xinjiang Taqia Highway Project Management Co., Ltd.	56,000	280	56,000	–
CRCC Shaanxi Highway Co., Ltd.	44,825	45	979,441	979
Kunming Tiexin Construction Management Co., Ltd.	20,000	20	–	–
CRCC Financial Leasing Co., Ltd.	17,192	1,051	12,623	6
Chongqing Tiefsa Jianxin Highway Co., Ltd.	14,448	57	23,595	1
Chongqing Monorail Transit Engineering Co., Ltd.	6,469	6	9,526	10
Yangzhou Wantou Jade Characteristics Town Co., Ltd.	4,083	4	200,000	200
Tianjin China Railway Yuhua Real Estate Co., Ltd.	1,500	2	5,160	5
Chengdu Tiecheng Real Estate Co., Ltd. Note 2	391	–	86,371	86
Yunnan Yulin Expressway Construction Co., Ltd.	263	–	761	1
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	233	–	24,136	48
Jiaying Jingkai Real Estate Development Co., Ltd. Note 2	28	–	535,378	535
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	15	1	34,060	–
China Railway Construction Kunlun Yunnan Real Estate Co., Ltd. Note 2	–	–	1,345,664	1,346
Guangzhou Jingyue Bay Industry Development Co., Ltd. Note 2	–	–	247,473	247
Tianjin China Railway Guancheng Real Estate Co., Ltd. Note 2	–	–	68,352	–
Guangxi Jingcheng Real Estate Development Co., Ltd. Note 2	–	–	45,638	–
CRCC Shandong Jixu Highway Jiyu Co., Ltd.	–	–	30,000	30
Guangzhou Hongxuan Real Estate Co., Ltd. Note 2	–	–	7,354	7
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.	–	–	1,961	2
Total	27,221,201	54,404	33,274,030	30,999

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

	31 December 2019		31 December 2018		
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses	
Long-term receivables					
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Note 2	2,783,665	5,171	5,344,453	6,242
Hengda Real Estate (Shenzhen) Co., Ltd.	Note 2	2,545,528	2,546	–	–
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.		480,000	–	150,000	–
Yuxi China Railway Infrastructure Construction Co., Ltd.		337,959	1,690	332,925	562
Inner Mongolia Dongyun Sports Investment Co., Ltd.		305,607	306	165,690	331
Changsha Yuchi River Area Development & Investment Co., Ltd.		235,124	235	194,240	326
Changzhou Jingrui Real Estate Development Co., Ltd.	Note 2	134,417	–	–	–
CRCC Real Estate Co., Ltd.		61,130	61	–	–
Wuhan Qingfeng Construction & Investment Co., Ltd.		14,000	70	–	–
Total		6,897,430	10,079	6,187,308	7,461

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2019	31 December 2018
Bills payable	Note 1		
PetroChina & CRCC Petroleum Marketing Co., Ltd.		21,038	–
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		14,658	–
Total		35,696	–
Trade payables	Note 1		
Changzhou China Railway Blue Flame Component Co., Ltd.		47,499	21,138
Ningbo Hangtong Prefabricated Components Engineering Co., Ltd.		19,271	22,697
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		2,990	–
PetroChina & CRCC Petroleum Marketing Co., Ltd.		2,559	47,006
CRCC Financial Leasing Co., Ltd.		1,448	–
Wuhan Lvyin Green Lawn Engineering Co., Ltd.		1,390	1,868
Total		75,157	92,709
Contract liabilities	Note 4		
Kunming Metro Line 5 Construction & Operation Co., Ltd.		712,107	6,721
Sichuan Jintou Project Investment Co., Ltd.		400,232	–
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		243,065	67,872
Hangzhou Xiashalu Tunnel Co., Ltd.		164,821	–
Wuhan Tongtui Construction & Investment Co., Ltd.		140,209	–
Chongqing Tiefu Shuanghe Expressway Co., Ltd.		139,381	–
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.		120,959	337,930
Chongqing Tiefu Jianxin Highway Co., Ltd.		112,988	172,354
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.		9,531	9,158
CRCC Shaanxi Highway Co., Ltd.		3,680	15,307
China Railway 14th Bureau Group Wuhan Metro Investment & Construction Co., Ltd.		430	152,932
Gansu Jinhe Highway Project Management Co., Ltd.		–	180,314
Changde Yuanjiang Tunnel Co., Ltd.		–	64,281–
Yangzhou Wantou Jade Characteristics Town Co., Ltd.		–	33,160–
Total		2,047,403	1,040,029

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2019	31 December 2018
Other payables	Note 1		
Hangzhou Jingbin Real Estate Co., Ltd.		984,275	1,130,475
Guangzhou Xintie Xinjian Investment Co., Ltd.		770,555	–
Hangzhou Jingke Real Estate Co., Ltd.		687,990	861,900
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		570,811	–
China Railway Construction Real Estate Group Ningbo Jingping Real Estate Co., Ltd.		451,051	525,566
Shanghai Hongjun Real Estate Co., Ltd.		380,350	426,524
CRCC Shaanxi Highway Co., Ltd.		285,680	52,101
Hangzhou Jianshen Real Estate Co., Ltd.		240,000	300,000
Xi'an China Railway Jingmao Real Estate Co., Ltd.		204,532	14,942
Guangzhou Hongjia Real Estate Co., Ltd.		186,852	87,041
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		169,905	344,685
Chongqing Tiefa Xiusong Highway Co., Ltd.		137,880	228,646
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		136,800	–
CRCC Financial Leasing Co., Ltd.		102,018	45,185
CRCC (Shandong) Deshang Highway Co., Ltd.		96,398	191,739
Hangzhou Jingping Real Estate Co., Ltd.		93,451	357,000
CRCC Gansu Zhangbian Highway Co., Ltd.		66,606	10,425
Guangzhou Jingye Real Estate Co., Ltd.		59,589	70,253
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		25,400	100,501
Chongqing Yonglu Expressway Co., Ltd.		17,035	4,662
China Railway Construction Yudongnan (Chongqing) Expressway Co., Ltd.		13,452	27,833
Dalian Jingcheng Real Estate Co., Ltd.		13,365	13,365
CRCC-HC-CR15G Joint Venture		11,211	57,179
China Railway Construction Jinli Assets Management Co., Ltd.		10,706	2,046
Hangzhou Beikong Jiandejiang Investment Co., Ltd.		9,703	122,353
Chongqing Tiefa Jianxin Highway Co., Ltd.		7,673	414,548
Kunming Fuyi Highway Co., Ltd.		2,330	517
Kunming Sanqing Highway Co., Ltd.		858	584
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		600	382,288

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		31 December 2019	31 December 2018
Other payables (Continued)	Note 1		
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		–	119,796
CRCG		–	24,176
Changzhou China Railway Blue Flame Component Co., Ltd.		–	14,243
PetroChina & CRCC Petroleum Marketing Co., Ltd.		–	1,969
Sichuan Tianfu Airport Expressway Co., Ltd.		–	1,126
Beijing Jiehai Real Estate Co., Ltd.		–	100
Total		5,737,076	5,933,768
Advances to suppliers			
CRCC Financial Leasing Co., Ltd.		37,766	33,261
Total		37,766	33,261

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2019	31 December 2018
Due to customers	Note 5		
Guangzhou Xintie Xinjian Investment Co., Ltd.		1,726,348	340,381
China Railway Construction Jinli Assets Management Co., Ltd.		780,654	613,288
Jiayang Railway Construction Hexing Highway Investment Co., Ltd.		643,811	–
Beijing Tongda Jingcheng Highway Co., Ltd.		264,055	270,673
CRCC Shaanxi Meitai Expressway Co., Ltd.		214,350	–
CRCG		180,001	580,401
Ningbo Jingwan Investment Management Co., Ltd.		4,318	–
Beijing Railway Construction Technology Magazine Co., Ltd.		3,511	3,517
Qingyuan Maglev Transportation Co., Ltd.		2,274	–
Beijing Xinda Real Estate Co., Ltd.		656	1,888,105
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		92	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		86	1,284,780
PetroChina & CRCC Petroleum Marketing Co., Ltd.		63	–
Deqing Jingsheng Real Estate Development Co., Ltd.		11	–
Hangzhou Jingping Real Estate Co., Ltd.		5	–
Chongqing Tiefa Jianxin Highway Co., Ltd.		–	400,000
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		–	356,343
CRCC Real Estate Co., Ltd.		–	63,233
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.		–	42,994
Shijiazhuang Jiasheng Pipeline Corridor Engineering Co., Ltd.		–	37,782
Total		3,820,235	5,881,497
Long-term loans (including current portion)	Note 6		
CRCG		818,066	780,564
Total		818,066	780,564

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

	31 December 2019	31 December 2018
Lease liabilities		
CRCC Financial Leasing Co., Ltd.	3,177,632	/
CRCG	62,144	/
Total	3,239,776	/
Long-term payables (including current portion)		
Tianjin Tiejian Hongtu Fengchuang Investment Partnership(Limited Partnership)	415,353	785,330
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	168,935	-
CRCC Financial Leasing Co., Ltd.	55,371	749,725
Total	639,659	1,535,055

Note 1: The amounts due from/to related parties were interest-free, unsecured, and had no fixed terms of repayment.

Note 2: The amounts due from related parties were loans for cooperative development project from the Group's real estate development operation segments, with the interest rate agreed in the contracts.

Note 3: The amounts due from CRCG were borrowings from CRCC Finance Company Limited.

Note 4: The amounts were mainly advances from related parties and were interest-free.

Note 5: The amounts due to the Group's related parties were deposits in CRCC Finance Company Limited.

Note 6: The amounts were appropriations from the Ministry of Finance to CRCG and considered as the entrusted loans granted to the Group by CRCG. The interest rate of such entrusted loans was determined by the Loan Prime Rate published by National Interbank Funding Center.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

RMB'000

	31 December 2019	31 December 2018
Contracted, but not provided for:		
Capital commitments	248,917	290,993
Investment commitments	12,921,702	8,974,629
Other commitments	8,061,829	5,581,502
Total	21,232,448	14,847,124

2. Contingencies

The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when management can reasonably estimate the outcome of the legal proceedings and claims taking into account legal advices. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XI. COMMITMENTS AND CONTINGENCIES (Continued)

3. Guarantees

The Group had issued guarantees to banks in respect of the banking facilities granted to the following parties:

	<i>RMB'000</i>	
The Group	31 December 2019	31 December 2018
Associates	2,472,331	1,520,970
Other entities	117,600	128,100
Total	2,589,931	1,649,070

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 31 December 2019, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,589,931,000 (31 December 2018: RMB1,649,070,000), the guarantees in respect of mortgages amounted to RMB17,712,148,000 (31 December 2018: RMB19,643,712,000). Until 31 December 2019, the guarantees rarely defaulted payments to the banks, thus the Group considered the risks related to the guarantees were low and the fair value was immaterial.

The above guarantees in respect of mortgages were granted to the purchasers of the Group's properties and secured by the mortgages.

The Company had issued guarantees to banks in respect of the banking facilities granted to the following parties:

	<i>RMB'000</i>	
The Company	31 December 2019	31 December 2018
Subsidiaries	19,294,048	18,009,998
Associates	2,472,331	1,520,970
Other entities	117,600	128,100
Total	21,883,979	19,659,068

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 31 December 2019 (31 December 2018: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XII. EVENTS AFTER THE END OF THE REPORTING PERIOD

1. Profit distribution

Pursuant to the resolution approved in the 36th session of the 4th board of directors meeting held on 30 March 2020, the Board of Directors proposed that cash dividends may be distributed to all shareholders by the Company at RMB2.10 per 10 shares (i.e. cash dividend of RMB0.21 per share). The cash dividend of RMB2,851,704,000 is proposed to be distributed based on the issued shares of 13,579,541,500, and the above proposal is yet to be approved by the shareholders' general meeting.

2. Effect of the Epidemic of Novel Coronavirus Pneumonia

The prevention and control of the novel coronavirus pneumonia ("novel coronavirus pneumonia") has been carrying out in an orderly manner throughout the country under the joint prevention and control mechanism, and the situation of prevention and control has been preliminarily showing a trend of continuous improvement and accelerated recovery of production and living order. The Company is earnestly and substantially implementing the directive spirit of the Notice on Strengthening Scientific Prevention and Control of Novel Coronavirus Pneumonia and Doing Well in Enterprise Resumption of Operations and Production in an Orderly Manner issued by the joint prevention and control mechanism of the State Council, and promoting resumption of operations and production by area and level.

The novel coronavirus pneumonia outbreak affects the economic and social operation order of some provinces and cities, including Hubei and Wuhan, and to a certain extent, affects the construction progress of the Company's construction projects. The degree of the effect will depend on the situations of prevention and control of novel coronavirus pneumonia, promotion of work and production resumption, and implementation of various regulatory policies.

The Company will continue to pay close attention to the situation of the novel coronavirus pneumonia, evaluate and actively respond to its effect on the Company's financial status, operating results and other aspects.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS

1. Segment reporting

Operating segments

For management purposes, the Group is organized into the following five operating segments based on their products and services:

- (1) The construction operations segment engages in the construction of infrastructure such as railways, highways, metropolitan railways and real estate projects;
- (2) The survey, design and consultancy operations segment engages in the provision of survey, design and consultancy services for civil engineering and infrastructure construction, such as railways, highways and urban rail transport, etc.;
- (3) The manufacturing operations segment engages in the research and development, production and sale of mechanical equipment, such as the large railway track maintenance machinery, tunnel boring machinery as well as the manufactures of track system, etc.;
- (4) The real estate development operations segment engages in the development, construction and sale of residential properties and commercial properties; and
- (5) The other business operations segment mainly comprises trade and logistics, finance and insurance and highway operation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss. The Group does not manage income tax based on operating segments and hence income tax has not been allocated to the operating segments.

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
2019:							
Revenue from external customers	713,557,663	17,946,952	16,379,287	41,297,403	41,270,852	-	830,452,157
Inter-segment sales	10,987,438	137,934	1,725,346	-	30,586,497	(43,437,215)	-
Total	724,545,101	18,084,886	18,104,633	41,297,403	71,857,349	(43,437,215)	830,452,157
Share of profits/(losses) of joint ventures and associates	283,551	3,990	234,559	1,842,471	31,909	-	2,396,480
Impairment losses on assets and impairment of credit losses	(3,318,489)	(70,113)	(211,595)	(304,371)	(1,106,590)	-	(5,011,158)
Depreciation and amortisation	16,280,562	272,645	686,238	47,570	482,676	-	17,769,691
Profit before tax	13,468,988	3,092,885	2,093,205	6,116,617	3,525,479	(270,524)	28,026,650
Other disclosures:							
Increase in non-current assets other than long-term equity investments	18,560,632	314,095	2,248,324	695,208	13,512,346	-	35,330,605
31 December 2019 Segment assets (Note 1)	736,429,418	21,561,806	35,075,481	196,510,375	323,441,841	(231,779,708)	1,081,239,213
Segment liabilities (Note 2)	578,313,453	9,005,074	19,512,820	161,843,928	276,682,581	(226,140,217)	819,217,639
Other disclosures:							
Long-term equity investments in joint ventures and associates	40,565,019	1,436,692	1,353,113	5,062,294	1,227,516	-	49,644,634

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

RMB'000

	Construction operations	Survey, design and consultancy operations	Manufacturing operations	Real estate development operations	Other business operations	Eliminations and adjustments	Total
2018:							
Revenue from external customers	622,822,165	16,295,241	14,596,953	36,913,777	39,494,909	-	730,123,045
Inter-segment sales	11,925,876	410,657	1,885,374	-	25,112,211	(39,334,118)	-
Total	634,748,041	16,705,898	16,482,327	36,913,777	64,607,120	(39,334,118)	730,123,045
Share of profits/(losses) of joint ventures and associates	143,971	30,338	194,522	882,553	5,800	-	1,257,184
Impairment losses on assets and impairment of credit losses	(4,138,410)	(102,834)	(85,352)	(76,792)	(69,012)	-	(4,472,400)
Depreciation and amortisation	12,709,004	226,306	323,084	58,541	503,169	-	13,820,104
Profit before tax	10,943,270	2,922,143	1,997,980	5,880,947	3,443,582	(82,660)	25,105,262
Other disclosures:							
Increase in non-current assets other than long-term equity investments	18,740,377	520,119	1,416,219	197,970	12,696,956	-	33,571,641
31 December 2018 Segment assets (Note 1)	599,072,020	27,761,778	34,121,477	193,315,413	247,817,568	(184,417,674)	917,670,582
Segment liabilities (Note 2)	493,737,351	17,431,926	17,761,230	161,878,875	201,124,437	(181,598,092)	710,335,727
Other disclosures:							
Long-term equity investments in joint ventures and associates	23,432,055	820,481	1,094,262	3,446,206	185,551	-	28,978,555

Note 1: Segment assets do not include deferred tax assets of RMB5,624,947,000 (31 December 2018: RMB4,916,848,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB237,404,655,000 (31 December 2018: RMB189,334,522,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB507,813,000 (31 December 2018: RMB233,522,000) and corporate income tax payable of RMB2,352,430,000 (31 December 2018: RMB2,513,210,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB229,000,460,000 (31 December 2018: RMB184,344,824,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Group information

Geographical information

Revenue from external customers

	2019	2018
Mainland China	794,857,463	694,568,568
Outside Mainland China	35,594,694	35,554,477
Total	830,452,157	730,123,045

RMB'000

Total non-current assets (*Note*)

	31 December 2019	31 December 2018
Mainland China	172,548,202	137,417,430
Outside Mainland China	4,941,327	2,985,937
Total	177,489,529	140,403,367

RMB'000

In the geographical information above, revenue from external customers is based on the locations of the customers. Non-current asset information above is based on the locations of the non-current assets.

Note: Non-current assets consisted of investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets, long-term prepaid expenses and investments in joint ventures and associates.

Information about major customers

The Group did not derive more than 10% of its total revenue from any single customer in 2019 (2018: nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information

(i) Pension scheme contributions

RMB'000

Item	2019	2018
Pension scheme contributions (defined contribution plans)	6,478,621	5,748,805
Pension scheme costs (defined benefit plans)	12,800	28,130

As at 31 December 2019, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2018: Nil).

(ii) Directors' and supervisors' remuneration

RMB'000

Item	2019	2018
Salaries, housing welfare and other allowances and physical benefits	2,341	1,911
Performance bonus	4,583	4,117
Defined benefit plan	755	410
Total	7,679	6,438

Name and remuneration of independent non-executive directors for the current year are as follows:

RMB'000

	2019	2018
Independent Non-executive Directors		
Mr. WANG Huacheng	204	171
Mr. Patrick SUN	177	128
Mr. CHENG Wen	60	60
Ms. Amanda Xiao Qiang LU	142	141
Total	583	500

Remuneration of independent non-executive directors for the current year is paid for their services as directors of the Company. In 2019, no other remuneration is payable to independent non-executive directors.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Name and remuneration of directors and supervisors for the current year are as follows:

RMB'000

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
2019				
Executive director				
Mr. CHEN Fenjian (board chairman)	260	580	119	959
Mr. ZHUANG Shangbiao (president)	260	1,257	119	1,636
Mr. CHEN Dayang (Note 1)	226	322	113	661
Mr. LIU Ruchen	226	1,105	113	1,444
Sub-total	972	3,264	464	4,700
Non-executive director				
Mr. GE Fuxing (Note 2)	10	–	–	10
Subtotal	10	–	–	10
Independent non-executive director				
Mr. WANG Huacheng	204	–	–	204
Mr. Patrick SUN	177	–	–	177
Mr. CHENG Wen	60	–	–	60
Ms. Amanda Xiao Qiang LU	142	–	–	142
Sub-total	583	–	–	583
Supervisor				
Mr. CAO Xirui	197	677	98	972
Mr. LIU Zhengchang	289	319	98	706
Mr. KANG Fuxiang	290	323	95	708
Sub-total	776	1,319	291	2,386
Total	2,341	4,583	755	7,679

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

RMB'000

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
2018				
Executive director				
Mr. MENG Fengchao (Note 3)	138	688	64	890
Mr. CHEN Fenjian (board chairman Note 4)	103	155	34	292
Mr. ZHUANG Shangbiao (president)	207	773	62	1,042
Mr. XIA Guobin (Note 5)	176	702	61	939
Mr. LIU Ruchen	176	696	60	932
Sub-total	800	3,014	281	4,095
Non-executive director				
Mr. GE Fuxing	-	-	-	-
Subtotal	-	-	-	-
Independent non-executive director				
Mr. WANG Huacheng	171	-	-	171
Mr. Patrick SUN	128	-	-	128
Mr. CHENG Wen	60	-	-	60
Ms. Amanda Xiao Qiang LU	141	-	-	141
Sub-total	500	-	-	500

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
Supervisor				
Mr. CAO Xirui	165	448	56	669
Mr. LIU Zhengchang	251	320	53	624
Mr. ZHANG Liangcai (<i>Note 6</i>)	116	306	5	427
Mr. KANG Fuxiang (<i>Note 7</i>)	79	29	15	123
Sub-total	611	1,103	129	1,843
Total	1,911	4,117	410	6,438

Note 1: On 18 June 2019, Mr. CHEN Dayang was elected as an executive director and a member of the Nomination Committee the Company at the 2018 annual general meeting of shareholders.

Note 2: On 17 February 2020, Mr. GE Fuxing has ceased to hold his positions as a non-executive director, a member of the Audit and Risk Management Committee, a member of the Remuneration and Evaluation Committee and a member of the Strategy and Investment Committee of the Company in light of his age.

Note 3: On 21 July 2018, Mr. MENG Fengchao has ceased to hold his positions as the chairman and an executive director of the Company in light of his age.

Note 4: On 17 September 2018, Mr. CHEN Fenjian was elected as an executive director of the Company at the first extraordinary general meeting of shareholders. On the same day, the eleventh meeting of the fourth session of the board of directors was held for the election of Mr. CHEN Fenjian as the Chairman of the Company.

Note 5: On 7 December 2018, Mr. XIA Guobin has ceased to hold his position as the executive director and a member of the Nomination Committee of the Company in light of his age.

Note 6: On 6 September 2018, Mr. ZHANG Liangcai has ceased to hold his position as the supervisor of the Company in light of his age.

Note 7: On 6 September 2018, Mr. KANG Fuxiang was elected as a supervisor at the employee representative general meeting of the fourth session of the supervisory committee of the Company.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Top 5 paid employees

The analysis of top 5 paid employees of the Group is as follows:

	2019	2018
Employee that is neither a director nor a supervisor	5	5

Details of remuneration of the above employee that is neither a director nor a supervisor:

	2019	2018
Salaries, housing welfare and other allowances and physical benefits	1,207	1,282
Performance bonus	21,973	18,672
Defined benefit plan	1,015	316
Total	24,195	20,270

RMB'000

Number of employee that is neither a director nor a supervisor of the following remuneration ranges is as follows:

Item	2019	2018
HKD 2,500,000 to 3,000,000 (including 3,000,000)	–	–
HKD 3,000,000 to 3,500,000 (including 3,500,000)	–	3
HKD 3,500,000 to 4,000,000 (including 4,000,000)	–	1
HKD 4,500,000 to 5,000,000 (including 5,000,000)	2	–
Over HKD 5,000,000	3	1
Total	5	5

3. Comparative figures

The presentation of several items have been modified to meet relevant requirements in Note III. 33. Accordingly, several comparative figures have been reclassified and restated to meet the presentation and accounting treatment requirements for this year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Aging	31 December 2019	31 December 2018
Within 1 year	4,222,844	2,319,959
1 to 2 years	744,711	774,107
2 to 3 years	282,233	90,247
Over 3 years	71,878	–
Subtotal	5,321,666	3,184,313
Less: Impairment of credit losses	133,775	32,377
Total	5,187,891	3,151,936

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	31 December 2019				Carrying amount
	Gross carrying amount Amount	Percentage %	Impairment of credit losses Amount	Percentage %	
Impairment of credit losses assessed by credit risk portfolio	5,321,666	100.00	133,775	2.51	5,187,891
Total	5,321,666	100.00	133,775	2.51	5,187,891

RMB'000

Category	31 December 2018				Carrying amount
	Gross carrying amount Amount	Percentage %	Impairment of credit losses Amount	Percentage %	
Impairment of credit losses assessed by credit risk portfolio	3,184,313	100.00	32,377	1.02	3,151,936
Total	3,184,313	100.00	32,377	1.02	3,151,936

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

As at 31 December 2019, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

Aging	31 December 2019			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage	Amount	Percentage
		%		%
Within 1 year	4,222,844	79.36	22,529	0.53
1 to 2 years	744,711	13.99	36,497	4.90
2 to 3 years	282,233	5.30	56,779	20.12
Over 3 years	71,878	1.35	17,970	25.00
Total	5,321,666	100.00	133,775	2.51

RMB'000

Aging	31 December 2018			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage	Amount	Percentage
		%		%
Within 1 year	2,319,959	72.86	4,641	0.20
1 to 2 years	774,107	24.31	23,223	3.00
2 to 3 years	90,247	2.83	4,513	5.00
Total	3,184,313	100.00	32,377	1.02

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

As at 31 December 2019, trade receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,349,962	Within 1 year	38.41
Company 2	Third party	802,093	Within 2 years	15.07
Company 3	Third party	439,923	Within 1 year	11.41
Company 4	Third party	412,723	Within 1 year	7.19
Company 5	Third party	374,618	Within 1 year	7.04
Total	—	3,379,319	—	81.38

As at 31 December 2018, trade receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total trade receivables (%)
Company 1	Third party	1,147,228	Within 1 year	36.03
Company 2	Third party	449,877	Within 2 years	14.13
Company 3	Third party	308,243	Within 2 years	9.68
Company 4	Third party	304,670	Within 2 years	9.57
Company 5	Third party	258,427	Within 1 year	8.12
Total	—	2,468,445	—	77.53

As at 31 December 2019 and 31 December 2018, no amount due from shareholders that held 5% or more of the Company's voting rights or other related parties was included in the aforesaid balance of trade receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

An aging analysis of other receivables is listed as follows:

	31 December 2019	<i>RMB'000</i> 31 December 2018
Aging		
Within 1 year	23,522,815	22,826,391
1 to 2 years	1,001,822	3,225,268
2 to 3 years	1,013,222	69,508
Over 3 years	235,095	165,591
Subtotal	25,772,954	26,286,758
Less: Impairment of credit losses	5,809	842
Total	25,767,145	26,285,916

(1) As at 31 December 2019, the Company did not have other receivables at phase II.

(2) As at 31 December 2019, the Company did not have other receivables at phase III.

In 2019, no impairment of credit losses of other receivables has been written off. (2018: Nil)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

As at 31 December 2019, other receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	9,900,000	Within 1 year	38.41
Company 2	Subsidiary	4,547,771	Within 3 years	17.65
Company 3	Subsidiary	2,941,427	Within 2 years	11.41
Company 4	Subsidiary	1,854,109	Within 1 year	7.19
Company 5	Subsidiary	1,731,001	Within 1 year	6.72
Total	–	20,974,308	–	81.38

As at 31 December 2018, other receivables from the five largest customers are listed as follows:

RMB'000

Due from	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)
Company 1	Subsidiary	9,901,087	Within 2 years	37.67
Company 2	Subsidiary	5,646,597	Within 1 year	21.48
Company 3	Subsidiary	3,399,829	Within 2 years	12.93
Company 4	Subsidiary	2,070,542	Within 2 years	7.88
Company 5	Subsidiary	1,772,905	Within 1 year	6.74
Total	–	22,790,960	–	86.70

As at 31 December 2019, amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of other receivables is RMB267,710,000 (2018:Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments

RMB'000

Item	31 December 2019	31 December 2018
Equity investment accounting for cost method		
— Subsidiaries (i)	96,644,338	93,806,835
Equity investment accounting for equity method		
— Interests in joint ventures (ii)	—	680,455
Total	96,644,338	94,487,290

Note: All the long-term equity investments are investments in unlisted companies, except for CRCC High-tech Equipment Corporation Limited.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries

RMB'000

Investee	31 December 2018 Carrying amount	Changes for the year		31 December 2019 Carrying amount	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2019 (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
China Civil Engineering Construction Corporation	2,946,507	-	-	2,946,507	100.00	Co., Ltd.
China Railway 11th Bureau Group Co., Ltd.	1,893,912	-	-	1,893,912	81.62	Co., Ltd.
China Railway 12th Bureau Group Co., Ltd.	1,957,277	-	-	1,957,277	100.00	Co., Ltd.
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	2,460,480	200,000	-	2,660,480	100.00	Co., Ltd.
China Railway 14th Bureau Group Co., Ltd.	2,130,105	-	-	2,130,105	100.00	Co., Ltd.
China Railway 15th Bureau Group Co., Ltd.	1,585,152	-	-	1,585,152	100.00	Co., Ltd.
China Railway 16th Bureau Group Co., Ltd.	1,482,412	-	-	1,482,412	100.00	Co., Ltd.
China Railway 17th Bureau Group Co., Ltd.	1,717,837	17,503	-	1,735,340	100.00	Co., Ltd.
China Railway 18th Bureau Group Co., Ltd.	1,103,234	-	-	1,103,234	100.00	Co., Ltd.
China Railway 19th Bureau Group Co., Ltd.	3,954,638	-	-	3,954,638	100.00	Co., Ltd.
China Railway 20th Bureau Group Co., Ltd.	1,615,144	-	-	1,615,144	100.00	Co., Ltd.
China Railway 21st Bureau Group Co., Ltd.	1,557,251	-	-	1,557,251	100.00	Co., Ltd.
China Railway 22nd Bureau Group Co., Ltd.	1,295,286	-	-	1,295,286	100.00	Co., Ltd.
China Railway 23rd Bureau Group Co., Ltd.	1,545,004	-	-	1,545,004	100.00	Co., Ltd.
China Railway 24th Bureau Group Co., Ltd.	1,346,917	-	-	1,346,917	100.00	Co., Ltd.
China Railway 25th Bureau Group Co., Ltd.	1,078,597	270,000	-	1,348,597	100.00	Co., Ltd.
China Railway Construction Group Co., Ltd.	2,868,346	-	-	2,868,346	85.64	Co., Ltd.
China Railway Construction Electrification Bureau Group Co., Ltd.	1,105,530	-	-	1,105,530	100.00	Co., Ltd.
China Railway Construction Real Estate Group Co., Ltd.	7,233,191	-	-	7,233,191	100.00	Co., Ltd.
China Railway First Survey and Design Institute Group Co., Ltd.	623,730	-	-	623,730	100.00	Co., Ltd.
China Railway Siyuan Survey and Design Group Co., Ltd.	1,015,309	20,000	-	1,035,309	100.00	Co., Ltd.
China Railway Fifth Survey and Design Institute Group Co., Ltd.	318,196	-	-	318,196	100.00	Co., Ltd.
China Railway Shanghai Design Institute Group Co., Ltd.	267,624	-	-	267,624	100.00	Co., Ltd.
China Railway Material Group Co., Ltd.	3,314,805	-	-	3,314,805	100.00	Co., Ltd.
CRCC High-tech Equipment Corporation Limited	1,714,797	-	-	1,714,797	63.70	Co., Ltd.
China Railway Construction Heavy Industry Co., Ltd.	4,028,004	-	-	4,028,004	99.50	Co., Ltd.
Chenghe Insurance Broker Co., Ltd.	113,290	-	-	113,290	100.00	Co., Ltd.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	31 December 2018 Carrying amount	Changes for the year		31 December 2019 Carrying amount	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2019 (%)	Category
		Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction (Beijing) Business Management Co., Ltd.	28,313	-	-	28,313	100.00	Co., Ltd.
China Railway Construction Investment Group Co., Ltd.	10,538,793	-	-	10,538,793	87.34	Co., Ltd.
CRCC Harbor & Channel Engineering Bureau Group Co., Ltd.	1,385,891	-	-	1,385,891	100.00	Co., Ltd.
CRCC Finance Company Limited	8,460,000	-	-	8,460,000	94.00	Co., Ltd.
CRCC International Group Co., Ltd.	3,000,102	-	-	3,000,102	100.00	Co., Ltd.
CRCC Assets Management Co., Ltd. (Note 3)	1,520,000	-	234,314	1,285,686	100.00	Co., Ltd.
CRCC Urban Construction Group Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd.
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	2,000,000	-	-	2,000,000	98.04	Co., Ltd.
China Railway Strait Construction Group Co., Ltd. (Note 1)	500,000	-	500,000	-	-	Co., Ltd.
CRCC Kunlun Investment Group Co., Ltd.	3,000,000	600,000	-	3,600,000	70.77	Co., Ltd.
CRCC Huabei Investment & Development Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Southern Construction and Investment Co., Ltd. (Note 2)	1,000,000	300,000	-	1,300,000	100.00	Co., Ltd.
CRCC Chongqing Investment Group Co., Ltd.	3,000,000	-	-	3,000,000	100.00	Co., Ltd.
China Railway Maglev Transportation Investment Construction Co., Ltd. (Note 4)	700,000	-	200,000	500,000	50.00	Co., Ltd.
China Railway Construction South China Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
China Railway Construction Northwest Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Beibuwan Construction and Investment Co., Ltd. (Note 2)	300,000	-	300,000	-	-	Co., Ltd.
CRCC Urban Investment & Construction Co., Ltd.	1,000,000	-	-	1,000,000	100.00	Co., Ltd.
CRCC Cyber Informational Technology Co., Ltd.	101,161	-	-	101,161	100.00	Co., Ltd.
CRCC East Investment & Construction Co., Ltd. (Note VI)(Note 1)	-	1,000,000	-	1,000,000	100.00	Co., Ltd.
CRCC International Investment Co., Ltd. (Note VI)	-	500,000	-	500,000	50.00	Co., Ltd.
CRCC Development Group Co., Ltd. (Note VI)(Note 4)	-	600,000	-	600,000	100.00	Co., Ltd.
CRCC North Investment & Construction Co., Ltd. (Note VI)	-	20,000	-	20,000	100.00	Co., Ltd.
CRCC Yellow River Investment & Construction Co., Ltd. (Note VI)	-	310,000	-	310,000	100.00	Co., Ltd.
CRCC Investment Funds Management Co., Ltd. (Note 3)	-	234,314	-	234,314	100.00	Co., Ltd.
Total	93,806,835	4,071,817	1,234,314	96,644,338	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

Note 1: The Company has transferred its shares in China Railway Strait Construction Group Co., Ltd. to the Company's subsidiary CRCC East Investment & Construction Co., Ltd. in 2019.

Note 2: The Company has transferred its shares in CRCC Beibuwan Construction and Investment Co., Ltd. to the Company's subsidiary CRCC Southern Construction and Investment Co., Ltd. in 2019.

Note 3: The Company has transferred its shares in CRCC Assets Management Co., Ltd. into direct investment in CRCC Investment Funds Management Co., Ltd. and CRCC Investment Funds Management Co., Ltd. has become the Company's subsidiary of 100% direct shareholding proportion in 2019.

Note 4: The Company has transferred its 20% shares in China Railway Maglev Transportation Investment Construction Co., Ltd. to the Company's subsidiary CRCC Development Group Co., Ltd. in 2019.

(ii) Interests in joint ventures

2019:

RMB'000

Investee	Investment cost	1 January 2019	Increase in Investment	Share of profits under equity method	Distribution of dividends	31 December 2019	Percentage of ownership of equity (%)	Percentage of voting rights (%)
China-Africa Lekkil Investment Co., Ltd. (<i>Note</i>)	654,930	680,455	(676,819)	(136)	(3,500)	-	-	-
Total	654,930	680,455	(676,819)	(136)	(3,500)	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(ii) Interests in joint ventures (Continued)

2018:

RMB'000

Investee	Investment cost	1 January 2018	Increase in Investment	Share of profits under equity method	Distribution of dividends	31 December 2018	Percentage of ownership of equity (%)	Percentage of voting rights (%)
China-Africa Lekkil Investment Co., Ltd. (Note)	654,930	678,396	-	2,059	-	680,455	57.29	57.29
Total	654,930	678,396	-	2,059	-	680,455	-	-

Note: The Company has transferred its shares in China-Africa Lekki to the Company's subsidiary CRCC International Investment Co., Ltd. in 2019. China-Africa Lekkil is still accounted for as joint ventures by the Group and further details are stated in Note V. 13.

4. Other payables

Other payables are disclosed by category:

RMB'000

Item	31 December 2019	31 December 2018
Payables for advances	21,978,284	23,832,765
Dividends payable	414,915	271,999
Guarantees and deposits	85,846	79,993
Others	881,493	1,149,176
Total	23,360,538	25,333,933

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Long-term loans

RMB'000

Item	31 December 2019	31 December 2018
Credit loans	3,415,448	5,750,439
Total	3,415,448	5,750,439

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

RMB'000

Item	31 December 2019	31 December 2018
Within one year or paid on demand	3,872,457	2,630,917
In the second year (inclusive)	1,088,946	3,871,002
In the third year (inclusive)	623,502	90,437
Over three years	1,703,000	1,789,000
Total	7,287,905	8,381,356

6. Revenue and cost of sales

Revenue is presented as follows:

RMB'000

Item	2019	2018
Revenue from principal operations	16,468,822	16,612,311
Other operating revenue	896,785	366,527
Total	17,365,607	16,978,838

Operating cost is presented as follows:

Item	2019	2018
Operating cost	16,248,993	16,438,087
Total	16,248,993	16,438,087

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Finance costs

RMB'000

Item	2019	2018
Interest expenses	2,543,016	2,410,878
Less: Interest income	2,662,929	2,332,272
Exchange (gains)/losses	89,774	309,912
Bank charges and others	16,173	58,431
Total	(13,966)	446,949

The Company's interest expenses are as follows:

RMB'000

Item	2019	2018
Interest on bank loans and other loans	1,349,879	1,163,318
Interest on corporate bonds	1,193,137	1,247,560
Total	2,543,016	2,410,878

8. Investment income/(loss)

RMB'000

Item	2019	2018
Share of net profits of the joint ventures	(136)	2,059
Investment income received from long-term equity investments under cost method	12,896,826	3,907,102
Investment income received from disposal of long-term equity investments	—	17,758
Others	16,819	2,970
Total	12,913,509	3,929,889

For the year ended 31 December 2019, the investment income mentioned above was composed of investment income of RMB65,230,000 (2018: RMB12,653,000) from listed companies and RMB12,848,279,000 from unlisted companies (2018: RMB3,917,236,000).

As at 31 December 2019, the remittance of the Company's investment income was not subject to significant restriction.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB'000

Item	2019	2018
Reconciliation of net profit to cash flows from operating activities:		
Net profit	13,836,254	3,394,438
Plus: Impairment of credit losses	116,286	32,748
Depreciation of fixed assets	11,636	10,964
Amortisation of intangible assets	4,578	3,319
Amortisation of long-term prepayments	760	1,253
Depreciation of right-of-use assets	30,985	–
Profit or loss from disposal of assets	–	146
Losses on retirement of fixes assets	724	–
(Gains)/losses from changes in fair value	(624,828)	144,672
Finance costs	2,633,356	2,227,249
Investment income	(12,913,509)	(3,929,889)
Decrease in deferred tax assets	5,685	3
Increase/(decrease) in deferred tax liabilities	151,239	(44,986)
Decrease in contract assets	367,118	1,369,535
Increase in operating receivables	(8,111,206)	(8,557,159)
Increase in operating payables	1,961,273	1,353,105
Net cash flows generated from/(used in) operating activities	(2,529,649)	(3,994,602)

(2) Cash and cash equivalents

RMB'000

Item	31 December 2019	31 December 2018
Cash	15,221,695	13,393,575
Including: Cash on hand	11	36
Cash with banks/financial institutions without restrictions	15,221,684	13,393,539
Closing balance of cash and cash equivalents	15,221,695	13,393,575

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transaction

(1) Significant transactions between the Company and its related parties

RMB'000

Item	2019	2018
(1) Revenue from other related party transactions Subsidiaries	3,467,854	2,606,002
Total	3,467,854	2,606,002
(2) Purchase of goods and receipt of services Subsidiaries	16,086,661	16,149,246
Total	16,086,661	16,149,246
(3) Other expenses Subsidiaries	907,637	810,017
Other related parties	37,715	37,592
Total	945,352	847,609

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transaction (Continued)

(2) Balance due to/from related parties

RMB'000

Item	31 December 2019		31 December 2018	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables				
Subsidiaries	25,448,504	–	26,234,844	–
Other related parties	267,710	–	–	–
Total	25,716,214	–	26,234,844	–
Advances to suppliers				
Subsidiaries	92,657	–	372,920	–
Total	92,657	–	372,920	–
Cash and bank balances				
Subsidiaries	13,224,008	–	10,644,772	–
Total	13,224,008	–	10,644,772	–
Long-term receivables				
Subsidiaries	23,776,000	–	17,776,000	–
Total	23,776,000	–	17,776,000	–
Current portion of non-current assets				
Subsidiaries	8,401,000	–	8,165,000	–
Total	8,401,000	–	8,165,000	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transaction (Continued)

(2) Balance due to/from related parties (Continued)

RMB'000

Item	31 December 2019	31 December 2018
Trade payables		
Subsidiaries	6,425,418	5,939,785
Total	6,425,418	5,939,785
Other payables		
Subsidiaries	22,036,346	23,796,132
Other related parties	–	5,180
Total	22,036,346	23,801,312
Long-term loans		
Subsidiaries	–	3,500,000
Other related parties	537,502	280,564
Total	537,502	3,780,564
Non-current liabilities due within one year		
Subsidiaries	3,581,065	–
Other related parties	280,564	500,000
Total	3,861,629	500,000
Long-term payables		
Subsidiaries	2,391,892	1,232,374
Total	2,391,892	1,232,374

Supplementary Information

For the year ended 31 December 2019

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

RMB'000

Item	2019	2018
Gains from disposal of non-current assets	279,016	529,783
Gains/(losses) from disposal of long-term equity investments	166,307	24,373
Investment income from remeasurement of the remaining shares at fair value after disposal of part of shares	2,964	10,029
Government grants recognised through profit or loss (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity)	414,810	375,052
Investment gains from remeasurement of shares previously held at fair value after acquisition of control	–	98,302
Net gains from debt restructuring	11,898	132,975
Investment income from holding the held-for-trading financial assets	36,902	5,278
Investment income from disposal of held-for-trading financial assets	–	20,168
Investment income from holding the other equity instrument investments	187,668	65,287
Gains/(losses) on fair value changes	656,543	(226,347)
Reversal of impairment of receivables	313,914	1,062,689
Other non-operating income and expenses other than the above items	289,470	(515,093)
Impact on income tax	(454,910)	(332,008)
Impact on non-controlling interests (after tax)	(21,849)	(10,624)
Non-recurring profit or loss	1,882,733	1,239,864

Supplementary Information (continued)

For the year ended 31 December 2019

XV. SUPPLEMENTARY INFORMATION (Continued)

1. Summary of non-recurring profit or loss (Continued)

Government grants recognised in profit or loss but not included in non-recurring profit or loss items for being closely related to normal operating activities and continuously granted following the national policies and certain quota are as follows:

RMB'000

	2019	2018	Reason for being recognised in profit or loss
Special equipment appropriation from the Ministry of Finance	4,223	32,340	Related to normal operating activities

2. Return on net assets and earnings per share ("EPS")

2019:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	12.03	1.40	1.33
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	10.84	1.26	1.19

Supplementary Information (continued)

For the year ended 31 December 2019

XV. SUPPLEMENTARY INFORMATION (Continued)

2. Return on net assets and earnings per share (“EPS”) (Continued)

2018:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	12.00	1.26	1.23
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	11.13	1.17	1.14

The Company issued a five-year Zero Coupon Convertible Bond at USD500 million on 29 January 2016 and issued a five-year Coupon Convertible Bond at RMB3.45 billion on 21 December 2016. The Group has considered the impact result from the conversion of those issued convertible bonds.

The above weighted average return on equity and earnings per share are calculated in accordance with *Information Disclosure by Companies Offering Securities to the Public No.9-Calculation and Disclosure of Return on Equity and Earnings Per Share* (Revised in 2010).

Section XIV Five Years' Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unit: '000 Currency: RMB

Item	2019	2018	2017	2016	2015
Revenue	830,452,157	730,123,045	680,981,127	629,327,090	600,538,730
Cost of sales	750,365,068	658,711,266	618,059,386	571,377,532	531,756,328
Taxes and surcharges	4,633,550	4,805,880	4,950,483	8,144,208	18,016,474
Selling and distribution expenses	5,432,855	4,431,330	4,530,901	4,177,673	3,703,662
General and administrative expenses	18,151,260	17,235,632	15,660,246	24,089,617	22,835,612
Research and development expenses	16,527,801	11,571,783	10,397,720	/	/
Finance costs	3,632,348	3,910,313	2,875,908	2,731,705	4,385,029
Impairment losses on assets	-1,493,799	-179,635	-4,469,500	-600,127	-3,564,615
Impairment of credit losses	-3,517,359	-4,292,765	/	/	/
Gains on fair value change	656,543	-226,347	367,903	-222,416	-27,495
Investment income	-420,036	-226,251	337,004	147,524	359,528
Gains on disposal of assets	279,016	529,783	15,756	87,934	/
Other income	415,139	260,140	152,158	/	/
Operating profit	27,628,779	25,321,766	20,909,804	18,219,270	16,609,043
Non-operating income	974,713	1,096,998	1,090,270	933,679	808,618
Non-operating expenses	576,842	1,313,502	744,310	183,374	304,623
Net non-operating income	397,871	-216,504	345,960	750,305	503,995
Profit before tax	28,026,650	25,105,262	21,255,764	18,969,575	17,113,038
Income tax expenses	5,402,959	5,266,854	4,336,574	4,118,744	3,738,604
Net profit	22,623,691	19,838,408	16,919,190	14,850,831	13,374,434
Profit or loss attributable to owners of the Company	20,197,378	17,935,281	16,057,235	13,999,610	12,645,478
Profit or loss attributable to non-controlling interests	2,426,313	1,903,127	861,955	851,221	728,956
Basic earnings per share (RMB/share)	1.40	1.26	1.16	1.03	0.98
Diluted earnings per share (RMB/share)	1.33	1.23	1.09	1.01	0.98

Section XIV Five Years' Financial Summary (continued)

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: '000 Currency: RMB

Item	2019	2018	2017	2016	2015
Total assets	1,081,239,213	917,670,582	821,887,459	759,345,034	696,096,330
Total liabilities	819,217,639	710,335,727	643,238,614	610,629,048	567,277,165
Total Shareholders' equity	262,021,574	207,334,855	178,648,845	148,715,986	128,819,165

Section XV Documents For Inspection

DOCUMENTS FOR INSPECTION

- I. Financial statements signed and sealed by the chairman, chief financial officer and head of accounting department;
- II. Original audit report with the seal of Deloitte Touche Tohmatsu Certified Public Accountants LLP and signed and sealed by certified public accountant;
- III. Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by CSRC and the website of Shanghai Stock Exchange during the Reporting Period;
- IV. CRCC 2019 Self-evaluation Report on Internal Control;
- V. CRCC 2019 Social Responsibility Report

Chairman: CHEN Fenjian
Submission Date Approved By the Board: 30 March 2020

Revision Information

Applicable Not Applicable



中国铁建

中國鐵建股份有限公司
China Railway Construction Corporation Limited