



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

2022 Annual Report



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. Conditions of absent directors

Positions of absent director	Names of absent director	Cause description of absent director	Name of entrusted person
Secretary of the communist party committee, chairman and executive director	WANG Jianping	Due to other official duties	ZHUANG Shangbiao

III. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified opinion of auditor's report for the Company.

IV. WANG Jianping, chairman of the Company, WANG Xiuming, CFO, and WANG Lei, 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 resolution at the board meeting

According to the audited financial report of the Company for the year 2022, the undistributed profit of the parent company at the beginning of 2022 was RMB32,095.833 million. After adding the net profit realised by the parent company of RMB13,425.745 million in this year and deducting the cash dividends for the year 2021 of RMB3,340.567 million and distribution of the interest of holders of other equity instruments amounting to RMB2,745.319 million for the year 2022, the distributable profit of the parent company at the end of the year was RMB39,435.692 million. According to the Company Law and the Articles of Association of the Company, a cash dividend of RMB2.80 for every 10 shares (tax inclusive), totaling RMB3,802.272 million, will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2022, accounting for 15.91% of the distributable profits attributable to ordinary shareholders of the listed company in the consolidated statements of the year. Upon such distribution, the undistributed profit of the parent company amounting to RMB35,633.420 million will be carried forward to the next year. If there are changes in the total share capital of the Company before the equity registration date for the implementation of the equity distribution, the Company proposed to keep the total allocation unchanged and adjust the allocation ratio per share accordingly.

VI. Disclaimer of forward-looking statements

Applicable Not Applicable

Forward-looking statements, including future business plans, 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, forecasts and commitments. Investors are reminded of such investment risks.

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

No

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

No

IX. Whether more than half of the directors fail to warrant the truthfulness, accuracy and completeness of the contents contained in the annual report disclosed by the Company

No

X. Reminder of important risks

The important risks the Company may encounter are internationalized operation risk, cash flow risk, safety risk, investment risk and project operation management risk. Please refer to "(IV) Potential Risks" in "VI. Discussion and Analysis of the Company's Future Development" under "Section IV Management Discussion and Analysis (Report of Directors)" for details. Investors are reminded of such risks.

XI. Others

Applicable Not Applicable

The 2022 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 Stock Exchange 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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Documents for Inspection

1. Financial statements signed and sealed by the chairman of the Company, chief financial officer and head of accounting department (person in charge of accounting);
2. Original audit report with the seal of Deloitte Touche Tohmatsu Certified Public Accountants LLP and signed and sealed by certified public accountant;
3. Original copies of all documents and announcements of the Company which had been disclosed during the Reporting Period;
4. The Company's 2022 annual report published on the Main Board of the Hong Kong Stock Exchange.

Section I Definitions

I. DEFINITIONS

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

Definitions of frequently used terms

Company, parent company	China Railway Construction Corporation Limited
Group, CRCC	China Railway Construction Corporation Limited and its wholly-owned and controlled subsidiaries
Controlling Shareholder	China Railway Construction Corporation
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 Stock Exchange 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

Section I Definitions (continued)

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules
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 2022
previous year or prior year	the year of 2021
Reporting Period	from January to December 2022
the end of the Reporting Period	31 December 2022
CRCHI	China Railway Construction Heavy Industry Corporation Limited

Section II Basic Corporate Information and Key Financial Indicators

China Railway Construction Corporation Limited was established by China Railway Construction Corporation, 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 was listed among the Fortune “Global 500” consecutively, ranking No. 39 in 2022. It was listed among the “Top 500 Enterprises of China” consecutively, ranking No. 11 in 2022; it was included among top 3 of the “Top 250 Global Contractors” by Engineering News-Record (ENR), an American magazine; it was included among the “Top 150 Global Engineering Design Enterprises” by ENR, ranking No.14 in 2022.

The business of the Company comprises construction operation, planning, design and consultancy, investment operation, real estate development, manufacturing, materials and logistics, environmental protection, industry finance and other emerging industries, and its operating scope covers 32 provinces, autonomous regions and municipalities in China, as well as 139 countries and regions in the world. The Company has a refined industry chain covering scientific research, planning, survey, design, construction, supervision and management, operation, maintenance, and investment and financing, and 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 Company has one member of Chinese Academy of Engineering, 10 National Survey and Design Masters, 11 national candidates of the “Bai Qian Wan Talents Project (百千萬人才工程)” and 249 experts who are recipients of special subsidies granted by the State Council. The Company has cumulatively received 87 National Prizes for Science and Technology, 136 Zhan Tianyou Civil Engineering Awards, 537 National High-Quality Projects Awards, 172 Luban Prizes for China Construction and 4,341 engineering methods above provincial level. The Company cumulatively holds 31,479 valid patents.

Adhering to the new philosophy of development, the Company is following the work direction of “being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development”, building “High-Quality CRCC”, strengthening the service advantage of comprehensive industrial chain, providing customers with “CRCC models” and “CRCC solutions” of whole process, full cycle, individualization, customization and high quality, moving towards the most trustworthy world-class comprehensive construction industry group.

I. CORPORATE INFORMATION

Chinese name of the Company
Chinese abbreviation of the Company
English name of the Company
English abbreviation of the Company
Legal representative of the Company

中國鐵建股份有限公司
中國鐵建
China Railway Construction Corporation Limited
CRCC
WANG Jianping



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	JING Jing	JING Jing, LAW Chun Biu	XIE Huagang
Correspondence address	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, East, No. 40 Fuxing Road, Haidian District, Beijing	CRCC Bureau Building, 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
Historical changes in the registered office of the Company	N/A
Principal place of business	East, No. 40 Fuxing Road, Haidian District, Beijing
Postal code of principal place of business	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	ir@crcc.cn

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media and website selected by the Company for disclosing the annual report	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Stock exchange websites designated by the Company for disclosing the annual report	Website of Shanghai Stock Exchange: www.sse.com.cn Website of Hong Kong Stock Exchange: www.hkex.com.hk
Place for inspection of annual reports of the Company	Office of the Board 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	CRCC	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
	Names of signing accountants	Yin Lili, Shi Xiao
Financial advisers performing continuous supervision duties during the Reporting Period	Name	China International Capital Corporation Limited
	Office address	27-28/F, Tower 2, China Beijing World Towers, No. 1 Jianguomenwai Street, Chaoyang District, Beijing
	Signing financial adviser sponsor name	GUO Yun, FAN Jingran
	Period of continuous supervision	The remaining time of the listing year of the holding subsidiary CRCHI and the next full fiscal year (22 June 2021 to 31 December 2022)
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
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
Share registrar of A shares of the Company	Name	China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Branch
	Office address	No. 188 Yanggao South Road, Pudong New Area, Shanghai
Share registrar of H shares of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Note: Pursuant to relevant requirements of the Ministry of Finance of the PRC, the CSRC and the Hong Kong Stock Exchange Listing Rules, 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 only one auditor as its external auditor starting from the financial year of 2011, with no division of domestic and overseas audit.

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	2022	2021	Increase or decrease at this year over the previous year (%)	2020
Revenue	1,096,312,867	1,020,010,179	7.48	910,324,763
Net profit attributable to shareholders of the Company	26,642,094	24,690,556	7.90	22,392,983
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	24,088,741	22,429,809	7.40	20,564,157
Net cash flows generated from operating activities	56,134,952	-7,303,911	Not applicable	40,109,248

	At the end of 2022	At the end of 2021	Increase or decrease at the end of the current period compared to that of the same period of last year (%)	At the end of 2020
Net assets attributable to shareholders of the Company	290,483,983	268,789,292	8.07	254,297,762
Total assets	1,523,951,052	1,352,970,006	12.64	1,242,792,799

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

(II) Major financial indicators

Major financial indicators	2022	2021	Increase or decrease at this year over the previous year (%)	2020
Basic earnings per share (yuan per share)	1.76	1.60	10.00	1.50
Diluted earnings per share (yuan per share)	1.76	1.60	10.00	1.44
Basic earnings per share after deduction of non-recurring profit or loss (yuan per share)	1.57	1.43	9.79	1.37
Weighted average return on net asset (%)	11.05	11.10	Decreased by 0.05 percentage points	11.45
Weighted average return on net asset after deduction of non-recurring profit or loss (%)	9.87	9.94	Decreased by 0.07 percentage points	10.42

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

The calculation of basic earnings per share and diluted earnings per share as of the Reporting Period is net of interest from other equity instrument holders of RMB2,745.319 million.

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 of the difference between domestic and foreign accounting standards**

Applicable Not Applicable

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

IX. KEY FINANCIAL INDICATORS OF 2022 BY QUARTER

Unit: '000 Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	264,477,801	276,018,733	257,925,006	297,891,327
Net profit attributable to shareholders of the Company	5,621,071	7,852,918	5,273,453	7,894,652
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	5,384,095	7,382,895	5,111,394	6,210,357
Net cash flows generated from operating activities	-41,097,977	21,493,595	18,436,862	57,302,472

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

Applicable Not Applicable

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: '000 Currency: RMB

Non-recurring profit or loss	Amount for 2022	Amount for 2021	Amount for 2020
Gains from disposal of non-current assets	1,853,596	1,224,389	618,644
Occasional tax rebate or exemption from unauthorized approval or lack of official approval document	—	—	—
Government grants recognized 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)	931,515	874,341	941,671
Fund occupation fee collected from non-financial enterprises and accounted into current profit or loss	—	—	—
Income generated from the difference of the investment cost of the enterprise obtaining subsidiary, joint operation enterprise or joint venture enterprise higher than the entitled fair value of the recognizable net assets of the invested unit	81,826	—	—
Income or loss from swap of non-monetary assets	—	—	—
Income or loss from cosigning others to invest or manage assets	—	—	—
Impairment reserve of various assets provisioned due to force majeure factors, such as natural disaster	—	—	—

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

Non-recurring profit or loss	Amount for 2022	Amount for 2021	Amount for 2020
Profit or loss from debt restructuring	118,584	166,858	173,444
Expense of enterprise restructuring, such as expenditure from employee arrangement, expense of merger, etc.	—	—	—
Income or loss from the part exceeding fair value generated from obviously unfair price in transaction	—	—	—
Current net profit or loss of subsidiary from beginning of period to date of merger generated from merger of enterprises under the same control	—	—	—
Income or loss generated from contingency unrelated to normal operating business of the Company	—	—	—
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 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	-222,758	-39,659	290,123
Reversal of impairment of trade receivables and contract assets that were credit-impaired	398,676	458,484	88,021
Income or loss from outbound entrusted loan	—	—	—
Income or loss generated from changes of fair value of investment real estates with subsequent measurement by adopting fair value model	—	—	—
Influence of one-time adjustment on the current income or loss according to laws and regulations on taxation, accounting, etc. on the current profit or loss	—	—	—
Income of trustee fee obtained from entrusted operation	—	—	—
Other non-operating income or expenses other than the above	203,579	199,876	167,948
Other income or loss items meeting the definition of non-recurring profit or loss	—	—	—
Less: Impact on income tax	758,032	541,507	418,581
Impact on minority interests (after tax)	53,633	82,035	32,444
Total	2,553,353	2,260,747	1,828,826

For the non-recurring profit or loss items listed in the “Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss” and the non-recurring profit or loss items listed in the “Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss” defined as recurring profit or loss items, the related causes shall be explained.

Applicable Not Applicable

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

XI. ITEMS MEASURED AT FAIR VALUE

Applicable Not Applicable

Unit: '000 Currency: RMB

Item Name	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 fair value through other comprehensive income ("FVTOCI")	2,475,096	3,321,965	846,869	–
Held-for-trading financial assets	460,063	961,298	501,235	34,822
Other debt investments	1,008,820	4,934,663	3,925,843	–
Current portion of other debt investments	16,660	5,959,529	5,942,869	–
Other equity instrument investments	11,621,685	11,940,051	318,366	99,537
Other non-current financial assets	4,531,803	8,387,687	3,855,884	-357,117
Total	20,114,127	35,505,193	15,391,066	-222,758

XII. OTHERS

Applicable Not Applicable

Section III Chairman's Statement

Dear Shareholders,

I'm hereby presenting the 2022 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!

2022 is the year in which the 20th National Party Congress was held, and the year when the "14th Five-Year Plan" begins to comprehensively implement and the new development pattern is comprehensively laid out. Facing the complicated and severe domestic and international situation as well as the influence of various unexpected adverse factors, CRCC has been closely sticking with the theme of stabilizing growth and high-quality work, adhered to the working policy of "being practical and realistic, upholding integrity and innovation, and pursuing stability and long-term development", focused on real practice and solid work, met difficulties and moved forward, the Company has comprehensively completed the annual targets and tasks, and promoted new breakthrough for the high-quality development of the Company.

The Company put quality and efficiency in priority and made steady progress. In 2022, following the major national decisions and deployments, CRCC had kept pace with prudent attitude and made steady progress, achieving sustained and stable growth in major economic indicators and maintaining a high-quality development trend. Total value for the newly-signed contracts for the year of 2022 amounted to RMB3,245.0011 billion, with revenue of RMB1,096.3129 billion, total profit of RMB37.8245 billion, and net profit of RMB31.7528 billion. CRCC rose to No. 39 in the Fortune "Global 500", rose to No. 11 in the "Top 500 Enterprises of China", ranked top three in the "Top 250 Contractors of the World" by ENR, enlisted in the "Top 500 Global Brand Value" for the first time, and achieved Grade AA and "Excellent Performance Enterprises" in the annual and performance evaluation of SASAC, and received the "Golden Bauhinia Awards", "Sustainable Development Inclusive Award", etc. in the capital market.

Deepen reform, robust quality enhancement. In 2022, CRCC successfully completed its three-year action for state-owned enterprise reform, Party's leadership has been deeply integrated into corporate governance, the operation of the board became more standard and efficient, the modern enterprise system with Chinese characteristics became increasingly improved, the tenure system and management by contract of management members realized full coverage, the large collectives run by factories reform, the educational and medical institution reform, the special treatment for depriving "non-main business and non-advantageous business" have been basically completed, more focus has been put on the main duties and main businesses, CRCC has been praised as a "model enterprise for corporate governance of state-owned enterprises", the construction of world-class enterprise is in orderly progress.



Section III Chairman's Statement (continued)

Diversified development, consolidation and upgrading. In 2022, CRCC adhered to construction as the basic, developed diversification, emphasized on consolidating the basic business of engineering contracting, and accelerated the exploration of non-engineering contracting and emerging industries. Practiced the green concepts and "Carbon Peaking and Carbon Neutrality", the pilot works on green construction and intelligent construction have been in solid progress, 4 enterprises were enlisted in the professional, specialized, unique and new "small giant" enterprises supported by the Ministry of Information and Technology, and established the first infrastructure-type company with the name of "China Carbon". Comprehensively launched the digitalization transformation, comprehensively promoted the "16336 Project", and continuously enhanced the digitalization level. Unswervingly implemented the "overseas priority" strategy, practiced the Belt and Road Initiative, consolidated and explored overseas business. The Lussel Stadium, the main stadium of Qatar World Cup, amazed the world, and was enlisted among the "symbolic and ground-breaking achievements of China-UAE cooperation".

Scientific and technological empowerment, innovative development. In 2022, CRCC adhered to technology self-reliance, multiple of its technology innovation results won commendation on national, provincial and ministry levels, a batch of its scientific research results realized industrial application. The Beidou railway industry comprehensive application demonstrative project passed acceptance check, the independently developed "Dream" shaft boring machine, which is the biggest in the world, was enlisted among "Top Ten Nation's Machines of Central Enterprises in 2022". CRCC won another 13 Zhan Tianyou awards, a record high number in a year, won 1 Golden prize of Geneva International Invention Award for the first time, and won 7 Silver Awards and Excellence Awards of China Patent.

Lay a solid foundation, bravely forge ahead. 2023 is the opening year for the Comprehensive Construction of Modernized Socialist Country, and also a key year for CRCC to promote high-quality development. Facing new opportunities, new challenges and new changes, CRCC will comprehensively enforce the new development concept, comply with the major national strategic deployment and the enterprise's mid and long-term development planning, put high-quality development as its top priority, always adhere to the overall work keynote of steady progress and overall requirement of reform and innovation, consolidate the good and explore the new, promote layout optimization and structural adjustment, continuously deepen reforms, enlarge technology innovation, strengthen value creation, well control the risks, continuously create the new pattern of high-quality development for CRCC.

Riding the wave to forge ahead, race against time. Standing on new starting point in history, CRCC will closely unite around the CPC Central Committee with Comrade XI Jinping as the core, take the spirit of the 20th National Party Congress as the guidance, practice integrity and innovation, work hard, make efforts for comprehensive acceleration of the construction of the most trustworthy world-class comprehensive construction group, contribute to the society with outstanding performances, return benefits to shareholders, and create welfare for the employees!

WANG Jianping
Chairman of the Board
Beijing, the PRC
30 March 2023



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

I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

In 2022, in the face of unexpected factors such as the “three-fold pressure” on domestic economy, the intensified turmoil of global situation, the Group, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, under the correct leadership of the SASAC Party Committee, adhered to real practice and solid work, moved forward despite difficulties, promoted the enterprise to realize new breakthrough in high-quality development, and successfully completed various targets and objectives.

(I) Seize time to compete for advantages in market operation

In 2022, CRCC closely followed the national decision and deployment for stabilizing the overall economy, seized market opportunities, continuously promoted the intensification of operational resources, strengthened internal coordination of operation, optimized and adjusted the structure of orders, energetically implemented the “overseas priority” strategy, strengthened the construction of operational credit management and operation team, adjusted and optimized the operational assessment system, the operational foundation has been continuously consolidated, and the quality of orders has been steadily enhanced. In 2022, the value of newly-signed contracts amounted to RMB3,245.0011 billion in the whole year, completing 112.83% of the annual plan and representing a year-on-year increase of 15.09%.

(II) Overcoming difficulties and striving forward in production operation

During the Reporting Period, CRCC strengthened the guarantee of resource input, energetically kept the industrial chain and supply chain open, the production operation was stably maintained. Continuously developed the special action of enhancing quality and increasing efficiency, actively promoted the diversified incentive systems including the simulated project shareholding system, popularized the project group management model, strengthened the construction of “Five Excellent” sub-suppliers and the owned operational teams, further strengthened collective supply of materials and equipments, enlarged the degree of internal conditioning of equipments, strengthened the supervision on projects under construction, reinforced safety management, a large batch of key and difficult projects in China and abroad have opened for operation or put into use, including the Alternate Chengdu-Kunming Railway, Zhengzhou-Chongqing High Speed Railway, Ezhou Huahu Airport, Yangtze-Wei River Qinling Water Transmission Tunnel, Hungary-Serbia Railway Beno Section, Main Stadium of Qatar World Cup, etc., which received unanimous high praises from both inside and outside the industry. In 2022, the Company won another 47 National High Quality Project awards and 15 Luban awards.

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

(III) Robust quality enhancement in economic operation

In 2022, CRCC strengthened comprehensive budget management and process supervision, continuously promoted “de-leverage and debt reduction”, optimized financing structure; strengthened the control and supervision for “account receivables and inventory”; successfully listed of Guojin CRCC REIT to revitalise stock assets, continuously enhanced asset quality; strictly implemented the process supervision of fund concentration degree and storage degree; improved the efficiency of fund disbursement and steadily ascended the quality of economic operation of enterprises. In 2022, the Group achieved revenue of RMB1,096.3129 billion, total profit of RMB37.8245 billion and net profit of RMB31.7528 billion, which realized year-on-year growth of 7.48%, 7.60% and 8.32% respectively, the total assets realized double-digit growth, the net cash flow from operational activities exceeded the net profit’s level.

(IV) Solid progress in enterprise reform

In 2022, CRCC focused on the goal of high-quality development, based on the requirements of “measurable, assessable, testable, and solid work”, the Company solidly promoted the implementation of the three-year reform action of state-owned enterprise, 71 reform missions have been comprehensively completed, the high-quality completion was ensured. The party leadership have been comprehensively integrated into corporate governance, the board construction of subsidiaries and modern enterprise corporate governance became increasingly improved, the tenure-system contracted management of management members realized full coverage, the construction of world-class enterprise was under orderly progress; the Company integrated itself into major national strategies, optimized industrial layout, energetically developed green and environmental protection industries, accelerated the exploration in emerging fields such as water conservation and new energy; promoted the high-ended and dynamic development of planning, design and consultation industry, made efforts to create a leading enterprise of industrial manufacturing industry, striving to become the “head” of modern industrial chain; adhered to the principle of “three reasons, three appropriates and three no’s”, actively and steadily promoted mixed ownership reform and proactively and prudently promote hybrid ownership reform; proceeded the pilot programs in “Double Hundred Enterprise” and “Demonstrative Enterprise in Technology Reform”, and improved the market-oriented operation mechanism.

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

(V) Significant effect in scientific and technological innovation

CRCC adhered to technology self-reliance, concentrated innovation resources, established innovation platforms, and increased the efforts in technology breakthroughs and result transformation, multiple of its technology innovation results won commendation at national, provincial and ministry levels, a batch of its scientific research results realized industrial application. The digital and intelligent prospective design system, the intelligent infrastructure maintenance and rush repair system developed by the Equipment Engineering Research Center was recognized as the Railway Industry Technology Innovation Base, which further consolidated the Company's scientific research advantage in railway industry. 4 engineering labs for underwater tunnel, electrification, urban underground space and marine base passed acceptance check, the number of engineering labs in CRCC has reached 11. The "Switch-Transport-Crane All-in-one Machine", a quick beam changing equipment for railway operation line developed by the Company successfully won the bid for beam changing mission, and the demonstrative project of comprehensive application of Beidou in railway industry passed acceptance. The international standardization organization "Railway Application" Technology Committee (ISO/TC269) approved the proposal of ISO international standard "Guideline for Introducing ATO into Trunk Line Railway Operation Rules" led by CRCC, which interpreted "China Construction" and "China Standard". In 2022, CRCC won another 13 Zhan Tianyou awards, a record high number in a year, won 1 Golden prize of Geneva International Invention Award for the first time, and won 7 Silver Awards and Excellence Awards of China Patent, additionally obtained 7,931 authorized patents, including 1,217 patents for invention.

(VI) Continuous consolidation of comprehensive construction

During the reporting period, CRCC accelerated the implementation of the "14th Five-Year Plan" strategic planning, continuously improved the three-level strategic management system, promoted the close integration between strategy segmentation and annual works, and made linked implementation with the evaluation system of high-quality development. The Company solidly developed the "Year of Strengthened Compliance" and special action for comprehensive governance, established and improved the long-term effect mechanism. Deeply promoted the construction and implementation of the "big risk-control" and "big supervision" system, which enhanced the enterprise's risk resistance capacity. The Company further promoted the implementation of CRCC culture and brand system in the new era, actively devoted to Rural Revitalization, Designated Support, Disaster Relief and public welfare courses, and performed the social responsibilities as a central enterprise.

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

II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

CRCC is one of the most powerful and largest ultra-large comprehensive construction groups in the world, the business of the Company comprises construction operation, planning, design and consultancy, investment operation, real estate development, manufacturing, materials and logistics, environmental protection, industry finance and other emerging industries.

(I) Construction

In 2022, the development scale of China's construction industry was still at record high, and the industrial concentration ratio continuously grew. The state continued to support major projects to promote coordinated regional development and the construction of the "new infrastructure, new urbanization initiatives and major projects". Traditional infrastructures such as transportation, energy and water conservancy continued to exert their strength. New infrastructures such as data center, high-speed rail transit, 5G, automobile charging pile have become important starting points for the conversion from old to new kinetic energy. In addition, the state has stepped up efforts in ecological environment control projects and the transformation of old urban residential areas and supporting infrastructure, and the government has invested more in livelihood projects that benefit a wide range of people, so as to improve the public service level in counties. The development of construction operations in China has entered a period of high-quality development and transformation opportunities.

(II) Planning, design and consultancy

In 2022, the market of domestic railway, highway, urban rail, house construction, municipal and port, airport, electric power and other fields where the planning, design and consultancy operations are located maintained steady growth, and the emerging market fields such as rural construction, utility tunnel, sponge city, environmental protection and pollution control were in the ascendant. At the same time, as planning, design and consultancy is a technology-intensive sector, under the impact of technology revolution and industrial revolution in 5G, big data, AI, cloud computing, Beidou application, etc., the industrial development will face new opportunities and new challenges of digitalization and intelligence transformation. In the future, China's industry of planning, design and consultancy will generally maintain a trend of continuous growth, the industrial competition will become even more fierce, higher demands are pressed upon enterprises particularly in their innovation capacity and technology strength.

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

(III) Investment and operation

By the end of 2022, there were a total of 14,038 PPP projects registered in the Ministry of Finance, with total project investment of RMB20.92 trillion, reflecting the tendency of continuous growth compared with that in 2021, in which those with relatively large market shares included highway, municipal roads, rail transit, park zone development, comprehensive governance, sewage treatment, etc., and the scope of application has been continuously expanded from traditional infrastructure construction to new-type infrastructure construction. Under the macroeconomic background that the economic development is facing new pressure, infrastructure investment is still one of the tools to stabilize economic development, the scale of investment projects in ABO and EPC+F are on the rise, the investment and financing system of infrastructure has been continuously innovating, developing and improving.

(IV) Real estate development

In 2022, the real estate market has shrunk overall, the industrial competition further intensified, which proposed higher demands for the development quality of real estate enterprises. According to data released by the National Bureau of Statistics, the national real estate development investment in 2022 was RMB13,289.5 billion, representing a year-on-year decrease of 10.0%, among which, residential investment was RMB10,064.6 billion, representing a year-on-year decrease of 9.5%; the land acquisition area of real estate developers was 100.52 million square meters, representing a year-on-year decrease of 53.4%; the price of land transactions was RMB916.6 billion, representing a year-on-year decrease of 48.4%. The sales area of commercial housing was 1,358.37 million square meters, representing a year-on-year decrease of 24.3%, of which, the sales area of residence decreased by 26.8% over the previous year. The sales of commercial housing amounted to RMB13,330.8 billion, representing a year-on-year decrease of 26.7%, of which, sales of residence decreased by 28.3% year on year; as of the end of 2022, the area of commercial housing for sale was 563.66 million square meters, representing a year-on-year increase of 10.5%, in which the area of residential housing for sale increased by 18.4%, the destocking pressure somewhat increased.

(V) Manufacturing

The investment in transportation infrastructure construction has slowed down. The traditional general engineering machinery is affected by overcapacity and the market competition is becoming increasingly fierce. However, the high-end equipment manufacturing industry has ushered in a golden opportunity period, and the development of intelligent manufacturing will enter a comprehensive promotion stage. With the steady improvement of the state's core equipment supply capacity, the process of localisation of major technical equipment continues to accelerate, providing a wide range of opportunities for high-end equipment manufacturing industry.

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

(VI) Materials and logistics

China's materials and logistics industry has entered a critical period of logistics system formation. Relying on the resource channel advantages formed by internal centralised material procurement and logistics transportation, the Group will increase the efficiency of external operation, further improve the two-level centralised procurement system, improve the level of centralised procurement, reduce procurement costs, expand the categories of centralised procurement and increase the proportion of primary centralised procurement; promote the rapid development of logistics business, significantly increase the business scale and proportion, build a modern logistics system and create an intelligent supply ecosystem for the construction industry.

(VII) Environmental protection

In 2022, the SASAC of the State Council issued the "Instructive Opinion on Promoting Central Enterprises in High-quality Development and Implementing Carbon Peaking and Carbon Neutrality Work", which specified the objectives of carbon peaking and carbon neutrality works for central enterprises during the "14th Five-Year Plan" period and prior to 2030, deployed the key work tasks including the promoting of green and low-carbon transformation development, establishing green and low-carbon circulation industrial system, establishing clean, low-carbon, safe and efficient energy system, strengthen breakthroughs and innovative applications of green and low-carbon technologies, establishing and improving the carbon emission management mechanism, etc., which specified the guidance of actions for the carbon peaking and carbon neutrality works for central enterprises. The Group seized the opportunity of "Carbon Peaking and Carbon Neutrality", with "Ecology+" as the core, combined with the EOD model, aimed at key projects, made good use of green finance, and continuously improved its technology and complemented the shortcomings through internal integration and external mergers and acquisitions, so as to facilitate the achievement of "Carbon Peaking and Carbon Neutrality".

(VIII) Industrial finance

Since 2022, the financial supply-side reform has been continuously promoted, the strict and detailed financial supervision has been further normalised, and the new requirements from SASAC on the industrial financial supervision of central enterprises have been put forward in succession. The Group strengthened the promotion of production through finance, standardized the combination of industry and finance, promoted the linkage of industry and finance and the integration of financial services, better leveraged the role of financial services in the development of the real industries, and maximized the value of industrial resources and financial capital.

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

III. OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) NEW CONTRACTS SIGNED BY THE COMPANY

In 2022, the value of newly-signed contracts amounted to RMB3,245.0011 billion in the whole year, completing 112.83% of the annual plan and representing a year-on-year increase of 15.09%. The value of newly-signed contracts for domestic businesses amounted to RMB2,938.9511 billion, accounting for 90.57% of the total amount of newly-signed contracts and representing a year-on-year increase of 14.70%; the value of newly-signed contracts for overseas businesses amounted to RMB306.0500 billion, accounting for 9.43% of the total amount of newly-signed contracts and representing a year-on-year increase of 18.95%. As of 31 December 2022, the amount of incomplete contracts of the Group totaled RMB6,362.7268 billion and representing a year-on-year increase of 31.06%. The value of incomplete contracts for domestic businesses amounted to RMB5,179.9791 billion, accounting for 81.41% of the total amount of incomplete contracts; the value of incomplete contracts for overseas businesses amounted to RMB1,182.7477 billion, accounting for 18.59% of the total amount of incomplete contracts. The indicators of newly-signed contract amounts in various industries are as follows:

Unit: '00 million Currency: RMB

No.	Industry type	Amount of newly-signed contracts from the opening of year to the end of the Reporting Period	Year-on-year increase/decrease ratio (%)	Condition explanation
1	Construction	18,625.875	11.23	/
2	Investment and operation	7,513.019	22.72	/
3	Environmental protection	1,906.582	50.39	The relatively big year-on-year increase was mainly due to the Group's active practice of green concept and "Carbon Peaking and Carbon Neutrality" requirements, and the continuous acceleration of the pace of green transformation.
4	Planning, design and consultancy	294.552	10.92	/
5	Manufacturing	373.203	9.50	/
6	Real estate development	1,313.155	-9.24	/
7	Materials and logistics	2,249.085	23.61	/
8	Industrial finance	114.068	-11.18	/
9	Emerging industries	60.472	1.45	/
Total		32,450.011	15.09	/

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

In 2022, the value of newly-signed contracts for infrastructure construction projects in construction industry, investment operation industry, environmental protection industry, etc. amounted to RMB2,804.5476 billion, accounting for 86.43% of the total amount of newly-signed contracts and representing a year-on-year increase of 16.20%. The indicators of newly-signed contract amounts in various infrastructure projects are as follows:

Unit: '00 million Currency: RMB

No.	Business Type	Amount of newly-signed contracts amount from the opening of year to the end of the Reporting Period	Year-on-year increase/decrease ratio (%)	Condition explanation
1	Railway projects	4,902.017	30.20	The relatively big year-on-year growth was mainly due to the launch of national key construction projects, the Group fully exerted the industrial competition advantages, and realized steady growth of orders.
2	Road projects	4,176.399	52.29	The relatively big year-on-year growth was mainly due to that the Group closely followed the policies and planning in various places, paid special attentions to key lines, continuously enhanced operation capacity, and continuously expanded market influence.
3	Urban rail projects	1,283.312	-24.33	/
4	House construction projects	9,416.676	-3.65	/
5	Municipal projects	4,156.435	-4.84	/
6	Mining projects	1,077.093	75.14	The relatively big year-on-year growth was mainly due to that the Group adhered to seizing market opportunities, strengthened high-end operation, and realized continuous growth of orders.
7	Water conservancy and water transportation projects	828.935	95.27	The relatively big year-on-year growth was mainly due to that the Group closely followed the national planning for river network construction, strengthened the contracting for projects of flood prevention, water resources, water & soil conservation and ecological construction, and realized continuous growth of orders.
8	Airport projects	60.468	77.34	The overall scale was relatively small, and the occurrence of fluctuation was normal.

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

No.	Business Type	Amount of newly-signed contracts amount from the opening of year to the end of the Reporting Period	Year-on-year increase/decrease ratio (%)	Condition explanation
9	Electric projects	1,206.039	290.73	The relatively big year-on-year growth was mainly due to that the Group adopted pumped storage and offshore wind power market development as breakthrough points, accelerated the entry into the fields of hydropower and wind power, the market share quickly expanded.
10	Other projects	938.102	129.56	/
Total		28,045.476	16.20	/

(II) MAIN BUSINESSES OF THE COMPANY

1. Construction

Construction operations are the core and traditional business of the Group, which cover multiple fields, such as railways, highways, rail transits, water conservancy and hydropower, housing construction, municipal engineering, bridges, tunnels, airports and wharfs. Its construction operations mainly take the forms of construction contract and financing contract.

2. Planning, design and consultancy

Planning, design and consultancy operations of the Group mainly comprise 4 large Grade II design institutes with comprehensive Grade A qualifications for engineering design and 24 professional design institutes at or below Grade III (excluding the subsidiaries and branches of the 4 large design institutes), and cover the planning, design and consultancy services related to railway, urban rail transits, highways, municipal administration, industrial and civil buildings, magnetic levitation, water transport, hydropower, airports and civil defense whilst keeping expanding into the emerging industries and areas, such as intelligent transport, modern tramcar, urban utility tunnel, urban underground space, ecological environment and environmental protection. The basic business model of planning, design and consultancy operations is to complete the planning, design and consultancy 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 Group.

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

3. Investment and operation

The investment and operation is an important engine for the transformation and upgrading of the Group and an important grasp for structural adjustment as well as an important source of benefit growth. This Group has been continuously adhering to “setting foot in main business, properly diversifying”, always relying on the main business, strengthening leading by investment surrounding the main business, optimizing investment structure and layout, strictly controlling investment risks. While strengthening and optimizing the investment businesses in urban rail transit, highways, municipal administration, urban comprehensive development, etc., the Group has been accelerating the development of investment businesses in railway, rail transit + property TOD, “Highway+”, new infrastructure, etc., steadily exploring environmental protection investments such as water environmental treatment, sponge city, etc., through investment and enlargement of layout in emerging industries, the Group is making efforts in building a first-class infrastructure investment operator brand. Meanwhile, the Group has been energetically exploring the “Investment+” business, cultivating the operational assets with continuous benefit creating capacity, emphasizing on promoting the transformation from “investment-driven” to “investment to create benefit, investment to boost business”, and promoting the transformation of operational business towards professional operation. Currently, operational roads and urban rail transit projects have accounted for over 80% of operated projects, the project operation has been robust, the “CRRC Brand” and the integrated development of “investment, construction and operation” are gradually taking shape. In 2022, the Group adhered to the principle of “focus on main business, practice within our capabilities, put benefits in priority, and guarantee funding”, actively followed the new situation of national reform of the investment and financing system, optimized the investment structure, strictly controlled investment risks, and realized standard and steady development of capital operation business.

4. Real estate development

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 adheres to the principal of focus and restraining in business layout, implements exploration and in-depth development mainly in the urban clusters of Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei Region, Chengdu-Chongqing Region, Middle Reaches of Yangtze River, Coastal Regions of Guangdong, Fujian and Zhejiang. The Group adopts the business model of “giving priority to residential development supplemented by other industries” for real estate business, and resolutely establishes the position of “Houses are for Living in rather than Speculation”, actively participated in government development and construction of security housing and re-purchasing housing, while strengthening the traditional residential housing development business, and further explored emerging businesses such as future community, TOD, etc., fully exerted the Company’s advantages in industrial chain, strengthened resource integration, and continuously enhanced the development quality of real estate development business. During the Reporting Period, facing the continuous downward pressure from overall market and external environment, the Company’s real estate sector adhered to the sales and destocking work as the core, further innovated the marketing forms, energetically cleared out difficult stocking, spared no effort in stabilizing the operating scale, realized sales amount of RMB129.6 billion in 2022 and ranked No.15 among real estate enterprises across China.

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

5. Manufacturing

The Group is a leading domestic and internationally advanced provider of materials and professional equipment manufacturing services integrating R&D, manufacturing, sales and services. After years of development, manufacturing operations cultivate three core businesses: equipment manufacturing, material production and precast concrete production. The business scope covers the manufacture of 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. 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.

6. Materials and logistics

The Group takes materials and logistics as an important business to support its core business, provide coordinated services, reduce costs and improve efficiency. The Group possesses regional business outlets in important cities and logistics node cities across China, over 1.33 million sq.m of logistics sites and 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 informatization, regionalization and market-oriented service system. The Group formulates different development road maps and business models in accordance with the characteristics of the internal and external markets of the materials and logistics business. The internal market is the fundamental market for the development of materials and logistics business, adhering to the principle of “maintaining supply, assuring quality, reducing cost and improving value”, centralizing internal demand, and realizing volume-for-price swap to enhance the capability of obtaining quality resources and market competitiveness. The external market is an expanding market for the development of materials and logistics business, adhering to the principles of “optimizing layout, clustering resources, exploring markets, enhancing profitability and promoting brand”, and strengthening upstream and downstream extension services to achieve value enhancement and gain value returns in the process of services.

7. Environmental protection

The Group actively responded to the national strategy, focused on project investment, construction and operation in sub-sectors such as watershed management, comprehensive water environment management, construction waste resource utilization, pumped storage, offshore wind power, photovoltaic, sewage treatment etc. in accordance with major national ecological and environmental protection strategies and regional ecological and environmental objectives, leading the green upgrading of infrastructure, building industrial ecosystems, and enabled the environmental protection operations to gradually become a new important growth point for the Company. The business model of environmental protection operations is mainly to generate project contracting income through the construction of environmental protection projects.

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

8. Industrial finance

The Group's industrial finance business follows the principle of serving the main business, focuses on the core positioning of "integrated financial service platform", gives full play to the main functions of "financial service provision, financial industry operation, financial resource allocation and financial risk prevention and control", and actively builds financial professional platforms such as centralized management platform for insurance resources, financial leasing service platform, industrial chain finance and innovative financial service platform, and industrial fund management platform. The industrial finance business mainly includes a number of financial products and services such as insurance brokerage, insurance agency, insurance adjustment, operating lease, financial lease, commercial factoring, supply chain finance, asset securitization, financial technology, and industrial funds, giving full play to the advantages in business integration and linkage to create a closed-loop industrial financial ecosystem integrating "finance, investment, loan, insurance and lease", and realizing the financial service of "whole system, whole subject, whole scene and whole cycle".

IV. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

(I) Prominent advantages in technology

CRCC has established its industry leadership in fields of engineering design and construction for high-speed railways, plateau railways, alpine railways, expressways and urban rail transits, and the technologies of underground and underwater engineering construction, magnetic levitation engineering construction and E&M system integration have achieved a leading level in the industry. Increasing number of products are designed with independent intellectual property rights, the independently developed "Dream" shaft boring machine, which is the biggest in the world, was enlisted among the "Top Ten Nation's Machines of Central Enterprises in 2022". The Group took the lead in undertaking 13 national key R&D projects, presided over 52 national scientific research projects and undertook 3 national key core technology research tasks.

(II) Continuous industry-leading position

The Group is one of the biggest and most powerful comprehensive construction groups in China and the world, it was listed among the Fortune "Global 500" consecutively, ranking No. 39 in 2022. It was listed among the "Top 500 Enterprises of China" consecutively, ranking No. 11 in 2022; it was included among top 3 of the "Top 250 Global Contractors" by Engineering News-Record (ENR), an American magazine. The Group has an A+H listed platform, sufficient bank credit, and the highest international rating for construction companies. Its business covers 32 provinces, autonomous regions and municipalities in China, as well as 139 countries and regions in the world.

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

(III) Fully complete industrial structure and layout

The Group has completed comprehensive layout along the construction industry chain, with the business covering the construction, planning, design and consultancy, investment and operation, real estate development, manufacturing, materials and logistics, environmental protection, industrial finance and other emerging businesses. With full industry-chain service capabilities in railway, highway, urban rail transit, housing construction, municipal administration and other fields, the Group has preliminarily achieved a transformation from a traditional contractor to a contractor-oriented contractor with equal emphasis as an investor, developer and operator, and is able to provide the “CRCC construction model” and “CRCC construction plan” with the whole process, whole cycle, personalization, customization and high quality for owners of different fields, types and needs.

(IV) Continuous optimization of organizational and management system

The Group combined the optimization of organization management structure with the disposal of non-core business and non-advantageous business and quality and efficiency improvement and other tasks, strictly controlled newly-established business entities, and vigorously reduced the number of subsidiaries with weak capacity and weak synergy with the core business. According to 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 continuously adjusted and optimized the institutional setup of the headquarters and built a management system and operation mechanism with clear responsibility, strong control and smooth operation.

(V) Long-term and stable customer base

Adhering to the management principle of “people-oriented, trustworthy and law-abiding, being in harmony with nature, building quality products”, the Group has been intensively cultivating in the domestic and overseas construction industry and relevant industries. It has established the corporate value of “eternal integrity and innovation, equal emphasis on quality and integrity”, formed long-term and stable government relations, market resources and customer groups, and provided strong market support for the Company to expand its diversified business and export its “CRCC services” in more fields.

(VI) International well-known brand reputation

With a glorious history of over 70 years, the Group has designed and constructed over 50% of the high-speed and normal-speed railways, over 40% of the urban rail transit lines and approximately 30% of the high-grade and above highways in China. The Group has formulated the construction standard of more than 50% for high-speed railway in China, constructed more than 1,000 overseas projects, repeatedly set new records for the highest single contract value of China’s foreign engineering contracts, won a high corporate reputation, and built two international well-known brands, namely CRCC and CCECC. CRCC ranked No.96 in the “2022 Report on Top 500 Global Brand Value” issued by Brand Finance, a globally well-known brand valuation and consultation institution.

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

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

The Group has continued to inherit and carry forward the spirit of railway corps, guided by the “Cultural Guideline of CRCC” and the “Brand Declaration of CRCC”, the Group comprehensively promotes the implementation of CRCC cultural system and brand system in the new era, continuously prospers the cultural ecosystem of CRCC, shines the brand image of CRCC, and concentrates the power to strive forward for construction of a world-class comprehensive construction group.

V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2022, the Group recorded revenue of RMB1,096.3129 billion, representing an increase of 7.48% as compared to the corresponding period last year. The net profit amounted to RMB31.7528 billion, representing an increase of 8.32% as compared to the corresponding period of last year. The newly signed contracts for the year amounted to RMB3,245.0011 billion, representing a year-on-year increase of 15.09%. 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	Current period	During the corresponding period last year	Change (%)
Revenue	1,096,312,867	1,020,010,179	7.48
Cost of sales	985,747,674	922,126,888	6.90
Selling and distribution expenses	6,642,387	6,147,103	8.06
General and administrative expenses	21,873,045	20,741,919	5.45
Finance costs	3,578,296	3,683,532	-2.86
Research and development expenses	25,003,936	20,253,956	23.45
Impairment losses on assets	-3,050,914	-1,589,571	91.93
Impairment of credit losses	-4,887,824	-8,276,911	-40.95
Net cash flows generated from operating activities	56,134,952	-7,303,911	N/A
Net cash flows generated from investing activities	-55,645,696	-61,070,185	N/A
Net cash flows generated from financing activities	33,894,223	10,602,080	219.69

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

The change in revenue was mainly due to: the increase in business of construction, industrial manufacturing and real estate during the Reporting Period.

The change in cost of sales was mainly due to: the increase in the operating costs of construction, industrial manufacturing and real estate during the Reporting Period.

The change in selling and distribution expenses was mainly due to: the increase in the amount of newly-signed contracts signed as a result of the increased investment in business contracting during the Reporting Period.

The change in general and administrative expenses was mainly due to: the increase in business scale during the Reporting Period.

The change in finance costs was mainly due to: the simultaneous increase in interest expenses and exchange income during the Reporting Period.

The change in research and development expenses was mainly due to: the increase in research and development efforts during the Reporting Period.

The change in impairment losses on assets was mainly due to: the provision for losses on property development costs and development products, and contract assets in the Reporting Period.

The change in credit impairment losses was mainly due to: the provision for losses on financial assets such as receivables from a customer in the real estate industry in the previous year.

The change in net cash flows generated from operating activities was due to: the increase in cash received for sale of goods and provision of labour services during the Reporting Period.

The change in net cash flows generated from investing activities was due to: the increase in cash received from other investing activities during the Reporting Period.

The change in net cash flows generated from financing activities was due to: the year-on-year increase in cash received for borrowings.

Detailed Explanation on Major Change of the Company's Business Types, Profit Structure or Sources of Profit During Current Period

Applicable Not applicable

2. Analysis of the revenue and costs

Applicable Not applicable

In 2022, the Group recorded operating income of RMB1,096.3129 billion, representing an increase of 7.48% as compared to the corresponding period last year. The business of the Company comprises construction, planning, design and consultancy, investment operation, real estate development, manufacturing, materials and logistics, environmental protection, industry finance and other emerging industries, and its operating scope covers 32 provinces, autonomous regions and municipalities in China, as well as 139 countries and regions in the world.

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

(1) Main Business by Segment and Region

Unit: '000 Currency: RMB

Performance of 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 operation	964,715,806	881,642,643	8.61	7.93	7.08	Increased by 0.73 percentage points
Plan, design and consultancy operation	20,295,857	13,018,107	35.86	4.51	0.15	Increased by 2.80 percentage points
Manufacturing operation	24,732,316	19,152,923	22.56	13.13	13.29	Decrease by 0.11 percentage points
Real estate development operation	62,253,669	53,535,614	14.00	22.88	28.18	Decrease by 3.56 percentage points
Materials, logistics and other businesses	95,498,518	88,405,932	7.43	-7.93	-7.70	Decrease by 0.22 percentage points
Inter-segment elimination	-71,183,299	-70,007,545	/	/	/	/
Total	1,096,312,867	985,747,674	10.09	7.48	6.90	Increased by 0.49 percentage points

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

Main Business 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	1,042,234,340	935,849,806	10.21	7.11	6.40	Increased by 0.60 percentage points
Overseas	54,078,527	49,897,868	7.73	15.14	17.15	Decrease by 1.58 percentage points
Total	1,096,312,867	985,747,674	10.09	7.48	6.90	Increased by 0.49 percentage points

Notes:

- Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segment.
 - The data of the main businesses are still classified as construction operation, plan, design and consultancy operation, manufacturing operation, real estate development operation, materials and logistics and other businesses.
- ① Construction operation

Construction Operation (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2022	2021	Growth Rate (%)
Revenue	964,715,806	893,820,474	7.93
Cost of sales	881,642,643	823,370,133	7.08
Gross profit	83,073,163	70,450,341	17.92
Gross profit margin (%)	8.61	7.88	Increased by 0.73 percentage points
Selling and distribution expenses	2,511,161	2,173,817	15.52
General and administrative expenses and research and development expenses	38,329,806	34,054,781	12.55
Total profit	24,239,316	18,785,934	29.03

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

② Plan, design and consultancy operation

Plan, Design and Consultancy Operation (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2022	2021	Growth Rate (%)
Revenue	20,295,857	19,420,109	4.51
Cost of sales	13,018,107	12,999,201	0.15
Gross profit	7,277,750	6,420,908	13.34
Gross profit margin (%)	35.86	33.06	Increased by 2.80 percentage points
Selling and distribution expenses	1,287,889	1,282,137	0.45
General and administrative expenses and research and development expenses	2,476,845	1,712,317	44.65
Total profit	4,005,605	3,614,545	10.82

The change in general and administrative expenses and research and development expenses for plan, design and consultancy operation was mainly due to: the increase in research and development efforts.

③ Manufacturing operation

Manufacturing Operation (Before Elimination of Inter-Segment Transactions)

Unit: '000 Currency: RMB

Item	2022	2021	Growth Rate (%)
Revenue	24,732,316	21,862,198	13.13
Cost of sales	19,152,923	16,905,623	13.29
Gross profit	5,579,393	4,956,575	12.57
Gross profit margin (%)	22.56	22.67	Decreased by 0.11 percentage points
Selling and distribution expenses	640,956	622,688	2.93
General and administrative expenses and research and development expenses	2,387,879	1,910,991	24.96
Total profit	2,787,768	2,481,022	12.36

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

④ Real estate development operation

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

Unit: '000 Currency: RMB

Item	2022	2021	Growth Rate (%)
Revenue	62,253,669	50,662,478	22.88
Cost of sales	53,535,614	41,766,580	28.18
Gross profit	8,718,055	8,895,898	-2.00
Gross profit margin (%)	14.00	17.56	Decreased by 3.56 percentage points
Selling and distribution expenses	1,357,626	1,188,571	14.22
General and administrative expenses and research and development expenses	1,236,426	1,231,839	0.37
Total profit	3,705,185	6,619,098	-44.02

The change in total profit of the real estate development operation was mainly due to: the decrease in gross profit and investment income.

⑤ Materials and logistics and other businesses

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

Unit: '000 Currency: RMB

Item	2022	2021	Growth Rate (%)
Revenue	95,498,518	103,723,373	-7.93
Cost of sales	88,405,932	95,785,750	-7.70
Gross profit	7,092,586	7,937,623	-10.65
Gross profit margin (%)	7.43	7.65	Decreased by 0.22 percentage points
Selling and distribution expenses	844,755	879,890	-3.99
General and administrative expenses and research and development expenses	2,446,025	2,085,947	17.26
Total profit	3,589,817	4,292,702	-16.37

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

(2) *Analysis of production and sales*

Applicable Not applicable

(3) *Performance of major procurement contracts and major sales contracts*

Applicable Not applicable

(4) *Cost analysis table*

Unit: '000 Currency: RMB

By segment	Item relating to cost composition	Amount in current period	Particulars by segment				Condition Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	
Construction operation	/	881,642,643	83.51	823,370,133	83.10	7.08	
Plan, design and consultancy operation	/	13,018,107	1.23	12,999,201	1.31	0.15	
Manufacturing operation	/	19,152,923	1.82	16,905,623	1.71	13.29	
Real estate development operation	/	53,535,614	5.07	41,766,580	4.22	28.18	
Materials and logistics and other businesses	/	88,405,932	8.37	95,785,750	9.66	-7.70	
Total for the above	/	1,055,755,219	100.00	990,827,287	100.00	6.55	
Including:	Labour cost	326,462,644	30.92	290,619,518	29.33	12.33	
	Materials expenses	442,882,725	41.95	425,912,920	42.99	3.98	
	Machinery expense	113,795,704	10.78	112,450,782	11.35	1.20	
	Other cost	172,614,146	16.35	161,844,067	16.33	6.65	
Inter-segment elimination	/	-70,007,545	-	-68,700,399	-	-	
Total	/	985,747,674	100	922,126,888	100.00	6.90	

Notes:

- Due to the unique nature of the business of the Group, the main businesses of the Group by industries are analyzed by segments.
- The data of the main businesses are still classified as construction operation, plan, design and consultancy operation, manufacturing operation, real estate development operation, materials and logistics and other businesses.

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

- (5) *Changes in consolidation scope caused by changes in equity of major subsidiaries during the Reporting Period*

Applicable Not applicable

In December 2022, the subsidiary of the Group, China Railway Construction Investment Group Co., Ltd. disposed of its 51% equity interests in both CRCC Sichuan Dedu Expressway Co., Ltd. and CRCC Hunan Expressway Co., Ltd. to the Group's joint venture, Zhuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership). Other than the above, the scope of the consolidated financial statements of the Group has not changed significantly compared to the previous year.

- (6) *Major changes or adjustments in the Company's business, products or services during the Reporting Period*

Applicable Not applicable

- (7) *Major sales customers and suppliers*

A. Major sales customers of the Company

Applicable Not applicable

The sales to the top five customers was RMB34,683.240 million, accounting for 3.16% of the total annual sales; among which the sales to related parties amounted to RMB18,823.598 million, accounting for 1.72% of the total annual sales.

During the Reporting Period, the proportion of sales to a single customer exceeded 50% of the total, there were new customers in the top five customers or the Company was heavily dependent on a few customers.

Applicable Not applicable

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

B. Major suppliers of the Company

Applicable Not applicable

The purchase amount from the top five suppliers was RMB5,227.104 million, accounting for 0.53% of the total purchase amount; among which the purchase amount from related parties amounted to RMB0, accounting for 0% of the annual total purchase amount.

During the Reporting Period, the proportion of the purchase amount from a single supplier exceeded 50% of the total, there were new suppliers in the top five suppliers or the Company was heavily dependent on a few suppliers.

Applicable Not applicable

3. Expenses

Applicable Not applicable

In 2022, the Group's selling and distribution expenses amounted to RMB6.6424 billion, representing an increase of 8.06% as compared to that of 2021. The increase in selling and distribution expenses was mainly attributable to increased efforts in operation undertakings and an increase in newly-signed contract amounts.

In 2022, the general and administrative expenses of the Group was RMB21.8730 billion, representing an increase of 5.45% as compared to that in 2021, mainly caused by the expansion in the business scale.

In 2022, the research and development expenses of the Group was RMB25.0039 billion, representing an increase of 23.45% as compared to that in 2021, mainly due to the increase in R&D efforts.

In 2022, the finance costs of the Group were RMB3.5783 billion, representing a decrease of 2.86% as compared to that in 2021, mainly due to the simultaneous increase in interest income and foreign exchange gains.

In 2022, the Group's income tax expenses amounted to RMB6.0717 billion, representing an increase of 4.03% as compared to that of 2021, 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	2022	2021
Current income tax expenses	7,255,064	7,328,495
Deferred income tax expenses	-1,183,380	-1,492,278
Total income tax expenses	6,071,684	5,836,217

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

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	25,003,936
Capitalized research and development expenses for the current period	7,866
Total R&D expenditures	25,011,802
Proportion of total research and development expenses to the revenue (%)	2.28
Percentage of capitalized R&D investment (%)	0.03

(1) Table of R&D personnel

Applicable Not applicable

Number of R&D personnel in the Company	28,880
Proportion of R&D personnel in the total number of Company employees (%)	10.71

Educational structure of R&D personnel

Category	Number of persons
Doctoral degree	324
Master degree	6,700
Bachelor degree	17,011
Junior college	4,670
High school and below	175

Age structure of R&D personnel

Category	Number of persons
Under 30 (excluding 30)	8,664
30-40 (including 30, excluding 40)	14,901
40-50 (including 40, excluding 50)	4,327
50-60 (including 50, excluding 60)	983
60 and above	5

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

(2) *Explanation*

Applicable Not applicable

CRCC adheres to the empowerment of science and technology, adopts the innovation-driven development strategy, continuously strengthening empowerment of science and technology, take market demand as the guide, and adheres to the road of “tackling weakness, reinforcing advantages and casting brand strengths” and industrialization. It further strengthens the research on cutting-edge technologies, key core technologies and industrial innovation technologies, focuses on new infrastructure, intelligent construction, green construction, digital transformation, etc., primarily focuses on the research of original and guiding technology, critical core technology and industrial innovative technology. Further strengthens technological advantages, exerts the supportive and leading role of technology innovation in the market and construction site, assists the enterprise in high-quality development.

(3) *Reasons for major changes in R&D personnel composition and its influence on the Company's future development*

Applicable Not applicable

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 2022, the Group's capital expenditures amounted to RMB30.2603 billion, representing a decrease of RMB2.6152 billion as compared to that of 2021, mainly attributable to the decrease in the Group's capital expenditure on investment projects.

Unit: '000 Currency: RMB

Segment	2022	2021
Construction operation	18,731,241	15,460,395
Plan, design and consultancy operation	219,571	134,862
Manufacturing operation	1,621,993	1,726,551
Real estate development operation	1,237,873	1,598,759
Other businesses	8,449,616	13,954,887
Total	30,260,294	32,875,454

Note: The data of the main business segments are still classified as construction operation, plan, design and consultancy operation, manufacturing operation, real estate development operation, materials and logistics and other businesses.

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

6. Cash flows

Applicable Not applicable

Analysis of changes in cash flows

Unit: '000 Currency: RMB

Item	2022	2021	Growth (%)
Net cash flows generated from operating activities	56,134,952	-7,303,911	N/A
Net cash flows generated from investing activities	-55,645,696	-61,070,185	N/A
Net cash flows generated from financing activities	33,894,223	10,602,080	219.69

In 2022, the net cash flows generated from operating activities of the Group was RMB56.1350 billion, representing an increase of RMB63.4389 billion as compared to that of last year, mainly due to the increase in cash received from the sale of goods and provision of services during the Reporting Period.

In 2022, the net cash flows generated from investing activities of the Group amounted to RMB-55.6457 billion, representing a decrease of RMB5.4245 billion as compared to that of last year, mainly due to increase in other cash received in relation to investing activities during the Reporting Period.

In 2022, the net cash flows generated from financing activities of the Group amounted to RMB33.8942 billion, representing an increase of RMB23.2921 billion, or 219.69%, as compared to that of last year, which was mainly due to the year-on-year increase in borrowings received during the Reporting Period.

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

Applicable Not applicable

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

(III) Analysis of assets and liabilities

Applicable Not applicable

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	158,424,810	10.40	126,821,154	9.37	24.92	
Held-for-trading financial assets	961,298	0.06	460,063	0.03	108.95	It is mainly due to the increase in the Group's investment in equity instruments during the Reporting Period.
Bills receivable	8,495,031	0.56	12,729,240	0.94	-33.26	It is mainly due to the decrease in the proportion of payment by commercial acceptance bill by customers during the Reporting Period.
Receivables at FVTOCI	3,321,965	0.22	2,475,096	0.18	34.22	It is mainly due to the increase in banker's acceptance bill received due to growth in business scale during the Reporting Period.
Trade receivables	141,229,619	9.27	155,677,298	11.51	-9.28	
Advances to suppliers	27,473,837	1.80	25,533,462	1.89	7.60	
Other receivables	66,050,468	4.33	63,786,446	4.71	3.55	
Inventories	299,818,526	19.67	279,554,016	20.66	7.25	
Contract assets	254,463,518	16.70	196,315,628	14.51	29.62	
Other current assets	23,674,072	1.55	24,862,581	1.84	-4.78	
Other non-current financial assets	8,387,687	0.55	4,531,803	0.34	85.08	It is mainly due to the increase in investment of unlisted fund products by the Group during the Reporting Period.
Other equity instrument investments	11,940,051	0.78	11,621,685	0.86	2.74	
Long-term receivables	80,554,812	5.29	55,150,088	4.08	46.06	It is mainly due to the increase in the Group's long-term construction receivables during the Reporting Period.
Long-term equity investments	127,985,238	8.40	98,163,517	7.26	30.38	It is mainly due to the increase in external investments of the Group during the Reporting Period.

Section IV 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
Fixed assets	66,085,799	4.34	61,167,672	4.52	8.04	
Right-of-use assets	5,154,357	0.34	5,907,025	0.44	-12.74	
Intangible assets	62,530,742	4.10	68,261,159	5.05	-8.39	
Short-term loans	51,367,562	3.37	46,057,400	3.40	11.53	
Bills payable	89,607,342	5.88	90,733,401	6.71	-1.24	
Trade payables	425,568,938	27.93	362,063,566	26.76	17.54	
Advances from customers	311,908	0.02	94,440	0.01	230.27	It is mainly due to the increase in lease payments received in advance by the Group during the Reporting Period.
Contract liabilities	164,118,787	10.77	150,667,341	11.14	8.93	
Other payables	100,528,887	6.60	94,391,304	6.98	6.50	
Other current liabilities	31,594,097	2.07	26,089,924	1.93	21.10	
Long-term loans ^{Note 1}	153,547,310	10.08	141,296,464	10.44	8.67	
Bonds payable ^{Note 2}	45,194,975	2.97	36,360,201	2.69	24.30	
Leasing liabilities	2,451,292	0.16	2,889,378	0.21	-15.16	
Long-term payables	34,800,914	2.28	23,141,104	1.71	50.39	It is mainly due to the increase in quality deposits payable during the Reporting Period.
Employee benefits payable ^{Note 3}	14,026,058	0.92	12,350,290	0.91	13.57	
Other non-current liabilities	692,626	0.05	462,065	0.03	49.90	It is mainly due to the increase in the amounts to be transferred to output VAT of the Group during the Reporting Period.

Notes:

1. "Long-term loans" includes "current portion of long-term loans".
2. "Bonds payable" includes "current portion of bonds payable".
3. "Employee benefits payable" is the sum of the "employee benefits payable" in the current liabilities and the "long-term employee benefits payable" in the non-current liabilities plus the "current portion of post-employment benefits".

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

2. Overseas assets

Applicable Not applicable

(1) *Asset size*

Including: overseas assets of 89,575,562 (Unit: '000 Currency: RMB), accounting for 5.88% of total assets.

(2) *Explanation for high proportion of overseas assets*

Applicable Not applicable

3. Restricted major assets as at the end of the Reporting Period

Applicable Not applicable

For details of restricted major assets of the Group as at the end of the Reporting Period, please refer to "65. Assets with title restrictions" in Note V to the Financial Report.

4. 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.

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

As at 31 December 2022, 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	-	-	-	8,495,031	8,495,031
Trade receivables	-	-	-	141,229,619	141,229,619
Receivables at FVTOCI	3,321,965	-	-	-	3,321,965
Loans and advances to customers	-	-	-	1,445,190	1,445,190
Other receivables (excluding petty cash)	-	-	-	65,683,626	65,683,626
Other current assets	-	-	-	17,077	17,077
Long-term receivables	-	-	-	80,554,812	80,554,812
Cash and bank balances	-	-	-	158,424,810	158,424,810
Held-for-trading financial assets	-	-	961,298	-	961,298
Debt investments	-	-	-	9,076,297	9,076,297
Other debt investments	4,934,663	-	-	-	4,934,663
Other equity instrument investments	-	11,940,051	-	-	11,940,051
Other non-current financial assets	-	-	8,387,687	-	8,387,687
Current portion of non-current assets	5,959,529	-	-	11,115,628	17,075,157
Total	14,216,157	11,940,051	9,348,985	476,042,090	511,547,283

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

As at 31 December 2022, the Group's financial liabilities were as follows:

Unit: '000 Currency: RMB

Item	Other financial liabilities	Total
Short-term loans	51,367,562	51,367,562
Due to customers	3,168,603	3,168,603
Bills payable	89,607,342	89,607,342
Trade payables	425,568,938	425,568,938
Other payables	100,528,887	100,528,887
Current portion of non-current liabilities (excluding employee benefits payable, estimated liabilities and lease liabilities due within one year)	43,599,876	43,599,876
Other current liabilities	760,247	760,247
Long-term loans	133,415,428	133,415,428
Bonds payable	28,096,696	28,096,696
Long-term payables (excluding special payables)	34,730,991	34,730,991
Other non-current liabilities	466,500	466,500

5. Working capital

(1) Trade receivables

Trade receivables of the Group decreased from RMB155.6773 billion as at 31 December 2021 to RMB141.2296 billion as at 31 December 2022, representing a decrease of RMB14.4477 billion. The Board of the Company is of the view that the Group has accrued sufficient impairment of credit losses.

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

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 2022	31 December 2021
Within 1 year	106,339,111	131,449,832
1–2 years	29,563,912	19,877,853
2–3 years	10,679,319	8,295,475
Over 3 years	9,863,060	8,523,216
Subtotal	156,445,402	168,146,376
Less: Impairment of credit losses	15,215,783	12,469,078
Total	141,229,619	155,677,298

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	2022	2021
Turnover days of trade receivables ^{Note 1}	54	54
Turnover days of trade payables ^{Note 2}	146	141

Notes:

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.
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 IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

(2) Trade payables

Trade receivables of the Group increased from RMB362.0636 billion as at 31 December 2021 to RMB425.5689 billion as at 31 December 2022, representing an increase of RMB63.5053 billion, mainly due to the expansion of business scale during the Reporting Period, resulting in the increase in trade payables.

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

Unit: '000 Currency: RMB

Age	31 December 2022	31 December 2021
Within 1 year	416,162,468	352,926,302
1–2 years	6,496,421	6,359,877
2–3 years	1,986,922	1,971,334
Over 3 years	923,127	806,053
Total	425,568,938	362,063,566

6. Advances to suppliers and other receivables

Advances to suppliers and other receivables of the Group increased from RMB89.3199 billion as at 31 December 2021 to RMB93.5243 billion as at 31 December 2022, representing an increase of RMB4.2044 billion, or 4.71%, mainly due to the increase in prepayments for purchases, labour, land and other receivables during the Reporting Period.

7. 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.

As at 31 December 2021 and 31 December 2022, the Group held the provisions of such obligations hereof amounting to RMB0.1692 billion and RMB0.1151 billion, respectively.

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

8. Liabilities

(1) Borrowing

The short-term loans of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Pledged loans	631,362	557,174
Mortgaged loans	—	—
Guaranteed loans	3,243,900	4,466,190
Credit loans	47,492,300	41,034,036
Total	51,367,562	46,057,400

Other current liabilities of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Other current liabilities	31,594,097	26,089,924

Note: For more details, please refer to “34. Other current liabilities” in Note V to the Financial Report in this report.

The long-term loans of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Pledged loans	38,557,624	44,206,255
Mortgaged loans	24,220,319	13,676,113
Guaranteed loans	11,105,099	11,654,930
Credit loans	59,532,386	45,507,276
Total	133,415,428	115,044,574

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

The maturity profile of the long-term loans as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Within one year or paid on demand	20,131,882	26,251,890
In the second year (inclusive)	31,883,891	27,787,627
In the third to fifth year (inclusive)	58,546,047	40,509,857
Over five years	42,985,490	46,747,090
Total	153,547,310	141,296,464

The bonds payable of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Total bonds payable	45,194,975	36,360,201
Less: Total current portion of bonds payable	17,098,279	6,825,326
Total non-current portion of bonds payable	28,096,696	29,534,875

Gearing ratio analysis:

As at 31 December 2022 and 31 December 2021, the gearing ratios of the Group were both 66%. 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), 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.

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

(2) Commitments

The commitments of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Contracted but not provided for	–	–
Capital commitments	2,131,496	1,465,402
Investment commitments	69,984,621	55,675,097
Other commitments	–	250,931
Total	72,116,117	57,391,430

(3) Contingent liabilities

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

(4) Mortgage and pledge of assets

The mortgage and pledge of assets of the Group as at 31 December 2022 and 31 December 2021 were as follows:

Unit: '000 Currency: RMB

Item	31 December 2022	31 December 2021
Intangible assets	43,881,171	50,867,556
Inventories	59,933,128	45,426,209
Other non-current assets	14,937,347	25,963,981
Cash and bank balances	13,480,644	11,221,219
Construction in progress	2,868,791	1,391,992
Trade receivables	1,757,880	1,059,077
Fixed assets	2,636,141	273,348
Bills receivable	23,850	131,750
Long-term receivables	1,177,072	–

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

9. Other Explanation

Applicable Not applicable

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

(IV) Analysis for industrial operation information

Applicable Not applicable

The businesses of the Group cover construction, planning, design and consultancy, investment operation, real estate development, manufacturing, materials and logistics, environmental protection, industry finance and other emerging industries. 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 refer to relevant content of the “II. Industry Situation of the Company during the Reporting Period” and “III. Operations of the Company during the Reporting Period” of this section. The analysis for operation information of the Group’s construction operation and real estate development operation are as follows:

Operation Information Analysis on Construction Industry

1. Economic situation and policy analysis on construction industry

For details, please refer to relevant content of the “II. Industry Situation of the Company during the Reporting Period” and “III. Operations of the Company during the Reporting Period” of this section.

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	721	1,303	0	36	50	2,110
Total amount	16,281,588	36,728,078	0	170,465	371,863	53,551,994

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

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

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	1,926	51,414,356
Overseas	184	2,137,638
Including:		
Oceania	26	72,054
Africa	105	1,570,652
America	21	56,932
Europe	0	0
Asia	32	438,000
Total	2,110	53,551,994

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	3,227	6,692	0	34	283	10,236
Total amount	142,787,223	381,363,723	0	473,717	13,560,463	538,185,126

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

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

Unit: '0,000 Currency: RMB

Project Region	Number of projects	Total amount
Domestic	8,790	437,012,479
Overseas	1,446	101,172,647
Including:		
Oceania	58	457,546
Africa	629	50,304,059
America	137	11,612,380
Europe	193	8,185,171
Asia	429	30,613,491
Total	10,236	538,185,126

Other Explanation

Applicable Not applicable

4. Major projects under construction

Applicable Not applicable

Other Explanation

Applicable Not applicable

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

Applicable Not applicable

During the Reporting Period, the total number of newly-signed projects was 5,935, and the amount was RMB2,804.5476 billion.

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

6. Order backlog as at the end of the Reporting Period

Applicable Not applicable

At the end of the Reporting Period, the total amount of order backlog was RMB4,871.297 billion. Among them, the amount for projects already signed of contracts but not yet commenced was RMB2,199.763 billion, the amount for outstanding portion of the projects under construction was RMB2,671.534 billion.

Other Explanation

Applicable Not applicable

7. Other Explanation

Applicable Not applicable

(1) 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 largest number of qualifications in the construction industry in China. During the Reporting Period, the Group has newly obtained nine extra grade qualifications as general contractor for construction enterprises. As at the end of the Reporting Period, it had a total of 2,389 qualifications for various construction enterprises, of which 95 were extra grade qualifications for general contracting and 333 were first-level qualifications. In the field of engineering design survey, the Group had 237 engineering design qualifications, 61 engineering survey qualifications, 41 project supervision qualifications and 255 real estate development qualifications.

(2) 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

	2022		2021		2020	
	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)	Revenue	Proportion of the Company's revenue (%)
Construction Operation	964,715,806	88.00	893,820,474	87.63	813,334,003	89.35
Including: Infrastructure projects	569,483,809	51.95	511,972,808	50.19	498,402,336	54.75
Housing construction	260,716,356	23.78	222,746,676	21.84	178,768,588	19.64
Gross revenue	1,096,312,867	100.00	1,020,010,179	100.00	910,324,763	100.00

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

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

Unit: '000 Currency: RMB

	2022		2021		2020	
	Cost of sales	Proportion of the Company's cost of sales (%)	Cost of sales	Proportion of the Company's cost of sales (%)	Cost of sales	Proportion of the Company's cost of sales (%)
Construction Operation	881,642,643	89.44	823,370,133	89.29	754,694,045	91.37
Including: Infrastructure projects	521,567,162	52.91	477,599,931	51.79	468,940,452	56.77
Housing construction	240,844,813	24.43	206,165,832	22.36	165,407,101	20.03
Total cost of sales	985,747,674	100.00	922,126,888	100.00	825,987,266	100.00

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

- (4) *Financing arrangement*

For details, please refer to “(8) Liabilities” in “V. (III) Analysis of Assets and Liabilities” of this section.

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

The Company attaches great importance to quality development, seriously implements the spirit of national quality development outline, strictly carries out relevant quality standards, promotes quality responsibility system on project end, pushes forward engineering project excellence activities, and ensures the stable and controllable quality management. 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/T 19001-2016/ISO 9001:2015 and GB/T 50430-2017. The Company's controlling measures include the establishment of a sound quality management organization and system. The first was to strengthen quality management, organize and develop the all-staff quality management activity, implement the quality education on quality laws and regulations, quality management knowledge, etc., enlarge the degree of publicity, strengthen the all-staff quality awareness, organize and develop post occupational training, enhance the professional quality of personnel on various levels. The second was to actively develop project excellence creation activity, continuously promote the process refined quality management, promote the comprehensive enhancement of quality management level, comprehensively develop quality management team activities, take care of excellence creation planning, implement excellence creation in process, and realize excellence creation goals. The third was to strengthen the red line management of railway project quality, deploy and develop red line management work of railway projects according to the “Management Regulation on Quality and Safety Red Line of Railway Construction Projects” issued by the China State Railway Group Co., Ltd., practically strengthen the quality and safety awareness and key process control in railway projects, ensure the quality and safety of projects to be under comprehensive control, and enhance the quality and safety level of railway construction projects.

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

During the Reporting Period, the Company passed the supervision review of China Certification Center for certificate renewal. Its management systems and documents met the standard requirements, and the management system ran effectively, and the management of each process from investment, design, construction to operation processes was in line with the “process method” in an orderly manner with further improvement. The registration and authentication qualification of the quality management systems of the Company is continuously maintained and the number of certificates are 02121Q10824R7M and U006621Q0239R7M.

(6) Operation of work safety system of the Company

In 2022, CRCC thoroughly studied the spirit of General Secretary Xi Jinping’s important expositions and instructions on safe production, adhered to the principle of people first and life first, adopted the “double zero” goal of safety production as guidance, energetically took care of safety production assurance during special and key period, well implemented safety production work in strict and refined manner. Over the last year, no major safety accidents occurred, and the safe production situation was basically stable. The first was to strengthen the Party’s leadership in safety production work, establish higher goal of safety production, put the protection of employees’ life safety as the top priority, strengthen terminal safety control, realized “double reduction” of safety production accidents throughout the year. The second was to deeply develop special rectification of safety production, enhance safety production governance level, strengthen the source governance, system governance and comprehensive governance of safety production, further improve and complete the safety production responsibility system, energetically enhance the enterprise’s governance level of safety production. The third was to improve and complete the safety production responsibility system, enforce the safety production responsibility on all employees, adopt the implementation of “ten resolutely” of safety production as the handle, consider the establishment of “five responsibility systems” of safety production as the guarantee, promote all employees safety production responsibility system to be implemented and enforced. The fourth was to establish the safety production prevention and control system, resolutely prevent major safety risks, make full efforts in the aspects of strengthening risk source governance, process control, accident analysis, etc., precisely eliminate potential governance risks, and continuously enhance the major safety risk prevention capacity. The fifth was to deeply develop safety supervision and inspection, ensure the safety production during key time sections and in key regions. The sixth was to strengthen the team construction and safety culture guidance, deeply implement the enterprise’s safety culture awareness of “life first, prevention upmost”, strengthen root-level team construction, develop various forms of safety culture publicity activities, strengthen the recognition of the enterprise’s safety culture and value, consolidate the safety foundation at root level. The seventh was to strengthen technology innovation in safety production field, use technology to assist in the enhancement of safety production level, continuously promote the “replacement of people with machinery and reduction of people with automation”, strengthen the degree of tackling difficulties in common technologies of safety production, develop and construct the “subcontractors safety evaluation information platform”, promote the enhancement of safety level of enterprise. The eighth was to strengthen emergency management, solidly make various emergency preparation for preventing disasters, reducing disasters and relieving disasters, strictly prevent various disasters from causing safety production accidents, enhance the emergency handling and rescue capacity, organize the various subsidiaries to actively participate in disaster relief and rescue, perform the responsibility as a central enterprise.

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

Analysis for operation information of real estate industry

- Analysis on economic trend and policies of real estate industry

For details, please refer to relevant content of the “II. Industry Situation of the Company during the Reporting Period” and “III. Operations of the Company during the Reporting Period” of this section.

- Reserve of real estate during the Reporting Period

Applicable Not applicable

During the Reporting Period, the Group adhered to prudent and steady land reserve strategy, at the time of market downturn, the Company strengthened project judgment, strictly controlled investment risk, promoted coordinated industrial operation, reserved multiple relatively high-quality lands with good urban resources and relatively high segment level. Throughout the year, the Company obtained 56 land parcels in 25 cities including Shanghai, Beijing, Guangzhou, Hangzhou, Chongqing, Chengdu, etc., with total equity area of 6.3692 million square meters, and total equity land price of RMB42.157 billion, obtained average land premium ratio of 3.39%, representing a year-on-year decrease of 1.16 percentage points. Among the obtained projects, 30 land parcels were obtained in first-tier cities, accounting for 60% of the total. As of the end of the Reporting Period, the Group has implemented the development and construction of 472 projects in 94 Chinese cities. The total land area for construction was about 39.59 million square meters, with planned total building area of 125.18 million square meters, a tiered layout has been formed with the first-tier and second-tier cities as the priority and some third-tier and fourth-tier cities with good development potential as the supplementary. Among them:

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 be related with the joint development project	Area related with the joint development project (sq.m.)	Equity ratio of the joint development project (%)
1	Southwest China	3,683,597	-	8,030,573	Yes	3,646,576	-
2	Bohai Coastal Region	2,265,824	-	5,102,184	Yes	1,851,547	-
3	Yangtze River Delta	1,437,541	-	3,640,229	Yes	2,511,204	-
4	Pearl River Delta	1,322,689	-	3,883,228	Yes	1,551,113	-
5	Others	530,268	-	920,417	Yes	676,501	-
Total	/	9,239,919	/	21,576,631	Yes	10,236,941	/

Note:

- 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.
- No A-land consolidation is covered in the Group’s real estate development projects.

Section IV 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 RMB82.033 billion during the Reporting Period, among which, the investment of RMB28.547 billion was completed in Yangtze River Delta, and the investment of RMB22.912 billion was completed in Southwest China, accounting for 34.80% and 27.93% of the investment, respectively.

Development and Investment in Real Estate by Region

No.	Region	Land area (10,000 sq.m.)	Planned floor	Gross floor	Floor area of	Completed	Gross	Actual
			area upon calculation of plot ratio (10,000 sq.m.)		Area			
1	Yangtze River Delta	968.65	2,155.22	2,926.43	1,116.09	1,283.27	30,991,767	2,854,741
2	Southwest China	1,253.57	3,195.68	4,269.86	880.60	2,241.04	33,954,780	2,291,176
3	Bohai Coastal Region	1,058.48	2,285.46	3,041.50	667.92	1,750.67	29,016,350	1,627,531
4	Pearl River Delta	597.21	1,613.49	2,092.11	422.27	1,154.20	20,577,920	1,416,706
5	Others	80.64	151.45	188.19	30.94	47.49	1,036,313	13,126
Total		3,958.55	9,401.30	12,518.09	3,117.82	6,476.67	115,577,130	8,203,280

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

Among the 472 projects held by the Group, details of the development and investment of the top ten projects in estimated amount of total investment are as follows:

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.)	Gross floor Area (sq.m.)	Floor area of projects under		Expected completion period	Gross Investment	Actual investment during Reporting Period
										Construction	Completed Area (sq.m.)			
1	Bohai Coastal Region	Tianjin International City, CRCC	Jinzhonghe Avenue, Hebei District, Tianjin	Residence/ commercial	Under construction	100%	252,300	866,100	1,182,600	0	854,400	2027	1,696,180	53,048
2	Southwest China	Chongqing Xipai City, CRCC	Cuntan Street, Jiangbei District, Chongqing	Residence/ commercial	Under construction	100%	175,100	689,700	949,900	800	680,600	2027	1,353,301	36,890
3	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	2,365,843	253,200	1,809,200	2026	1,302,346	43,774
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	805,500	365,900	439,600	2023	1,127,654	147,743
5	Southwest China	Guiyang CRCC City, CRCC	Che Shui Road, Nanming District, Guiyang City	Residence/ commercial	Under construction	100%	285,900	1,015,200	1,367,400	335,400	0	2027	1,101,632	181,101
6	Southwest China	Chengdu Xipai Jinshafu, CRCC	Supo Street, Qingyang Jinshafu, Chengdu	Residence	Under construction	70%	91,600	370,000	520,100	187,800	272,600	2024	1,085,720	118,412
7	Yangtze River Delta	Wenzhou Future Vision, CRCC	Guanghua Street, Lucheng District, Wenzhou City	Residence	Under construction	100%	135,800	454,700	697,300	512,900	0	2024	1,070,514	165,523
8	Bohai Coastal Region	Tianjin Xipai Guoyin, CRCC	The junction at Wanlucun Street and Jinzhonghe Street, Hebei District, Tianjin	Residence	Under construction	100%	111,300	247,700	385,900	216,500	113,500	2026	1,056,920	49,625
9	Bohai Coastal Region	Beijing International City, CRCC	Qingheying Village, Lai Guangying Town, Beijing	Residence/ commercial	Completed	100%	283,500	612,300	845,100	0	845,100	2019	1,038,709	7,935
10	Bohai Coastal Region	Plot No. 2, Xiong'an Station Hub Area	Xiong'an Station Hub Area	Residence/ commercial	Under construction	100%	173,700	554,900	804,900	66,000	0	2025	1,029,823	84,570

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

4. Sales and booked of real estate during the Reporting Period

Applicable Not applicable

During the end of the Reporting Period, the Group realized total sales amount of RMB129.563 billion, sales area of 8,341,027 square meters, realized booked revenue amount of RMB62.254 billion, booked area of 4,030,075 square meters, the area to be booked at end of Reporting Period was 9,671,764 square meters.

Sales and booked by Region in 2022

No	Region	Saleable area (<i>'0,000 sq.m.</i>)	Sold area within the Reporting Period (<i>'0,000 sq.m.</i>)	Sales volume within the Reporting Period (<i>RMB '0,000</i>)	Average selling price (<i>RMB/sq.m.</i>)	Booked Sales GFA (<i>sq.m.</i>)	Booked Sales Revenue (<i>RMB'0,000</i>)	Booked GFA at the end of the Reporting Period (<i>sq.m.</i>)
1	Yangtze River Delta	3,499.64	257.23	5,446,661	21,174	1,524,374	2,275,994	2,823,835
2	Southwest China	3,753.52	276.44	3,465,655	12,537	829,845	996,681	3,524,832
3	Bohai Coastal Region	2,589.61	180.73	2,489,887	13,777	1,055,721	1,660,305	2,246,124
4	Pearl River Delta	1,732.34	108.98	1,492,302	13,693	614,689	1,289,274	842,421
5	Others	169.63	10.72	61,760	5,761	5,446	3,113	234,552
Total		11,744.74	834.10	12,956,265	15,533	4,030,075	6,225,367	9,671,764

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

Among which, during the Reporting Period, the sales of real estate projects with top ten sales amount by the Group are as follows:

Unit: '0,000 Currency: RMB

No.	Region	Item	Address	Type of operation	Saleable area (sq.m.)	Sold (including pre-sold) area (sq.m.)	Booked Sales GFA (sq.m.)	Booked Sales Revenue	Booked GFA at the end of the Reporting Period (sq.m.)	Expected completion period	Interests attributable to the Company and subsidiaries
1	Yangtze River Delta	Shanghai Huayu Jiangnan, CRCC	Zhiwang Road, Zhaogang Town, Qingpu District, Shanghai City	Residence	114,674	101,178	0	0	101,178	2023	63%
2	Southwest China	Chengdu Xinchuan, CRCC	Xinchuan Technology Industry Park, High Tech South District, Chengdu City	Residence	193,005	165,914	0	0	165,914	2024	100%
3	Bohai Coastal Region	Beijing Chengyue International, CRCC	Pingfang Village, beiqijia Town, Changping District, Beijing City	Residence	145,504	55,400	0	0	55,400	2024	51%
4	Southwest China	Guiyang CRCC City Yujing, CRCC	Hukun Railway, Nanming District, Guiyang City	Residence	469,797	341,700	0	3	341,700	2024	100%
5	Southwest China	Xi'an Xipai Guoyin, CRCC	Tiangu No.2 Road, Software New Town, Xi'an City	Residence	208,014	167,659	0	0	167,659	2023	100%
6	Southwest China	Chengdu Xipai Jinsha, CRCC	Supo Street, Qingyang District, Chengdu	Residence	488,686	227,773	128,288	325,451	99,485	2023	70%
7	Southwest Region	Xi'an Xipai Guyue, CRCC	Xi'an High-tech Silk Road Software City	Residence	269,200	80,893	0	0	80,893	2024	100%
8	Yangtze River Delta Region	Wenzhou Future Vision, CRCC	Guanghua Street, Lucheng District, Wenzhou	Residence	286,375	267,523	0	119,624	267,523	2024	100%
9	Pearl River Delta Region	Guangzhou Nansha Haiyin Hishian, CRCC	Tanwei Village, Huangge Town, Nansha District, Guangzhou	Residence	719,183	587,900	246,400	725,514	341,500	2023	100%
10	Yangtze River Delta Region	Shanghai Huayu Tianjian, CRCC	Sijing Town, Songjiang District, Shanghai	Residence	133,048	31,292	0	0	31,292	2024	80%

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

5. Real Estate rental during the Reporting Period

Applicable Not applicable

At this stage, the Group focuses on the development of sales-type residential products, and self-owned rental products are mostly sales-type real estate projects supporting commercial, parking spaces and other products. In 2022, the Group held 648,900 sq. m. of operational property available for renting, achieved a total rental income of RMB195.01 million, accounting for 0.31% of the Group's real estate business income.

Unit: '0,000 Currency: RMB

No.	Region	Item	Type of operation	Leased area (sq.m.)	Rental income from leased real estate	Equity ratio (%)	Adopt the fair value measurement model	Rental income/real estate fair value (%)
1	Beijing, Guangzhou, Tianjin, Guiyang and other places	Commercial and office buildings	/	567,667	19,089	/	No	/
2	Beijing, Tianjin, Xi'an, Chongqing and other places	Rental parking	/	81,254	412	/	No	/
Total	/	/	/	648,921	19,501	/	No	/

6. Financing of the Company during the Reporting Period

Applicable Not applicable

7. Other explanation

Applicable Not applicable

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

(V) Analysis of investment

Overall analysis of external investment in equities

Applicable Not applicable

As at 31 December 2022, the carrying balance of the Group's long-term equity investment was RMB128.0344 billion, representing an increase of RMB29.8217 billion or 30.36% as compared to RMB98.2127 billion at the beginning of the year. Equity investment in joint ventures amounted to RMB55.8316 billion, representing an increase of RMB10.1980 billion or 22.35% as compared to RMB45.6336 billion at the beginning of the year; investment in associates amounted to RMB72.2028 billion, representing an increase of RMB19.6237 billion or 37.32% as compared to RMB52.5791 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

Category of assets	Opening balance	Profit or loss generated from change of fair value in current period	Cumulative change of fair value accounted into equity	Impairment provisioned in current period	Amount purchased in current period	Amount of sales/repurchase in current period	Other changes	Closing balance
Securities	2,646,398	30,264	1,216,650	-	300,000	-	-355,259	2,621,403
Bonds	1,025,480	-	-29,575	-	11,165,042	7,184,344	-34,959	4,971,219
Trust products	7,900	-	-	-	-	-	-	7,900
Private fund	2,240,871	-14,000	-	-	839,556	-	673,706	3,740,133
Others	755,885	12,198	13,080	-	15,154,821	8,872,173	13,079	7,063,810
Total	6,676,534	28,462	1,200,155	-	27,459,419	16,056,517	296,567	18,404,465

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

Investment in securities

Applicable Not Applicable

Unit: '000 Currency: RMB

Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Source of fund	Opening book balance	Profit or loss generated from change of fair value in current period	Cumulative change of fair value accounted into equity	Amount purchased in current period	Amount of sales in current period	Profit or loss generated from investment in current period	Closing book balance	Financial statement item
Stock	HK03969	CRSC	131,950	Fund on hand	59,460	-6,223	-	-	-	-	57,169	Held-for-trading financial assets
Stock	HK01258	CHINF Mining	64,863	Fund on hand	92,164	29,559	-	-	-	9,730	130,253	Other non-current financial assets
Stock	601618	MCC	59,265	Fund on hand	16,040	-2,820	-	-	-	4,604	15,907	Held-for-trading financial assets
Stock	600028	SINOPEC	533	Fund on hand	252	29	-	-	-	-	281	Other non-current financial assets
Stock	600515	Hainan Airport	92,788	Fund on hand	92,767	9,593	-	-	-	-	116,648	Held-for-trading financial assets
Stock	600221	Hainan Holdings	829	Fund on hand	-	126	-	-	-	-	954	Held-for-trading financial assets
Stock	600115	CEA	300,000	Fund on hand	-	-	-	300,000	-	-	300,000	Held-for-trading financial assets
Stock	601328	BCM	49,892	Fund on hand	185,900	-	122,662	-	-	14,316	191,143	Other equity instrument investments
Stock	601211	Guotai Junan	7,604	Fund on hand	132,846	-	92,319	-	-	5,049	100,915	Other equity instrument investments
Stock	688009	CRSC	69,495	Fund on hand	58,958	-	-12,757	-	-	2,013	56,709	Other equity instrument investments
Stock	600809	Shanxi Fenjiu	708	Fund on hand	176,837	-	158,886	-	-	1,008	159,594	Other equity instrument investments
Stock	600322	Tianjin Real Estate Development	160	Fund on hand	190	-	30	-	-	-	190	Other equity instrument investments
Stock	600061	SDIC Capital	268,452	Fund on hand	762,060	-	328,555	-	-	13,976	592,405	Other equity instrument investments
Stock	600885	Hongfa	1,440	Fund on hand	114,110	-	69,006	-	-	656	71,508	Other equity instrument investments
Stock	000759	Zhongbai Holdings Group	1,058	Fund on hand	4,801	-	3,902	-	-	-	5,836	Other equity instrument investments
Stock	002159	Sante Cableway	3,000	Fund on hand	13,044	-	18,498	-	-	-	20,885	Other equity instrument investments
Stock	834898	Zhuzhou Department Stores	360	Fund on hand	2,023	-	1,223	-	-	83	1,583	Other equity instrument investments
Stock	HK03898	Times Electric	9,800	Fund on hand	628,866	-	524,986	-	-	4,410	534,786	Other equity instrument investments
Stock	600928	Xi'an Bank	100	Fund on hand	844	-	591	-	-	-	691	Other equity instrument investments
Stock	000630	Tongling Non-ferrous Metals	208,415	Fund on hand	261,836	-	182,914	-	-	7,524	234,749	Other equity instrument investments
Stock	HK00687	Taisheng Group	208,027	Fund on hand	34,370	-	-286,551	-	-	1,225	16,574	Other equity instrument investments
Stock	600657	Cinda Real Estate	236	Fund on hand	9,030	-	12,386	-	-	178	12,623	Other equity instrument investments
Fund	000652	Bosera-Yulong Hybrid	17,370	Fund on hand	81,673	-17,144	-	-	-	-	64,529	Held-for-trading financial assets
Fund	519606	Guotai Jinxin	3,908	Fund on hand	9,665	-3,154	-	-	-	-	6,511	Held-for-trading financial assets

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

Type of securities	Stock code	Abbreviated stock name	Amount of initial investment	Source of fund	Opening book balance	Profit or loss generated from change of fair value in current period	Cumulative change of fair value accounted into equity	Amount purchased in current period	Amount of sales in current period	Profit or loss generated from investment in current period	Closing book balance	Financial statement item
Bond	019614	19 Interest-bearing government bonds 04	514,634	Fund on hand	519,859	-	-	-	524,983	3,315	-	Other debt investments
Bond	019638	20 Interest-bearing government bonds 09	496,999	Fund on hand	506,621	-	-	-	510,778	3,025	-	Other debt investments
Bond	019671	22 Interest-bearing government bonds 06	-	Fund on hand	-	-	-	3,063,153	3,078,143	11,306	-	Other debt investments
Bond	019657	21 Interest-bearing government bonds 09	971,060	Fund on hand	-	-	-12,029	4,155,465	3,070,440	18,069	1,042,076	Other debt investments
Bond	019668	22 Interest-bearing government bonds 03	1,987,940	Fund on hand	-	-	-29,914	1,987,940	-	-	1,958,126	Other debt investments
Bond	019684	22 Interest-bearing government bonds 19	1,958,484	Fund on hand	-	-	12,368	1,958,484	-	-	1,971,017	Other debt investments
Trust products /		Yue Cai Trust – CMB China Railway Urban Construction Single Fund Trust Scheme	6,900	Fund on hand	6,900	-	-	-	-	-	6,900	Other non-current financial assets
Trust products /		CITIC Trust – CRCC Blue Ocean Pooled Fund Trust Scheme (No. 28)	1,000	Fund on hand	1,000	-	-	-	-	77	1,000	Held-for-trading financial assets
Others	/	/	1,055,250	Fund on hand	563,750	32,496	-	2,791,500	2,576,246	47,007	811,500	Other non-current financial assets
Total	/	/	8,492,520	/	4,334,866	42,462	1,187,075	14,256,542	9,760,590	147,571	8,483,062	/

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

Investment in private equity

Applicable Not Applicable

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 funds
Tsingtao Metro Line 4 Investment Fund (Limited Partnership)	917,000	24.97	903,000	23,201	-	Other non-current financial assets	Fund on hand
Guangxi Transportation Investment Phase 21 Transportation Construction Investment Fund Partnership (Limited Partnership)	500,000	6.67	638,460	-	-	Other non-current financial assets	Fund on hand
Jinan Jiayue Transportation Investment and Development Partnership (Limited Partnership)	471,660	/	471,660	-	-	Other non-current financial assets	Fund on hand
Mutual Infrastructure FOF Phase I Private Fund	383,180	/	383,180	-	-	Other non-current financial assets	Fund on hand
Mutual Infrastructure Investment Private Fund No. 8	180,000	/	180,000	-	-	Other non-current financial assets	Fund on hand
CRCC PPP Tianfu Private Investment Fund	173,860	/	173,860	1,829	-	Other non-current financial assets	Fund on hand
Shenzhen Shengao Infrastructure Private Equity Investment Fund Partnership (Limited Partnership)	140,000	/	140,000	-	-	Other non-current financial assets	Fund on hand
Chongqing Pilot Expressway No. 7 Equity Investment Fund Partnership (Limited Partnership)	135,621	/	135,621	2,615	-	Other non-current financial assets	Fund on hand
Tianjin Railway Construction No. 1 Construction Investment Partnership (Limited Partnership)	130,464	/	130,464	9,127	-	Other non-current financial assets	Fund on hand
China Railway Construction Government Enterprise Private Equity Investment Fund Environmental Governance No.1	110,390	10.45	110,390	-	-	Other non-current financial assets	Fund on hand
Xinyu CRCC Guangrong Investment Partnership (Limited Partnership)	92,093	18.44	93,713	-	-	Other non-current financial assets	Fund on hand
Xinheng Yintong Fund Management (Beijing) Co., Ltd.* - Ziyang Linkong Economy Zone Industry New City - PPP Private Investment Fund	80,167	15.46	80,167	-	-	Other non-current financial assets	Fund on hand
Guangde CRCC Blue Ocean Hualan Investment Centre (Limited Partnership)	67,900	35.22	67,900	594	-	Other non-current financial assets	Fund on hand

Section IV 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 funds
CRCC-China PPP Fund Private Investment Fund No. 1 Highway Construction Fund	67,180	/	67,180	4,427	-	Other non-current financial assets	Fund on hand
China Railway Construction Government Enterprise Private Equity Investment Fund Inland Navigation No.1	53,300	9.09	53,300	3,179	-	Other non-current financial assets	Fund on hand
Haitong Securities Co., Ltd. – Nuo'an Capital Haizi Lake No.1 Private Investment Fund	45,000	/	45,000	-	-	Other non-current financial assets	Fund on hand
CRCC Jicai Hong'ao Private Investment Fund	39,410	/	39,410	2,561	-	Other non-current financial assets	Fund on hand
China Railway Construction Private Equity Investment Fund Integrated Management Gallery No. 1 Fund	10,191	/	10,191	-	-	Other non-current financial assets	Fund on hand
CRCC Mutual Infrastructure Investment Private Fund No.2	5,137	/	6,137	-	-	Other non-current financial assets	Fund on hand
Chongqing Pilot Expressway No. 5 Equity Investment Fund Partnership (Limited Partnership)	2,000	/	2,000	3	-	Other non-current financial assets	Fund on hand
Others	863,500	/	8,500	134	-	Other non-current financial assets	Fund on hand
Total	4,468,053	/	3,740,133	47,670	-	/	/

Investment in derivatives

Applicable Not Applicable

4. Specific progress of major asset restructuring and integration during the Reporting Period

Applicable Not Applicable

(VI) Disposal of significant assets and equity interest

Applicable Not Applicable

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

(VII) Analysis of major companies controlled and invested 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 31 December 2022				Principal operations	Industry
	Registered capital	Total assets	Net assets	Net profit		
China Civil Engineering Construction Corporation	3,000,000	32,520,252	8,855,472	924,401	Construction	Construction
China Railway 11th Bureau Group Co., Ltd.	6,162,382	68,018,622	16,173,748	1,639,955	Construction	Construction
China Railway 12th Bureau Group Co., Ltd.	5,060,677	71,135,150	14,280,093	1,330,730	Construction	Construction
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	3,200,000	53,451,267	8,519,548	414,012	Construction	Construction
China Railway 14th Bureau Group Co., Ltd.	3,110,000	80,530,679	15,390,227	1,151,397	Construction	Construction
China Railway 15th Bureau Group Co., Ltd.	3,000,000	44,136,289	4,706,879	333,797	Construction	Construction
China Railway 16th Bureau Group Co., Ltd.	3,000,000	71,551,464	7,166,599	272,014	Construction	Construction
China Railway 17th Bureau Group Co., Ltd.	3,021,226	65,477,869	7,863,045	296,963	Construction	Construction
China Railway 18th Bureau Group Co., Ltd.	3,000,000	54,044,051	11,631,767	1,210,156	Construction	Construction
China Railway 19th Bureau Group Co., Ltd.	5,080,000	53,654,085	8,058,463	263,545	Construction	Construction
China Railway 20th Bureau Group Co., Ltd.	3,130,000	55,165,694	10,767,937	859,082	Construction	Construction
China Railway 21st Bureau Group Co., Ltd.	2,038,000	38,553,572	5,788,207	318,497	Construction	Construction
China Railway 22nd Bureau Group Co., Ltd.	2,000,000	40,966,616	6,166,373	337,820	Construction	Construction
China Railway 23rd Bureau Group Co., Ltd.	2,000,000	37,971,000	5,791,089	325,808	Construction	Construction
China Railway 24th Bureau Group Co., Ltd.	2,000,000	31,465,886	5,038,619	490,012	Construction	Construction
China Railway 25th Bureau Group Co., Ltd.	2,000,000	29,066,542	3,406,789	234,436	Construction	Construction
China Railway Construction Group Co., Ltd.	3,502,971	107,858,734	13,583,213	469,046	Construction	Construction
China Railway Urban Construction Group Co., Ltd.	2,000,000	37,802,600	7,435,276	794,520	Construction	Construction
China Railway Construction Electrification Bureau Group Co., Ltd.	3,800,000	29,974,490	12,675,507	1,695,496	Construction	Construction
CRCC Harbour and Channel Engineering Bureau Group Co. Ltd.	2,500,000	15,513,680	2,965,475	177,467	Construction	Construction
China Railway Construction Corporation International Limited	3,000,000	10,533,987	4,021,368	151,800	Construction	Construction
China Railway Construction Real Estate Group Co., Ltd.	7,000,000	230,294,025	42,599,855	2,012,220	Real estate development and operation	Real estate
China Railway First Survey and Design Institute Group Co., Ltd.	1,000,000	17,788,558	6,293,366	944,065	Survey and design	Consultancy

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

Name of Company	Major financial indicators as at 31 December 2022					
	Registered capital	Total assets	Net assets	Net profit	Principal operations	Industry
China Railway SIYUAN Survey and Design Group Co., Ltd.	1,052,500	33,199,216	13,576,306	2,327,811	Survey and design	Consultancy
China Railway Fifth Survey and Design Institute Group Co., Ltd.	175,000	5,918,379	2,376,467	386,156	Survey and design	Consultancy
China Railway Shanghai Design Institute Group Co., Ltd.	130,000	3,538,737	1,770,565	379,256	Survey and design	Consultancy
China Railway Material Group Co., Ltd.	3,000,000	29,761,845	4,486,865	610,611	Purchase and sales of goods and materials	Logistics and trade
China Railway Construction Heavy Industry Corporation Limited	5,333,497	23,786,647	15,507,252	1,844,229	Industrial manufacturing	Industry
CRCC High-Tech Equipment Corporation Limited	1,519,884	8,577,712	5,918,961	115,672	Industrial manufacturing	Industry
China Railway Construction Investment Group Co., Ltd.	12,067,086	158,366,065	36,706,340	2,943,750	Project investment	Investment
CRCC Kunlun Investment Group Co., Ltd.	5,087,166	67,350,971	21,747,286	3,374,640	Project investment	Investment
CRCC Capital Holdings Group Co., Ltd.	9,000,000	41,927,278	10,825,160	849,192	Financial services	Finance
CRCC Finance Company Limited	9,000,000	111,858,803	13,278,117	983,418	Financial services	Finance

During the Reporting Period, CRCC Kunlun Investment Group Co., Ltd., a subsidiary of the Company, accounted for relatively larger proportion in the consolidated operating results of the Group. The revenue of CRCC Kunlun Investment Group Co., Ltd. in 2022 was RMB61.0159 billion, and operating profit amounted to RMB4.1548 billion. The net profit amounted to RMB3.3746 billion, accounting for 10.63% of net profit of RMB31.7528 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 Report attached to this report, "13. Long-term Equity Investments" and Note VII to the Financial Report, "2. Equity in Joint Ventures and Associates". The changes in 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 IV Discussion and Analysis on Business Operations (Report of Directors) (continued)

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

(I) Industry pattern and trends

Applicable Not Applicable

2023 is the opening year for the Comprehensive Construction of Modernized Socialist Country, and also a key connecting year between the preceding and the following under the "14th Five-Year Plan", Chinese economy has strong resilience, great potential and sufficient vitality, the fundamentals of going up in long term hasn't changed. The national development strategies, including the national strengthening with transportation, urban renewal, improving weak links in key fields, reconstruction of industrial bases, etc., have been continuously promoted, new round of infrastructure construction has been unveiled, there's still relatively big room for Chinese construction market, the Belt and Road Initiative will have its 10th Anniversary, the overseas market has maintained growing trend.

In terms of the international environment, the profound changes of the world unseen in a century have accelerated its evolution, the global industrial chain and supply chain are under in-depth adjustments, the inflation remains at high level, the world economy lacks the strength to recover. However, under the leadership by the new central leadership group with Comrade XI Jinping as the core, the historical process of the Great Rejuvenation of the Chinese Nation is unstoppable, with the continuous enhancement of China's comprehensive national power and influence, China's voice, China's solutions and China's advocates have been increasingly valued and recognized by the international community, the friends' circle of the "Belt and Road Initiative" and the BRICS nations keeps expanding, the external environment is becoming better by making breakthroughs in the struggles.

In terms of the domestic environment, China's economy is still under three-fold pressure of shrinking demands, supply impact and weakening expectation, the aging of population accelerates and the traditional bonuses like labors and lands are declining. The Central Government emphasized that the priority of economic work in this year is to stabilize growth, stabilize employment and stabilize prices, the State's stimulation to the real economy is expected to further strengthen and will last for a period of time, the fundamentals of Chinese economy of going up in long term won't change. The State will continue to implement active fiscal policy and robust monetary policy in this year, local debts will find new balance between stabilizing growth and preventing risks.

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

From the industrial environment, the fixed assets investment in China will continue to maintain a high level in this year, the forward-looking infrastructure investment will bring a period of precious opportunity of recovery for the traditional engineering field, emerging fields such as new energy and new infrastructure will still be the direction primarily supported by the State, their potential is huge, the real estate industry, after over two years of reshuffling and restructuring, is estimated to gradually stabilize and enter a new normal in second half of this year. But from long term, the Chinese construction industry has transformed from high-speed growth to high-quality growth, the need for enterprise reform and transformation becomes increasingly urgent.

In 2023, CRCC will adhere to the overall tone of steady progress in work, completely, accurately and comprehensively enforce the new development concept, serve the accelerated construction of new development pattern, focus on promoting high-quality development, emphasize on enhancing quality benefits, emphasize on optimizing layout and adjusting structure, emphasize on deepening reforms, emphasize on accelerate the dynamic change, emphasize on enhancing essential safety level, emphasize on strengthening the guidance of party construction, stabilize growth, strengthen management, focus on reforms, promote innovation, control risks, exert advantages, comprehensively accelerate the construction of the most trustworthy world-class comprehensive construction group.

(II) Development strategies of the Company

Applicable Not Applicable

During the “14th Five-Year Plan” period, the guiding ideology of the Company’s development is: to hold high the great banner of socialism with Chinese characteristics, take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guidance, thoroughly implement the spirits of 20th National Congress of the Party, fully implement the decisions and deployments of the Party Central Committee, the State Council and the work requirements of the SASAC, scientifically grasp the new development stage, resolutely implement the new development concept, actively integrate into the new development pattern, adhere to the overall work of seeking progress while maintaining stability, and insist on focusing on main responsibilities and main business; promoting high-quality development as the theme, deepening supply-side structural reforms as the main line, and taking reform and innovation as the fundamental driving force, to strengthen innovation drive, optimize the layout structure, improve the governance system, prevent major risks, improve the quality of Party building, accelerate the cultivation of a world-class comprehensive construction industry group, and make new and great contributions to the comprehensive construction of a modern socialist country.

During the “14th Five-Year Plan” period, the basic principles of the Company’s development are: to adhere to the overall leadership of the Party, implement the new development concept, establish the systematic concept, focus on high-quality development, and achieve shared development.

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

During the “14th Five-Year Plan” period, the Company’s overall development strategy is: construction-oriented, related-diversified, value-leading, quality-excellency, so as to develop into the most trustworthy world-class comprehensive construction industry group.

— “Construction-oriented” is the foothold of development. We insist on taking the construction industry as the base for survival and foundation for success. We actively integrate into the new development pattern, seize the important strategic opportunities for the rapid development of the domestic and overseas construction industry, fully integrate into the joint construction of the “Belt and Road Initiative”, Beijing-Tianjin-Hebei synergic development, the development of the Yangtze River Economic Belt, the integrated development of the Yangtze River Delta, construction of the Greater Bay Area of Guangdong, Hong Kong and Macao, the ecological protection and high-quality development of the Yellow River Basin as well as the promotion of Hainan’s comprehensive deepening of reform and opening up and other major national strategies, make overall deployment of the domestic and overseas construction markets, and continuously improve the core competitiveness.

— “Related-diversified” is the focus of development. We persist in diversified development and creation of new industrial pattern. We scientifically grasp the new development stage, combine the goal requirements of building a socialist modern country in an all-round way and the people’s ever-increasing needs for a better life, and use our core advantages to take the initiative and seek breakthroughs on a larger scale, deeper level and in more fields. We actively expand the industrial fields related to the construction industry chain, coordinate with the development of the main business, and match with the resource endowment of the enterprise, accelerate the cultivation of emerging industries conforming to the national strategic direction, meet the future needs of the market with broad development prospects, and form a diversified industrial structure with clear positioning, reasonable layout, scientific functions and efficient coordination.

— “Value-leading” is the key point of development. We adhere to the value orientation of “quality first, prioritizing efficiency”. We resolutely implement the development concept of “innovation, coordination, safety, sharing, and sustainability”, rid ourselves of the extensive development concept emphasizing scale and neglecting efficiency, take “whether it is beneficial to improve quality and whether it is beneficial to create benefits” as the main evaluation standard, follow the principles of value management, value creation, value exploring, value evaluation and value distribution, promote the transformation of development methods, optimization of industrial structure, transformation of growth momentum, and strive to start a new journey of high-quality development.

— “Quality-excellency” is the aim of development. We persist in building a “quality CRCC” in an all-round way based on essential attributes. We inherit and carry forward the “red gene” of the railway corps, create the “most politically-aware, most responsible and most dedicated with strongest sense of mission” central enterprise with excellent quality; serve the domestic and overseas markets and customers, and create an innovative, technological, management-based international construction group with excellent quality; give back to shareholders and the society, and build a public company with excellent quality with “excellent assets, outstanding performance, high-quality resources and advanced management”.

During the “14th Five-Year Plan” period, the Group will focus on the overall development strategy, adhere to innovation-driven development, comprehensively promote intensive development, fully implement lean management, vigorously develop specialized operation, actively target digital transformation, firmly cultivate international operation, and further promote integration and synergy, and strive to start a new journey of high-quality development and give better play to the strategic supporting role of the state-owned economy.

Section IV 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 2022, CRCC actively responded to the complex and severe external situation and the impact of various unexpected adverse factors, resolutely enforced and implemented the decisions and deployment made by the Party Central Committee and the State Council, closely stick to the theme of stabilizing growth and high-quality work, adhered to the working requirements of “integrity, innovation, quality improvement and pragmatism”, closely followed the national decision and deployment for stabilizing the overall economy, seized market opportunities, further improved and completed the domestic and international operation management system, strengthened internal coordination of operation, optimized and adjusted the structure of orders, energetically implemented the “overseas priority” strategy, adjusted and optimized the operational assessment system, the operational foundation has been continuously consolidated, and the various operation indicators have been successfully completed.

2. Operation plan for 2023

The Group’s operation plan for 2023 is that the value of newly-signed contracts is to reach RMB3,310.0 billion, operating revenue is to reach RMB1,160.7 billion, and costs and taxes are to reach RMB1,110.7 billion. To this end, the Group will consider high-quality development as the top priority, continue to thoroughly implement the general working tone of steady progress and the general requirement of reform and innovation, comply with the national strategy of urban-rural integration and coordinated development of regions, closely follow the supporting directions of special debts and policy finance as well as infrastructure investment plans in different places, specify operating strategies and main working direction; strengthen high-end connection and overall arrangement, strengthen the awareness of service and cooperation; emphasize on the main responsibility, main business and professional development, continuously consolidate the advantages in main battle ground and traditional business; closely follow the industrial development trend, enlarge the efforts in operation of the professional, specialized, unique and new, further accelerate the paces of entering city, going underwater, expanding capability, exploring mines and increasing financing, continuously create new growth dynamics and new competitive advantages; adhere to the “overseas priority”, rely on advantageous markets, further enhance operating scale and development quality surrounding the Belt and Road Initiative and other traditionally friendly nations, better and more steadily integrate into new development pattern; continuously optimize the domestic “five-in-one” and overseas “3+5+N” operating system, improve and complete the coordinated operation mechanism, stably promote intensification of operating resources, improve assessment system, implement control requirements, and consolidate the operating foundation.

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.

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

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

In order to achieve the business goals for 2023 and satisfy the development needs of the Company's various businesses, the Company will ensure the satisfaction of capital requirements for its operations through internal resources, issuance of new shares, bank loans and bank acceptance bills, issues of bonds and other ways.

(IV) Potential risks

Applicable Not Applicable

Since establishing the "big risk-control" system dominated by legal control, the Group has been actively developing the post-based comprehensive risk evaluation and the collection, statistics and analysis work of risk events in recent three years, accumulated massive risk evaluation information and risk event information, as well as used the methods of normative analysis and empirical research to dynamically recognize the potential risks that the Company may face. By organizing and conducting annual material risk assessments, and comprehensively judging the Company's internal and external situation as well as reality of operation and management, the Group identifies the following risks as the material risks it will be subject to: internationalized operation risk, cash flow risk, safety risk, investment risk and project operation management risk.

1. Internationalized operation risks

Currently, the profound changes unseen in a century have accelerated its evolution, the conflicts in economic, political and social fields are compounding, the unstable, uncertain and unpredictable external environment has become a new norm, in addition to industrial and technological reforms, and change of international trade rules, etc., the development trend of global economy is not optimistic. The Group's overseas market is spread in over 100 countries and regions, if having incomplete or superficial identification and analysis of main risks in entering these countries and regions, or the risk response measures are not effective, or certain countries or regions have unstable political situation, social turmoil, or they have friction or dispute with China in diplomatic or economic relations, it will bring certain risk to the overseas businesses of the Group. The Company highly regards overseas risk management work, with the increase of practical experiences in international market, various indicators of national risk alert have been established targeting specific countries, and there are also information feedback of risk events and domestic and overseas risk control linkage system, through systematic sorting and analysis, the national risk, legal risk, non-traditional security risk, exchange rate risk, labor risk and environment risk are under key management as the main risks faced in internationalized operation, and the Company has comprehensively analyzed the background causes of these risks, the potential impacts on this group, and proposed main response measures, as well as made whole-process follow-up and control, so as to ensure the healthy and orderly development of overseas market.

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

2. Cash flow risks

The competition in construction industry has become increasingly fierce, the room of profitability has been reduced, and the construction funding are widely tight, with the development of this Group and continuous expansion of business scale, the funds occupied by receivables and inventory have always maintained at high level, which put relatively big pressure on production and operation. The Group highly regards the lifeline status of funds in the enterprise, balances the relations among scale, profit and cash flow, primarily takes care of budget management and internal control work, ensures the scientific nature of cash flow budget, enhances the budget execution rigidity, improves internal control mechanism, enhances the effect of internal control measures, and ensures the utilization of funds to be more efficient. The Group firmly establishes the awareness of “cash as king and cash in the bag”, actively explores financing channels, optimizes financing structure, strengthens centralized fund management, makes full efforts in clearing receivables, energetically clears inventory, tries the best to realize the timely and effective withdrawal of funds, reduces fund occupation and deposit, so as to ensure the security of capital chain.

3. Safety risks

Due to the characteristics of the industry and the complex working environment, high turnover of personnel, and long management chains, etc., currently the production safety situation is still complicated and severe, and there are still certain hidden dangers and weaknesses in production safety management. This Group always highly regards safety production, firmly consolidates the ideological line of defense and consolidates the base, implements the principal responsibility of safety on each level, strengthens safety education training, quantifies elimination of potential safety hazards, seriously handles accidents, and considers safety production as the precondition and foundation of all works. In accordance with the requirement of “people first, life first”, the Group will always adhere to the principle of “safety first, prevention first, comprehensive management” and firmly establish the concept of safe development. Strictly implements the responsibility of safety production, takes care of elimination of potential hazards, well implements safety education and training, strengthens safety management on production line, establishes safety risk identification and evaluation, leveled control and alarm report system, improves the safety risk prevention and control mechanism, improves safety production emergency management system, scientifically forms the emergency rescue plan and on-site handling solutions, strengthens safety risk control.

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

4. Investment risks

Investments business 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 international macro-environment, greater policy control by the central and local governments, continuous standardized management, tightening financial regulation, increasing debt pressure and intensifying competition, the execution and operation of investment projects above may subject the Group to certain risks at each stage, which may affect the expected benefits and the realization of strategic goals. To effectively prevent and control investment risks, the Group strengthens the research and analysis in national macroeconomic trend, national industry policies and investment directions, masters market changes in real time, and energetically extends risk control to the front line of market. Resolutely implements the principle of “proper scale and strict control of risk”, imposes control on investment direction and investment returns, optimizes investment layout and investment structure, standardizes operation and makes rational investment, strictly enforces the investment negative list system, improves the post-investment management and post-evaluation mechanism, seriously holds those with irregular investment accountable for liabilities, enhances the quality of effective investment, exerts the role of investment in creating benefits and boosting business.

5. Project operation management risks

Projects are the basis of enterprise development and the source of efficiency creation. Improving project management is the basis and prerequisite for us to achieve progress in stability and quality. Against the backdrop of a gradual economic recovery, the Group's business sectors and project models have diversified and competition in the industry became intensified, accompanied by increasing project management risks, which have posed challenges to the quality development of the enterprise. During the contracting stage, the Group will strengthen its awareness of rules and regulations and strictly implement the standards and “six no-undertake” and “seven nevers” requirements of business conduct. At the same time, we will strengthen the issue orientation and develop a risk control checklist covering the entire operation process, including information acquisition, factor input, compliance review, capital assessment and bidding, and contract signing. We will be strict in pre-tender costing, risk assessment and contract evaluation, and will not undertake problematic projects, and will strictly control project quality. During the project execution stage, the Group has always placed top priority on strengthening project management, closely implementing the responsibility mechanism, strengthening organisational leadership, continuously innovating the management mechanism, standardising site management, continuously launching business training and pre-service safety training for site operators, attaching importance to the training and management of project managers, deepening the construction of the project management system and mechanism, strengthening the construction of the control mechanism for project personnel, finance and materials, and promoting the tilting of various resources to the frontline of the project. By organizing comprehensive inspection of engineering project management and major inspection of safety production, the Group masters the problems existing in key projects in the aspects of project management, safety quality, construction progress, energy conservation and environmental protection, and timely solves them, guarantees the construction progress, quality, safety and controllability of engineering projects as well as the stable and orderly operation of projects.

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

By following the instructive thoughts of “forecast in advance, discover in advance and control in advance”, the Group will continuously improve the construction of the risk information collection, evaluation, monitoring, prevention and control mechanism, normatively formulate big risk-control schemes and strictly enforce and implement them, so as to firmly hold the bottom line of not having major risks.

(V) Others

Applicable Not Applicable

VII. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NON-DISCLOSURE PURSUANT TO RELEVANT RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS SUCH AS STATE SECRETS OR TRADE SECRETS

Applicable Not Applicable

VIII. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(I) 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 Environment and Social Responsibilities” and “Section VII Significant Events” of this report. For the compliance of relevant laws and regulations which had material impacts on the Group, please refer to “Section V Corporate Governance (Corporate Governance Report)” of this report.

(II) Taxation on dividend

The Board proposed to distribute a final cash dividend for the year 2022 of RMB0.280 per share (including tax) with a total amount of RMB3,802.272 million based on the total share capital of 13,579,541,500 shares of the Company as at 31 December 2022. The above profit distribution plan is subject to consideration and approval at the 2022 Annual General Meeting of the Company. After being considered and approved, the cash dividend will be paid on or before 31 August 2023 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 2022 are set out in “Section V Corporate Governance” of this report.

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

In accordance with the relevant regulations on Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of Enterprise Income Tax on Behalf of Shareholders of Overseas H-shares Distributed by PRC Resident Enterprises to Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), when 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.

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 shareholders holding the Company's H shares and listed on the Company's H share register are no longer exempt from personal income tax and are subject to a unified withholding tax rate of 10% for enterprise income tax. Non-resident enterprise shareholders, after receiving dividends, can apply to the competent tax authority for tax treaty (arrangement) treatment through self-declaration or through authorized agents or withholding agents. They must provide evidence that they are the actual beneficiaries in accordance with the tax treaty (arrangement) provisions. After the competent tax authority has verified the information, the difference between the tax already paid and the tax payable calculated based on the tax treaty (arrangement) tax rate should be refunded.

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 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 behalfs 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 IV 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, transfers 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.

(III) Share capital

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

(IV) 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 report and "42. Capital Reserve", "44. Special Reserve" and "45. Surplus Reserve" in Note V to the Financial Report of this report.

(V) Fixed assets

Details of the changes in the property, plant and equipment are set out in the "18. Fixed assets" in Note V to the Financial Report of this report.

(VI) Distributable reserves

The distributable reserve of the Company as at 31 December 2022 was approximately RMB39.4357 billion.

(VII) Designated deposits and overdue term deposits

As at 31 December 2022, the Group had no designated deposits placed with any financial institutions in China, nor any term deposits which could not be recovered upon maturity.

(VIII) 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 recognised by the Group and future transactions denominated in foreign currencies. See "66. Foreign currency monetary items" in Note V to the Financial Report 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 in USD, Euro and Algerian Dinars) held by the Group as at 31 December 2022.

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

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 any significant forward foreign exchange contract. The Financial Department of the Company is responsible for monitoring foreign exchange risk, and would hedge the significant foreign exchange risk when necessary. See “3. Financial instrument risks” in Note VIII to the Financial Report attached to the report for the exchange rate risk for details.

(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.

(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 RMB68.370 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 “XIV. Employees of the Parent and the Major Subsidiaries at the End of the Reporting Period ” in “Section V Corporate Governance (Corporate Governance Report)” of this report.

For details of the major customers and major suppliers, please refer to “(7) Major customers and suppliers” in “V. (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 V 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 insisted in standardized operation of corporate governance 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 relevant provisions and requirements 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. Persistently improve corporate governance

The first is to further improve the governance system of the Company. The Company adhered to the “two consistent”, optimized and adjusted the “three major and one big” list of decision-making issues, continuously improved the “1+N” system of board construction, modified and formulated 12 systems including the “Articles of Association”, the “Board Rules of Procedure”, etc. The second is to further improve corporate governance mechanism. We adhered to and improved the leadership system of “two-direction entry and crossed duty serving”, each entity of governance effectively coordinated, forming the corporate governance mechanism with legitimated duties and responsibility, transparent duties and responsibilities, coordinated operation and effective balancing. The third is to optimize the standard operation mechanism procedure of the Board, so as to promote efficiency in scientific decision making process. The fourth is to strengthen the construction of subsidiary corporate governance system. The Company seized the opportunity of three-year action for state-owned enterprise reform, established board for every subsidiary, ensured external directors to take most seats, developed board authorization management system and ascertained duties of board of subsidiaries.

Section V Corporate Governance (Corporate Governance Report) (continued)

2. Enhance management of information disclosure

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 2022, the Company adhered to the principle of combining compulsory information disclosure and voluntary information disclosure and continuously enhanced the pertinence and practicality of information disclosure, preparing and disclosing the annual report, interim report and quarterly reports with high quality. The Company made announcements on production and operation information and major events in a timely manner. In 2022, the Company disclosed a total of 298 documents in Chinese and English, of which 95 documents disclosed on the Shanghai Stock Exchange and 135 documents in Chinese and 68 documents in English disclosed on the 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.

3. Conduct solid and effective investor relationship management

The Company earnestly implemented the relevant requirements of Securities Law and regulatory agencies, paid close attention to strengthening communication with investors, and effectively commenced management on investor relations. In 2022, according to the latest regulatory requirements by the CSRC, Shanghai Stock Exchange and HKEx, the Group formed the "Investor Relations Management System", and continuously improved the investor relations management system. The Company innovated methods and practices, accurately targeted the demands of different investors, continuously strengthened communication with investors in many forms, including investors survey meeting, institution strategy meeting, performance release telephone meeting, online performance explanation meeting, etc., established a multi-level benign interactive mechanism, and received recognition from investors and capital market. In 2022, the Group was awarded more than 10 awards, including "Evergreen Award – Inclusive Award for Sustainable Development" from Finance, "China Top 100 Enterprise Award" and "China Top 100 Special Contribution Enterprise Award" from China Top 100 Listed Companies Summit Forum, "Most Investment Value Award" and "Social Responsibility Award" in "Golden Bull Award", "High-quality Development Listed Company with Most Investment Value Award" from Chinese Redbud Award, "Top 100 ESG Chinese Listed Companies" from Chinese Listed Company Value Selection, "Excellent Board Award" from Gold Round Table Award, "Best New Media Operation Award of Investors Relations" and "Best Board Award of Investors Relations" from Sky Horse Award, which continuously improves the corporate image and social influence.

The corporate governance and laws, administrative regulations have any discrepancies with the relevant requirements of the CSRC on the governance of listed companies or not. If yes, please explain the reasons.

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(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, regulations and all provisions of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Stock Exchange 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 Stock Exchange 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 where applicable.

(II) Risk Management and Internal Control of the Company

CRCC formulated complete risk assessment specification. For strategic objective, operation 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 (including environmental, social and governance risks), at the beginning of each year, the Company comprehensively used the quantitative and qualitative methods 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. The management of the Company carried out dynamic monitoring 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 abroad, 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 above-mentioned responsibilities, the Board has realized the integration and effective operation of internal control and risk management system of the Company.

Section V Corporate Governance (Corporate Governance Report) (continued)

CRCC continuously strengthened internal control and risk management, and reinforced the construction of the Company's "big risk-control" and "big supervision" system. During the Reporting Period, the Company further completed quantitative risk monitoring indicator system surrounding major risks, timely collected major risk event information as well as changes of monthly and quarterly major risk monitoring indicators, and exercised follow-up and control continuously. In order to strengthen data empowerment, and realize risk management informatization and intelligence, the Group emphasized on creating the CRCC Cloud Risk Control Monitoring Center, which is based on the big data of various risk information, adopted "being simple and effective, intelligent analysis, real-time response, being authentic and reliable" as the construction objective, integrated multiple core functions including internal information collection, external information acquisition, risk monitoring, risk alarm, statistical analysis, report output, etc. Access is set for personnel with different management levels, different business segments and different posts, which extensively enhanced the role of collection, statistics, analysis, release, alarm and deterrence of risk information, and also effectively solved the existing problems that risk information are not shared, alarm prevention and control are difficult to realize, and responsibilities can't be implemented in place, it has practically promoted the construction, standardization and implementation of "big risk-control" system. At the same time, the Company insists on system concept, high level promotion, multi-dimensional implementation, co-ordinates and promotes the "big supervision" system that deeply integrates functional supervision and audit supervision, focuses on revealing strategic risks, operational risks, project risks, capital risks, investment risks, financial risks and other major risks, helps to comprehensively improve the risk prevention and control system, and builds a solid risk prevention and control barrier.

During the Reporting Period, the Board has complied with the code provisions of risk management and internal control for listed companies. 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.

For details about ESG risk management, please refer to the "IV. Environment, Society and Governance Report (ESG Report)" in "Section VI. Environment and Social Responsibility" of this report.

(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 handing, dissemination and internal control of inside information. In 2022, the Company strictly implemented the above-mentioned 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, the Company 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

III. THE SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS TAKEN TO AFFECT THE INDEPENDENCE OF THE COMPANY

Applicable Not Applicable

The controlling shareholder, the de facto controller and other entities under their control engaged in the same or similar business as the Company, as well as the impact of competition or significant changes in competition on the Company, the measures taken to resolve the situation, the progress of the resolution and the follow-up resolution plan

Applicable Not Applicable

The Company is strictly independent from the controlling shareholder in respect of assets, employees, finance, organization and business 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.

Special Opinions of Independent Directors on the Performance of the President during the Part-Time Period

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 21 December 2021, the Company convened the 2021 second extraordinary General Meeting at which the reelection of members of the Board was conducted, and the first meeting of the 5th session of the Board at which Mr. ZHUANG Shangbiao was continuously 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 V Corporate Governance (Corporate Governance Report) (continued)

IV. 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.

Session of the meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published	Meeting resolution
2021 Annual General Meeting	23 June 2022	The website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkex.com.hk)	24 June 2022	15 resolutions including the Resolution on the 2021 Annual Work Report of the Board of Directors were considered and approved.

Request for Convening of Extraordinary General Meeting by Preferred Shareholders with Restored Voting Rights

Applicable Not Applicable

Explanation for General Meeting

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

V. SHAREHOLDER RIGHTS (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(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.

(II) Procedures for shareholders to make enquiries to the Board and for the Company to provide sufficient contact information to enable enquiries to be dealt with appropriately

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 V 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 “II. CONTACT PERSONS AND CONTACT METHODS” in “Section II. Basic Corporate Information and Key Financial Indicators” in this report.

(IV) Shareholders' communication policy

The Company adheres to the integration between “going out” and “inviting in”, maintains effective communication with shareholders and investors in form of integrating online and off-line, timely replies questions proposed by shareholders and investors via multiple channels including general meeting, investor relations hotline, special email, “SSE E-Interaction” platform, etc. In 2022, the Company arranged 32 investors meetings and teleconferences and received 555 visits. The Company actively participated in on-site exchange activities organized by domestic and foreign investment institutions, participated in 25 investors meetings, and received 727 investors. To coordinate with disclosure of periodic reports, the Company held 4 performance release conferences and received 206 of institutional and medium-small investors, held 3 online performance explanation meetings, which recorded 1,331 visits; organized annual report road shows, arranged 19 one-on-one and one-on-multiple meetings and received 364 visits from institutional investors.

The Company's Board has reviewed the implementation of its shareholders' communication policy for 2022. Considering that the Company's communication methods via multiple online and off-line channels had relatively wide coverage, the Company was able to timely listen to the opinions from shareholders and investors and make timely replies, the Company believes that the shareholders' communication policy for 2022 has been effectively implemented.

Section V Corporate Governance (Corporate Governance Report) (continued)

VI. THE BOARD OF DIRECTORS (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(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, responsible for determining strategies, making decisions, preventing risks, and performing duties in accordance with the legal procedures, the “Articles of Association”, the “Rules of Procedure for the Board of Directors” as well as other related laws and regulations. The Board consists of seven to nine directors, with one chairman, and at least one third of them are independent non-executive directors. The board shall be generated and replaced through election at the General Meeting, with each term of three years, and directors may be re-elected after expiration of term.

1. Powers and duties of 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 investment schemes; to decide, within the scope of authorization by the General Meeting and according to regulations such as the “Articles of Association” and the “Rules of Procedure for the Board of Directors”, the Company’s major issues such as investment & financing, acquisition or sales of assets, asset mortgage, asset restructuring, guarantee, entrusted finance, connected transaction, etc.; to authorize the President of the Company to decide on investment and financing plans, connected transactions; to formulate the Company’s annual financial budgets, final accounts, and to formulate the changing plan for the Company’s major accounting policy and accounting estimation, decide on the Company’s donation and sponsorship plans according to the “Articles of Association” and the “Rules of Procedure for the Board of Directors”, etc.; 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, bankruptcy 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, chief economist, chief legal advisor, chief compliance officer and chief safety officer of the Company in accordance with the nominations by the president, and organize and implement assessment, decide assessment scheme, assessment result, remuneration distribution, reward & punishment matters; to formulate important reform schemes of the Company according to the “Articles of Association” and the “Rules of Procedure for the Board of Directors”, etc.; to decide the setting and adjustment schemes of the Company’s internal management organs, to formulate the schemes for establishment, merger, separation, restructuring, dissolution, bankruptcy or change of company form of important subsidiaries 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 promote the improvement of the Company’s risk management system, internal control system, compliance management system and working system to hold the violator of investment regulation accountable for liabilities, to decide the major matters in the foresaid aspects, effectively identify, judge, promote the prevention and solving of

Section V Corporate Governance (Corporate Governance Report) (continued)

major risks, and make overall monitoring and evaluation of related systems and their effective implementation; 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 ensure the various directors to input sufficient time to the issuer and make contribution based on their roles and their duties in board; to ensure the management to submit management account and information update to the board on monthly basis; 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.

2. Board Composition

During the Reporting Period, the Company's Board consists of nine directors: Mr. WANG Jianping, Mr. ZHUANG Shangbiao, Mr. CHEN Dayang, Mr. LIU Ruchen as Executive Directors, Mr. GAO Lieyang as Non-executive Director, Mr. MA Chuanjing, Mr. ZHAO Lixin, Mr. XIE Guoguang, and Mr. TSIN Wai Lun Kenneth as Independent Non-executive Directors. Mr. WANG Jianping serves as the Board Chairman, and Mr. ZHUANG Shangbiao serves as the President. Except for working relations with the Company, there's no financial, business or family relations among the Board members, and they don't have other major relations with each other. Except for the "Director Recruitment Contract" signed with the Company, directors of the Company don't hold any direct or indirect major private equity in any major contract signed by the Company or any subsidiary of the Company during the Reporting Period.

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 for the Board of Directors and terms of reference for each special committee. In 2022, the Board held 13 meetings in total, for more details, please refer to "IX. Information of Board Meetings Held During Reporting Period" under this section.

3. Special Committees of the Board

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, about the duty performance of each of the special committee of the Board, please refer to "XI. Information of Special Committees under the Board" in this section.

Section V Corporate Governance (Corporate Governance Report) (continued)

(II) Board Chairman

Mr. WANG Jianping serves as the Chairman of the Company. The Chairman shall work in accordance with the “Articles of Association”, the “Rules of Procedure for the Board of Directors”, the “Board Authorization Management System” and other corporate governance systems and regulations. The Chairman is the company’s Legal Representative, mainly responsible for convening and presiding over board meetings, inspecting execution of board meeting resolutions, attending annual General Meetings, arranging various special committee chairman under the Board to attend meetings and answer questions from shareholders, signing on securities and other important documents issued by the Company and exercising other duties granted by the Board. The Chairman shall be accountable to and report to the Board of Directors.

(III) Independence of the Board

The Company has designated sufficient number of independent non-executive directors who have proper professional qualifications (such as being specialized in accounting or related financial management) in accordance with the regulations of the CSRC and Shanghai Stock Exchange, and the Hong Kong Stock Exchange Listing Rules. The Company has received the annual confirmation letters issued by all the independent non-executive directors for their 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 Stock Exchange Listing Rules. They respectively have backgrounds in accounting, finance and corporate management and abundant professional experiences. They have diligently and earnestly performed their duties, provided professional advice for the stable operation and sustainable development of the Company, and carried out monitoring and coordination activities to safeguard the interests of the Company and its shareholders. During the Reporting Period, according to requirement in the “Code of Corporate Governance” of Hong Kong Stock Exchange, Board Chairman WANG Jianping and the independent non-executive directors held a meeting without attending by other directors. In addition to the independent advice provided by the independent non-executive directors, the Company has formulated and improved the Articles of Association, the Rules of Procedure for the Board of Directors and the Working Rules of the Nomination Committee of the Board of Directors to clarify the nomination policy for directors, the terms of reference of the Remuneration and Evaluation Committee and the recusal mechanism for directors to vote on relevant resolutions to be considered by the Board of Directors, and the Board of Directors has engaged professional advisers such as external auditors, asset appraisers and independent financial advisers when considering matters such as periodic reports and material connected transactions to ensure that the Board of Directors can obtain independent views and opinions. The Board has reviewed the implementation and effectiveness of the aforementioned mechanisms and is of the view that such mechanisms are able to ensure independent views and input are available to the Board.

(IV) Board Diversity Policy

In order to further enhance the board decision-making efficiency and corporate governance level of the Company, the Company has adopted the board diversity policy, and incorporated it into the duties of the Nomination Committee of the Board of Directors in August 2013 and included it in the Rules of Work of the Nomination Committee of the Board of Directors. When selecting directors, the Company would take full consideration of the diversity of Board members, including but not limited to the factors of gender, age, region, cultural & education background, professional experience, service term, etc., all appointments by the Board follow the principle of employment by meritocracy, and are eventually decided based on good qualities of candidates and the contributions they could made to the Board.

Section V Corporate Governance (Corporate Governance Report) (continued)

During the Reporting Period, as for realization of board diversity policy, the Board has adopted and achieved the following measurement targets: at least 1 independent non-executive director shall usually reside in Hong Kong; at least 1 independent non-executive director shall have working experience as financial principal in large enterprises or shall be an expert in the aspect of enterprise finance and accounting; the number of independent non-executive directors shall be no less than one third of total number of Board members, and the sum of independent non-executive directors and non-executive directors shall exceed half of the number of Board members.

The Board dedicates to gender diversity of board members, it will promote gender diversity of Board members when appointing and re-electing directors in the future, so as to continuously meet the target of Board member diversity.

(V) 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 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, and make suggestions.

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.

Develop, review and monitor the code of conduct and compliance manual for employees and directors.

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.

Section V Corporate Governance (Corporate Governance Report) (continued)

VII. MANAGEMENT (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

(I) Overview of 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, chief accountant, chief engineer, chief economist, general counsel, chief compliance officer and safety director, all of which are appointed or dismissed by the Board.

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, and report to the Board of Directors; to arrange for the implementation of the Company's annual business plans and investment plans; to propose the establishment of the Company's internal management structure 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, chief accountant, chief engineer, chief economist, chief legal advisor, chief compliance officer, chief safety officer; to engage or dismiss management personnel other than those to be engaged or dismissed by the Board; to propose to convene extraordinary meetings of the Board and other functions and powers granted by the Board.

(II) President

Mr. ZHUANG Shangbiao serves as the President of the Company. The President works in accordance with the "Articles of Association", the "Rules of Procedure for the Board of Directors", the "Board Authorization Management System" and other corporate governance systems and regulations. The president is responsible for daily operation of the Company, timely reports on important information related to the Company's operating results, major transactions and material contracts, financial condition and business prospects and regularly reports to the Board on his work, and ensures the truthfulness, objectivity and completeness of contents of such reports.

Section V Corporate Governance (Corporate Governance Report) (continued)

VIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(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 received remuneration from related parties of the Company
WANG Jianping	Secretary of the communist party committee, chairman and executive director	Male	62	19 October 2020 (Chairman, Executive director), 7 September 2020 (Secretary of the communist party committee)	20 December 2024	-	-	-	/	145.72	No
ZHUANG Shangbiao	President, deputy secretary of the communist party committee and executive director	Male	60	28 October 2014 (Executive director), 4 December 2015 (President, Deputy secretary of the communist party committee)	20 December 2024	-	-	-	/	187.45	No
CHEN Dayang	Deputy secretary of the communist party committee and executive director	Male	59	18 June 2019 (Executive director), 29 November 2018 (Deputy secretary of the communist party committee)	20 December 2024	-	-	-	/	170.24	No
LIU Ruchen	Member of the standing committee of the party committee and executive director	Male	59	22 December 2017	20 December 2024	-	-	-	/	165.59	No
GAO Lieyang	Non-executive director	Male	57	21 December 2021	20 December 2024	-	-	-	/	0	No
MA Chuanjing	Independent non-executive director	Male	65	21 December 2021	20 December 2024	-	-	-	/	6.67	No
ZHAO Lixin	Independent non-executive director	Male	68	21 December 2021	20 December 2024	-	-	-	/	6.67	No
XIE Guoguang	Independent non-executive director	Male	62	21 December 2021	20 December 2024	-	-	-	/	6.67	No
TSIN Wai Lun Kenneth	Independent non-executive director	Male	55	21 December 2021	20 December 2024	-	-	-	/	14.57	No
ZHAO Wei	Chairman of Supervisory Committee and general manager of the corporate management department	Male	54	21 December 2021	20 December 2024	-	-	-	/	97.72	No
LIU Zhengchang	Supervisor, chief auditor and general manager of audit and supervisory department	Male	54	22 December 2017	20 December 2024	-	-	-	/	89.65	No

Section V Corporate Governance (Corporate Governance Report) (continued)

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	Whether received remuneration from related parties of the Company
										(RMB '0,000)	
KANG Fuxiang	Employee supervisor and minister (general manager) of the organization department (human resources department) of the party committee	Male	54	6 September 2018	20 December 2024	-	-	-	/	90.66	No
WANG Xiuming	Member of the standing committee of the party committee and chief accountant	Male	59	29 April 2014	20 December 2024	-	-	-	/	166.03	No
LI Ning	Member of the standing committee of the party committee and vice president	Male	60	15 June 2017	20 December 2024	-	-	-	/	168.21	No
WANG Wenzhong	Member of the standing committee of the party committee and vice president	Male	59	15 June 2017	20 December 2024	-	-	-	/	164.64	No
LIU Chengjun	Member of the standing committee of the party committee and vice president	Male	59	11 June 2018	20 December 2024	-	-	-	/	164.37	No
WANG Lixin	Member of the standing committee of the party committee and vice president	Male	52	11 June 2018	20 December 2024	-	-	-	/	166.36	No
NI Zhen	Member of the standing committee of the party committee and vice president	Male	51	11 June 2018	20 December 2024	-	-	-	/	164.47	No
ZHAO Dianlong	Member of the standing committee of the party committee and vice president	Male	49	30 August 2021	20 December 2024	-	-	-	/	96.46	No
ZHAO Jinhua	Chief economist	Male	59	24 June 2015	20 December 2024	-	-	-	/	299.15	No
SUN Gongxin	Chief economist	Male	55	24 June 2015	20 December 2024	-	-	-	/	386.56	No
LEI Shengxiang	Chief engineer	Male	57	14 July 2016	20 December 2024	-	-	-	/	272.16	No
GUAN Shanyue	Safety director	Male	50	19 April 2019	20 December 2024	-	-	-	/	146.67	No
JING Jing	Secretary to the Board and office director of the Board	Female	51	12 January 2022	20 December 2024	-	-	-	/	101.50	No
ZHAO Dengshan	Former secretary to the Board	Male	61	30 May 2018	12 January 2022	-	-	-	/	0	No
Total	/	/	/	/	/	-	-	-	/	3,278.19	/

Section V Corporate Governance (Corporate Governance Report) (continued)

Notes:

1. The total remuneration during the Reporting Period included the incentive income of term that can be paid only after passing assessment at expiration of the term from 2019 to 2021, and also included the basic pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, enterprise annuity and housing provident fund that the Company paid for individuals.
2. Mr. WANG Jianping has been serving as the Chairman and Executive Director of the Company since October 2020, the remuneration of Mr. WANG Jianping for 2022 didn't include any deferred salary for performance and tenure incentive income that he received during working in other enterprises.
3. Mr. ZHAO Dianlong has been serving as the Vice President of the Company since August 2021, the remuneration of Mr. ZHAO Dianlong for 2022 didn't include any deferred salary for performance and tenure incentive income that he received during working in subsidiaries of this Company.
4. Mr. ZHAO Wei has been serving as the Chairman of Supervisory Committee of the Company since December 2021, the remuneration of Mr. ZHAO Wei for 2022 didn't include any deferred salary for performance and tenure incentive income that he received during working in subsidiaries of this Company.

Section V Corporate Governance (Corporate Governance Report) (continued)

Biographies of incumbent directors, supervisors and senior management

Name	Main working experience
WANG Jianping	<p>Aged 62, a Chinese with no right of abode overseas, is currently the secretary to the Party Committee and the chairman of Company, as well as the secretary to the Party Committee and chairman of China Railway Construction Corporation. Mr. WANG served as the president of Northeast Electric Power Design Institute; the general manager of China Power Engineering Consulting Corporation; the deputy general manager and member of the Party Group of China Power Engineering Consulting Co., Ltd.; the deputy general manager and member of the Party Group of China Power Engineering Consulting (Group) Co., Ltd.; the general manager and secretary to the Party Group of China Power Engineering Consulting Group Co., Ltd.; the president of Electric Power Planning and Design Institute; the deputy leader of the Preparatory Group and member of the Provisional Party Committee of China Energy Engineering Group Co., Ltd., general manager and secretary to the Party Group of China Power Engineering Consulting Group Co., Ltd., the president of Electric Power Planning and Design Institute; the secretary to the Party Committee as well as vice chairman, chairman as well as secretary to the Party Committee, chairman, general manager as well as vice secretary to the Party Committee, and secretary to the Party Committee as well as chairman of China Energy Engineering Group Co., Ltd., and also served as secretary to the Party Committee and chairman of China Energy Engineering Co., Ltd. Since August 2020, he served as the secretary to the Party Committee and chairman of China Railway Construction Corporation. Since September 2020, he served as the secretary to the Party Committee and chairman of China Railway Construction Corporation, and the secretary to the Party Committee of China Railway Construction Corporation Limited. Since October 2020, he served as the secretary to the Party Committee and the chairman of China Railway Construction Corporation, the secretary to the Party Committee and chairman of China Railway Construction Corporation Limited. Mr. WANG graduated from the Department of Electrical Engineering of Xi'an Jiaotong University, majoring in electric power system and automation, with a bachelor's degree in engineering. He is a professorate senior engineer, and is granted special allowance by the State Council.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHUANG Shangbiao	<p>Aged 60, a Chinese with no right of abode overseas, is currently the president and executive director and deputy secretary of the Party Committee of the Company, as well as the general manager, a director and deputy secretary of the Party Committee of China Railway Construction Corporation. Mr. ZHUANG has served as the deputy general manager of the finance department of China Road and Bridge Construction Corporation; the deputy general manager, executive deputy general manager and the chief accountant of China Road and Bridge Group (H.K.) Limited; the chief accountant, the chief accountant and chief legal adviser, the chief accountant, a member of the standing committee of the Party Committee and the chief legal adviser, the secretary of Party Committee and a director, the general manager, the deputy secretary of the Party Committee and a director of China Railway Construction Corporation; the chief accountant, a member of the standing committee of the Party Committee and the chief legal adviser, the vice president, chief accountant, a member of the standing committee of the Party Committee and chief legal adviser, the vice president, a member of the standing committee of the Party Committee and chief legal adviser, an executive director, the vice president, a member of the standing committee of the Party Committee and chief legal adviser, an executive director, vice president (presided over the work of manager level), a member of the standing committee of the Party Committee and chief legal adviser, the president, the deputy secretary of the Party Committee, an executive director and chief legal adviser, the president, the deputy secretary of the Party Committee and an executive director of China Railway Construction Corporation Limited. In December 2017, he served as the general manager, the deputy secretary of the Party Committee and a director of China Railway Construction Corporation; the president, the deputy secretary of the Party Committee and an executive director of China Railway Construction Corporation Limited. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
CHEN Dayang	<p>Aged 59, 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 Corporation. Mr. CHEN served as the director of personnel department of China Railway Construction Corporation; the director of personnel department (division of cadres for the Party Committee), the director of human resources department (division of cadres for the Party Committee), the president assistant and director of human resources department (division of cadres for the Party Committee) of China Railway Construction Corporation Limited; the deputy secretary to the Party Committee, the secretary of the disciplinary committee and chairman of the labour union of CSR Group; the deputy secretary of the Party Committee, the secretary of the disciplinary committee and the employee representative director of CSR Corporation Limited; a member of the standing committee of the Party Committee and the secretary of the discipline committee of CRRC GROUP Co., Ltd.; a member of the standing committee of the Party Committee and the secretary of the discipline committee of CRRC Corporation Limited. He served as the deputy secretary of the Party Committee of China Railway Construction Corporation in November 2018; the deputy secretary of the Party Committee and the employee representative director of China Railway Construction Corporation, and the deputy secretary of the Party Committee of China Railway Construction Corporation Limited in December 2018; the deputy secretary of the Party Committee and the employee representative director of China Railway Construction Corporation, the deputy secretary of the Party Committee and an executive director of China Railway Construction Corporation Limited in 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LIU Ruchen	<p>Aged 59, 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 Corporation. Mr. LIU served as the deputy director, the director and the deputy director general of the bureau of the 1st Division of the 19th Engineering Bureau of the Ministry of Railways; the general manager, vice chairman and deputy secretary of the Party Committee of China Railway 19th Bureau Group Co., Ltd.; the chairman and the deputy secretary of the Party Committee, the chief representative of state-owned shares, the chairman and the deputy secretary of the Party Committee, the vice chairman (presided over the work in the Board), the deputy secretary of the Party Committee, the chairman and the deputy secretary of the Party Committee of China Railway 16th Bureau Group Co., Ltd.; a member of the standing committee of the Party Committee of China Railway Construction Corporation, a member of the standing committee of the Party Committee and the vice president of China Railway Construction Corporation Limited. He served as a member of the standing committee of China Railway Construction Corporation, an executive director and a member of the standing committee of the Party Committee of China Railway Construction Corporation Limited in December 2017. Mr. LIU graduated from Southwest Jiaotong University with a master's degree in management, majoring in Management Science and Engineering, and is a professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
GAO Lieyang	<p>Aged 57, a Chinese with no right of abode overseas, holds a master's degree, a Chartered Builder of The Chartered Institute of Building, U.K., and is currently a non-executive director of the Company. He successively served as the associate chief officer of the design department of China State Construction Engineering Group Co., Ltd., deputy manager of engineering contracting department of China Construction Design and Consultancy Co., Ltd., deputy head of Fujian office of China State Construction Engineering Group Co., Ltd., general manager of the China Construction South Co., Ltd., deputy general manager of general contracting department of China State Construction Engineering Group Co., Ltd., general manager of decoration department of China State Construction Engineering Group Co., Ltd., general manager of the China Construction Decoration Engineering Co., Ltd., deputy general manager, director, general manager and deputy secretary to the Party Committee of China State Construction Development Co., Ltd., chairman and secretary to the Party Committee of China State Decoration Group Co., Ltd., assistant general manager of China State Construction Engineering Corporation Ltd., as well as chairman and secretary to the Party Committee of CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd., and chairman of the supervisory committee of China State Construction Engineering Corporation Ltd. He is currently a professional external director for state-owned enterprises, and concurrently serves as external director for China Poly Group Corporation Limited and external director for China Minmetals Corporation.</p>
MA Chuanjing	<p>Aged 65, a Chinese with no right of abode overseas, holds a doctor's degree and is currently an independent non-executive director of the Company. Mr. MA Chuanjing was a teacher in the Beijing Chemical Industry Institute, and previously served as an editor of the economic editorial department of Qiushi (Hongqi) Journal, vice president and president of the economic editorial department and the head of the international department of Qiushi Journal, the vice president of the Comprehensive Research Department under the Research Office of the State Council, the vice president and president of Industry, Transportation and Trade Research Department under the Research Office of the State Council and a professional external director for central state-owned enterprises. He was an external director of Sinotrans & CSC Holdings Co., Ltd., an external director of Sinochem Group Co., Ltd., an external director of Xinxing Cathay International Group Co., Ltd. and an non-executive director of China Energy Engineering Group Co., Ltd. He is also an external director of China International Engineering Consulting Corporation.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHAO Lixin	<p>Aged 68, a Chinese with no right of abode overseas, holds a bachelor's degree, and is currently an independent non-executive director of the Company. Mr. ZHAO Lixin was deputy chief designer of the Design and Research Institute, the deputy head and head of the chief engineer office, the deputy chief engineer and head of the chief engineer office, deputy chief engineer and the chief production officer, the deputy secretary to the Party Committee, the secretary to the Party Committee and the deputy general manager of China First Heavy Industries Group Co., Ltd. He was an external director of China Grain Reserves Group Company Ltd. He is also an independent non-executive director of China Energy Engineering Corporation Limited.</p>
XIE Guoguang	<p>Aged 62, a Chinese with no right of abode overseas, holds a bachelor's degree, a professor-level senior accountant, and is currently an independent non-executive director of the Company. Mr. XIE Guoguang was an assistant accountant in the finance department of the Bureau of Administration of the Ministry of Construction, accountant of the Audit Bureau of the Ministry of Construction, accountant of the finance department of China Construction Technical Research Center, accountant of Witt Company, accountant, deputy director and director of the finance department of China Architecture Design & Research Group, chief accountant of China Architecture Design & Research Group, chief accountant and secretary to the board of directors of China Construction Technology Group Co., Ltd., chief accountant of China Construction Technology Co., Ltd., and a standing committee member of the Party Committee and chief accountant of China Energy Conservation and Environmental Protection Group. He is also an external director of China National Coal Group Corporation.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
TSIN Wai Lun Kenneth	<p>Aged 55, with Chinese (Hong Kong) nationality and no right of abode overseas, has a doctor's degree, a master's degree in law, a master's degree in Science in Electronic Commerce and Internet Computing, and a master's degree in Business Administration, and is currently an independent non-executive director of the Company. He previously served as head of department in the Bank of East Asia Limited, and vice president of Chinese Bankers Club, Hong Kong. He currently also serves as chairman and chief executive officer of CBHK Holdings Limited, chief executive officer of CMK lawyers, founder of the Hong Kong International Data Protection Society, founder of Greater Bay Area Hong Kong International Professional Services Association, member of the Small and Medium Law Firms Association of Hong Kong, and consultant of Chinese Bankers Club, Hong Kong. He is also an external director of China Merchants Group Co., Ltd.</p>
ZHAO Wei	<p>Aged 54, a Chinese with no right of abode overseas, is currently the chairman of the Supervisory Committee and the general manager of the corporate management department of the Company. Mr. ZHAO once served as assistant to general manager, general manager, deputy secretary of the Party Committee and director, secretary of the Party Committee, chairman and general manager, and secretary of the Party Committee and chairman of China Railway Construction Group Co., Ltd., the executive deputy head of the construction leading group of residential district of CRCC headquarters, and became deputy chief economist and general manager of the corporate management department of the Company in February 2021. He has served as the chairman of the Supervisory Committee and the general manager of the corporate management department of the Company since December 2021. Mr. ZHAO graduated from Beijing Institute of Technology with a doctor's degree, majoring in management science and engineering, and is a professor-level senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LIU Zhengchang	<p>Aged 54, a Chinese with no right of abode overseas, currently serves as a supervisor, the chief auditor, and general manager of the audit and supervision department of the Company. Mr. LIU 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. 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 majoring in business administration, and obtained master's degree of Business Administration. He is a senior accountant and elected as a member of the national training programme for leaders in the accounting profession.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
KANG Fuxiang	<p>Aged 54, a Chinese with no right of abode overseas, is currently an employee representative supervisor of the Company, and serves concurrently as the head (general manager) of Organization Department of Party Committee (Human Resources Department) of the Company. Mr. KANG 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 (general manager) of Organization Department of Party Committee (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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
WANG Xiuming	<p>Aged 59, a Chinese with no right of abode overseas, is currently the member of the standing committee of the communist party committee and the chief accountant of the Company. He concurrently serves as the member of the standing committee of the communist party committee of China Railway Construction Corporation. Mr. WANG served as the Deputy Chief of the Division II of the Financial Audit Division, Director of the Investigation Division of the General Office of the National Audit Office, Assistant to the Officer of the Audit Department and Director of the Investigation Division. 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. He served as the deputy director of the National Audit Office of the PRC, the deputy of the General Office and the director of the Policy Study Office, deputy head and head of the Legal Department, the head of the 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. He has served as the member of the standing committee of the communist party committee of China Railway Construction Corporation since March 2014, the member of the standing committee of the communist party committee, the chief accountant of China Railway Construction Corporation, the chief accountant and the member of the standing committee of the communist party committee of China Railway Construction Corporation Limited since April 2014. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LI Ning	<p>Aged 60, 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 Corporation. Mr. LI served as the Deputy chief of the Department of Engineering Economic Design of the First Survey and Design Institute of the MOR, Director, deputy chief economist and director of the Engineering Economics Division, head of the Engineering Contracting Department and vice president of the MOR and a member of the standing committee of the communist party and the deputy dean of China Railway First Survey & Design Institute. He served as the general manager, a director and the secretary to the communist party committee and the chairman, the general manager and the secretary to the communist party committee of China Railway 21th Bureau Group Co., Ltd. He served as the deputy secretary to the communist party committee, the general manager, a director, the chairman and the deputy secretary to the communist party committee of China Railway Construction Investment Co., Ltd. He served as the chairman, the secretary to the communist party committee of China Railway Construction Investment Group Co., Ltd. In June 2017, he served as a member of the standing committee of the party committee of China Railway Construction Corporation, a member of the standing committee of the party committee and vice president of China Railway Construction Corporation Limited. In December 2017, he served as a member of the standing committee of the communist party of China of China Railway Construction Group Co., Ltd., and a member of the standing committee of the communist party of China and the vice president of China Railway Construction Corporation Limited. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
WANG Wenzhong	<p>Aged 59, a Chinese with no right of abode overseas, is currently a member of the standing committee of the Party Committee and the vice president of the Company. He concurrently serves as a member of the standing committee of the Party Committee of China Railway Construction Corporation. Mr. WANG served as the deputy general manager of Beijing China Railway Construction Engineering Corporation; the deputy secretary of the Party Committee and the manager of Beijing Tiecheng Engineering Co., Ltd.; the deputy manager (division-level) of Beijing China Railway Construction Engineering Corporation; the general manager and vice chairman, the general manager, vice chairman and deputy secretary of the Party Committee of Beijing China Railway Construction Ltd.; the general manager, vice chairman, deputy secretary of the Party Committee, the chairman and deputy secretary of the Party Committee of China Railway Construction Group Co., Ltd.; a member of the standing committee of the Party Committee of China Railway Construction Corporation, a member of the standing committee of the Party Committee and the vice president of China Railway Construction Corporation Limited and the chairman and deputy secretary of the Party Committee of China Railway Construction Group Co., Ltd.; a member of the standing committee of the Party Committee of China Railway Construction Corporation, and a member of the standing committee of the Party Committee and the vice president of China Railway Construction Corporation Limited. In December 2017, Mr. WANG acted as a member of the standing committee of the Party Committee of China Railway Construction Corporation, a member of the standing committee of the Party Committee and the vice president of China Railway Construction Corporation Limited. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
LIU Chengjun	<p>Aged 59, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. He 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, project director and technical director of China Railway Construction Development Center of the Ministry of Railways, 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, 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 Exports of China Railway Engineering Corporation, shareholders' representative, vice chairman of China Railway Eryuan Engineering Group Co., Ltd., 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 South Investment 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, the Chairman of China Railway Northwest Science Research Institute Co., Ltd., 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., the chairman of China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd., and the chairman of Supervisory Committee of China Railway Group Limited. Mr. LIU served as vice president of the Company since June 2018. He served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; a member of the standing committee of the communist party committee of China Railway Construction Corporation and a member of the standing committee of the communist party committee and vice president of China Railway Construction Corporation Limited since August 2021. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
WANG Lixin	<p>Aged 52, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. 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, 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) of China Railway Fifth Survey and Design Institute Group Co., Ltd., the chairman, general manager and deputy secretary of Party Committee of China Railway 24th Bureau Group Co., Ltd. He served as vice president of China Railway Construction Corporation Limited since June 2018. He served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; a member of the standing committee of the communist party committee of China Railway Construction Corporation and a member of the standing committee of the communist party committee and vice president of China Railway Construction Corporation Limited since August 2021. 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.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
NI Zhen	<p>Aged 51, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. 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., 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, 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., the director, general manager and deputy secretary of Party Committee of China Railway Real Estate Group Corporation Co., Ltd. He served as vice president of China Railway Construction Corporation Limited since June 2018. He served as the chairman of CRCC Development Group Co., Ltd. since September 2019. He served as a member of the standing committee of the communist party committee of China Railway Construction Corporation since July 2021; a member of the standing committee of the communist party committee of China Railway Construction Corporation and a member of the standing committee of the communist party committee and vice president of China Railway Construction Corporation Limited since August 2021. Mr. NI graduated from Beijing University of Technology with a doctor's degree, majoring in Civil Engineering, and is a professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
ZHAO Dianlong	<p>Aged 49, 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, as well as a member of the standing committee of the communist party committee of China Railway Construction Corporation. He served as the secretary of the party committee, vice chairman, secretary of the disciplinary committee and chairman of the labour union of CRCC International Group Co., Ltd., the secretary of the party committee and vice chairman of CRCC International Group Co., Ltd., the general manager, director and deputy secretary of the party committee of China Civil Engineering Construction Corporation, the chairman and secretary of the party committee of China Civil Engineering Construction Corporation. He served as a member of the standing committee of the party committee of China Railway Construction Corporation since July 2021; a member of the standing committee of the party committee of China Railway Construction Corporation and a member of the standing committee of the party committee and vice president of China Railway Construction Corporation Limited since August 2021. Mr. ZHAO graduated from Northern Jiaotong University majoring in railway engineering with a master's degree. He is a professorate senior engineer and entitled to special government allowances from the State Council.</p>
ZHAO Jinhua	<p>Aged 59, a Chinese with no right of abode overseas, is currently a chief economist of the Company, and concurrently serves as the secretary of the party committee and general manager of the East China Regional Headquarter of the Company. He served as the chairman, general manager and deputy secretary of the party committee of China Railway 12th Bureau Group First Engineering Co., Ltd., and the general manager, vice chairman and deputy secretary of the party committee of China Railway 11th Bureau Group Co., Ltd. He has served as the assistant to the president of the Company since March 2014, the special assistant to the president and the deputy director of the loss remediation project office of the Company since July 2014, the chief economist and the deputy director of the loss remediation project office of the Company since June 2015, and as the party secretary and general manager of the East China Regional Headquarter of the Company since April 2019. Mr. ZHAO graduated from Wuhan University majoring in business administration with a master's degree. He is a professorate senior economist and professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
SUN Gongxin	<p>Aged 55, a Chinese with no right of abode overseas, is currently a chief economist of the Company, and concurrently serves as the secretary of the party committee and chairman of CRCC Kunlun Investment Group Co., Ltd. He served as the chairman, general manager and deputy secretary of the party committee of China Railway 19th Bureau Group First Engineering Co., Ltd., and the deputy general manager, general manager, vice chairman and deputy secretary of the party committee of China Railway 19th Bureau Group Co., Ltd. He has been appointed as the assistant to the president of the Company since March 2014, the special assistant to the president of the Company since July 2014, the chief economist of the Company since June 2015, and concurrently served as the secretary of the party committee and chairman of CRCC Kunlun Investment Group Co., Ltd since April 2021. Mr. SUN graduated from Tsinghua University majoring in business administration with a master's degree. He is a professorate senior engineer.</p>
LEI Shengxiang	<p>Aged 57, a Chinese with no right of abode overseas, is currently a chief engineer of the Company. He served as the deputy chief engineer and chief engineer of China Railway 18th Bureau Group Co., Ltd., the general manager, vice chairman, deputy secretary of the party committee, chairman, general manager and deputy secretary of the party committee of China Railway 13th Bureau Group Co., Ltd., the chairman and secretary of the party committee of China Railway 20th Bureau Group Co., Ltd. He has served as the chief engineer of the Company since July 2016. Mr. LEI graduated from Southwest Jiaotong University majoring in bridge and tunnel engineering with a doctorate. He is a professorate senior engineer.</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

Name	Main working experience
GUAN Shanyue	Aged 50, a Chinese with no right of abode overseas, is currently a safety director of the Company. He served as the division director and deputy department director of the second supervision and management division of the second department of safety supervision and management of the State Administration of Work Safety, a temporary member of the standing committee of the municipal party committee and deputy mayor of Huainan City, Anhui Province, and deputy director of the department of safety production comprehensive coordination of the emergency management department. He has been appointed as the safety director of the Company since April 2019. Mr. GUAN graduated from China University of Mining and Technology majoring in mining engineering with a master's degree. He is a senior engineer.
JING Jing	Aged 51, a Chinese with no right of abode overseas, is currently the secretary to the Board of the Company and the director of the Board office. She served as the director of the secretary division of the board of directors office of China Railway Construction Co., Ltd., deputy director of the secretary bureau of the Board and division chief of the secretariat division, deputy director, and director of the secretary bureau of the Board. She has been serving as director of the office of the Board of the Company since December 2019, and as secretary to the Board of the Company since January 2022. Ms. JING graduated from Northern Jiaotong University with a master's degree in business administration and is a senior economist.

Explanation for other matters

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

(II) Occupations of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period

1. Occupations in shareholder entities

Applicable Not Applicable

Name of the employee	Name of shareholder entities	Positions in shareholder entities	Initial date	End date
WANG Jianping	China Railway Construction Corporation	Chairman and secretary of the communist party committee	August 2020	
ZHUANG Shangbiao	China Railway Construction Corporation	General manager, director, deputy secretary of the communist party committee	December 2017	
CHEN Dayang	China Railway Construction Corporation	Employee director and deputy secretary of the communist party committee	November 2018	
LIU Ruchen	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
WANG Xiuming	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
LI Ning	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
WANG Wenzhong	China Railway Construction Corporation	Member of the standing committee of the communist party committee	December 2017	
LIU Chengjun	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
WANG Lixin	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
NI Zhen	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
ZHAO Dianlong	China Railway Construction Corporation	Member of the standing committee of the communist party committee	July 2021	
Explanation of occupations in shareholder entities		Nil		

Section V Corporate Governance (Corporate Governance Report) (continued)

2. Occupations in other entities

Applicable Not Applicable

Name of the employee	Name of other entities	Positions in other entities	Initial date	End date
GAO Lieyang	China Poly Group Corporation Limited	External director	July 2020	
	China Minmetals Group Co., Ltd.	External director	July 2020	
MA Chuanjing	China International Engineering Consulting Corporation	External director	March 2021	
ZHAO Lixin	China Energy Engineering Group Company Limited	Independent non-executive director	June 2020	
XIE Guoguang	China National Coal Group Corporation	External director	February 2021	
TSIN Wai Lun Kenneth	China Merchants Group Co., Ltd.	External director	June 2022	
ZHAO Jinhua	CRCC East Investment and Construction Co., Ltd.	Chairman	March 2020	
	CRCC Huadong Construction & Development Co., Ltd.	Chairman	March 2020	
	CRCC Southeast Investment Construction Co., Ltd.	Chairman	March 2020	
	China Railway Strait Construction Group Co., Ltd.	Chairman	March 2020	
	China Railway Construction Urban Development Co., Ltd.	Secretary of the party committee and chairman	March 2020	
SUN Gongxin	CRCC Kunlun Investment Group Co., Ltd.	Secretary of the party committee and chairman	April 2021	
	China Railway Construction Rongcheng Development Co., Ltd.	Chairman	November 2020	
Explanation of occupations in other entities		Nil		

Section V Corporate Governance (Corporate Governance Report) (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 (Remuneration, Work Allowance) 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 (Remuneration, Work Allowance) of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Directors.

Section V Corporate Governance (Corporate Governance Report) (continued)

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 (Remuneration, Work Allowance) of Directors and Supervisors of China Railway Construction Corporation Limited and the Company's assessment results for Supervisors.

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 "(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

RMB32.7819 million

Section V Corporate Governance (Corporate Governance Report) (continued)

(IV) Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Name	Position held	Information on the change	Reason for change
JING Jing	Secretary to the Board, Joint Company Secretary	Appointment	Work needs
ZHAO Dengshan	Former Secretary to the Board, Joint Company Secretary	Resignation	Reaching the age of retirement

On 12 January 2022, the Proposal in Relation to the Appointment of Secretary to the Board of the Company was considered and approved at the 2nd meeting of the fifth session of the Board. Mr. ZHAO Dengshan, the Secretary to the Board and Joint Company Secretary, due to reaching the age of retirement, will no longer serve as the position of Secretary to the Board and Joint Company Secretary, with effect from the date of approval of the relevant resolution of the Board. The Board resolved to appoint Ms. JING Jing as the Secretary to the Board and Joint Company Secretary of the Company for the same term as the fifth session of the Board from the date of approval by the Board. For details, please refer to the relevant announcements published by the Company dated 13 January 2022 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) Punishment Imposed by Securities Regulatory Description in Recent Three Years

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

1. 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

2. 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 “2(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.

3. 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.

IX. INFORMATION ABOUT THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Meeting session	Date of meeting	Meeting resolutions
The 2nd meeting of the fifth session of the Board	12 January 2022	Considered and approved 8 resolutions, including the “Resolution on Comprehensive Credit Line of Financial Institutions for Head Office of the Company”.
The 3rd meeting of the fifth session of the Board	25 January 2022	Considered and approved 3 resolutions, including the “Resolution on the ‘Bonds Information Disclosure Method of China Railway Construction Corporation Limited’”.
The 4th meeting of the fifth session of the Board	29 to 30 March 2022	Considered and approved 17 resolutions, including the “Resolution on the Report on the Company’s Financial Accounts for the Year 2021”.
The 5th meeting of the fifth session of the Board	13 April 2022	Considered and approved the resolution related to investment projects
The 6th meeting of the fifth session of the Board	29 April 2022	Considered and approved 12 resolutions, including the “Resolution on the Company’s First Quarterly Report for 2022”.

Section V Corporate Governance (Corporate Governance Report) (continued)

Meeting session	Date of meeting	Meeting resolutions
The 7th meeting of the fifth session of the Board	27 May 2022	Considered and approved the resolution related to investment projects
The 8th meeting of the fifth session of the Board	30 August 2022	Considered and approved 9 resolutions, including the "Resolution on the 2022 Semi-annual Report of the Company and Its Abstract".
The 9th meeting of the fifth session of the Board	29 September 2022	Considered and approved the resolution related to investment projects
The 10th meeting of the fifth session of the Board	11 October 2022	Considered and approved 2 resolutions, including the "Resolution on Transfer of Partial Equities of CRCC Sichuan Dedu Highway Co., Ltd. by China Railway Construction Investment Group".
The 11th meeting of the fifth session of the Board	28 October 2022	Considered and approved 7 resolutions, including the "Resolution on the Company's Third Quarterly Report for 2022".
The 12th meeting of the fifth session of the Board	1 December 2022	Considered and approved 5 resolutions, including the "Resolution on CRCC Finance Co., Ltd.'s Adding and Adjusting the Investment Limit of Securities and NCD".
The 13th meeting of the fifth session of the Board	16 December 2022	Considered and approved 2 resolutions, including the "Resolution on Introduction of Investors to Increase Capital to Four Subsidiaries Including CRCC No.14 Bureau Group Co., Ltd.".
The 14th meeting of the fifth session of the Board	30 December 2022	Considered and approved the "Resolution on Payment Method of Remuneration of Senior Management of the Company for 2021 and the Term of 2019-2021".

Section V Corporate Governance (Corporate Governance Report) (continued)

X. PERFORMANCE OF DUTIES OF DIRECTORS

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

Director Name	Independent director or not	Required attendance for the year	Attendance at the Board meetings				Attendance at the General Meetings			
			Attendance in person	Attendance by communication	Attendance by proxy	Absence	Two consecutive absences from the Board meeting	Number of attendance	Attendance	
WANG Jianping	No	13	9	4	0	0	No	100%	1	100%
ZHUANG Shangbiao	No	13	9	4	0	0	No	100%	1	100%
CHEN Dayang	No	13	9	4	0	0	No	100%	1	100%
LIU Ruchen	No	13	9	4	0	0	No	100%	1	100%
GAO Lieyang	No	13	9	4	0	0	No	100%	1	100%
MA Chuanjing	Yes	13	8	4	1	0	No	92.31%	1	100%
ZHAO Lixin	Yes	13	9	4	0	0	No	100%	1	100%
XIE Guoguang	Yes	13	9	4	0	0	No	100%	1	100%
TSIN Wai Lun Kenneth	Yes	13	9	4	0	0	No	100%	1	100%

Explanation of two consecutive absences from the Board meeting

Applicable Not Applicable

Explanation of independent non-executive director absent from general meeting of the Company

Applicable Not Applicable

Number of held board meetings within the year	13
Including: Number of meetings held on site	9
Number of meetings held by communication	4
Number of meetings held on site in combination with communication	0

(二) Directors' objection to any matters related to the Company

Applicable Not Applicable

(三) Others

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

XI. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not Applicable

(I) Special Committees under the Board of Directors

Special Committee	Name of Member
Nomination Committee	<p>Chairman: WANG Jianping (Board Chairman, Executive Director);</p> <p>Members: CHEN Dayang (Executive Director), ZHAO Lixin (Independent Non-executive Director), XIE Guoguang (Independent Non-executive Director), TSIN Wai Lun Kenneth (Independent Non-executive Director).</p>
Strategy and Investment Committee	<p>Chairman: ZHUANG Shangbiao (President, Executive Director);</p> <p>Members: LIU Ruchen (Executive Director), GAO Lieyang (Non-executive Director), MA Chuanjing (Independent Non-executive Director), XIE Guoguang (Independent Non-executive Director).</p>
Remuneration and Evaluation Committee	<p>Chairman: MA Chuanjing (Independent Non-executive Director);</p> <p>Members: GAO Lieyang (Non-executive Director), ZHAO Lixin (Independent Non-executive Director).</p>
Audit and Risk Management Committee	<p>Chairman: XIE Guoguang (Independent Non-executive Director);</p> <p>Members: GAO Lieyang (Non-executive Director), MA Chuanjing (Independent Non-executive Director), ZHAO Lixin (Independent Non-executive Director), TSIN Wai Lun Kenneth (Independent Non-executive Director).</p>

Section V Corporate Governance (Corporate Governance Report) (continued)

(II) Nomination Committee

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. to consider 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.

During the Reporting Period, 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. The Nomination Committee held a total of 1 meeting during the Reporting Period.

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
12 January 2022	Considered the "Resolution on the Appointment of Secretary to the Board of the Company"	The Nomination Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Nomination Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. WANG Jianping, members Mr. CHEN Dayang, Mr. ZHAO Lixin, Mr. XIE Guoguang and Mr. TSIN Wai Lun Kenneth attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

(III) Strategy and Investment Committee

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 11 meetings during the Reporting Period.

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
11 January 2022	Considered two resolutions including the "Resolution on the Completion of the Company's 2021 Operation, Production and Investment Plan and the 2022 Operation, Production and Investment Plan.	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
25 January 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.
13 April 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 April 2022	Considered and approved 2 resolutions, including the "Resolution Regarding the Increase of Issuance Limit of Assets Securitization business of Receivables of the Company".	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.
27 May 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
29 August 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.
29 September 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, and Mr. XIE Guoguang attended the meeting. Member Mr. MA Chuanjing entrusted Mr. XIE Guoguang in written form to attend the meeting on his behalf.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
11 October 2022	Considered and approved 2 resolutions, including the "Resolution Regarding Transfer of Partial Equities of CRCC Sichuan Dedu Highway Co., Ltd. by China Railway Construction Investment Group".	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.
27 October 2022	Considered and approved 3 resolutions, including the "Resolution Regarding Establishment of CRCC Transportation Operation Group Co., Ltd.".	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
1 December 2022	Considered four resolutions including the Resolution on Forming a Consortium of CRCC Kunlun Investment Group Co., Ltd. and Other Units to Participate in the Capacity Expansion Project of the Section from Guangfu, Changsha to Wangshiwan, Zhuzhou of Hunan G4 Beijing-Hong Kong-Macao Highway in Bundling with the Bid for the Section from Chenzhou to Guiyang of Guidong-Xintian (Ningyuan) Highway Project.	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.
16 December 2022	Considered and approved the resolution(s) related to investment projects	The Strategy and Investment Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Strategy and Investment Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. ZHUANG Shangbiao, members Mr. LIU Ruchen, Mr. GAO Lieyang, Mr. MA Chuanjing and Mr. XIE Guoguang attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

(IV) Remuneration and Evaluation Committee

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 4 meetings during the Reporting Period.

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 March 2022	Considered the "Resolution on the Remuneration of Directors and Supervisors in 2021".	The Remuneration and Evaluation Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. MA Chuanjing, members Mr. GAO Lieyang, Mr. ZHAO Lixin attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 April 2022	Considered two resolutions including the Resolution on the Board's 2021 Annual Assessment Results of the President.	The Remuneration and Evaluation Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. MA Chuanjing, members Mr. GAO Lieyang, Mr. ZHAO Lixin attended the meeting.
29 August 2022	Considered the "Resolution on the Board's 2019–2021 Term Assessment Results of the President".	The Remuneration and Evaluation Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. MA Chuanjing, members Mr. GAO Lieyang, Mr. ZHAO Lixin attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
30 December 2022	Considered and approved the “Resolution Regarding Payment Method of Remuneration of Senior Management of the Company for Term in 2021 and 2019–2021”.	The Remuneration and Evaluation Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Remuneration and Evaluation Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. MA Chuanjing, members Mr. GAO Lieyang, Mr. ZHAO Lixin attended the meeting.

(V) Audit and Risk Management Committee

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, as considered and approved by the 2nd meeting of the fifth session of the Board, the Board will include ESG regulation duty into the duties of the Audit and Risk Management Committee, the Audit and Risk Management Committee shall identify, on behalf of the Board, the Company’s major environmental, social and governance risks and opportunities, form the environmental, social and governance targets, strategies and structure, as well as supervise the implementation of its targets, strategies and structures, pay continuous attentions to the policies related to environment, society and governance, and implement compliance monitoring.

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 and ESG report 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 2021 annual report and the 2022 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 during the Reporting Period.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
11 January 2022	Considered and approved 3 resolutions, including the “Resolution Regarding the 2022 Annual Audit Work Thoughts and Audit Work Plan of the Company”.	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.
10 March 2022	Listened to the “Report of Deloitte Touche Tohmatsu Certified Public Accountants on the Audit of the 2021 Annual Report of the Company”.	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, affirmed the progress of Deloitte's work, and approved the subsequent work plan and arrangement after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 March 2022	Considered and approved nine resolutions including the “Resolution on the 2021 Annual Report and its Summary of the Company”.	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.
28 April 2022	Considered and approved 2 resolutions, including the “Resolution Regarding the 2022 Q1 Report of the Company”.	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
29 August 2022	Considered and approved four resolutions including the "Resolution on the 2022 Semi-annual Report and its Summary of the Company".	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.
27 October 2022	Considered and approved 4 resolutions, including the "Resolution Regarding the 2022 Q3 Report of the Company".	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, and unanimously approved all resolutions after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
26 December 2022	Listened to the "Report of Deloitte Touche Tohmatsu Certified Public Accountants on the Audit of the 2022 Annual Report of the Company".	The Audit and Risk Management Committee conducted its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association, the Rules of Procedure of the Board and the Working Rules of the Audit and Risk Management Committee, diligently fulfilled its responsibilities, affirmed the progress of Deloitte's work, and approved the subsequent work plan and arrangement after thorough communication and discussion.	Chairman Mr. XIE Guoguang, members Mr. GAO Lieyang, Mr. MA Chuanjing, Mr. ZHAO Lixin and Mr. TSIN Wai Lun Kenneth attended the meeting.

(VI) The particular conditions of the objection

Applicable Not Applicable

XII. CORPORATE CULTURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

Through the over seventy years of development history, CRCC has generated a corporate culture with the Railway Corps as the core. In recent years, by integrating the development characteristics of new era and the development requirements of the "Quality CRCC", the Company has comprehensively developed the enhancement of corporate culture, established the culture construction pattern with CRCC characteristics, and generated the CRCC culture system in the new era that is scientific, complete, and serving as the connector between the history and the future.

Section V Corporate Governance (Corporate Governance Report) (continued)

The CRCC culture system in the new era consists of three chapters, namely the Chapter of Values, the Chapter of Behaviors and the Chapter of Management, respectively.

Chapter of Values	<p>Corporate mission: weave the grand earth and achieve the wonderful future</p> <p>Corporate vision: becoming the most trustworthy world-class comprehensive construction industry group</p> <p>Corporate value: honesty and innovation for eternalness, uphold both quality and ethics</p> <p>Corporate spirit: punch mountains open for road, cross rivers by building bridge</p>
Chapter of Behaviors	<p>Code of conduct: make full efforts, realize real effect with real work, march forward towards innovation, move together for win-win situation</p>
Chapter of Management	<p>Safety value: life upmost, prevention first</p> <p>Quality value: persistent improving, good at working for results</p> <p>Operation value: quality as foundation, customers first</p> <p>Environmental protection value: green development, harmonious co-existence</p> <p>Talent value: people first, valuing both virtue and talent</p> <p>Integrity value: righteous behaviors on righteous path, self-disciplining before disciplining others</p>

In 2022, the Company energetically promoted the implementation work of the CRCC culture system in new era, concentrated momentum with culture and led development with culture, provided corporate development with strong ideological guarantee, great spiritual power and rich moral nourishment, and provided sustainable cultural influence and driving force for building the most trustworthy world-class comprehensive construction industry group.

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

Applicable Not Applicable

The Supervisory Committee has no objection to the supervision matters during the Reporting Period.

Section V Corporate Governance (Corporate Governance Report) (continued)

XIV. EMPLOYEES OF THE PARENT AND THE MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of existing employees of the parent	344
Number of existing employees of major subsidiaries	269,233
Total number of existing employees	269,577
Number of the resigned and retired staff in the parent company and its major subsidiaries	38,616

	Professional composition	Number of employees
Category of professionals		
Production personnel		112,395
Sales personnel		2,598
Technical personnel		88,155
Financial personnel		15,410
Administrative personnel		51,019
Total		269,577

	Educational level	Number (person)
Category of educational level		
Postgraduate and above		15,373
Undergraduate degree		175,227
College degree		37,894
Secondary education		14,970
High School or below		26,113
Total		269,577

Section V Corporate Governance (Corporate Governance Report) (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 wages are controlled by three links: benefit determination, efficiency adjustment, and level regulation. That is, the growth of total wages is linked to the increase in the economic benefits of the enterprise, while moderately adjusting the efficiency level of the industry benchmark, and taking into account the fairness of income distribution to carry out horizontal regulation. 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

In 2022, the Company's training work was based on the “14th Five-Year Plan” for Human Resources Planning, closely around the development strategy of the enterprise. It emphasized the importance of employee education and training as an important way for human resource development, established a long-term training mechanism, and effectively implemented various tasks related to employee education and training. According to the annual training work plan, the Company adhered to the principles of “classification and grading, training as much as necessary, and precise adjustment of training”, adopted a combination of online and offline methods, increased the intensity of employee training, and further improved the employee training rate. The training rate for senior management and middle-level management personnel reached 100%, and the training rate for general employees reached more than 95%, with an average study time of more than 90 hours. Throughout the year, the Company trained a total of 1,182,195 employees, including 407,648 offline training and 774,547 online training. The number of training management personnel was 1,008,528, accounting for 85.3%, including 25,894 training for enterprise leaders, accounting for 2.56%; 206,891 training for business management personnel, accounting for 20.51%; 735,898 training for professional and technical personnel, accounting for 72.96%; and 39,845 training for party and mass management personnel, accounting for 3.97%. The number of skilled personnel trained was 173,667, accounting for 14.7%. Firstly, we organized a special training class for the 19th Central Committee of the Communist Party of China (CPC) 6th Plenary Session, with more than 100,000 people from the entire system participating in the training, including 643 cadres managed by the Company's Party committee, 9,022 leaders and members of the headquarters department responsible for internal institutions,

Section V Corporate Governance (Corporate Governance Report) (continued)

second-level unit headquarters department leaders, and third-level unit leadership teams, as well as nearly 90,000 party members and cadres. Secondly, the Company hold training classes for leaders at all levels, respectively at the Jinggang Shan Cadre College and the Dalian Advanced Management College, to strengthen the party education of leaders, strategic thinking and leadership ability of young cadres, and training classes to improve the ability and quality of excellent young cadres. In addition, the Company organized the Green Horse Project and training classes for young talents. Thirdly, the Company organized training for new university graduates who joined the Company in 2022, and organized online training for 15,000 new graduates. Fourthly, the Company organized online language training, with language-specific and level-specific training classes held at Beijing Foreign Studies University for four languages (English, French, Russian, and Spanish), with a total of 11 classes and 645 participants. Fifthly, the Company organized vocational training and practical operation skill training for construction professionals. The Company held 35 training classes for 13 positions for construction professionals, with 2,500 participants and a passing rate of 95%. The Company also organized training classes for BIM application technology, unmanned aerial vehicle pilots, project budgeters, and material and equipment managers.

(IV) Labour outsourcing

Applicable Not Applicable

Total working hours on labour outsourcing	Approximately 6,792 million man-hours
Total payment for labour outsourcing	Approximately RMB246.391 billion

Section V Corporate Governance (Corporate Governance Report) (continued)

XV. PROFIT DISTRIBUTION PLAN OR RESERVE-TO-EQUITY

(I) The Profit Distribution Policies of the Company (Disclosure Pursuant to the Requirements of the Hong Kong Stock Exchange Listing Rules)

1. The basic principles of the profit distribution policies of the Company

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 realised for the year as set out in that year's consolidated financial statements. 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. 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 is 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 realised 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

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

Directors consider 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.

(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 4th meeting of the fifth session of the Board convened by the Company on 29 and 30 March 2022 that a cash dividend of RMB3,340.567 million in total for 2022, i.e., RMB2.46 (tax inclusive) every 10 shares based on the total share capital of 13,579,541,500 shares as at 31 December 2021 was declared. The profit distribution plan had been considered and passed at the 2021 annual general meeting convened on 23 June 2022. The distribution of the above cash dividend was completed on 26 July 2022 and 19 August 2022, 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 safeguarded the legitimate rights and interests of minority shareholders.

Section V Corporate Governance (Corporate Governance Report) (continued)

During the Reporting Period, in order to facilitate investors to have more comprehensive and further understanding of cash dividend distribution for 2021, the Company held an online presentation on 1 April 2022, with the investors' corresponding issues hereof under common concern answered. On 23 June 2022, through the combination of on-site open and online voting, the Company considered and adopted the Proposal Regarding 2021 Annual Profit Distribution Plan at the 2021 Annual General Meeting.

3. Explanation on profit distribution plan for 2022

(1) *The 2022 profit distribution plan approved by the Board*

According to the audited financial report of the Company for the year 2022, the undistributed profit of the parent company at the beginning of 2022 was RMB32,095.833 million. After adding the net profit realised by the parent company of RMB13,425.745 million in this year and deducting the cash dividends for the year 2021 of RMB3,340.567 million and distribution of the interest of holders of other equity instruments amounting to RMB2,745.319 million for the year 2022, the distributable profit of the parent company at the end of the year was RMB39,435.692 million. According to the Company Law and the Articles of Association of the Company, a cash dividend of RMB3,802.272 million in total, i.e. RMB2.80 for every 10 shares (tax inclusive) will be distributed, based on the total issued share capital of 13,579,541,500 shares as at 31 December 2022, accounting for 15.91% of the distributable profits attributable to ordinary shareholders of the listed company in the consolidated statements of the year. Upon such distribution, the undistributed profit of the parent company amounting to RMB35,633.420 million will be carried forward to the next year. If there are changes in the total share capital of the Company before the equity registration date for the implementation of the equity distribution, the Company proposed to keep the total allocation unchanged and adjust the allocation ratio per share accordingly.

(2) *The time arrangement of the profit distribution plan for 2022*

The profit distribution plan for 2022 of the Company is subject to consideration and approval at the 2022 Annual General Meeting. The above proposed dividend is expected to be paid to the shareholders of the Company on or before 31 August 2023 after such profit distribution plan is considered and approved at the 2022 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

(3) *Statement of the Board on the profit distribution plan for 2022*

From the perspective of macro environment, the construction industry is a fully competitive industry with intense market competition, low industry gross profit margins, high asset-liability ratios, and large amounts of accounts receivable and contract assets, which require a large amount of funds for daily business operations. In terms of industry trends, with the deepening implementation of strategies such as high-quality joint construction of the “Belt and Road,” accelerating the construction of a strong transportation country, and promoting regional coordinated development, the new infrastructure market represented by smart transportation and digital economy is expanding the extension of the construction industry with strong development momentum, and will bring new growth points for the industry.

From the perspective of the current development of the Group, the Company actively integrates into national strategies and adheres to high-quality development as its top priority. In 2022, the Company achieved record highs in both newly signed contracts and operating income, and its core advantages throughout the entire industry chain were consolidated, while its regional layout became more reasonable. The Company will continue to adhere to diversified and coordinated development, establish an “8+N” industrial development pattern, vigorously promote industrial transformation and upgrading, and accelerate the construction of a world-class enterprise.

From the perspective of the Company’s capital need, it mainly includes capital investment in various business operations and capital investment in capital projects. To ensure the Company’s sustainable, healthy, and stable development, it needs to accumulate appropriate retained earnings to pursue higher quality returns.

From the perspective of retained earnings, a portion of the net earnings earned by the enterprise is used for distribution to investors, and the other part is used for enterprise accumulation. The retained earnings accumulated by the company over the years still belong to all investors. Properly handling the relationship between distribution and accumulation, retaining a portion of the net income for future distribution needs, smoothing out fluctuations in income distribution, is conducive to ensuring a sustained and stable dividend policy. In recent years, CRCC’s dividend payout ratio has been maintained at over 15%, and has always maintained a stable level of dividend payout.

(III) Special explanation of cash dividend policy

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

Whether it complies with the provisions of the Company's articles of association or the requirements of the resolution of the general meeting of shareholders	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the dividend standard and ratio are specific and clear	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the independent directors performed their duties and played their due role	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

(IV) 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

(V) Resolutions of the Board of Directors on the distribution of profits and proposals or proposals for capitalisation of capital reserves for the current reporting period

Applicable Not Applicable

Unit: '000 Currency: RMB

Number of bonus shares (<i>share</i>) for every 10 shares	–
Amount of dividend (<i>RMB</i>) for every 10 shares (tax included)	2.80
Number of shares reversed to equity (<i>share</i>) for every 10 shares	–
Amount of cash dividend (<i>tax included</i>)	3,802,272
Net profit attributable to common shareholders of the listed Company in the consolidated statement in the year of profit distribution	23,896,775
Ratio in the net profit attributable to common shareholders of the listed Company in the consolidated statement	15.91
Amount of shares repurchased in form of cash and accounted into cash dividend	–
Total amount of cash dividend (<i>tax included</i>)	3,802,272
Ratio of total amount of dividend in the net profit attributable to common shareholders of the listed Company in the consolidated statement (%)	15.91

Section V Corporate Governance (Corporate Governance Report) (continued)

XVI. 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

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

Applicable Not Applicable

(IV) 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 of the Board 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 of the Board 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.

Section V Corporate Governance (Corporate Governance Report) (continued)

XVII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not Applicable

CRCC has always attached great importance to the construction and implementation of the internal control system. Firstly, the Company strictly enforced and implemented the 1+3 systems, methods and regulations including the “Risk Management and Internal Control Measures”, based on the work ideas, approaches and methods of “big risk-control”, the Company unified the understanding of risks, clarified the definition of risks, strengthened the major risks identification, evaluation and redline management. It has also consolidated the direct responsibilities of leaders at all levels through supervision, evaluation and assessment. The Company strictly followed the organizational setting that the risk internal control work should be controlled by the Party Committee, deployed by the leadership of the Board of Directors, and implemented by the management, so as to fully exert the role of risk management committees on all levels, generally arrange leading risk management and internal control work, the Company promoted resource integration, information sharing, joint prevention and control by four vertical fire walls and three horizontal defense lines, which effectively promoted various units and departments to participate in the risk prevention & control system and the standard implementation of working mechanism on all dimensions, in whole process and by all staff. Secondly, the Company comprehensively sorted out and improved post duties, developed comprehensive risk identification based on posts and based on businesses, recognized potential risk points, formed targeted control measures, established risk management post responsibility system, and refined the risk management duty performance requirements by targeting various positions, especially key positions. In actual work, the Company realized unification of responsibility and rights and consistency between assessments and reward & punishment, which fully stimulated the initiatives of employees, and strengthened their awareness of responsibility.

During the Reporting Period, by primarily targeting the key and difficult points in control of risk monitoring and event reporting, the Company formulated and issued the “Notice Regarding Establishing the Working System of First Report, Follow-up Report and Final Report of Major Risk Events”, the “Notice Regarding Taking Care of Monthly Follow-up and Monitoring Reporting of Major Risks”, the “Notice on Strengthening of Information Sharing about Major or More Serious Risks (Events)”, which refined the mechanism of monitoring, analyzing and applying risks, specified event reporting and information sharing channels. Through the development and launch of CRCC Cloud Risk Control Monitoring Center, the Company has fixed the various management measures specified by systems or notices in the information system, the implementing result and effect met the requirements of such systems and methods. By benchmarking the advanced, all levels of the company have been organized to develop comparison and inspection work targeting the shortcoming and weakness of the enterprise's internal control system, so as to make leak filling, have targeted correction, continuously improve the internal control system and mechanism, effectively exert the promoting and guaranteeing role of internal control system for enhancing the enterprise's legal compliance operation capacity and realizing high-quality development.

CRCC found no major defects in internal control during the Reporting Period, and has basically established and improved a reasonable internal control system in accordance with the relevant requirements of the “Basic Norms for Enterprise Internal Control”. And the internal control system established has been implemented effectively at all levels and in all aspects of the Company's business activities, with good overall operation and generally effective internal control.

Description on significant defects of the internal control during the Reporting Period

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

XVIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not Applicable

During the Reporting Period, CRCC comprehensively implemented lean management in terms of organization, operation, projects, etc., building a basic management system oriented by value creation and focusing on management improvement, and aiming at improving quality and efficiency to improve development, quality and efficiency. The Group will precisely define and give play to the functional positioning of the corporate headquarters, regional headquarters, group companies, regional headquarters of the group companies, and tertiary companies, building an organizational control system with complete systems, clear powers and responsibilities, scientific norms, and orderly operation, so as to improve management efficiency and value creation capabilities.

XIX. RELEVANT ISSUE ON AUDIT REPORT ON INTERNAL CONTROL

Applicable Not Applicable

Deloitte Touche Tohmatsu CPA LLP (special general partnership) was appointed by the Company to audit the effectiveness of our internal control for the year ended 31 December 2022, and issued an internal audit report with a standard 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 the full text 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

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

XX. RECTIFICATION OF SELF-CHECKED ISSUES IN SPECIAL ACTIONS ON GOVERNANCE OF LISTED COMPANIES

Applicable Not Applicable

XXI. OTHERS (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE HONG KONG STOCK EXCHANGE LISTING RULES)

Applicable Not Applicable

Section V Corporate Governance (Corporate Governance Report) (continued)

(I) Participation in trainings by directors during Reporting Period

Mr. WANG Jianping participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. Zhuang Shangbiao participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. CHEN Dayang participated in the 7th Special Training for Directors and Supervisors in 2022 by The Listed Companies Association of Beijing on 18 November 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. LIU Ruchen participated in the Video Training of Corporate Governance for SOEs by the SASAC & the 16th State-owned Enterprise Reform Class on 14 June 2022; participated in the 5th Special Training for Directors and Supervisors in 2022 by The Listed Companies Association of Beijing on 14 October 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. GAO Lieyang participated in the Online Special Class on “Well Implement Carbon Peaking and Carbon Neutrality Work, Promote High-quality Development of Enterprise” by the SASAC on 8 June – 23 August 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. MA Chuanjing participated in the Analysis Training of “Rules for Independent Directors of Listed Companies” by the China Listed Companies Association on 17 March 2022; participated in the 2nd Follow-up Training for Independent Directors of Listed Companies in 2022 by Shanghai Stock Exchange on 23 May-5 June 2022; participated in the Online Special Class on “Well Implement Carbon Peaking and Carbon Neutrality Work, Promote High-quality Development of Enterprise” by the SASAC on 8 June – 23 August 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. ZHAO Lixin participated in the Analysis Training of “Rules for Independent Directors of Listed Companies” by the China Listed Companies Association on 17 March 2022; participated in the 2nd Follow-up Training for Independent Directors of Listed Companies in 2022 by Shanghai Stock Exchange on 23 May-5 June 2022; participated in the Online Special Class on “Well Implement Carbon Peaking and Carbon Neutrality Work, Promote High-quality Development of Enterprise” by the SASAC on 8 June – 23 August 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. XIE Guoguang participated in the Analysis Training of “Rules for Independent Directors of Listed Companies” by the China Listed Companies Association on 17 March 2022; participated in the 2nd Follow-up Training for Independent Directors of Listed Companies in 2022 by Shanghai Stock Exchange on 23 May-5 June 2022; participated in the Online Special Class on “Well Implement Carbon Peaking and Carbon Neutrality Work, Promote High-quality Development of Enterprise” by the SASAC on 8 June – 23 August 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Mr. TSIN Wai Lun Kenneth participated in the Analysis Training of “Rules for Independent Directors of Listed Companies” by the China Listed Companies Association on 17 March 2022; participated in the 79th Main Board Independent Director Qualifications Training by Shanghai Stock Exchange on 20–29 April 2022; participated in the 2nd Follow-up Training for Independent Directors of Listed Companies in 2022 by Shanghai Stock Exchange on 23 May-5 June 2022; and participated in the CRCC Compliance Operation Training on 26 December 2022.

Section V Corporate Governance (Corporate Governance Report) (continued)

(II) Directors' Responsibilities Related to Financial Report

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 2022, 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 XI Financial Report" of the report.

(III) 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.

(IV) Company Secretary

During the Reporting Period, the secretary of the Board and the Joint Company Secretaries of the Company had respectively completed relevant professional training of not less than 15 hours.

(V) Employee Gender Diversity

The Company strictly complied with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations, regulates the employment practices and protects the legitimate rights and interests of its employees. The Company follows the principle of equal employment and adheres to a policy of equal pay for equal work and non-discrimination in labor employment. It provides equal employment opportunities for employees of different nationalities, races, genders, ages, religious beliefs, and cultural backgrounds. As at the end of the Reporting Period, the ratio of male employees to female employees (including senior management) of the Company was 3.6:1. The Company will continue to implement measures that support employee diversity during recruitment.

(VI) 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 once after the consideration and approval in the Board meetings and the General Meeting.

Section V Corporate Governance (Corporate Governance Report) (continued)

In order to further improve corporate governance, enhance the level of standard operation, according to the latest regulatory requirements by the SASAC, the CSRC, the Shanghai Stock Exchange and Hong Kong Stock Exchange, by taking into account the actual situation of the Company, the Company has amended certain articles of the Articles of Association of the Company and its annexes, Rules of Procedure for General Meetings and Rules of Procedure for the Board of Directors, which were considered and approved at the 2021 Annual General Meeting held on 23 June 2022. The amended Articles of Association, Rules of Procedure for General Meetings and Rules of Procedure of the Board of Directors 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 24 June 2022.

(VII) Remuneration of Auditors

For relevant information on the remuneration of auditors, please refer to “VII. Appointment and removal of auditors” of “Section VII Significant Events” in this report.

(VIII) Dividend Distribution Policy of the Company

For details, please refer to “XV. Profit distribution plan or capital reserve-to-equity” of this Section.

Section VI Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Whether established environmental protection mechanism Yes

Environmental protection fund input during the Reporting Period (RMB '00,000, 000) 24

(I) Explanation on environmental protection of companies and their significant subsidiaries classified as the key pollutant discharging units announced by the environmental protection department

Applicable Not Applicable

(II) Environmental issues of companies other than those classified as the key pollutant discharging units

Applicable Not Applicable

1. Administrative Penalties received due to environmental issues

Applicable Not Applicable

During the Reporting Period, a total of 35 project sites under construction of CRCC were punished by the relevant local authorities for dust and noise arising from earthwork construction, with a total fine of approximately RMB994,700. The relevant entities of each project site have paid the fine in full and made timely rectification and acceptance. The above violations did not result in serious environmental pollution or social impact, and did not constitute major violations of environmental protection laws and regulations. The relevant penalties did not have material adverse impact on the normal production and operation of the Company.

2. Disclosure of other environmental information with reference to the key pollutant discharging units

Applicable Not Applicable

In the process of production and operation, CRCC strictly abides by the national environmental protection policies, laws and regulations, resolutely implements the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations, pays attention to source control, and always implements the environmental protection management concept of "reasonable energy consumption and green construction". Relying on science and technology, CRCC constantly innovates environmental protection work, consciously fulfills and undertakes the social responsibility of environmental protection, strengthens the concept of green development, and strives to achieve the goal of "resource-saving and environment-friendly" enterprise, so as to promote the enterprise to achieve high-quality sustainable development and contribute to the construction of national ecological civilization. The major emissions of the Group in the course of business are CO₂ and non-hazardous construction wastes. The Group was listed in companies other than those classified as the key pollutant discharging units in China as it seldom produces hazardous wastes, oxynitride and oxysulfide due to the nature of the industry.

Section VI Environmental and Social Responsibility (continued)

3. Reasons for non-disclosure of other environmental information

Applicable Not Applicable

(III) Relevant information that contributes to ecology protection, pollution prevention, and fulfillment of environmental responsibility

Applicable Not Applicable

CRCC practices the “Eco-friendly CRCC, Green Development” concept, in production and operation, it adheres to the principle of “staying away from the red line, keeping the bottom line and creating highlights”, promotes the realization of high-quality and sustainable development of the enterprise. To adapt to the new era, new trend and new requirements, the Company has formulated and issued, in accordance with the national laws and regulations for energy conservation and ecological environmental protection, the “Administrative Measures for Energy Conservation and Ecological Environmental Protection” and the “Implementing Rules for Assessment and Evaluation of Environmental Protection Targets and Indicators for Engineering Projects”, the Company has continuously improved the supervision management system for energy conservation and ecological environmental protection, promoted the management by standard list of 82 articles in 6 aspects of energy conservation and environmental protection on project site, practically performed the entity responsibility for energy conservation and environmental protection, made efforts to establish a resource-saving and environmental friendly enterprise.

(IV) Measures taken to reduce its carbon emissions during the Reporting Period and their effects

Whether adopted carbon reduction measures Yes
Equivalence of reduced emission of carbon dioxide /
(unit: ton)

Type of carbon reduction measures (such as use of power generation with clean energy, use of carbon reduction technology in production process, development and production of new products that help reduce carbon emission, etc.) Carbon credits, use of green power, procurement of clean energy equipment

Specific Explanation

Applicable Not Applicable

CRCC emphasizes on scientific management, enforces “saving energy, saving lands, saving water, saving materials and environmental protection” in the whole process of project construction, adhering to the principle of “reducing inventory, controlling increment and offsetting with negative carbon emission”, and helping the State to achieve the dual carbon goals of “carbon peak in 2030 and carbon neutrality in 2060”. In order to reduce the emission of carbon dioxide, the Group has taken the following major measures: firstly, strengthening organizational leadership and system construction; secondly, actively adjusting the structure of energy use to reduce the consumption of energy with high carbon dioxide content; thirdly, actively using clean energy and implementing energy alternative strategies; fourthly, accelerating the elimination of backward production capacity and process and purchasing energy-saving and advanced equipment; fifthly, continuously optimizing the construction plan, carrying out technological innovation, promoting the “Four New” results to save energy and reduce emissions and energy consumption; sixthly, strengthening the management of materials and equipment, improving the efficiency of the use of turnover materials, promoting the recycling of resources, reducing the vacancy rate of equipment and reducing energy consumption.

Section VI Environmental and Social Responsibility (continued)

II. SOCIAL RESPONSIBILITY WORK

(I) **Whether to separately disclose social responsibility report, sustainable development report or ESG report**

Applicable Not Applicable

The Company actively fulfills its social responsibilities and will disclose the 2022 Social Responsibility Report of CRCC together with the annual report, the full text of which is published on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn).

(II) **SPECIFIC INFORMATION OF SOCIAL RESPONSIBILITY WORK**

Applicable Not Applicable

Donation and public welfare programs	Number/content	Explanation
Gross Investment (RMB '0,000)	6,837.02	/
Including: Fund (RMB '0,000)	6,569.40	/
Amount of materials (RMB '0,000)	267.62	/
Number of people benefited (person)	No less than 13,310,000 people	Because there are many public welfare programs throughout the Group, which are diversified in types and wide in coverage, by conservative estimation, the number of people benefited could be no less than 13.31 million people.

Specific Explanation

Applicable Not Applicable

Section VI Environmental and Social Responsibility (continued)

III. DETAILS OF CONSOLIDATING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALISATION

Applicable Not Applicable

Poverty alleviation and rural revitalization programs

	Number/content	Explanation
Gross Investment (RMB '0,000)	7,616.38	/
Including: Fund (RMB '0,000)	7,603.78	Of which, RMB36,570,200 was invested in non-reimbursable assistance and RMB39,467,600 was invested in reimbursable assistance (purchase of agricultural and sideline products from poverty-stricken areas)
Amount of materials (RMB '0,000)	12.6	/
Number of people benefited (person)	2,234,407	/
Forms of assistance (such as poverty alleviation through industry, poverty alleviation through employment, poverty alleviation through education, etc.)	Industrial assistance, talent assistance, ecological assistance, cultural assistance, organizational assistance	/

Specific Explanation

Applicable Not Applicable

In 2022, CRCC implemented in-depth learning and understanding of the spirits of the 20th National Party Congress and the related important instructions and commands by General Secretary XI Jinping, well performed the political responsibility and social responsibility as an central enterprise, comprehensively enforced and implemented the various decisions and deployment by the CPC Central Committee, the State Council, the National Rural Revitalization Administration and the SASAC of the State Council regarding targeted assistance and rural revitalization, continuously promoted the implementation of the "Four No-picking" requirements, resolutely shouldered the assistance responsibilities, actively exerted its own advantages, innovated assistance measures, enlarged assistance efforts, solidly promoted the refined implementation of each work, the Group has made contribution to the continuous consolidation and exploration of the poverty alleviation achievements, and promotion of rural revitalization.

Section VI Environmental and Social Responsibility (continued)

The headquarters of the Company provided targeted assistance to Wanquan District and Shangyi County in Zhangjiakou City, Hebei Province; Gande County in Guoluo Prefecture, Qinghai Province; the related subsidiaries of the Company provided assistance to 29 counties, townships, towns and villages, including the Dianping Village, Qingxiang Village and Youyushahukou Village in Fenxi County, Shanxi Province; Bairenzhuan Village in Liangshan County, Beigushan Village in Boshan District, Shandong Province, Xiacunba Village of Baiguo Township, Dagou Village of Huanglong Town in Enshi City, Hubei Province, Shibitang Village of Jianghua Yao County in Yongzhou, Qiaotou Village of Xiaoyu Zhuang Township, Hunan Province, Tiantai Village of Yuelai Town in Guang'an District, Tongxin Village of Pingwu County in Mianyang City, Sichuan Province, Qianjiang District in Chongqing City, Beiguan Village in Long County, Wutai Village in Ningshan County, Shaanxi Province, Guozhuang Village, Liugou Village and Hancha Village of Dagou Town in Huining County, Lvjing Town in Min County, Gansu Province, Chengjia Yao Township in Yangshan County, Guangdong Province, Pingzhu Village, Dongguantang Village and Guapoqiao Village in Guangxi Zhuang Autonomous Region, Yuanzhou District in Guyuan City, Ningxia, etc..

For the 3 districts and counties that CRCC provided targeted assistance to and 29 townships, towns and villages that the subsidiaries provided assistance to in 2022, CRCC invested RMB76.1638 million in assistance funds, of which RMB36.5702 million was invested without compensation and RMB39.4676 million was invested with compensation (purchasing agricultural and sideline products from poverty alleviation regions), and materials amounted to RMB0.126 million. The Company introduced assistance funds (including investment attraction) of RMB24.610 million helped sales of agricultural products of RMB10.779 million dispatched 50 temporary cadres and 16 work teams, and created 5 rural revitalization demonstration villages.

In the aspects of industry assistance and talent revitalization, CRCC has introduced over 30 assistance programs or enterprises, helped establish 10 assistance workshops, helped transfer and employ 4,555 people, trained 560 grass-root cadres on county, township and village levels, 67 rural revitalization leaders and 5,144 professional technology talents.

In the aspect of assistance in ecological revitalization, CRCC has invested over RMB4 million in helping improve the residential environment and living facilities in rural area, helped implement rural toilet renovation for over one thousand households, and helped implement living garbage and sewage treatment in over 10 villages.

In the aspect of assistance in cultural revitalization, CRCC has built cultural plazas, broadcasting halls, etc., developed cultural trainings, established new media platforms, which are used to interpret rural revitalization strategy and promote the policies to benefit the people, cultivate civilized rural atmosphere, good family atmosphere and simple social atmosphere, improve the spiritual image of farmers, promote the spirit of time, and enhance the social civilization degree in rural area.

In the aspect of assistance in organizational revitalization, CRCC has participated in pairing with 9 party branches, paired with 11 villages for poverty alleviation, assisted 29 leading enterprises, helped cultivate 7 new-type agricultural operation entities (including household farms, cooperatives, etc.), and actively developed donation activities among party members and cadres.

CRCC has also established long-effect assistance mechanism, strengthened publicity and guidance, popularized rural revitalization policies. In 2022, the Company published dozens of articles and videos through its official website, official WeChat account, national mainstream media and other channels to share its working measures in rural revitalization, demonstrate the work effect of rural revitalization and promote typical characters and stories.

Section VI Environmental and Social Responsibility

IV. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG REPORT)

(I) Environment

CRCC implements relevant laws and regulations on environmental protection, strengthens the construction of environmental policies and management systems, and has established a leading group for energy conservation and environmental protection with the leaders as the team leader. CRCC implements a four-level management system, integrates environmental management into all aspects of daily operations, enhances the ability to prevent and control environmental risks, strengthens measures for ecological environment risk prevention and control, and builds a resource-saving and eco-friendly enterprise.

1. Emission

CRCC strictly abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other laws and regulations related to environmental protection, has formulated the Administrative Measures for Energy Conservation and Emission Reduction of China Railway Construction Corporation Limited, the Implementation Rules for the Examination and Evaluation of Energy Conservation and Emission Reduction Objectives and Indicators of China Railway Construction Corporation Limited and other systems, vigorously introduces the "82-item checklist for energy conservation and environmental protection management in six aspects of project construction sites", and sets specific energy-saving and emission reduction control indicators (10 points) each year. These indicators are included in the annual performance evaluation system for responsible persons. At the end of each year, CRCC conducts an assessment and evaluation of energy conservation, emission reduction and environmental protection work, summarizes experience, and promotes the best practices. CRCC improves the statistical reporting and monitoring system for energy conservation and emission reduction, as well as the monitoring system for construction sites, and reinforces monitoring methods. In 2022, there were no environmental pollution incidents.

(1) Exhaust gas management

The main emissions generated by the Company in the production and operation process are greenhouse gas carbon dioxide, dust, noise, flue gas, etc. The Company sets the emission reduction target of "18% reduction of carbon dioxide emissions by the end of 2025". Subordinate units and projects establish a third-party monitoring system, and work together with local professional monitoring departments to achieve online monitoring of dust, noise, flue gas and other pollutant emissions. The main pollutant emissions are in compliance with management regulations, requirements and standards of the state or local government where the project construction located, and the annual phased goals were well achieved. The Company mainly uses electricity, gasoline, diesel and other energy during construction and production, and its process generally or does not generate exhaust gases such as nitrogen oxides and sulfur oxides. Therefore, relevant key performance indicators are not applicable to the Company.

Indicators	Value in 2022
Direct emission of carbon dioxide (10,000 tons)	465.57
Intensity of direct emission of carbon dioxide (tonnes/ million revenue)	4.27
Indirect emission of carbon dioxide (10,000 tons)	1,084.30
Intensity of indirect emission of carbon dioxide (tonnes/ million revenue)	9.94

Calculation: Intensity of direct emission of carbon dioxide = Direct emission of carbon dioxide / revenue for the year

Intensity of indirect emission of carbon dioxide = Indirect emission of carbon dioxide / revenue for the year

Section VI Environmental and Social Responsibility (continued)

In 2022, the Company issued the Notice on Carrying Out a Special Investigation on Environmental Pollution Risks, and carried out the investigation of air pollution risk points, focusing on the prevention and control of dust, flue gas and exhaust gas. It inspected the configuration, installation and operation of environmental protection facilities at the construction site; covered bare soil and hardened the site; water trucks, mist cannon machines, sprinkler devices and car wash tank equipment were in correct use; made compliance of muck cover for special vehicles and road sweeper; the coverage of dense screen, closed shed and construction enclosure meet the standards; anti-pollution measures were in place for steel structure welding and painting in the processing area; initiated emergency plans for heavily polluted weather; kept dust reduction measures in place for earthwork operations; stay-off operation was implemented during the urban heating period. Through risk investigation and management, the emission of dust, flue gas and exhaust gas was reduced.

(2) Solid waste management

The Company has set the goal of non-hazardous waste reduction, that is, to achieve harmless, reduced and recycled waste disposal, and the waste utilisation rate reaches over 90%. In 2022, the Company's treatments for solid waste and hazardous waste were in strict accordance with the national standard and the administrative measures issued by the local government where the project construction located, and treatment and consumption for construction waste were in compliance with regulations and with a utilisation rate of over 90%, successfully achieving the annual target. Due to the nature of the industry, the Company seldom produced hazardous waste. Therefore, relevant key performance indicators were not applicable to the Company.

Indicators	Value in 2022
Emission of solid waste (10,000 tons)	4,476.35
Intensity of emission of solid waste (tonnes/million revenue)	41.05
Solid waste utilisation rate (%)	91%

Calculation: Intensity of emission of solid waste = Emission of solid waste / revenue for the year

Solid waste utilisation rate = Solid waste utilization / Solid waste production x 100%

Section VI Environmental and Social Responsibility (continued)

CRCC carried out an investigation on the risk points of solid waste and hazardous waste pollution, with a focus on controlling the production, storage, transfer, utilisation and disposal of solid waste and hazardous waste, to inspect and confirm the amount of solid waste and hazardous waste generated and disposed, and ensure that there is a ledger record; the construction of solid waste and hazardous waste storage facilities and sites complies with the design and national environmental protection standards, management and maintenance specifications; the hazardous waste is labeled with identification signs; treating measures such as anti-scattering, anti-loss and anti-leakage are taken during the storage and transfer of solid waste and hazardous waste; illegal transfer, dumping and disposal of solid waste and hazardous waste are prohibited; the projects implemented radioactive waste disposal in accordance with relevant requirements and regulations, to ensure the associated radioactive mineral pollution effectively prevented and controlled.

In terms of waste disposal and consumption, the Company issued the “Notice on Further Strengthening the Management of Construction Waste at Construction Sites” to regulate the consumption and disposal of non-hazardous waste, and adopted the disposal sites designated according to the national standards for disposal and consumption of waste, or entrusted local companies with professional qualifications to dispose of, or crushing, screening and reuse of waste. For example, for the Yuyi Expressway Project of China Railway 22nd Bureau Group Co., Ltd., the construction of the No.1 Mixing Station was carried out by excavation and filling, with earthworks balanced and soil from the nearby No.1 steel factory excavation and abandoned soil from the Liuhui Tunnel fully used as mixing station fillers. This reduced the temporary abandoned soil site by 10 mu, achieving the goal of zero or minimal waste residue.

2. Use of Resources

CRCC abided by the national Environmental Protection Law in project management, and implemented “energy saving, land saving, water saving, material saving and environmental protection” throughout the whole process of project construction. It insists on scientific management and improves resource utilisation efficiency. Due to the nature of the industry, the Company does not involve the use and consumption of packaging materials, Therefore, relevant key performance indicators are not applicable to the Company.

(1) Energy use

The Company focuses on the energy conservation goal of “reducing the comprehensive energy consumption per RMB10,000 operating income by 13.5% by the end of 2025”, and implements control indicators for comprehensive energy consumption and energy consumption per RMB10,000 operating income. The Company drives technological progress, phases out outdated production capacity, and control energy consumption from the source. In 2022, good results were achieved in energy consumption indicators, with energy intensity decreasing year by year. The comprehensive energy consumption per RMB10,000 operating income was 0.0618 tons of standard coal, representing a decrease of 2.06% compared with the same period last year.

Section VI Environmental and Social Responsibility (continued)

The Company actively promotes the clean and low-carbonization of energy consumption structure, develops new energy utilization projects, and develops renewable energy such as wind and solar energy. For example, CRCC High-Tech Equipment Corporation Limited fully utilises the geographical advantages and abundant solar energy resources in Kunming. In 2022, its own photovoltaic power station generated 7,223,400 kWh, and the self-use photovoltaic power generation amounted to 4,662,600 kWh, accounting for about 30% of the total power consumption.

The Company adheres to “green office”, and is committed to forming a long-term green office mechanism. It comprehensively promotes resource conservation and recycling, encouraging water, electricity and paper conservation and reducing the consumption of office supplies; adopts LED energy-saving light sources, and strictly controls the start-stop time of air conditioning and refrigeration units; promotes paperless office and video conferences, and reduces employees’ business trips, etc., to advocate for a green and low-carbon lifestyle.

Energy Consumption of 2022

	Type	Quantity
Direct energy	Coal (10,000 tonnes)	31.98
	Gasoline (10,000 tons)	22.75
	Diesel (10,000 tonnes)	187.59
	Fuel oil (10,000 tons)	3.28
	Natural gas (10,000 standard cubic meters)	788.31
Indirect energy	Electricity (10,000 kWh)	2,063,281
Energy consumption intensity	Comprehensive energy consumption per RMB10,000 revenue (tons of standard coal)	0.0618

(2) Protecting water resources

CRCC’s water consumption mainly comes from municipal water and a small amount of river water. There has been no difficult problem in the water source. The Company’s water consumption is mainly dust-reducing sprinklers and some cement mixers. In 2022, the Company set a target of total water consumption of 320,700,000 cubic meters, and the actual total water consumption was 318,191,800 cubic meters, with a water consumption intensity of 291.86 tons/million revenue.

Section VI Environmental and Social Responsibility (continued)

In 2022, the Company carried out an investigation of water pollution risk points with a focus on achieving standard discharge of construction and domestic wastewater, to inspect the construction in process equipped with sewage treatment facilities that operate in accordance with the requirements, and the wastewater and sewage generated are collected and treated separately; wastewater and sewage discharged to the municipal pipe network are pre-treated according to regulations and meet the requirements; the wastewater directly discharged to the water body meets the standards, and the discharge outlets are set in compliance with national regulations; in drinking water source protection areas and other special water bodies, there is no illegal project construction and production activities that may pollute water bodies; wastewater such as mud for bridge pile operation, tunnel construction wastewater, mixing station and beam yard is treated in a sedimentation tank according to regulations, and is discharged after passing the inspection; domestic sewage is collected in septic tanks and treated by professional teams; during the construction of projects, water bodies such as rivers and lakes along the project were protected. Through relevant investigation and management, the construction and domestic sewage meets the discharge standards.

The Company strengthens water-saving measures, strengthens the protection and management of water resources, strictly implements construction and domestic water systems, installs and uses water-saving equipment and temporary rainwater collection, construction water and sewage treatment systems, collects and uses surface and foundation pit groundwater, promotes water recycling, and builds a water-saving enterprise. In addition, infrared sensor switches are used in water facilities to ensure that water is shut off in absence of personnel.

3. The Environment and Natural Resources

CRCC firmly practiced the concept of “ecological CRCC and green development”, formulated the Measures for the Administration of Environmental Protection of Engineering Projects of China Railway Construction Corporation Limited, the Implementation Rules for the Examination and Evaluation of Environmental Protection Targets and Indicators of Engineering Projects of China Railway Construction Corporation Limited and other safe and civilized construction-related policy systems, focused on scientific management and innovative technologies, maximized resource conservation and reduced negative impact on the environment. The Company carried out an investigation of soil pollution risk points. The focuses of the investigation were mainly on the disposal of residual pollutants generated from the demolition of production facilities and equipment and structures, the reclamation and greening of temporary land for construction projects, the protection of vegetation, etc.; anti-seepage treatment for on-site oil storage sites and machinery maintenance and repair sites; whether there is soil pollution in the development of mineral resources and the exploitation of gravel; in the construction of natural protection areas, whether there are violations of laws and regulations such as soil and vegetation damage.

Section VI Environmental and Social Responsibility (continued)

The Company strictly follows environmental protection laws, regulations, and systems for all projects under construction, strictly controls soil pollution, radioactive material pollution and other pollution that may damage the ecological environment on construction sites, strengthens ecological protection, reasonably plans sites, reduces the occupation of farmland and cultivated land, and promotes the sustainable use of land resources through practical actions. The Company consciously protects wild animals and plants and ecological vegetation, carries out ecological restoration work, and lowers the impact of construction on biological populations, in an effort to provide strong support for creating a healthy and harmonious ecological home to protect biodiversity. For example, wild camels, a nationally protected animal, often appear on the Ruoqiang-Hetian Railway (和若鐵路) in Xinjiang, which was built by units such as China Railway First Survey and Design Institute Group Co., Ltd. and China Railway 14th Bureau Group Co., Ltd.. This project adopted targeted measures such as using bridges instead of roads and combining plant protection with engineering protection, effectively solving the problem of wind and sand hazards while protecting the habitat on which wild camels live. In 2022, 100% of the Company's temporary construction land was rehabilitated or greened.

The Company leverages its professional expertise to improve the ecological environment and has undertaken a large number of ecological restoration projects, such as Chongqing Guangyang Island, Fen River in Taiyuan, Kunming Duige Mountain, Xi'an Meibei Lake, abandoned mine ecological restoration in Caojiafang, Shijiyang, Fangshan District, Beijing, and ecological environment governance and restoration in Huoshaogou, Chengxi District, Xining City, playing a key role in the construction of "Beautiful China". For example, the ecological restoration project of Chongqing Changsheng Bridge Landfill Site, undertaken by China Railway 17th Bureau Group Co., Ltd., is one of the largest ecological restoration projects of landfill sites in China, covering an area of about 1,037 mu. After the project is completed, the landfill site will be restored to an ecological theme park to restore urban green space functions. With a vegetation coverage rate of over 85%, it will continue to absorb carbon and release oxygen, further enhancing the carbon sequestration intensity of the urban ecosystem.

4. Climate Change

CRCC has incorporated climate change into its strategic planning, risk management, and daily operations and established a Carbon Peak and Carbon Neutrality Working Group, to comprehensively plan the Company's carbon peak and carbon neutrality action plan, set carbon reduction targets, and guide subordinate units to conduct related work.

With carbon infrastructure construction as a driving force, CRCC incorporated the China Carbon Infrastructure Industry Development Co., Ltd. (中碳基礎設施產業發展有限公司), which is the first infrastructure industry enterprise in China to use the "China Carbon" brand, and is an important measure to accelerate the improvement of carbon governance capabilities in the construction industry and empower the green and low-carbon transformation.

Section VI Environmental and Social Responsibility (continued)

To achieve the “dual-carbon” goal as early as possible, the Company expands the emerging fields, and develops a large number of new energy equipment, to provide a continuous green power and promote industry upgrading. For example, China Railway Chang’an Heavy Industry Co., Ltd. (中鐵長安重工有限公司), independently developed and manufactured a new energy (pure electric) plateau tunnel construction equipment – “Tianlu” series of products, which have zero emissions, low noise and no pollution, and have worked for more than 100,000 hours in an environment of over 4,000 meters above sea level, reducing carbon dioxide emissions by a total of 5,760 tons; and it also developed new energy pure electric plateau tunnel loaders that can reduce carbon dioxide emissions by 9.4 tons/unit per year.

The Company optimizes its industrial structure by combining “dual-carbon” with “clean energy”, “dual-carbon” with “construction upgrading”, “dual-carbon” with “technology application”, “dual-carbon” with “product development”, “dual-carbon” with “green cities”, and “dual-carbon” with “railway construction scheme”, providing assistance for China to steadily progress on the path of carbon reduction and continuously improve development quality and efficiency.

- The Zhen’an Pumped Storage Power Station Project, in which China Railway 11th Bureau Group Co., Ltd. involved, has an installed capacity of 1,400 MW and a designed annual pumping capacity of 3.121 billion kWh and an annual power generation of 2.341 billion kWh. After the project is completed, it will save 89,500 tons of fuel coal and reduce carbon dioxide emissions by 179,000 tons per year.
- The Taiyuan Energy-saving Renovation (Phase II) PPP Project, in which China Railway 12th Bureau Group Co., Ltd. involved, was constructed according to a 75% energy-saving standard. By renovating the old building’s external walls, roofs, and underground ceilings with heat insulation materials and replacing external windows, the project reduced the burning of approximately 90,000 tons of raw coal during the heating season.
- The Xuchang Section of the Zhengzhou-Xuchang Railway (鄭許市域鐵路許昌段), invested and constructed by China Railway 16th Bureau Group Co., Ltd., is the first railway in China using a large-scale intelligent assembly-type segmented beam and is a demonstration project in this field. About 21.6 kilometers of the line use 736 holes and 8,640 pre-stressed segmented simply-supported box beams. Compared with traditional prefabricated beam erection schemes, the use of segmented beams has reduced the consumption of main building materials such as steel and cement by approximately 15%, and has reduced building pollution and carbon emissions by approximately 50%.
- The ecological restoration project of Chongqing Changsheng Bridge Landfill Site, undertaken by China Railway 17th Bureau Group Co., Ltd., seeks to transform the landfill site into an ecological “green lung”. After the project is completed, over 85% of the site will be covered by vegetation, which will continuously absorb carbon and release oxygen, further enhancing the carbon sequestration intensity of the urban ecosystem.

Section VI Environmental and Social Responsibility (continued)

- The 50,000-ton/year Lithium Iron Phosphate Cathode Material and Supporting Facilities Project, undertaken by China Railway 19th Bureau Group Co., Ltd., uses a unique nano “solid-phase synthesis” technology to produce lithium iron phosphate cathode materials, which are widely used in the lithium battery field, such as new energy vehicle power batteries, energy storage batteries, and 3C electronic products.
- The Alashan Lanshan (阿拉善蘭山) Phase II 200 MW Photovoltaic Mining Treatment Project, undertaken by China Railway 20th Bureau Group Co., Ltd., has a planned capacity of 200 MW. After the project is completed, it will be able to replace approximately 130,000 tons of standard coal per year and reduce carbon dioxide emissions by approximately 370,000 tons.

The Company launched activities of low-carbon and environmental protection promotion and education around the themes of “green low-carbon, energy-saving first” and “implementing the “dual-carbon” action and building a beautiful home together”. It also conducted activities of national energy conservation publicity weeks and national low-carbon days, and approximately 5,030 projects and more than 200,000 people participated in these activities.

(II) Society

1. Employment and Labour Practices

(1) *Employment*

CRCC strictly abided by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations, standardised the management of employment behavior, and protected the legitimate rights and interests of employees. Following the principle of equal employment, the Company insisted on equal pay for equal work and non-discrimination employment policy, and provided equal employment opportunities for employees of different nationalities, races, genders, ages, religious beliefs and cultural backgrounds. In 2022, there were 269,577 employees. The labour contract signing rate was 100%, the employee satisfaction rate was 100%, and the employee turnover rate was 2.29%.

The Company improved the salary distribution mechanism, standardised the remuneration system, provided employees with market-competitive remuneration and various forms of benefits, paid employees' remuneration on time and in full, paid social insurance and housing provident fund in full for employees, and established a standardised enterprise annuity and supplementary medical insurance system. The Company strictly implemented national regulations on statutory leave, marriage leave, funeral leave, home leave and paid leave, implemented a flexible leave system and encouraged employees to take paid leave. The Company upheld the legal rights and special interests of female employees and implemented the requirements of laws and regulations such as the Women's Rights and Interests Protection Law and the Special Provisions on Labor Protection for Female Employees. The Company attached great importance to the protection of employees' personal privacy information, studied and implemented the Personal Information Protection Law, standardised the employee information confidentiality mechanism, implemented the security monitoring of human resources information system, refined information authorisation, established a log record for the whole process of system operation, and protected employees' personal information from leakage.

Section VI Environmental and Social Responsibility (continued)

The Company adheres to the implementation of the enterprise democratic management system based on the employee representative conference as the basic form, and solidly promotes the transparency of enterprise affairs, grassroots democratic management meetings, employee representative inspections and employee representative inquiries to ensure that employees have the right to participate and supervise.

Employment of employees in 2022

Classification criteria	Category	Number (<i>person</i>)	Percentage (%)
By gender	Male	210,996	78.27
	Female	58,581	21.73
By talent type	Management talents	60,608	22.48
	Professional and technical talents	142,868	53.00
	Skilled talents	66,101	24.52
By geographical region	Mainland China	260,556	96.65
	Overseas and Hong Kong, Macau and Taiwan	9,021	3.35
By employment type	Full time (<i>person</i>)	269,577	100.00
	Part time (<i>person</i>)	0	0
By education level	Postgraduate and above	15,373	5.70
	Bachelor degree	175,227	65.00
	Junior college	37,894	14.06
	Technical secondary school	14,970	5.55
	High school and below	26,113	9.69
By age group	Under 35	135,495	50.26
	Aged 36-40	48,318	17.92
	Aged 41-45	27,127	10.06
	Aged 46-50	28,455	10.56
	Aged 51-54	15,242	5.66
	55 and above	14,940	5.54
Total	/	269,577	100.00

Section VI Environmental and Social Responsibility (continued)

The employee turnover rate of 2022

Classification criteria	Category	Percentage (%)
By gender	Male	99.00
	Female	1.00
By geographical region	Mainland China	97.28
	Overseas and Hong Kong, Macao and Taiwan region	2.72
	By age group	
	Under 35	92.27
	Aged 36-40	4.36
	Aged 41-45	2.74
	Aged 46-50	0.63
	Aged 51-54	0
	55 and above	0

(2) *Health and safety*

CRCC conscientiously implemented the requirements of the Law on the Prevention and Control of Occupational Diseases and the National Plan for the Prevention and Control of Occupational Diseases (2021-2025), formulated the Occupational Health Operation Control Procedures in accordance with the Occupational Health and Safety Management Systems – Requirements with Guideline for Use (GB/T45001-2020), implemented the main responsibility of enterprises, promoted the treatment of occupational disease hazards at the source, prevented and controlled the occurrence of occupational diseases, and effectively protected the occupational health rights and interests of employees. The Company strengthened the procurement, use and management of labour protection supplies. Labour protection supplies must be purchased at designated areas, and their quality must comply with relevant national regulations and meet the requirements of customers and local government departments. The Company collected corresponding safety production licenses, product quality certificates and safety authentication certificates, and established a ledger for use. The Company strengthened the control of severe hazards such as dust and toxicity, noise and radioactivity, strictly implemented relevant national and local regulations, continuously improved prevention and control measures, and regularly conducted professional monitoring and inspection on workplaces and physical examinations for personnel. The Company actively arranged treatment and proper resettlement for employees who have already suffered from occupational diseases and have recovered. The Company strengthened safety and hygiene control, carried out regular cleaning in office and living areas, and had corresponding disinfection, washing, ventilation, anti-corrosion, dust prevention, rodent prevention, sewage discharge and other facilities and measures in the staff canteen. The water used was in line with national hygiene standards to prevent food poisoning and infectious diseases.

The Company promoted first aid knowledge, enhanced employee safety awareness, and improved self-rescue and mutual rescue capabilities. It also strengthened the construction of emergency rescue teams. Every year, the Company arranges physical examinations for employees, determines the examination items based on safety, necessity, and convenience principles, and provides timely feedback to employees on any findings. The Company also provides timely medical services for employees in need.

Section VI Environmental and Social Responsibility (continued)

Statistics for work-related fatalities for the past three years

	2020	2021	2022
Number of work-related fatalities (<i>person</i>)	3	9	12
Rate of work-related fatalities (%)	0.001	0.0034	0.0045
Number of work-related injuries working days (<i>day</i>)	18,000	54,000	72,000

Note: The statistics are based on the number of fatalities in production safety accidents, and each death is converted into the loss of 6,000 working days.

(3) Development and training

CRCC adopted a combination of online and offline methods to increase the intensity of employee training and improve the employee training rate. The Company has established a hierarchical management system for training covering the Company, secondary units, tertiary units, project departments (design institutes, studios, etc.) according to the regulations of the Measures for Employee Training Management.

The Company has established a talent career development system that is vertically distinct and horizontally integrated, including systems for engineering, economics, accounting, and political cadre title review. It set up a career channel for experts and project managers, regularly selecting the Company's chief experts, experts, chief technicians, special-grade technicians, special-grade project managers, and first-grade project managers. It integrated professional technical talents, skilled talents, and project management talents, promoting employee growth and the efficient development of the Company.

In 2022, a total of RMB960,340,000 was invested in employee training, with a total of 1,182,195 employee trainings, of which 890,193 involved male employees, accounting for 75.3%, and 292,002 involved female employees, accounting for 24.7%. The number of offline trainings reached 407,648, the number of online trainings reached 774,547, the average training hours reached over 90 hours, the training rate of general employees reached over 95%, and the training rate of senior management and middle management was 100%.

Employee Training in 2022

Types of Training	Quantity (<i>incidents</i>)	Percentage (%)	Training hours of male employees (<i>hours</i>)	Training hours of female employees (<i>hours</i>)
Enterprise leaders	25,894	2.19	120+	120+
Management personnel	206,891	17.50	115+	110+
Professional technicians	735,898	62.25	95+	90+
Party-mass management personnel	39,845	3.37	100+	100+
Skilled personnel	173,667	14.69	90+	85+

Section VI Environmental and Social Responsibility (continued)

(4) *Labour standards*

CRCC abided by the Labour Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labour and relevant laws and regulations of overseas countries and regions, adhered to the equality of men and women, equal pay for equal work and non-discrimination employment policy, and strictly prohibited and resisted the use of child labour in any form, as well as forced labor. If any such incidents are discovered, strict investigations will be conducted, and the relevant personnel will be punished accordingly. In the recruitment process management, CRCC followed the regulations and training procedures to make employees responsible for recruitment understand the relevant regulations and strictly followed the recruitment system for recruitment. It was strictly forbidden to recruit personnel under the legal working age in the recruitment process, registration of candidates' identity cards was conducted during the recruitment process, and inspection of candidates' records was regularly conducted. We have formulated relevant regulations and systems to punish those who violate the recruitment management. In addition, we conducted due diligence and communication with subcontractors, and conducted identity card record check for migrant workers under the management of subcontractors to prohibit the use of child labour. For example, CCECC Nigeria Limited has issued and regularly updates local employee management regulations, signs labor contracts in accordance with the law, and strictly prohibits the employment of child labor and any other forms of forced labor. The company guarantees employees' working hours, working conditions and paid leave. The company also strictly adheres to the terms of the construction and civil engineering industry.

CRCC opposes all forms of forced labour, and did not engage in the use of forced or compulsory labour. The establishment of working and labour relations among employees was voluntary. The Company has established and strengthened various levels of trade union organizations to conduct collective labor contract negotiations. The Company continues to deepen the content and effectiveness of negotiations, takes hot and difficult issues as the focus of equal negotiations, and strengthens performance implementation to ensure the protection of employees' rights and interests. Over the years, the Company has been committed to building harmonious and stable labor relations, and there have been no incidents of employing or using child labor or forced labor. China Railway 14th Bureau Group Fangshan Bridge Corporation Limited (中鐵十四局集團房橋有限公司), China Railway 20th Bureau Group Co., Ltd. and China Railway Construction Electrification Bureau Group Co., Ltd. have been named "National Demonstration Enterprises for Creating Harmonious Labor Relations" by the Ministry of Human Resources and Social Security of the People's Republic of China, All-China Federation of Trade Unions, China Enterprise Confederation / China Enterprise Directors Association and All-China Federation of Industry and Commerce.

Section VI Environmental and Social Responsibility (continued)

2. Operation Management

(1) *Supply Chain Management*

CRCC values collaborative development with suppliers and subcontractors and has established a supplier performance evaluation model and a regular evaluation model. The Company has formulated the “Supplier Management Measures” and established a sound supplier normative management mechanism, achieving full life cycle management of admission, inspection, classification, dynamic evaluation, and elimination. As of the end of 2022, 18,798 domestic material suppliers have been included in the CRCC Materials Centralised Procurement Center after passing the company’s qualification review.

- At the supplier admission stage, the Company strictly reviews the supplier’s production technology, production environment, and technical capabilities, and checks for any illegal records, major legal disputes, environmental violations, and other information in the past three years of their operation.
- At the supplier evaluation stage, the Company fully considers various factors, such as the supplier’s supply capacity, financial status, social reputation, litigation disputes, etc. to eliminate poor quality suppliers and establish long-term partnerships with strong and reputable suppliers.

In terms of procurement, the Company has established the CRCC Cloud Procurement Platform, providing a fair and open competition environment for suppliers. The Company focused on identifying and evaluating risks in each section, establishing a procurement internal control and risk management system, and formulating risk prevention and response measures such as the “Procurement Management Measures”. The Company strengthened the construction of the procurement management team and professional ethics education, improved the professional quality and skills of procurement management personnel, strengthened procurement process supervision, and required suppliers to sign the integrity and compliance agreement to ensure that the procurement system is controlled and prevent commercial bribery. Through big data analysis and comparison, the Company suspended trading qualifications of suppliers who engage in bid-rigging and other fraudulent behavior, and listed them as unqualified suppliers, ensuring that procurement activities are transparent and open.

Section VI Environmental and Social Responsibility (continued)

The Company was committed to building an efficient, open and green supply chain system. It formulated a green procurement policy, demonstrating the Company's preference for environmentally friendly products and services, and spreading environmental awareness throughout the supply chain. In the case of purchasing products at the same price, priority was given to using environmentally friendly products and services. If advanced environmentally friendly products and services were available, the Company would consider purchasing them at a higher price. The Company provided education and training to suppliers on various topics, including social responsibility, business ethics, anti-corruption, and more, through negotiations, seminars, and other means. This helped to regulate supplier behavior, enhance supplier responsibility awareness and performance, and strive to create a responsible and sustainable supply chain system. For example, China Railway 15th Bureau Group Co., Ltd. incorporated responsible procurement into its daily purchasing behavior, considering factors such as supplier product safety and environmental compliance to avoid weakening the supplier's ability to comply with social and environmental standards. During the contract performance process, the Company monitored the supplier's progress in improving social and environmental performance, and considered their efforts and performance in social and environmental aspects when evaluating the supplier's comprehensive performance.

Major suppliers to CRCC in 2022

Region	No. of major suppliers of equipment	No. of major suppliers of supplies
North China	518	3,832
Northeast China	69	636
East China	602	5,229
South Central China	526	4,598
Southwest China	159	2,883
Northwest China	165	1,620
Overseas	9	–
Total	2,048	18,798

Section VI Environmental and Social Responsibility (continued)

(2) *Product responsibility*

CRCC strictly abided by the Product Quality Law of the People's Republic of China, the Work Safety Law of the People's Republic of China and other laws and regulations. In accordance with the Company's Measures for the Supervision and Administration of Project Quality and the Measures for the Quality Management of General Project Contracting at the Headquarters level, CRCC has positioned the quality management responsibilities of the general project contracting department at all levels, while sorting out the basic work of quality management and proposing overall requirements. In 2022, the Company issued the "Management Regulations on Accountability for Engineering Quality Defects" (《工程質量缺陷責任追究管理規定》) to classify and grade the accountability for engineering quality defects, gradually implement a quality management system that separates supervision and production, and take the lead in implementing the quality director system in the Company's own projects to form a quality supervision system for engineering projects with the quality director as the core.

The Company adhered to the policy of "century project, quality first" in quality management, fully implemented the quality responsibility system, increased the training of management personnel, and extensively carried out activities such as "Quality Month", QC teams, and creating trustworthy quality classes to ensure stable and controllable engineering quality. During construction and production, the Company implemented a technical disclosure system and first-piece engineering approval system to strengthen the foundation support capability. In daily management, the Company implemented the "Chief Quality Officer" system, created a distinctive quality culture, strengthened quality governance, and promoted the improvement of quality literacy. In terms of quality supervision, the Company carried out activities such as the quality red and black list, integrity points system, dishonesty punishment system, and "quality look-back," firmly holding the bottom line of quality, and gradually improving the standardization and normalization of quality management. In 2022, the Company was awarded 15 Luban Awards for China's Construction Projects, 4 National Quality Engineering Gold Awards, and 43 National Quality Engineering Awards. No products needed to be recalled due to safety and health reasons. In addition, since the Company's products were construction products, there was no product recall process.

The Company adhered to the "customer-centric" service concept, firmly fulfilled every commitment to customers, and effectively protected customer rights and interests. It established a comprehensive service system, innovated customer service models, and provided customers with safe, reliable, high-quality, and efficient services, continuously improving customer satisfaction. The Company established a customer management system, opened up customer feedback channels, and in 2022, the number of customer complaints regarding major issues was 0. China Railway Construction Real Estate Group Limited establishes owner management system, conducted satisfaction surveys, distributed customer feedback forms, and protected customer rights and interests in all aspects.

Section VI Environmental and Social Responsibility (continued)

The Company protected customer privacy, registers and hierarchically protected owner information in the Company's system, and carried out special management of customer information. In terms of the protection of major customer information, the Company managed customer information at different levels and branches, and managed authority in the sales system. For personnel who divulge customer information without cause, different levels of punishment would be given according to the severity level.

The Company placed great importance on intellectual property protection, actively promoted technological innovation, organized key core technology research and development, and solved technical problems. The Company strictly complied with the "Patent Law of the People's Republic of China," carried out intellectual property protection work, and maintained intangible asset rights and interests. In 2022, the Company was authorized for 7,931 patents, including 1,217 invention patents. At the 23rd China Patent Awards, the Company won 2 China Patent Silver Awards and 5 China Patent Excellence Awards, ranking first among central enterprises in the construction industry in terms of the number of awards received.

(3) *Anti-corruption*

CRCC abided by the laws and regulations of the countries and regions where it operates, both within and outside of China. The Company also implements the "Opinions of the Central Committee of the Communist Party of China on Strengthening Supervision of Leading Officials and Leadership Teams (《中共中央關於加強對「一把手」和領導班子監督的意見》)". The Company has steadily progressed in the special clearance work of enterprise leaders concurrently serving as the "top leader" of subordinate units, strictly implementing the system of talking to the "top leader" of subordinates. The Company has carried out political supervision of more than 10 units. The Secretary of the Company's Party Committee and the Secretary of the Discipline Inspection Commission respectively held talks with 148 and 96 "top leaders" of subordinate units, while the Company's Discipline Inspection Commission conducted more than 10,000 pre-appointment integrity talks with newly appointed leaders throughout the year. In 2022, the Company conducted 15 special studies on anti-corruption and political integrity construction work, held more than 10,000 discipline education sessions, and educated over 250,000 people.

CRCC strengthened the supervision and restraint of power operation, focusing on areas of concentrated power and intensive capital, and targeting "key areas" such as material procurement, foreign investment, asset disposal, project settlement, fund allocation, bidding and tendering, and other critical links. These areas are included in the audit plan, with a focus on investigating issues such as "eating from the same bowl", rent-seeking, and benefit transmission, promoting the improvement of the anti-corruption system, and preventing the loss of state-owned assets.

Section VI Environmental and Social Responsibility (continued)

The Company holds an annual warning education conference, publicly announces typical cases, and uses real-life examples to educate its employees. The Company strengthens the construction of the “incorruptible” institutional mechanism, formulates more than 30 institutional measures, such as supervision of the “top leader” and the leadership team, procurement of materials and goods, business hospitality, and management of the “blacklist” of bribe givers. The Company continues to promote the implementation of “big data” supervision and project inspection and supervision. The Company also strengthens the ideological defense line of “not wanting to be corrupt”, carries out anti-corruption and integrity propaganda and education month activities, holds 3,626 anti-corruption talks for project managers, and collects more than 40,000 messages promoting integrity. All of these efforts create a strong atmosphere of promoting honesty and integrity. In 2022, there were zero concluded cases of corruption or bribery lawsuits brought against the Company or its employees.

The Company has established the “Rules for Handling Reports on Letters and Visits” (《信訪舉報工作辦法》) and strictly enforces the “Rules for Handling Reports and Charges by Discipline Inspection and Supervision Agencies” (《紀檢監察機關處理檢舉控告工作規則》) to handle reports on letters and visits, and to receive reports and charges reflecting relevant issues. The Company has set up a telephone number for reporting, and has opened up channels for reporting through telephone calls, letters and visits; it receives, accepts, examines, handles and supervises reports in accordance with the prescribed procedures. The Company will clarify the responsibilities of the staff handling the matter and strengthen supervision, strictly control the scope of knowledge, and maintain confidentiality and responsibility for the whistleblowers.

3. Community

Rural revitalization

The Company is strengthening its sense of responsibility and continuously promoting the implementation of the “eliminating poverty without evading responsibilities, policies, assistance or supervision” requirements, while pushing for high-quality work in all aspects of rural revitalization. In 2022, the Company’s headquarters provided targeted assistance to three counties, and its affiliated units provided assistance to 29 towns and villages. A total of 50 personnel were deployed, including officials assigned to work in poverty-stricken areas and the first secretary stationed in villages, as well as 16 work teams. In total, the Company invested RMB36.5702 million in unconditional aid, purchased agricultural products worth RMB39.4676 million from poverty-stricken areas, and provided material subsidies worth RMB0.126 million. In addition, the Company introduced assistance funds (including investment promotion) totaling RMB24.61 million, helped to sell agricultural products worth RMB10.779 million, and created five demonstration villages for rural revitalization.

Section VI Environmental and Social Responsibility (continued)

The Company introduced more than 30 assistance projects or enterprises, established 10 assistance workshops, and helped transfer and absorb over 4,555 jobs. The Company also packaged a number of investment development projects in Wanquan District of Zhangjiakou City, and introduced a breeding and planting project for *Andrographis paniculata* and Chinese cabbage (*Pinus tabuliformis* No. 1) (油松1號) from Huazhong Agricultural University. In Shangyi County, the Company continued to establish a pollution-free small grain planting base, built a “photovoltaic industry + original ecological breeding” green industry, constructed a tourism public information service system, and promoted the high-quality development of the tourism industry. In Gande County, Qinghai Province, the Company built a large-scale Tibetan yak breeding base, promoting the development of ecological animal husbandry.

The Company empowered rural revitalization through talent development, providing training to 560 grassroots cadres in counties and villages, 67 leaders in rural revitalization, and 5,144 professional and technical personnel. The Company arranged for 18 young cadres from Wanquan District of Zhangjiakou City to exchange and learn from six affiliated units, and to work in real positions for one year. The Company placed a high importance on promoting the prosperity and development of rural culture, improving the spiritual outlook of farmers, continuously enhancing the level of rural social civilization, and promoting the rejuvenation of rural culture. The Company also strengthened the comprehensive management of prominent environmental problems in rural areas, improved the living environment of assisted areas, and empowered rural revitalization through good living and ecological environments. The Company also strengthened grassroots construction in rural areas, carries out pairing assistance, and leads rural revitalization through organizational development.

Community Building

CRCC adhered to the principle of sharing the achievements of development with the community, fully leveraging its corporate advantages, optimizing people’s livelihood projects, supporting disaster relief, and carrying out volunteer services to build a harmonious community through practical actions. The Company encouraged employees to actively participate in volunteer service activities, forming “Learn from Lei Feng” volunteer service teams and carrying out targeted public welfare activities across the country, such as supporting teaching and education, environmental protection, community service, caring for the elderly, and Winter Olympics services, using regular services, routine services, and pairing services. In 2022, the Company donated RMB68.3702 million to the public, participated in 4,118 social welfare activities, and had 24,175 volunteer participants.

The company strived to be a messenger of friendship between China and other countries, and in its overseas operations, it integrates harmoniously with the local community, respected local ethnic and religious beliefs and cultural customs, improved the Company’s localization and international management level, and participated in local public welfare initiatives, caring for special groups, participating in disaster relief, improving the living environment of communities, and standing in solidarity with local people through thick and thin.

Section VI Environmental and Social Responsibility (continued)

(III) Others

1. Statement of the Board

The Board attaches great importance to ESG management, proactively integrating ESG into the Company's development strategy, major decisions, and production and operation, and forming a well-defined governance structure to effectively control ESG-related risks and promote the continuous improvement of corporate governance.

The Board's ESG governance responsibilities. The Board, as the highest decision-making body on ESG matters, is ultimately responsible for the Company's ESG governance. The Audit and Risk Management Committee performs ESG oversight functions and represents the Board in the ongoing review of the Company's significant environmental, social and governance risks and opportunities and oversees the achievement of ESG objectives, strategies and goals.

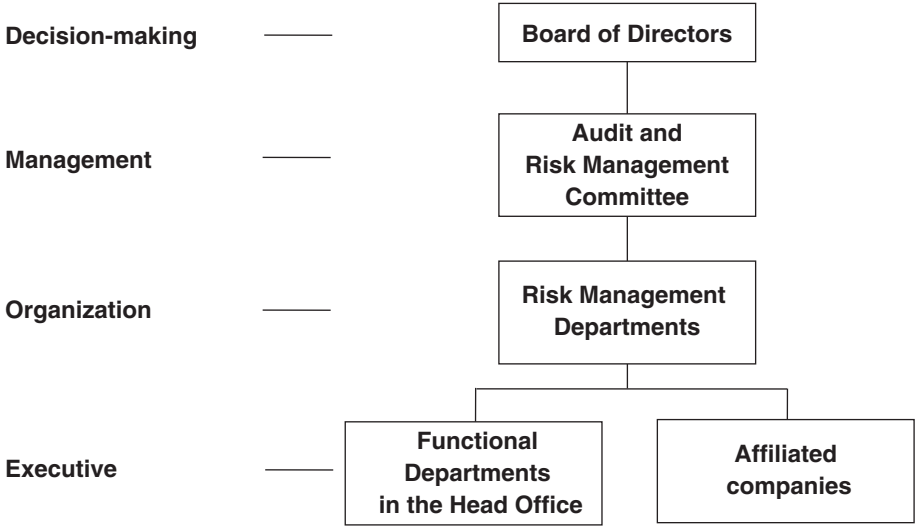
ESG Management Approach and Strategy. The Company regularly analyses ESG risks and opportunities in the context of macro policies, the socio-economic environment, benchmarking of outstanding companies, strategic planning and stakeholder communication, and conducts importance assessments through stakeholder surveys and research. The key areas of ESG risk control and management measures were identified accordingly.

Targets, indicators and progress reviews. The Company has established an ESG target management mechanism and set performance targets in areas such as green business, "dual carbon", safety and health, staff development and training, and anti-corruption compliance, and regularly reviews the progress of the targets. The Company conducted ESG risk identification analysis by taking into account the macro policy environment, industry development trends and stakeholder expectations, and compiled the Compliance Risk Assessment Report and the China Railway Construction 2022 Compliance Risk List. Based on the risk list, the Board reviewed the annual ESG management-related objectives, challenges, strengths and weaknesses, formulated targeted control measures and breaks down control responsibilities.

ESG risk management. CRCC attaches great importance to the significant impact that ESG risks may have on the Company, strictly controls all kinds of risks including ESG risks, improves the risk management system, enhances risk prevention and control capabilities, implements various preventive and control measures, reduces and resolves the overlapping of various risks internally, blocks and isolates the transmission and input of external risks externally, and promotes the healthy, stable, sustainable and high-quality development of the Company.

- **Risk management system.** CRCC has optimized and reconstructed its risk and internal control organization system and established a risk and internal control organization structure with "vertical and horizontal integration and collaborative supervision (縱橫結合、協同監督)", emphasizing the working mechanism of work collaboration, process control, resource integration and effective utilization. The Board attaches great importance to ESG management, the Audit and Risk Management Committee performs ESG supervision functions, the risk management department is responsible for organizing and coordinating the Company's risk management work, and the functional departments of the headquarters and the subsidiary companies are responsible for the specific implementation of risk management, integrating ESG risk management into all aspects of the Company's business processes.

Section VI Environmental and Social Responsibility (continued)



- Risk control mechanism.** CRCC incorporates ESG risks into its risk management and internal control system, revises the Measures for Risk Management and Internal Control, continuously improves the “big risk control” and “big supervision” system, enhances its ability to plug loopholes, strengthen internal controls and mitigate risks. The Company continuously improves its ESG risk warning mechanism, evaluation mechanism and accountability mechanism, deeply integrating risk management and compliance management with the central work and business operations.
- Risk recognition and assessment.** The Company organized the 2022 risk identification and evaluation, prepared the Compliance Risk Assessment Report and CRCC 2022 Compliance Risk List, dynamically updated the risk list including ESG risks and other risks that are relevant to the Company. The Board reviewed the Company’s ESG management objectives, challenges, strengths and weaknesses based on the risk list, and developed targeted control measures and assigned responsibilities accordingly.

Section VI Environmental and Social Responsibility (continued)

- Risk management effects.** In 2022, CRCC continued to strengthen ESG risk prevention and control, and achieved significant results. Firstly, in terms of environmental risk management, the Company vigorously implemented the 82-item checklist for energy conservation and environmental protection management in six aspects of project construction sites, improved the standardization of management, established control indicators and implemented a penalty system, strengthened monitoring means, and improved environmental management. In 2022, the total investment in environmental protection was RMB2.4 billion, and there were no environmental pollution incidents in the Company's subsidiaries and projects under construction. Secondly, in terms of safety risk management, the Company continued to improve its safety production responsibility system, institutional system, and prevention and control system, organized large-scale safety production inspections, special supervision inspections and other activities to thoroughly investigate and control risks and build a solid safety production line. In 2022, the investment in safety production was RMB17.4714 billion. The Company held 10 meetings, including the annual safety production work conference, the safety committee special meeting, and the safety production work video conference. There were 29,260 trainings for safety production education. Thirdly, in terms of operational risk management, the Company strictly controlled various types of risks, controlled investment risks, financial risks, debt risks, stability risks, epidemic risks and other operational risks, adhered to bottom-line thinking, established compliance awareness, enhanced risk awareness, and comprehensively implemented measures to effectively prevent and mitigate various risks.

2. The principle and scope of reporting

The Company values maintaining close communication with stakeholders such as customers, employees, and investors. By opening multi-channel communication mechanism, the Company deeply understood the expectations and demands of stakeholders, and engages in honest communication and collaborative development with the stakeholders, to continuously optimize and adjust its ESG strategy and create more value for stakeholders. The following are the stakeholders and responsible communication methods identified by the Company:

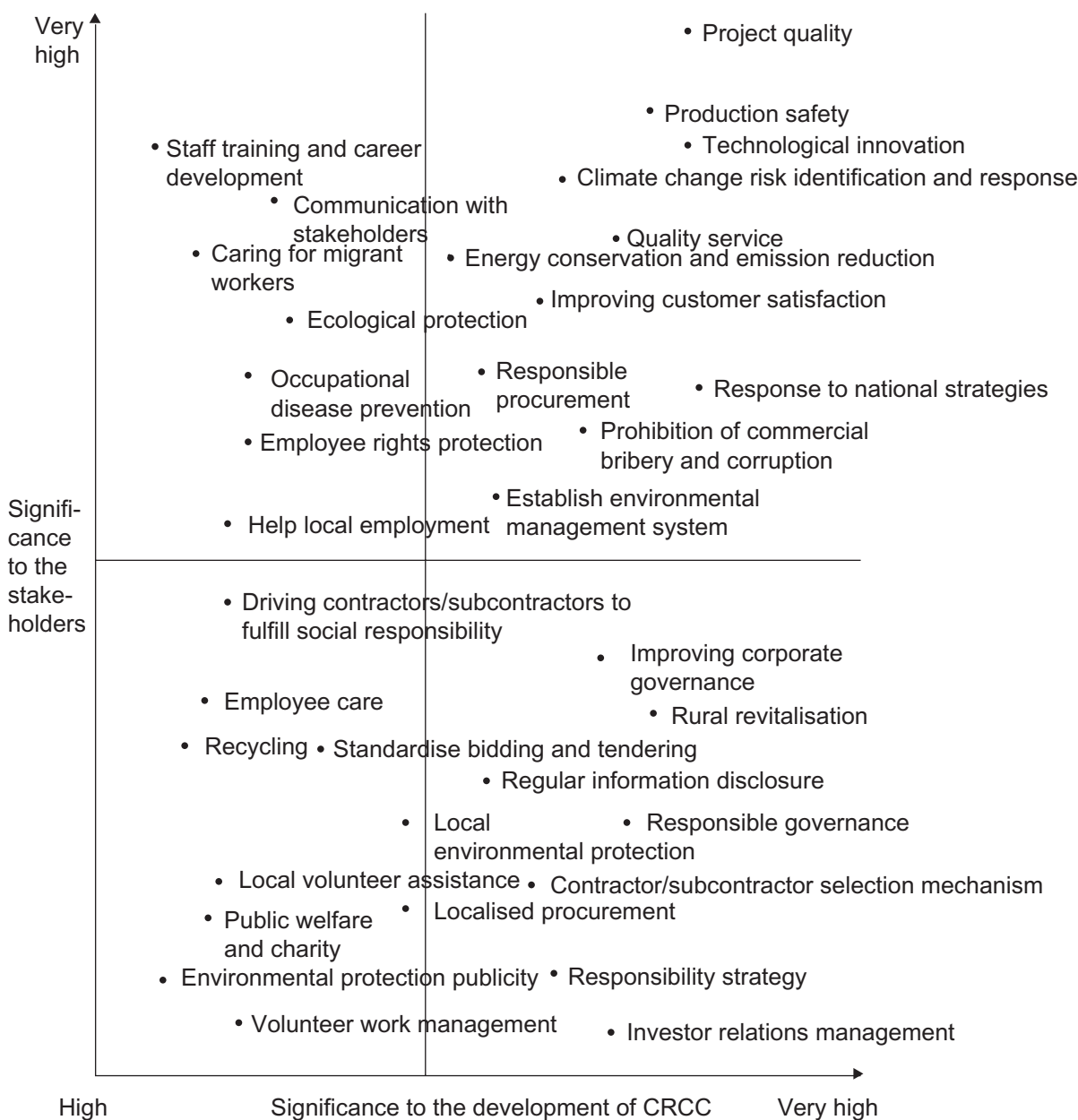
Stakeholders	Expectations and Requirements	Communication mechanism and methods
Government (PRC government and local government of business operation locations) SASAC	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Increase in tax Employment promotion Technology innovation Building national brand Continuously improve profitability and core competitiveness Comprehensive risk management Ensure value preservation and appreciation of state-owned assets 	<ul style="list-style-type: none"> Attending relevant meetings Special reports, statistical reports, information submission Implementing relevant document requirements Attending meetings and implementing the spirit of the meetings Regular reporting Regular communication and submission of reports by competent business departments

Section VI Environmental and Social Responsibility (continued)

Stakeholders	Expectations and Requirements	Communication mechanism and methods
Investors and financial institutions	<ul style="list-style-type: none"> • Enhancement of value and market value • Reduce enterprise risk • Ensure sustainable development • Integral performance 	<ul style="list-style-type: none"> • Regular and interim reports • General meetings and meetings with investors • Contract execution • Regular visits • Daily communication between business personnel
Property owners and customers	<ul style="list-style-type: none"> • Provide high-quality, affordable products and services and continue to improve 	<ul style="list-style-type: none"> • Contract execution • High-level meetings • Document and correspondence • Owners evaluation and management • Bidding management • Daily communication
Suppliers and subcontractors	<ul style="list-style-type: none"> • Stable cooperation relationship • Reasonable price • Mutual assistance and win-win 	<ul style="list-style-type: none"> • Bidding and business negotiation • Contract execution, business correspondence • Irregular communication
Partners	<ul style="list-style-type: none"> • Resource sharing • Win-win cooperation • Long-term stable communication 	<ul style="list-style-type: none"> • Execution of agreements and contracts • High-level visits • Regular meetings • Multi-channel cooperation • Research
Employees	<ul style="list-style-type: none"> • Provide good remuneration and benefits • Provide training and growth opportunities • Provide good working environment 	<ul style="list-style-type: none"> • Negotiation and exchange • Employee Supervisor • Seeking reasonable suggestions • Daily work communication
Trade union	<ul style="list-style-type: none"> • Meet the requirements of the trade union • Respect for labour rights 	<ul style="list-style-type: none"> • Workers' Congress • Right to participate in major decisions of the Company • Regular communication between union representatives and contact persons
Environment	<ul style="list-style-type: none"> • Protect the legitimate rights and interests of employees • Supporting "Carbon Peak, Carbon Neutrality" 	<ul style="list-style-type: none"> • Information disclosure • Project environmental and social risk assessment
Community	<ul style="list-style-type: none"> • Reduce three wastes and save resources • Ecological protection • Environmental public welfare • Civilized production • Build a harmonious and prosperous community 	<ul style="list-style-type: none"> • Green design • Green construction • Green office • Green development • Civilization co-building • Participation in community welfare activities
Individuals, groups and media interested in the Company	<ul style="list-style-type: none"> • Be a responsible enterprise to achieve sustainable development 	<ul style="list-style-type: none"> • Disclosure of information in accordance with laws • Press conference • News reporting and publicity

Section VI Environmental and Social Responsibility (continued)

In combination with the development strategy and planning, the Company has established a pool of ESG issues based on domestic and foreign social responsibility standards, government policy requirements, stakeholder surveys, and benchmarking against outstanding enterprises. ESG issues are divided into eight categories: responsibility management, corporate governance, customer responsibility, employee responsibility, partner responsibility, community responsibility, environmental responsibility and overseas responsibility. Through three main steps of identification, assessment and screening, substantive issues of importance or impact to the Company and stakeholders are established and are highlighted for disclosure and response in the report.



Section VI Environmental and Social Responsibility (continued)

The scope of the report is China Railway Construction Corporation Limited and its subsidiaries, and there is no change in the scope of the report. The key performance indicators of the statistical methods have not been changed. The value calculation for the environmental section is mainly based on the Guidelines for the Compilation of Provincial Greenhouse Gas Inventories (the Department of Climate Change under the National Development and Reform Commission in 2011), the Research on China's Greenhouse Gas Inventories (Office of the National Climate Change Countermeasures Coordination Group, the Energy Research Institute under the National Development and Reform Commission, 2007) and the 2014 Baseline Emission Factors for Regional Power Grids in China issued by the National Development and Reform Commission.

For relevant information on the corporate governance of the Group, please refer to "Section V Corporate Governance (Corporate Governance Report)" in this report.

Section VII Significant Events

I. THE PERFORMANCE OF UNDERTAKINGS

(I) Undertakings during or continued to the Reporting Period by actual controller, 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
Undertaking related to the share reform								
Undertakings in acquisition report or report on changes in equity								
Undertakings associated with major asset reorganisation								
Undertakings associated with IPO								
Undertakings associated with refinancing	Others	China Railway Construction Corporation	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing loss to CRCC and its investors, China Railway Construction Corporation shall bear the civil liability of compensation for CRCC and its investors pursuant to the laws. For more details, please refer to relevant announcements published on 13 May 2015 by the Company, 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).	Long-term	No	Yes		

Section VII 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 refinancing	Others	Directors and senior management	If CRCC violates the laws and regulations due to failure in disclosing idle land or other reasons, causing 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 the laws. For more details, please refer to relevant announcements published on 13 May 2015 by the Company, 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).	Long-term	No	Yes		
Undertaking associated with share incentive								
Other Undertaking made to minority shareholders of the Company								
Other Undertaking	Resolving ownership defects of lands and other properties	China Railway Construction Corporation	Obtaining land certificate and property ownership certificate, covering the costs of obtaining the aforesaid certificates and losses caused thereby. For more details, please refer to relevant announcements published on 29 March 2014 and 19 June 2014 by the Company, 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).	Long-term	No	Yes		

Section VII 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
Other Undertaking	Shares subject to restriction of sales	China Railway Construction Corporation	For undertakings on the spin-off and listing of the restricted sales of shares of CRCHI, please find more details in the Plan for the Spinoff and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科创板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		
	Others	The Company	For undertakings on the spin-off and listing of the restricted sales of shares of CRCHI and stabilizing the stock price, please find more details in the Plan for the Spinoff and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科创板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 36 months from the listing of CRCHI	Yes	Yes		

Section VII 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
	Others	The Company	For undertakings on the spin-off and listing of the purpose of intention and reduction of shareholding of shares after the end of the shares Lock-Up Period of CRCHI, please find more details in the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Within 2 years from the end of Lock-Up Period	Yes	Yes		
	Others	China Railway Construction Corporation	For undertakings on the authenticity, accuracy and completeness of spinoff and listing of the restricted sales of shares of CRCHI, undertakings on no fraudulent issuance of shares buyback, undertakings on no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition please find more details in the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科創板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科創板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Long-term	No	Yes		

Section VII 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
	Others	The Company	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares of CRCHI, the undertakings on reduction of shareholding of shares, no fraudulent issuance of shares buyback, there are no misrepresentations or misleading statements contained in, or material omissions in the Prospectus, Letter of Undertaking to Make up for Diluted Immediate Returns, Letter of Undertaking to Reduce and Regulate Related Party Transactions, undertakings on binding measures in the event of not observing undertakings, the Letter of Undertaking to Avoid Horizontal Competition, please find more details in the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科创板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020, and the Prospectus for Initial Public Offering and Listing on the Science and Technology Innovation Board of China Railway Construction Heavy Industry Corporation Limited (《中國鐵建重工集團股份有限公司首次公開發行股票並在科创板上市招股說明書》) released on the website of Shanghai Stock Exchange (www.sse.com.cn) by CRCHI on 16 June 2021.	Long-term	No	Yes		
	Others	Directors, supervisors and senior management of the Company	For undertakings on the authenticity, accuracy and completeness of spin-off and listing of the restricted sales of shares of CRCHI, please find more details in the Plan for the Spin-off and Listing of China Railway Construction Heavy Industry Corporation Limited (a subsidiary of the Company) on the Science and Technology Innovation Board of China Railway Construction Corporation Limited (Revised) (《中國鐵建股份有限公司關於分拆所屬子公司中國鐵建重工集團股份有限公司至科创板上市的預案(修訂稿)》) released on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.crcc.cn) on 3 April 2020.	Long-term	No	Yes		

Section VII Significant Events (continued)

(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

II. THE CONTROLLING SHAREHOLDER OF THE COMPANY OR ITS ASSOCIATES HAS MISAPPROPRIATED THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS DURING THE REPORTING PERIOD

Applicable Not Applicable

III. NON-COMPLIED GUARANTEES

Applicable Not Applicable

IV. EXPLANATION FROM THE BOARD OF DIRECTORS OF THE COMPANY ON "NON-STANDARD AUDITORS' REPORT" ISSUED BY THE AUDITORS

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

(II) **Analysis and explanation from the Company on 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

Section VII Significant Events (continued)

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 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. The financial statements of the Company for the year ended 31 December 2022 were reviewed at the eleventh meeting of the Audit and Risk Management Committee of the fifth Board of directors of the Company on 28 March 2023.

(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 2022 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 VII Significant Events (continued)

VII. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: '0,000 Currency: RMB

Existing Auditors	
Name of domestic auditors	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic auditors	2,772
Term of the domestic auditors for audit services	6 years
CPA name of the domestic auditors	Yin Lili, Shi Xiao
Continuous term of the domestic auditors for audit services	5 years (Yin Lily), 1 year (Shi Xiao)

Unit: RMB '0,000 Currency: RMB

	Name	Compensation
The auditors for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	216
Financial advisor	China International Capital Corporation Limited	-
Sponsor	None	-

Explanation on appointment and removal of auditors

Applicable Not Applicable

- Pursuant to relevant requirements of the Ministry of Finance of the PRC, the CSRC and the Hong Kong Stock Exchange Listing Rules, 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 only one auditor as its external auditor starting from the financial year of 2011, with 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 2017 to 2022, the Company appointed Deloitte Touche Tohmatsu CPA LLP as the external auditor of the Company for six years.
- As considered and approved at the 2021 Annual General Meeting of the Company on 23 June 2022, the Company reappointed Deloitte Touche Tohmatsu CPA LLP as the external auditor for 2022 to audit the 2022 financial statements of the Company, review the 2022 interim financial statements, and audit the 2022 internal control. During the Reporting Period, fees for 2022 interim review, financial statement audit and relevant services paid by the Company for 2022 to Deloitte Touche Tohmatsu CPA LLP amounted to RMB27,720,000 and fees for 2022 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, is an eligible external audit firm.

Explanations on replacement of auditors during the audit period

Applicable Not Applicable

Section VII Significant Events (continued)

VIII. SITUATION FOR RISK OF DELISTING

(I) Causes of delisting risk warning

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Situation and causes for termination of listing

Applicable Not Applicable

IX. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not Applicable

X. MATERIAL LITIGATION AND ARBITRATION

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

XI. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER SUSPECTED OF VIOLATING LAWS AND REGULATIONS

Applicable Not Applicable

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

Applicable Not Applicable

XIII. BANKING FACILITIES DURING THE REPORTING PERIOD

As at 31 December 2022, the Group has already obtained the banking facilities from several domestic and overseas banks of up to RMB2,168.7834 billion, of which an amount of RMB827.6319 billion has been utilised.

Section VII Significant Events (continued)

XIV. CONNECTED TRANSACTIONS AND MATERIAL RELATED-PARTY TRANSACTIONS

(I) Non-exempt continuing connected transactions (disclosure pursuant to the requirements of the Hong Kong Stock Exchange 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 re-structuring 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, 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.

The Services Provision Framework Agreement and the continuing connected transactions contemplated thereunder were renewed on 28 December 2009, 28 December 2012, 28 December 2015, 13 December 2018 and 21 December 2021, 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 21 December 2021 for a term from 1 January 2022 to 31 December 2024, and set the annual caps of the continuing connected transactions thereunder for the three years ending 31 December 2024.

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 2022:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2022	Consolidated amount of transaction of the Group in 2022
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	1,041,366

Section VII Significant Events (continued)

2. 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.

The above Property Leasing Framework Agreement (as supplemented by a supplemental agreement dated 28 December 2012) expired on 4 November 2017. Therefore, 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. On 18 December 2019, the Company renewed the framework agreement with its controlling shareholder on the same terms, effective from 1 January 2020 to 31 December 2022, and set a cap on the continuing connected transactions thereunder for the three years ended 31 December 2022. Given that framework agreement entered into by the Company and the Controlling Shareholder on 18 December 2019, and the annual caps determined for the connected transactions thereunder had expired on 31 December 2022, 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 28 October 2022, 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 2023 to 31 December 2023, and also set the annual caps for the continuing connected transactions thereunder for the one year ending 31 December 2023.

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.

Section VII Significant Events (continued)

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 2022:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2022	Consolidated amount of transaction of the Group in 2022
Expenditure payable by the Group in respect of the lease of property and land use rights provided by the Controlling Shareholder and/or its associates under the Property Leasing Framework Agreement and the Land Use Rights Leasing Framework Agreement	300,000	99,858

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 thereunder on 25 January 2016, 13 December 2018 and 21 December 2021, in order 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 on 21 December 2021, with a term from 1 January 2022 to 31 December 2024, and determined the annual caps of continuing connected transactions thereunder for the three years ending 31 December 2024. According to the Financial Services Agreement entered into on 21 December 2021, CRCC Finance shall provide the following financial services to the Controlling Shareholder and its subsidiaries:

Deposit Services: 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 agreement, the interest payment which CRCC Finance would pay every year for the deposits received from China Railway Construction Corporation and its subsidiaries shall not exceed RMB105 million.

Section VII Significant Events (continued)

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 loan interest rates paid by the Controlling Shareholder and its subsidiaries 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 term of the agreement, the daily balance of loans which the Controlling Shareholder and its subsidiaries obtain from CRCC Finance shall not exceed RMB4,000 million, and the interest of the loans received every year shall not exceed RMB154 million.

Clearing Services: CRCC Finance shall provide the Controlling Shareholder and its subsidiaries with collection and payment services and other auxiliary services in relation to settlement business based on the Controlling Shareholders' orders. CRCC Finance shall charge not less than the fee scale of normal commercial banks. The annual service fees shall not exceed RMB50 million.

Other Financial Services: the provision of Other Financial Services by CRCC Finance to the Controlling Shareholder and its subsidiaries shall comply with the fee scale of the People's Bank of China or the China Banking and Insurance Regulatory Commission, and the service fees 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 charged shall not exceed RMB50 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 2022:

Unit: '000 Currency: RMB

Nature of transaction	Annual cap for 2022	Consolidated amount of transaction of the Group in 2022
Deposit Service – Interest expenses on deposits taken	105,000	27,464
Loan Services – Daily loan balance	4,000,000	3,750,000
Loan Service – Interest income from loan disbursements	154,000	79,393
Clearing Services	50,000	65
Other Financial Services	50,000	158

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 19 December 2019 and 22 December 2021 of the Company.

Section VII Significant Events (continued)

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.

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 2022 annual caps set out in the continuing connected transactions announcements dated 19 December 2019 and 22 December 2021, respectively.

Save as to the above, details of the related party transactions of the Company for the year ended 31 December 2022 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 Stock Exchange Listing Rules. The Company confirms that the Company has complied with the applicable disclosure requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules in relation to such related party transactions.

Section VII Significant Events (continued)

(II) Related party transactions in relation to the ordinary operations (disclosure pursuant to the requirements of the Shanghai Stock Exchange Listing Rules)

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 non-executive 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 Property Leasing 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 Property Leasing 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. The eleventh meeting of the fifth session of the Board of the Company was held on 28 October 2022. At the meeting, the Renewal of the Property Leasing Framework Agreement for 2023 and the Proposal in Relation to the Determination of the Caps of Continuing Related (Connected) Transactions for 2023 was considered and approved; the Company agreed to renew the Property Leasing 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, 19 December 2019 and 28 October 2022 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 VII 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 non-executive directors of the Company; in the process review by the Board, independent non-executive directors also gave independent opinions for approving the proposal. The Company convened the first meeting of the fifth session of the Board on 21 December 2021, which considered and approved the Resolution on Renewal of Service Provision Framework Agreement and Proposed Caps for Continuing Connected Transactions for 2022-2024, pursuant to which, the annual transaction amount for 2022-2024 shall not exceed RMB2,000,000,000. Before submission to the Board for review, the proposal has been approved by independent non-executive 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, 14 December 2018 and 22 December 2021 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 VII Significant Events (continued)

Summary of the event	Document for inspection
<p>The Company and CRCC Financial Leasing Co., Ltd. (“CRCCFL”) signed the Services Mutual Provision Framework Agreement in 2016, which standardized the financial assistance, equipment procurement and leasing services provided by CRCCFL 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 CRCCFL were considered and approved. The Company adjusted the details for the business transactions with CRCCFL 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 CRCCFL 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 non-executive 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 non-executive 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 VII Significant Events (continued)

Summary of the event	Document for inspection
<p>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. The first meeting of the fifth session of the Board of the Company was held on 21 December 2021. At the meeting, the Resolution on Renewal of the Financial Services Agreement and Determination of Caps of Continuing Connected Transactions from 2022 to 2024 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.</p>	<p>For details, please refer to the announcements of the Company dated 14 December 2018 and 22 December 2021 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 VII Significant Events (continued)

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	Market price	Reason for the difference between transaction price and market price
12 companies including Shaanxi Railway Engineering Investigation Co., Ltd	Expenditure for labour service	Survey, design and consultation operations	Agreement pricing	-	1,041,366	0.11	Cash	-	-
Controlling Shareholder and associates	Property leasing expense	Property lease	Agreement pricing	-	99,858	0.01	Cash	-	-

(2) *Continuing related-party transactions between the Company and CRCCFL*

Unit: '000 Currency: RMB

Nature of transaction	Project	Annual cap for 2022	Consolidated amount of transaction during the Reporting Period
Revenue	With the comparable market price which is no less than that of the third party, CRCCFL 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 RMB4 billion.	4,000,000	854,579

Section VII Significant Events (continued)

Nature of transaction	Project	Annual cap for 2022	Consolidated amount of transaction during the Reporting Period
Expense	CRCCFL carried out deposit businesses in CRCC Finance, and the floating range of interest rates paid by CRCC Finance to CRCCFL 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 agreement, the maximum daily balance (including accrued interest thereon) deposited at CRCC Finance by CRCCFL shall not exceed RMB0.3 billion.	300,000	298,160
	CRCCFL provides financial leasing services and operating leasing services for the Company or its related subsidiaries. Within the validity term of the agreement, CRCCFL shall charge the fees in relation to the leasing services provided by CRCCFL 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 RMB4 billion.	4,000,000	2,048,219

(3) *Continuing connected transaction between CRCC Finance and the Controlling Shareholder*

See "Claims and liabilities between related parties" in XIV (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

Section VII Significant Events (continued)

(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
3. Events not disclosed in the temporary announcements
 Applicable Not Applicable
4. Realization of performance during Reporting Period shall be disclosed if there's stipulation on performance
 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 the temporary announcements
 Applicable Not Applicable

Section VII Significant Events (continued)

(V) Claims and liabilities between related parties

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

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 Corporation ^{Note 1}	Controlling Shareholder	300,000	-1,600,000	1,400,000	1,163,066	134,300	1,297,366
China Railway Construction Corporation ^{Note 2}	Controlling Shareholder	-	-	-	220,029	72,680	292,709
China Railway Jinli Assets Management Co., Ltd. ^{Note 2}	Wholly-owned subsidiary of the Controlling Shareholder	-	-	-	742,611	13,906	756,517
Beijing Tongda Jingcheng Highway Co., Ltd. ^{Note 2}	Controlling subsidiary of the Controlling Shareholder	-	-	-	60,088	-60,088	-
Total		3,000,000	-1,600,000	1,400,000	2,185,794	160,798	2,346,592

During the Reporting Period, the amount of funds provided to the Controlling Shareholder and its subsidiaries by the Company (in RMB'000) -1,600,000

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.

Notes:

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

Section VII Significant Events (continued)

3. Events not disclosed in temporary announcements

Applicable Not Applicable

(VI) The financial businesses between the Company and the related financial company, the Company's holding financial company and the related party

Applicable Not Applicable

1. Deposit services

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	The maximum daily deposit limit	Interest rate on deposit	Opening balance	Accrual this period Total deposited amounts this period	Total withdrawal amounts this period	Ending balance
China Railway Construction Corporation	Controlling Shareholder	/	0.50%-3.30%	220,029	18,133,047	18,060,367	292,709
China Railway Jinli Assets Management Co., Ltd.	Wholly-owned subsidiary of the Controlling Shareholder	/	0.50%-3.30%	742,611	1,184,353	1,170,447	756,517
Beijing Tongda Jingcheng Highway Co., Ltd.	Controlling subsidiary of Controlling Shareholder	/	0.50%-3.30%	60,088	60,573	120,661	-
Total	/	/	/	1,022,728	19,377,973	19,351,475	1,049,226

Section VII Significant Events (continued)

2. Loan services

Applicable Not Applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Loan facility	Interest rate on loan	Beginning balance	Accrual this period		Ending balance
					Total loan amounts this period	Total repayment amounts this period	
China Railway Construction Corporation	Controlling Shareholder	4,000,000	2.70%-3.43%	3,000,000	3,879,393	5,479,393	1,400,000
Total	/	/	/	3,000,000	3,879,393	5,479,393	1,400,000

3. Facilities businesses and other financial businesses

Applicable Not Applicable

Unit: '000 Currency: RMB

Members	Required attendance	Attendance in person	Attendance by proxy	Absence
China Railway Construction Corporation	Controlling Shareholder	Entrusted loan fee	50,000	158
China Railway Construction Corporation	Controlling Shareholder			10
China Railway Jinli Assets Management Co., Ltd.	Wholly-owned subsidiary of the Controlling Shareholder	Settlement service fee	50,000	50
Beijing Tongda Jingcheng Highway Co., Ltd.	Holding subsidiary of Controlling Shareholder			5
Total	/	/	100,000	223

4. Other Explanation

Applicable Not Applicable

CRCC Finance is a controlled subsidiary of the Company, with a financial license and relevant operation qualification, and has established a more complete and reasonable internal control system, which can better control risks. The finance company has not been involved in any violation of law or business default, nor any situations that may harm the interests of the listed company such as threatening the safety of funds and failing to guarantee recoverability.

Details of the transactions of interest on depositary loans between CRCC Finance and its controlling shareholder and its wholly-owned and controlled subsidiaries are set out in this section under "XIV. (i) Non-exempt continuing connected transactions".

(VII) Others

Applicable Not Applicable

Section VII Significant Events (continued)

XV. MATERIAL 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	Party guaranteed	Guarantee amount	Guarantees (Other than guarantees for subsidiaries)			Guarantee type	Guarantee object (if any)	Performance completed or not	Overdue or not	Overdue amount	Counter Guaranteed by related party	Guarantee related party	Related relationship
				Date of guarantee occurrence (date of signing the agreement)	Guarantee starting date	Guarantee due date								
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	24,360	28 December 2006	28 December 2006	28 December 2026	General Guarantee	No	No	No	No	No		
The Company	Within the Company	Chuantie (Luzhou) Tielu Co., Ltd.	27,552	16 April 2008	16 April 2008	16 April 2028	General Guarantee	No	No	No	No	No		
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	411,608	17 March 2014	17 March 2014	30 December 2023	General Guarantee	No	No	No	No	Yes	Associate	
The Company	Within the Company	CRCC-Tongguan Investment Co., Ltd.	42,940	20 May 2015	20 May 2015	20 November 2023	General Guarantee	No	No	No	No	Yes	Associate	
The Company	Within the Company	ECUACORRIENTE S.A.	241,537	22 June 2020	10 August 2020	9 July 2025	Joint Responsibility Guarantee	No	No	No	Yes	No		
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Zhaorui Real Estate Co., Ltd.	371,102	9 July 2021	9 July 2021	27 March 2024	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	
China Railway Construction Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Zhaorui Real Estate Co., Ltd.	245,000	22 July 2022	17 August 2022	26 July 2025	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	
China Railway Construction Investment Group Co., Ltd.	Controlling subsidiary	CRCC-Tongguan Investment Co., Ltd.	208,938	13 June 2019	13 June 2019	13 June 2024	Joint Responsibility Guarantee	No	No	No	Yes	Yes	Associate	
China Railway 20th Bureau Group Co., Ltd.	Controlling subsidiary	Guizhou Wengma Railway Co., Ltd.	637,761	31 March 2016	31 March 2016	31 March 2039	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	
China Railway 16th Bureau Group Co., Ltd.	Wholly-owned subsidiary	Oriental Anzhen (Beijing) Hospital Management Co., Ltd.	66,183	24 May 2021	25 May 2021	14 December 2039	Joint Responsibility Guarantee	No	No	No	No	No		
China Civil Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	17,240	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No		
CRCC International Investment Co., Ltd.	Wholly-owned subsidiary	Jiangxi Copper Corporation Limited	34,479	31 May 2021	31 May 2021	22 June 2028	Joint Responsibility Guarantee	No	No	No	No	No		
China Railway Construction Group Properties Co., Ltd.	Controlling subsidiary	Pengruijunmen (Hangzhou) Real Estate Co., Ltd.	225,525	14 June 2022	14 June 2022	21 December 2031	Joint Responsibility Guarantee	No	No	No	No	Yes	Associate	

Total amount of guarantees for the Reporting Period (exclusive of the guarantees for subsidiaries)

-105,988

Ending balance of guarantees for the Reporting Period (A) (exclusive of the guarantees for subsidiaries)

2,554,225

Section VII Significant Events (continued)

Guarantees for subsidiaries by the Company together with its subsidiaries

Total amount of guarantees for subsidiaries for the Reporting Period	-6,380,591
Ending balance of guarantees for subsidiaries for the Reporting Period (B)	108,327,043

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

Total guarantees (A+B)	110,881,268
The proportion of total guarantees in net assets of the Company (%)	38.17
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)	98,627,345
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)	98,627,345
Explanation on the potential joint liability arising from the immature guarantees	NA

Section VII Significant Events (continued)

Explanation on the guarantees

As at the end of the Reporting Period, the total balance of guarantees provided by the Company and its wholly-owned and controlling subsidiaries was RMB110.8813 billion (excluding mortgage guarantees provided to small homeowners for home purchases as a result of real estate operations). The total balance of guarantees provided by the Company and its wholly owned and controlled subsidiaries to the subsidiaries amounted to RMB108.3271 billion, among which the balance of guarantees provided by the Company to its wholly-owned and controlled subsidiaries amounted to RMB17.0633 billion, the balance of guarantees provided by wholly-owned and controlled subsidiaries of the Company to its subsidiaries amounted to RMB91.2638 billion. The balance of guarantees provided to entities outside the consolidated statements of the listed company (excluding small homeowners for home purchases) by the Company and its wholly-owned and controlled subsidiaries was RMB2.5542 billion. The Company had no overdue guarantees.

The external guarantee provided by the Company has stringently fulfilled its decision-making procedures and information disclosure obligations in accordance with the relevant normative documents and the corporate governance system, and there is no breach of the provision of guarantee. The independent Directors of the Company carried out careful and detailed checks on the external guarantees of the Company as at 31 December 2022, and issued specific explanations and independent opinions.

Section VII 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 fund	Amount	Outstanding balance	Amount overdue but uncollected
Bank Wealth Management	-	-	-	-
Trust Products	Own funds	-	7,900	-
Brokerage Products	Own funds	280,250	811,500	-
Others	Own funds	1,478,964	3,811,173	-

Other information

Applicable Not Applicable

(2) Individual entrusted wealth management

Applicable Not Applicable

Other information

Applicable Not Applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not Applicable

Section VII Significant Events (continued)

2. Entrusted loans
- (1) *Overall entrusted loans*
- Applicable Not Applicable
- Other information
- Applicable Not Applicable
- (2) *Breakdown of individual entrusted loans*
- Applicable Not Applicable
- Other information
- Applicable Not Applicable
- (3) *Impairment reserve for entrusted loans*
- Applicable Not Applicable
3. Other information
- Applicable Not Applicable

Section VII Significant Events (continued)

(IV) Other Major Contracts

Applicable Not Applicable

1. Domestic business contract

Unit: '00 million Currency: RMB

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
1	January 2022	Infrastructure Construction (South Railway Station Comprehensive Transportation Hub Area and Jingcheng Vitality Area) Project of Deyang Tianfu Jingcheng Area	148.97	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd.	13 years
2	January 2022	Cross-Strait Intelligent Medical Industry Park (Phase II) Project in the North Coasts of Putian	81.44	A consortium comprising China Railway 18th Bureau Group Co., Ltd. and other parties	1,825 calendar days
3	February 2022	General Construction Contracting Project of Construction and Exploration of Green Mines of Limestone in Siwei Mining Area by Xingtai Mining Investment Co., Ltd. in Xingye County, Guangxi	38.46	China Railway 23th Bureau Group Co., Ltd.	29 years
4	May 2022	Smart Education Town Project in Jiangyan, Taizhou City	71.01	A consortium comprising China Railway Construction Investment Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway Fifth Survey and Design Institute Group Co., Ltd. and CITIC Construction Investment Fund	7 years
5	May 2022	General Contracting and Production Operation Services for Project of Granite Quarry for Construction in Zhuzailing Mining Area, Doumen Town, Doumen District, Zhuhai City, Guangdong Province	39.62	A consortium comprising China Railway 19th Bureau Group Co., Ltd. and other parties	14 years
6	May 2022	Section CQDZZF-1 of Newly-built Station Building at Chongqing East Railway Station of the Chongqing-Guizhou Railway and Supporting Comprehensive Transportation Hub Project	61.35	A consortium comprising China Railway Construction Group Corporation Limited and China Railway 11th Bureau Group Co., Ltd.	1,096 calendar days
7	May 2022 ^{Note 1}	Franchise Project for Re-routing Works of Laoying-Banjiao Section of Dali-Baoshan Expressway in Yunnan Province, ChangningLianziqiao Expressway, Midu-Changning Expressway (Baoshan Section)	69.00	A consortium comprising China Railway 11th Bureau Group Co., Ltd., China Railway 15th Bureau Group Co., Ltd. and other parties	5 years
8	June 2022	Civil Construction Section 2 of Civil Construction General Contracting for Engineering of Metro Line 6 (Jimei to Tong'an Section) in Xiamen City	45.41	China Railway Construction Corporation Limited	1,217 calendar days
9	June 2022	EPC General Contract for Project of Supporting Service Area at Eastern Malls in Linyi	60.56	A consortium comprising China Railway 21st Bureau Group Co., Ltd. and other parties	3 years
10	June 2022	5G Infrastructure Project in Shanxi Province	36.00	China Railway 15th Bureau Group Electrification Engineering Co., Ltd.	60 months
11	July 2022	Construction Project of "Belt and Road Initiative" Emergency Supplies Industrial Park in Jinghe County (EPC Model)	52.30	China Railway 23th Bureau Group Co., Ltd., China Railway 23th Bureau Group Architecture Design and Research Institute Co., Ltd.	730 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
12	June 2022 ^{Note 1}	Rural Revitalization Project in Tianji Town, Funan County	63.76	China Railway 23th Bureau Group Co., Ltd., China Railway 23th Bureau Group Rail Transit Project Co., Ltd., China Railway Shanghai Design Institute Group Co., Ltd.	1,825 calendar days
13	July 2022	Comprehensive Development (Education Innovation, Blockchain Demonstration Park) Project in Juyuan New Town Area, Comprehensive Development Project of Tourism Equipment Industry Functional Zone Area in Qingcheng Mountain	294.60	A consortium comprising China Railway 14th Bureau Group Co., Ltd. and Chengdu Dujiangyan Guoshan Enterprise Management Partnership (limited partnership)	15 years
14	July 2022 ^{Note 1}	EPC Project of Changsha (International) Health Ecological Technology Industrial Park (Phase I) Construction Project (Survey, Design and Construction General Contracting)	31.68	China Railway 16th Bureau Group Co., Ltd., China Railway 16th Bureau Group Henan Construction Engineering Co., Ltd.	1,740 calendar days
15	August 2022	Rapid Transformation Project in Jigongshan Avenue, Xinyang City, CAZ Shuangchuang Industrial Park (Blocks A and B) and EPC General Contracting for Municipal Sponge City Project in Xinyang	62.00	China Railway 15th Bureau Group Co., Ltd.	24 months
16	September 2022	Section XSZQ-09 of Pre-construction Work for Xiong'an New Area-Shangqiu Section of Newly-built Beijing-Xiong'an New Area-Shangqiu High-speed Railway	35.05	China Railway 17th Bureau Group Co., Ltd.	1,460 calendar days
17	September 2022 ^{Note 1}	International Leisure and Cultural Tourism Project Phase II in Wanshou Mountain	57.55	A consortium comprising China Railway 15th Bureau Group Co., Ltd. and other parties	1,825 calendar days
18	October 2022	Pre-construction Work of Newly-built Chongqing-Wanzhou High-speed Railway Section CQWZZQ-1	31.74	China Railway 11th Bureau Group Co., Ltd.	1,641 calendar days
19	October 2022	Pre-construction Work of Newly-built Chongqing-Wanzhou High-speed Railway Section CQWZZQ-9	33.91	China Railway 12th Bureau Group Co., Ltd.	1,641 calendar days
20	October 2022	Pre-construction Work of Newly-built Chongqing-Wanzhou High-speed Railway Section CQWZZQ-5	33.83	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	1,641 calendar days
21	October 2022	Pre-construction Work of Newly-built Chongqing-Wanzhou High-speed Railway Section CQWZZQ-4	32.39	China Railway 17th Bureau Group Co., Ltd.	1,641 calendar days
22	October 2022	Pre-construction Work of Newly-built Chongqing-Wanzhou High-speed Railway Section CQWZZQ-2	34.01	China Railway 18th Bureau Group Co., Ltd.	1,641 calendar days
23	October 2022	Section XX-4 of Pre-construction Work of Hebei Section of the Newly-built Xiong'an New Area-Xinzhou High-speed Rail	32.18	China Railway 18th Bureau Group Co., Ltd.	1,642 calendar days
24	October 2022	Section CDWZQ-6 of Pre-construction Work for Chengdu-Yingshan Section of Newly-built Chengdu-Dazhou-Wanzhou Railway	35.86	China Railway 17th Bureau Group Co., Ltd.	1,826 calendar days
25	October 2022	Section CDWZQ-13 of Pre-construction Work of Yingshan West-Wanzhou North Section of Newly-built Chengdu-Dazhou-Wanzhou Railway Bid Invitation for Lump Sum Contract	42.78	China Railway 11th Bureau Group Co., Ltd.	1,826 calendar days

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
26	November 2022	Pre-construction Work for Newly-built Shenzhen-Jiangmen Railway Bid Invitation for Lump Sum Contract (Section SJSJG-11)	30.70	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	1,247 calendar days
27	November 2022	Lump Sum Contract for Sections HSZQ-10 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	55.51	China Railway 12th Bureau Group Co., Ltd.	1,825 calendar days
28	November 2022	Lump Sum Contract for Sections HSZQ-11 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	58.18	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	1,825 calendar days
29	November 2022	Lump Sum Contract for Sections HSZQ-8 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	30.98	China Railway 14th Bureau Group Co., Ltd.	1,825 calendar days
30	November 2022	Lump Sum Contract for Sections HSZQ-1 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	51.24	China Railway 15th Bureau Group Co., Ltd.	1,825 calendar days
31	November 2022	Lump Sum Contract for Sections HSZQ-3 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	33.44	China Railway 24th Bureau Group Co., Ltd.	1,825 calendar days
32	November 2022	Lump Sum Contract for Sections HSZQ-13 of Pre-construction and Ancillary Works for Shanghai-Nanjing Section of the Newly-built Shanghai-Nanjing-Hefei High-speed Railway	30.92	China Railway 19th Bureau Group Co., Ltd.	1,825 calendar days
33	November 2022	Section XCTJ2 of Pre-construction Work for Gansu-Qinghai Section of Newly-built Xining-Chengdu Railway	36.37	China Railway 11th Bureau Group Co., Ltd.	2,191 calendar days
34	November 2022	Sections XCTJ7 of Pre-construction Work for Gansu-Qinghai Section of Newly-built Xining-Chengdu Railway	34.50	China Railway 14th Bureau Group Co., Ltd.	2,556 calendar days
35	November 2022	Sections XCTJ12 of Pre-construction Work for Gansu-Qinghai Section of Newly-built Xining-Chengdu Railway	34.38	China Railway 18th Bureau Group Co., Ltd.	2,556 calendar days
36	November 2022	EPC of Wanlong Bridge Project	42.09	China Railway Construction Bridge Engineering Bureau Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Southern Engineering Co., Ltd., China Railway 18th Bureau Group Co., Ltd.	1,460 calendar days
37	November 2022	Lump Sum Contract for Construction of "One Ring and One Ray" Project of Newly-built Eastern Guangdong Intercity Railway (YDZH-7)	88.96	China Railway Construction Corporation Co., Ltd., China Railway 12th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 17th Bureau Group Co., Ltd., China Railways Urban Construction Group Co., Ltd., CRCC Electrification Bureau Group Co., Ltd.	54 months

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
38	November 2022	Section XCSCZQ-2 of Pre-construction Work for Xining-Huangshengguan Section (within Sichuan Province, excluding Liren Tunnel) of Newly-built Xining-Chengdu Railway Bid Invitation for Unit Price Contract	33.01	China Railway 19th Bureau Group Co., Ltd.	2,192 calendar days
39	November 2022	Section JBSG-5 of Pre-construction Work for Beichen (excluded)-Binhai New Area Section of Baodi-Bin Hai New Area Section of Newly-built Beijing-Tianjin Binhai New Area Railway	38.76	China Railway 14th Bureau Group Co., Ltd.	1,461 calendar days
40	November 2022 ^{Note 1}	Section TYZQ-1 of Pre-construction and Related Works of the Preliminary Construction Section of the Newly-built Nantong to Ningbo High-speed Railway Bid Invitation for Lump Sum Contract	63.12	China Railway 14th Bureau Group Co., Ltd.	1,826 calendar days
41	December 2022	EPC General Contracting for Section EPC-1 of Duwu to Zhanglin to Toubao Section of the Rear Railway Passage of Fuzhou Port	32.23	CRCC 4th Survey and Design Institute Group Co., Ltd., China Railway 16th Bureau Group Co., Ltd.	54 months
42	November 2022	Area Industry City Comprehensive Development Project for Xintong Industrial Land Parcel A112	38.64	China Railway 12th Bureau Group South China Engineering Co., Ltd., China Railway 12th Bureau Group Shenzhen Engineering Co., Ltd.	1,872 calendar days
43	December 2022	Newly-built Ningbo-Zhoushan Railway PPP Project	265.09	China Railway (Shanghai) Investment Group Co., Ltd., CRCC East Investment and Construction Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railways Bridge Bureau Group Co., Ltd., China Railway 4th Bureau Group Co., Ltd., China Railways Bridge Engineering Bureau Group Co., Ltd., CRCC Electrification Bureau Group Co., Ltd.	36 years
44	December 2022	Franchise Project of the Expansion Project of Changsha Guangfu to Zhuzhou Wangshiwan (Zhuting) Section of G4 Beijing-Hong Kong-Macao Expressway bundled with Chenzhou to Guiyang Section of Guidong to Xintian (Ningyuan) Expressway	413.00	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railways Bridge Engineering 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 20th Bureau Group Co., Ltd., China Railway 21st Bureau Group Co., Ltd., China Railway 24th Bureau Group Co., Ltd., China Railway 25th Bureau Group Co., Ltd., China Railways Urban Construction Group Co., Ltd., CRCC 1st Survey and Design Institute Group Co., Ltd., CRCC 4th Survey and Design Institute Group Co., Ltd., CRCC Investment Fund Management Co., Ltd., and Hunan Road and Bridge Construction Group	33 years and 7 months
45	December 2022	Luzhou to Gulin Expressway Project, including Luzhou to Gulin Expressway Project and New Naxi New City Interchange Project for G93 Chengdu-Chongqing Ring Road Expressway	303.53	A consortium comprising CRCC Kunlun Investment Group Co., Ltd., China Railway Construction Bridge Engineering Bureau Group Co., Ltd., CRCC Port and Shipping Bureau Group Co., Ltd., China Railway First Survey and Design Institute Group Co., Ltd., and Guangxi Road and Bridge Engineering Group Co., Ltd.	33 years and 325 days

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
46	December 2022	Sections XYKYZQ-12 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	32.70	China Railway 14th Bureau Group Co., Ltd.	2,192 calendar days
47	December 2022	Sections XYKYZQ-6 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	30.67	China Railway 24th Bureau Group Co., Ltd.	2,192 calendar days
48	December 2022	Sections XYKYZQ-15 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	46.68	China Railway 11th Bureau Group Co., Ltd.	2,192 calendar days
49	December 2022	Sections XYKYZQ-1 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	38.94	China Railway 12th Bureau Group Co., Ltd.	2,192 calendar days
50	December 2022	Sections XYKYZQ-9 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	33.31	China Railway 15th Bureau Group Co., Ltd.	2,192 calendar days
51	December 2022	Sections XYKYZQ-3 of Pre-construction Works for Shaanxi and Chongqing Provincial Boundary to Hechuan and Connecting Line between Fankuai to Wanzhou via Kaizhou of Ankang-Chongqing Section of Newly-built Xi'an-Chongqing High Speed Railway	40.24	China Railway 20th Bureau Group Co., Ltd.	2,192 calendar days
52	December 2022	Bid Invitation for Lump Sum Contract (Section STZSG-2) for Construction of Shantou Station and Station Area of Newly-built Shantou to Shanwei Railway	42.89	China Railway Construction Group Corporation Limited	1,644 calendar days
53	December 2022	Section HT-A3 of the Main Construction Project of Haitai Yangtze River Tunnel (Highway Section)	46.52	China Railway 14th Bureau Group Co., Ltd.	57 months
54	December 2022	Urban Renewal Financial Science and Innovation Area Project (Phase I) of Beijing East Road, Hedong District	49.15	China Railway 15th Bureau Group Co., Ltd., China Railway Shanghai Design Institute Group Co., Ltd.	5 years
55	December 2022 ^{Note 1}	Mining and Transportation Project of the Lower Serpentine Ore Section of Taoping Mining Area in Pingjiang County	59.44	China Railway 11th Bureau Group Co., Ltd.	13 years

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
56	December 2022	EPC General Contracting Project of Industrial Overall Improvement Construction of Sanmenxia Urban-Rural Integration Demonstration Zone	50.00	China Railway 15th Bureau Group Co., Ltd. and China Railway Shanghai Design Institute Group Co., Ltd.	1,825 calendar days
57	December 2022 ^{Note 1}	Urban Renewal Project of Muye District (EPC General Contracting for Design and Construction)	45.45	China Railway 22th Bureau Group Co., Ltd.	37 months
58	December 2022	EPC Project of Integrated Protection and Restoration Project of Mountain, Water, Forest, Farmland, Lake, Grass and Sand in the Hongru River Basin in the Henan Section of the Upper Reaches of the Huaihe River	36.97	A consortium comprising China Railway 17th Bureau Group Co., Ltd. and other parties	1,000 calendar days
59	December 2022 ^{Note 1}	Civil Construction in Yangzhou Section of the Phase I Project (excluding the River Crossing Section) of Urban (Suburban) Railway of Nanjing to Yizheng (including Yangzhou Extension Line)	58.64	China Railway Construction Corporation Limited, China Railway 15th Bureau Group Co., Ltd., China Railway 15th Bureau Group First Engineering Co., Ltd., China Railway 15th Bureau Group 2ND Engineering Co., Ltd.	1,282 calendar days
60	December 2022	EPC General Contracting for 600MW High-temperature Molten Salt Energy Storage Power Station and Renewable Energy Hydrogen Production Project in Shenzhen-Shantou Cooperation Zone	48.42	Shenzhen China Railway Great Bay Area Investment and Construction Co., Ltd. and China Railway 20th Bureau Group Co., Ltd.	1,080 calendar days
61	December 2022 ^{Note 1}	Shanxi Zhiguanjia Communication Technology Co., Ltd. Shanxi 5G Base Station Infrastructure Construction EPC Project Construction Centralized Procurement Project	52.00	China Railway 22th Bureau Group 4th Engineering Co., Ltd., China Railway 12th Bureau Group Electric Engineering Co., Ltd., China Railway Electrification Bureau Group 2nd Engineering Co., Ltd., China Railways Network Information Technology Co., Ltd., China Railways 5th Survey and Design Institute Group Co., Ltd.	The accumulated procurement amount may reach 100% of the estimated procurement amount in 2 years
62	December 2022 ^{Note 1}	New 2x800 Double-chamber Kiln New Environment-friendly Lime Kiln Project in Xifeng County, Guizhou Province	107.78	China Railway 23th Bureau Group Co., Ltd., China Railway 23th Bureau Group Architecture Design and Research Institute Co., Ltd.	20 years
63	December 2022 ^{Note 1}	Design, Survey, Construction, Procurement, Production and Operation of Shilongpo Quartz Mine Project for Glass in Yunwu Town, Guiding County	102.77	A consortium comprising China Railway 23th Bureau Group Co., Ltd., China Railway 5th Survey and Design Institute Group Co., Ltd. and other parties	10 years
64	December 2022 ^{Note 1}	Mining Project in X034 Stone Industrial Park, Sihe Township, Guangde City	69.68	China Railway 11th Bureau Group Co., Ltd.	10 years
65	December 2022 ^{Note 1}	Financing+General Contracting Project of Lejuwan Industry-City Integration Urban Renewal Project of Zibo Economic Development Zone	77.42	China Railway 14th Bureau Group Co., Ltd.	1,825 calendar days
66	December 2022 ^{Note 1}	EPC Project of Agriculture, Water Saving, Quality Improvement and Efficiency Improvement Construction Project in Yichuan County	49.92	China Railway 20th Bureau Group Co., Ltd., China Railway Construction and Installation Design Institute Group Co., Ltd.	72 months

Section VII Significant Events (continued)

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
67	December 2022 ^{Note 1}	General Contracting for Civil Engineering and Installation of Urban Rail Transit Line 4 Phase I Project in Xuzhou City	86.73	China Railways Construction Corporation Limited, CRCC Kunlun Investment Group Co., Ltd., China Railway 11th Bureau Group Co., Ltd., China Railways Bridge Engineering Bureau Group Co., Ltd., China Railway 14th Bureau Group Co., Ltd., China Railway 14th Bureau Group Electric Engineering 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 20th Bureau Group Co., Ltd., China Railways Electrification Bureau Group Co., Ltd.	1,825 calendar days
68	January 2023 ^{Note 2}	Construction of Section II (YK9 + 900 ~ YK11 + 878.430, YK15 + 301.794 ~ YK21 + 345.699) of Dedicated Freight Lanes for Collection, Distribution and Transportation in Tianjin Port	33.25	China Railway 18th Bureau Group Co., Ltd.	1,095 calendar days
69	January 2023 ^{Note 2}	General Contracting for Rural Revitalization and Livelihood Improvement Project in Hongta District, Yuxi City	30.73	China Railway 11th Bureau Group Co., Ltd.	36 months

Note:

1. The dates listed were the time when winning bids for these projects, and the contracts haven't been signed as of the end of Reporting Period.
2. Such projects were the projects of which the bids were already won during Reporting Period, and contracts have been signed as of the disclosing date of this report.

Section VII Significant Events (continued)

2. Overseas operation contracts

Unit: '00 million Currency: RMB

No.	Date of signing	Project Name	Contract amount	Contracting party	Term of performance
1	April 2022	The Design, Manufacture, Supply, Installation and Commissioning of Rolling Stocks, Supply of Spare Parts and Maintenance Equipment for Port Harcourt-Maiduguri Narrow Gauge Rail Line, Nigeria	53.54	China Civil Engineering Group Co., Ltd.	96 months
2	April 2022	The Design, Manufacture, Supply, Installation and Commissioning of Rolling Stocks, Supply of Spare Parts and Maintenance Equipment for Ibadan-Kano Standard Gauge Rail Line, Nigeria	128.01	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	96 months
3	April 2022	Main Infrastructure Package (North and South) Works at Madinah, Kingdom of Saudi Arabia	64.61	China Railway 18th Bureau Group Co., Ltd. and other parties (consortium)	1,277 calendar days
4	September 2022	Hospital Franchise Project in Coquimbo, Chile	41.24	A consortium comprising China Railway International Group Co., Ltd. and China Railway Construction Group Co., Ltd.	19.7 years
5	November 2022	Design, Procurement and Construction Project of East Kalimantan Freight Railway in Indonesia	67.42	China Civil Engineering Group Co., Ltd. and China Railway 11th Bureau Group Co., Ltd. (Consortium)	57 months
6	December 2022	National Neurosurgery Hospital Franchise Project in Chile	45.05	China Railway International Group Co., Ltd. and China Railway Construction Group Co., Ltd. (Consortium)	22.2 years
7	December 2022	Franchise Project of Chillán-Collipulli Section of Chile's Highway No. 5	63.05	China Railway Construction International Group Limited	18.55 years
8	December 2022	Section 1 of Design and Build Project for the Electrified Standard Gauge Railway (SGR) Phase II – Tabora to Kigoma (411 kilometers of Main Line and 95 kilometers of Siding/Passing Loops) in Tanzania	191.68	China Civil Engineering Group Co., Ltd. and China Railway Construction Corporation Limited (Consortium)	48 months
9	December 2022	Construction Project of Kebo Railway Special Line for Bauxite Mine in Guinea	66.97	China Civil Engineering Group Co., Ltd.	48 months

Section VII Significant Events (continued)

XVI. EXPLANATION ON OTHER MAJOR MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS.

Applicable Not Applicable

(I) Matters related to issuance of infrastructure public offering of REITs

During the Reporting Period, the close-end infrastructure portfolio investment fund with the Chongqing-Suining Expressway BOT project (Chongqing Section) held by the Company's wholly-owned subsidiary CRCC Chongqing Investment Group Co., Ltd. as the underlying asset (hereinafter referred to as Guojin CRCC REIT) received the no objection letter from Shanghai Stock Exchange and the approval of registration from the China Securities Regulatory Commission on 6 June 2022. The offering was completed on 22 June 2022 and the Guojin CRCC REIT has been listed on the Shanghai Stock Exchange since 8 July 2022 with trading code 508008. The abbreviation of Guojin CRCC REIT is CRCC REIT and the expanded abbreviation is Guojin CRCC REIT on the market. Guojin CRCC REIT offered 500 million fund units at the offering price of RMB9.586 per unit. The net proceeds from the offering by the fund was RMB4,793 million. Among which, CRCC Chongqing Investment Group Co., Ltd. subscribed for 255 million units, accounting for 51% of the total fund units. The listing of Guojin CRCC REITS will not have a significant impact on the performance and financial status of the Company in the current period. For details, please refer to the relevant announcements published by the Company dated 8 June 2022 and 9 July 2022 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).

XVII. BUSINESS DEVELOPMENT OF SUBSIDIARIES LISTED OVERSEAS

As at 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 ("CRCCE"), 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 marketing and service of parts and components; 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.

Section VII Significant Events (continued)

CRCCE adhered to the principle of market-oriented development and is committed to creating sustainable value for shareholders and achieving sustainable development of the company. In 2022, CRCCE strengthened management, deepened the reform of the three systems, continued to build an efficient working mechanism of horizontal to border, vertically top-down, and pushed forward the scientific, institutionalized and normalized refinement management. In 2022, the CRCCE insisted on pragmatic innovation to strengthen the momentum and accelerate the promotion of high-level technological self-reliance and self-improvement. It has successfully launched new products such as bridge and tunnel sieving machines, turnout sieving machines and railway suction vehicles, and has concentrated on conquering a number of key core technologies such as AGC and other "bottleneck" technologies, asymmetrical rail milling, profiling turnout grinding and electric traction systems, and has made new breakthroughs in new products and technologies. In 2022, CRCCE insisted on marketing first to ensure growth. By continuing to increase marketing efforts, CRCCE promoted domestic regional integration, build on its main business of large-scale road maintenance machinery, strengthen and consolidate the railway market and expand the scale of the urban rail market. At the same time, CRCCE has grasped the overseas opportunities and formed a high-quality development trend with both small, medium and large road maintenance machinery, as well as related diversified industries. In 2023, CRCCE shall aim at "becoming stronger, better and bigger" to maintain its development momentum; adhere to the development idea of "strengthening the main industry and expanding diversification" to broaden its development path; adhere to independent innovation to master more key core technologies to enhance its development momentum, and strive to become a world-leading provider of large-scale road maintenance and construction intelligent equipment total solutions.

XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Applicable Not Applicable

Section VIII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Particulars of changes in shares

Applicable Not Applicable

3. Effect of changes in 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 shares, shareholding structure and assets and liabilities structure of the Company

Applicable Not Applicable

(III) Existing internal employee shares

Applicable Not Applicable

Section VIII Changes in 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 2022, 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 Corporation	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	2,076,296,000	15.29
Total	/	13,579,541,500	100.00

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 Stock Exchange 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 267,636, of which 253,356 were holders of A shares and 14,280 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 275,533, of which 261,305 were holders of A shares and 14,228 were holders of H shares.

Total number of common shareholders as at the end of the Reporting Period	267,636
Total number of common shareholders at the end of the last month prior to the date of the issuance of the annual report	275,533
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 VIII Changes in 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

Particulars of Top 10 Shareholders

Name of shareholder (full title)	Increase / decrease during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares subject to trading moratorium	Shares pledged or frozen Share status	Quantity	Nature of shareholder
China Railway Construction Corporation	0	6,942,736,590	51.13	0	None	0	Nation
HKSCC NOMINEES LIMITED	-505,675	2,060,198,832	15.17	0	Unknown	0	Overseas legal person
China Securities Finance Corporation Limited	0	323,087,956	2.38	0	None	0	Others
Central Huijin Asset Management Corporation Limited	0	138,521,000	1.02	0	None	0	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
Da Cheng Fund – Agricultural Bank of China – Da Cheng CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
Zhong Ou Fund – Agricultural Bank of China – Zhong Ou CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
China Asset Management – Agricultural Bank of China – China Asset Management CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	0	Others
CSAM – Agricultural Bank of China – CSAM CSI Financial Assets Management Scheme	0	81,847,500	0.60	0	None	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	None	0	Others

Section VIII Changes in 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 Corporation	6,942,736,590	RMB ordinary share	6,942,736,590
HKSCC NOMINEES LIMITED	2,060,198,832	Overseas listed foreign shares	2,060,198,832
China Securities Finance Corporation Limited	323,087,956	RMB ordinary share	323,087,956
Central Huijin Asset Management Corporation Limited	138,521,000	RMB ordinary share	138,521,000
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

Section VIII Changes in Shares and Particulars of Shareholders (continued)

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of share	
		Class	Number
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
Explanations on the repurchase of special accounts among the top ten shareholders	N/A		
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and waiver of voting rights	N/A		
Explanations on the connected or concerted action among the above shareholders	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	N/A		

Note: The H shares held by HKSCC Nominees Limited were held for and on behalf of several clients. As at the end of the Reporting Period, HKSCC Nominees Limited held 2,060,198,832 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

Section VIII Changes in Shares and Particulars of Shareholders (continued)

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

Applicable Not Applicable

(V) Particulars of interests and short positions of substantial shareholders disclosed in accordance with the SFO (Disclosure Pursuant to the Requirements of the Hong Kong Stock Exchange Listing Rules)

As at 31 December 2022, 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:

Name of substantial shareholder	Class of Share	Capacity	Number of shares interested (share)	Percentage of issued share capital of the relevant class of shares	Percentage of total issued share capital
China Railway Construction Corporation	A Share	Beneficial owner	6,942,736,590 (L)	60.35%	51.13%

Note. L – long position.

Section VIII Changes in Shares and Particulars of Shareholders (continued)

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

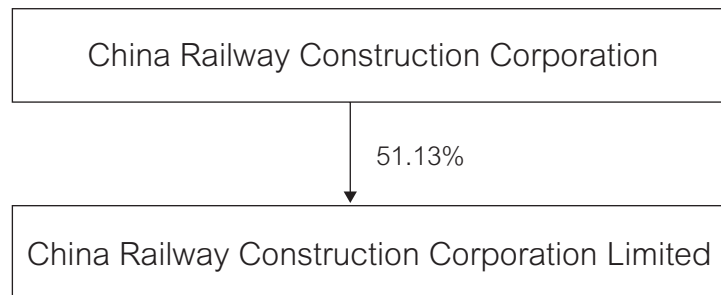
1. Legal person

Applicable Not Applicable

Name	China Railway Construction Corporation
Person in charge or legal representative	WANG Jianping
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. (Market entity 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 state and 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	None
Explanation on other matters	None

Section VIII Changes in 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. Module: Explanation 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



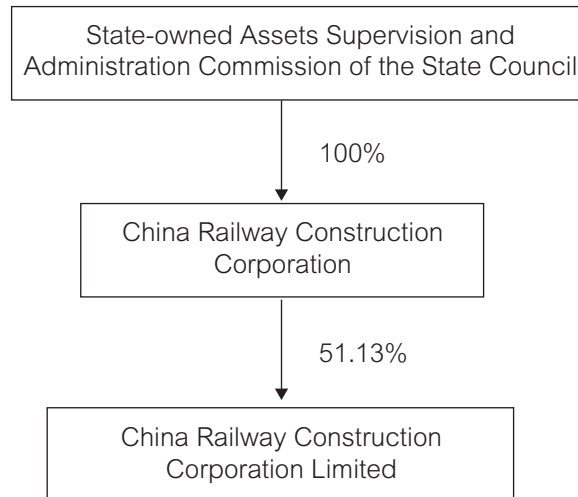
(II) Actual controller

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

Section VIII Changes in Shares and Particulars of Shareholders (continued)

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

Applicable Not Applicable



6. 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

V. THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS CONCERT PARTIES HOLDING MORE THAN 80% OF SHARES

Applicable Not Applicable

Section VIII Changes in Shares and Particulars of Shareholders (continued)

VI. 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.				

VII. EXPLANATION ON THE RESTRICTION OF REDUCING SHARE

Applicable Not Applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE BUYBACKS IN THE REPORTING PERIOD

Applicable Not Applicable

Neither the Company nor any of its subsidiaries had buybacks of any securities of the Company during the Reporting Period.

IX. SALES OR REDEMPTION OF SECURITIES OF THE COMPANY (DISCLOSURE AS REQUIRED BY THE HONG KONG STOCK EXCHANGE LISTING RULES)

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

Section IX Particulars of Preference Shares

Applicable Not Applicable

Section X Particulars of Corporate Bonds

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

Applicable Not Applicable

(I) Enterprise bonds

Applicable Not Applicable

(II) Corporate Bonds

Applicable Not Applicable

1. Basic information of corporate bonds

Unit: '000 Currency: RMB

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	19 CRCC Y2	155869	28 October 2019	29 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	19 CRCC Y4	155866	15 November 2019	18 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	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of Code issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	19 CRCC Y6	163970	16 December 2019	17 December 2019	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	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	20 CRCC Y1	175209	24 September 2020	25 September 2020	2,198,759	4.43	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	20 CRCC Y3	175547	14 December 2020	15 December 2020	2,498,645	4.37	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	21 CRCC Y1	188252	17 June 2021	18 June 2021	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.	1,799,083	3.73	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	21 CRCC Y2	188253	17 June 2021	18 June 2021	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.	1,299,337	4.00	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	21 CRCC Y3	185039	22 November 2021	23 November 2021	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.	1,998,684	3.30	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of Code issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	21 CRCC Y4	185038	22 November 2021	23 November 2021	999,342	3.64	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	21 CRCC Y5	185120	9 December 2021	10 December 2021	499,611	3.20	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	21 CRCC Y6	185119	9 December 2021	10 December 2021	999,223	3.58	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety I) for qualified investors	21 CRCC Y7	185198	29 December 2021	30 December 2021	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.	999,346	3.17	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety II) for qualified investors	21 CRCC Y8	185196	29 December 2021	30 December 2021	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.	999,346	3.50	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	22 CRCC Y1	185731	22 April 2022	25 April 2022	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.	2,198,695	3.17	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	22 CRCC Y2	185732	22 April 2022	25 April 2022	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.	799,525	3.55	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of Code issuance	Value date	Maturity date	Balance of the bond	Interest (%)	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (Second tranche) (sustainable linkage) (variety I) for qualified investors	22 CRCC Y3	137533	15 July 2022	18 July 2022	1,499,101	2.98	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (Second tranche) (sustainable linkage) (variety II) for qualified investors	22 CRCC Y4	137534	15 July 2022	18 July 2022	1,499,101	3.37	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2022 public offering of ST1 renewable corporate bonds (first tranche) (variety I) for qualified investors	CRCC YK01	138759	20 December 2022	21 December 2022	2,998,221	3.95	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. on 2022 public offering of ST1 renewable corporate bonds (second tranche) (variety I) for qualified investors	CRCC YK03	138800	28 December 2022	29 December 2022	1,998,692	3.75	Bond interest will be paid once a year if the Company does not exercise the option of deferred interest payment	Shanghai Stock Exchange	Qualified investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

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

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Payment of interest on bonds during the Reporting Period

Applicable Not Applicable

Bond

Statement of interest payments

China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors

The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (first tranche) for qualified investors from 29 October 2021 to 28 October 2022, on 31 October 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y1" was 4.03%. Interest of RMB40.30 (tax inclusive) was distributed for each lot of "19 CRCC Y1" with a nominal value of RMB1,000. According to the Announcement on the Issuance results of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche), the issuance scale of "19 CRCC Y1" is RMB3.5 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 31 October 2022.

China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors

The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (first tranche) for qualified investors from 29 October 2021 to 28 October 2022, on 31 October 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y2" was 4.30%. Interest of RMB43.00 (tax inclusive) was distributed for each lot of "19 CRCC Y2" with a nominal value of RMB1,000.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (second tranche) for qualified investors from 18 November 2021 to 17 November 2022, on 18 November 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y3" was 4.08%. Interest of RMB40.80 (tax inclusive) was distributed for each lot of "19 CRCC Y3" with a nominal value of RMB1,000. According to the Announcement on the Issuance results of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche), the issuance scale of "19 CRCC Y3" is RMB3.5 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 18 November 2022.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (second tranche) for qualified investors from 18 November 2021 to 17 November 2022, on 18 November 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y4" was 4.39%. Interest of RMB43.90 (tax inclusive) was distributed for each lot of "19 CRCC Y4" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (third tranche) for qualified investors from 17 December 2021 to 16 December 2022, on 19 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Third Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y5" was 3.90%. Interest of RMB39.00 (tax inclusive) was distributed for each lot of "19 CRCC Y5" with a nominal value of RMB1,000. According to the Announcement on the Issuance results of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Third Tranche), the issuance scale of "19 CRCC Y5" is RMB2 billion. The Company did not exercise the renewal option and fully repaid the bond principal on 19 December 2022.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2019 publicly issued renewable corporate bonds (third tranche) for qualified investors from 17 December 2021 to 16 December 2022, on 19 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2019 Publicly Issued Renewable Corporate Bonds (Third Tranche) for Qualified Investors, nominal interest rate of "19 CRCC Y6" was 4.20%. Interest of RMB42.00 (tax inclusive) was distributed for each lot of "19 CRCC Y6" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2020 publicly issued renewable corporate bonds (first tranche) for qualified investors from 25 September 2021 to 24 September 2022, on 27 September 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2020 Publicly Issued Renewable Corporate Bonds (First Tranche) for Qualified Investors, nominal interest rate of "20 CRCC Y1" was 4.43%. Interest of RMB44.30 (tax inclusive) was distributed for each lot of "20 CRCC Y1" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2020 publicly issued renewable corporate bonds (second tranche) for qualified investors from 15 December 2021 to 14 December 2022, on 15 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2020 Publicly Issued Renewable Corporate Bonds (Second Tranche) for Qualified Investors, nominal interest rate of "20 CRCC Y3" was 4.37%. Interest of RMB43.70 (tax inclusive) was distributed for each lot of "20 CRCC Y3" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (first tranche) for qualified investors from 18 June 2021 to 17 June 2022, on 20 June 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (first tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y1" was 3.73%. Interest of RMB37.30 (tax inclusive) was distributed for each lot of "21 CRCC Y1" with a nominal value of RMB1,000.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (first tranche) for qualified investors from 18 June 2021 to 17 June 2022, on 20 June 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (first tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y2" was 4.00%. Interest of RMB40.00 (tax inclusive) was distributed for each lot of "21 CRCC Y2" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (second tranche) for qualified investors from 23 November 2021 to 22 November 2022, on 23 November 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (second tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y3" was 3.30%. Interest of RMB33.00 (tax inclusive) was distributed for each lot of "21 CRCC Y3" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (second tranche) for qualified investors from 23 November 2021 to 22 November 2022, on 23 November 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (second tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y4" was 3.64%. Interest of RMB36.40 (tax inclusive) was distributed for each lot of "21 CRCC Y4" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (third tranche) for qualified investors from 10 December 2021 to 9 December 2022, on 12 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (third tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y5" was 3.20%. Interest of RMB32.00 (tax inclusive) was distributed for each lot of "21 CRCC Y5" with a nominal value of RMB1,000.

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (third tranche) for qualified investors from 10 December 2021 to 9 December 2022, on 12 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (third tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y6" was 3.58%. Interest of RMB35.80 (tax inclusive) was distributed for each lot of "21 CRCC Y6" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (forth tranche) (variety I) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (third tranche) for qualified investors from 30 December 2021 to 29 December 2022, on 30 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (third tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y7" was 3.17%. Interest of RMB31.70 (tax inclusive) was distributed for each lot of "21 CRCC Y7" with a nominal value of RMB1,000.
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (forth tranche) (variety II) for qualified investors	The Company paid the last annual interest of CRCC 2021 publicly issued renewable corporate bonds (forth tranche) for qualified investors from 30 December 2021 to 29 December 2022, on 30 December 2022. In accordance with the Announcement on the Nominal Interest Rate of CRCC 2021 Publicly Issued Renewable Corporate Bonds (forth tranche) for Qualified Investors, nominal interest rate of "21 CRCC Y8" was 3.50%. Interest of RMB35.00 (tax inclusive) was distributed for each lot of "21 CRCC Y8" with a nominal value of RMB1,000.

2. Triggering and implementation of issuers' or investors' option terms and investors' protection terms

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

3. Intermediaries providing services for bond issuance and duration business

Intermediary	Office address	Name of Signatory Accountant	Contact person	Contact telephone number
CITIC Securities Company Limited	22nd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing		WANG Yanyan, ZHU Jun	010-60833551, 60833585
China International Capital Corporation Limited	27-28/F, Tower 2, China Beijing World Towers, No. 1 Jianguomenwai Street, Chaoyang District, Beijing		ZHANG Chong	010-65051166
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai		YU Shan, CHAO Wei	010-88013931
China Merchants Securities Co., Ltd.	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong		LIU Wei	010-57783107
Industrial Securities Co., Ltd.	Room 601-605, No. 35 Jinshifang Street, Xicheng District, Beijing		LIANG Xiuguo, LI Lun	010-66290193
CSC Financial Co., Ltd.	9/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing		LIU Xi	010-86451054
Morgan Stanley Huaxin Securities Company Limited	Room 75T30, 75/F, Shanghai World Financial Center, No. 100 Century Avenue, Pilot Free Trade Zone, Shanghai, PRC		LIU Xiaoguang, WANG Jian	021-20336000
Beijing Deheng Law Office	12/F, Tower B, Focus Place, No. 19 Finance Street, Xicheng District, Beijing		WANG Yuwei, YANG Yong	010-52682888
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F Bund Center, 222 Yan An Road East, Shanghai	YIN Lili, SHI Xiao	YIN Lili, SHI Xiao	021-61418888
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing		ZHANG Xinyu, DU Peishan	010-66428877
China Chengxin Green Finance Technology (Beijing) Limited	4/F, Building 1, No. 2, Nanzhuban Hutong, Dongcheng District, Beijing, 50532		MA Jun, LIU Chen	18732517000

Changes in the above intermediaries

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

4. Use of raised funds at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	500,000.00	500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2019 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	2,200,000.00	2,200,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2020 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	2,500,000.00	2,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	1,800,000.00	1,800,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	1,300,000.00	1,300,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety I) for qualified investors	2,000,000.00	2,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (second tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety I) for qualified investors	500,000.00	500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (third tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes

Section X Particulars of Corporate Bonds (continued)

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety I) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2021 public offering of renewable corporate bonds (fourth tranche) (variety II) for qualified investors	1,000,000.00	1,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety I) for qualified investors	2,200,000.00	2,200,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (first tranche) (variety II) for qualified investors	800,000.00	800,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (Second tranche) (sustainable linkage) (variety I) for qualified investors	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of renewable corporate bonds (Second tranche) (sustainable linkage) (variety II) for qualified investors	1,500,000.00	1,500,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of STI renewable corporate bonds (first tranche) (variety I) for qualified investors	3,000,000.00	3,000,000.00	-	Normal	No	Yes
China Railway Construction Co., Ltd. on 2022 public offering of STI renewable corporate bonds (second tranche) (variety I) for qualified investors	2,000,000.00	2,000,000.00	-	Normal	No	Yes

Progress and operational effectiveness of the funds raised for construction projects

Applicable Not Applicable

Description of the change of use of the above bond proceeds during the Reporting Period

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

5. Adjustment of credit rating results

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

6. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not Applicable

7. Other explanations on corporate bonds

Applicable Not Applicable

During the Reporting Period, the Company's renewable corporate bonds had no matters such as the exercise of renewal option, jump in interest rate, deferred interest and mandatory interest payment. The renewable corporate bonds issued by the Company meet the definition and classification conditions of equity instruments in relevant accounting standards and are included in the accounting of other equity instruments.

Section X Particulars of Corporate Bonds (continued)

(III) Non-financial corporate debt financing instruments in the inter-bank bond market

Applicable Not Applicable

1. Non-financial corporate debt financing instruments

Unit: '000 Currency: RMB

Bond	Short name	Date of issuance	Value date	Maturity date		Balance of the bond	Interest	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II)	19 CRCC MTN002B	101901637	28 November 2019	29 November 2019	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	1,495,643	4.35	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. – 2020 first issue of medium term note	20 CRCC MTN001	102001987	23 October 2020	26 October 2020	The notes will remain valid indefinitely until they are redeemed by the issuer pursuant to the terms of the issue and they will become due upon redemption by the issuer pursuant to the terms of the issue.	2,991,242	4.42	The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

Section X Particulars of Corporate Bonds (continued)

Bond	Short name	Date of Code issuance	Value date	Maturity date	Balance of the bond	Method of principal repayment and interest payment	Exchange platform	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
China Railway Construction Co., Ltd. – 2021 first issue of medium term note	21 CRCC MTN001	102101658	24 August 2021	25 August 2021	1,994,120	3.30 The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No
China Railway Construction Co., Ltd. – 2022 first issue of medium-term note	22 CRCC MTN001	102282224	11 October 2022	12 October 2022	2,995,372	2.79 The interests of the note are paid in installments annually if the Company does not exercise the right of deferred payment of interest.	National Interbank Bond Market	Domestic qualified institutional investors	Auction, quote, inquiry and agreement transaction	No

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

Applicable Not Applicable

Overdue bonds

Applicable Not Applicable

Payment of interest on bonds during the Reporting Period

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

Bond	Statement of interest payments
China Railway Construction Co., Ltd. – 2019 first issue of medium-term note	According to the Announcement on the Issuance results of China Railway Construction Co., Ltd. – 2019 first issue of medium-term note, the issuance scale of “19 CRCC MTN001” is RMB3 billion, with issuance interest rate of 4.13%. The Company paid the interest and principal on the first tranche of the 2019 medium term notes of China Railway Construction Company Limited on 23 September 2022.
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety I)	According to the Announcement on the Issuance results of China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety I), the issuance scale of “19 CRCC MTN002A” is RMB1.5 billion, with issuance interest rate of 3.98%. The Company paid the interest and principal on the China Railway Construction Company Limited’s 2019 second medium term notes (variety 1) on 29 November 2022.
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II)	According to the Announcement on the Issuance results of China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II), the issuance scale of “19 CRCC MTN002B” is RMB1.5 billion, with issuance interest rate of 4.35%. The Company paid the interest and principal on the China Railway Construction Company Limited’s 2019 Second Medium Term Notes (Variety II) on 29 November 2022.
China Railway Construction Co., Ltd. – 2020 first issue of medium-term note	According to the Announcement on the Issuance results of China Railway Construction Co., Ltd. – 2020 first issue of medium term note, the issuance scale of “20 CRCC MTN001” is RMB3 billion, with issuance interest rate of 4.42%. The Company paid the interest and principal on the China Railway Construction Company Limited’s 2020 first issue of medium term note on 26 October 2022.
China Railway Construction Co., Ltd. – 2021 first issue of medium-term note	According to the Announcement on the Issuance results of China Railway Construction Co., Ltd. – 2021 first issue of medium-term note, the issuance scale of “21 CRCC MTN001” is RMB2 billion, with issuance interest rate of 3.30%. The Company paid the interest and principal on China Railway Construction Co., Ltd. – 2021 first issue of medium-term note on 25 August 2022.

Section X Particulars of Corporate Bonds (continued)

2. Triggering and implementation of issuers' or investors' option terms and investors' protection terms

Applicable Not Applicable

3. Intermediaries providing services for bond issuance and duration business

Intermediary	Office address	Name of Signatory Accountant	Contact	Tel
Agricultural Bank of China Limited	No. 69, Jianguomennei Avenue Dongcheng District Beijing		An Liwei	010-85109045
Bank of China Limited	No. 1 Fuxingmennei Avenue, Xicheng District, Beijing		XIA Ji	010-66591814
Industrial and Commercial Bank of China Limited	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing,		ZHANG Jian	010-81011847
China CITIC Bank Corporation Limited	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing		ZHANG Tianyi	010-66635908
Beijing Deheng Law Office	12/F, Tower B, Focus Place, No. 19 Finance Street, Beijing		WANG Yuwei, YANG Yong	010-52682888
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F Bund Center, 222 Yan An Road East, Shanghai	YIN Lili, SHI Xiao	YIN Lili, SHI Xiao	021-61418888
China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No.2 Nanzhugan Hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing		ZHANG Xinyu, DU Peishan	010-66428877

Changes in the above intermediaries

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

4. Use of raised funds at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Bond	Total amount of funds raised	Amount used	Amount unused	Operation of the special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
China Railway Construction Co., Ltd. – 2019 first issue of medium-term note	3,000,000.00	3,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety I)	1,500,000.00	1,500,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. – 2019 second issue of medium term note (variety II)	1,500,000.00	1,500,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. – 2020 first issue of medium-term note	3,000,000.00	3,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. – 2021 first issue of medium-term note	2,000,000.00	2,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. Phase I Ultra Short Term Financing Notes for 2021	3,000,000.00	3,000,000.00	–	Normal	No	Yes
China Railway Construction Co., Ltd. – 2022 first issue of medium-term note	3,000,000.00	3,000,000.00	–	Normal	No	Yes

Progress and operational effectiveness of the funds raised for construction projects

Applicable Not Applicable

Description of the change of use of the above bond proceeds during the Reporting Period

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

5. Adjustment of credit rating results

Applicable Not Applicable

Other Explanation

Applicable Not Applicable

6. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees and their impact during the Reporting Period

Applicable Not Applicable

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

Applicable Not Applicable

During the Reporting Period, the Company's debt financing instruments had no matters such as the exercise of renewal option, jump in interest rate, deferred interest and mandatory interest payment. The debt financing instruments issued by the Company meet the definition and classification conditions of equity instruments in relevant accounting standards and are included in the accounting of other equity instruments.

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

Applicable Not Applicable

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

Applicable Not Applicable

(VI) The impact on the rights and interests of bond investors of violations of the provisions of laws and regulations, the articles of association, the management system for information disclosure matters and the circumstances agreed or promised in the bond prospectus during the Reporting Period

Applicable Not Applicable

Section X Particulars of Corporate Bonds (continued)

(VII) Accounting data and financial indicators of the Company for the past 2 years as at the end of the Reporting Period

Applicable Not Applicable

Unit: '000 Currency: RMB

Principal indicators	2022	2021	Increase or decrease at this year as compared with the end of last year (%)	Reasons of change
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	24,088,741	22,429,809	7.40	
Liquidity ratio	1.08	1.09	-0.92	
Quick ratio	0.49	0.52	-5.77	
Gearing ratio (%)	74.67	74.39	Increased by 0.28 percentage point	
Total debt ratio of EBITDA	5.67%	5.91%	Decreased by 0.24 percentage point	
Interest coverage ratio	3.50	3.43	2.04	
Cash flow interest coverage ratio	6.05	0.96	530.21	mainly due to the significant increase in the amount of cash flows generated from operating activities.
Interest coverage multiples EBITDA	5.14	4.96	3.63	
Loan repayment rate (%)	100.00	100.00	–	
Interest repayment rate (%)	100.00	100.00	–	

Section X Particulars of Corporate Bonds (continued)

II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not Applicable

III. CHANGES TO THE COMPANY'S INFORMATION DISCLOSURE AFFAIRS MANAGEMENT SYSTEM

On 25 January 2022, the Company held the third meeting of the Fifth Session of the Board of Directors and considered and approved the "Management Measures for Disclosure of Information on Corporate Bonds of China Railway Construction Company Limited" and amended the "Management Measures for Disclosure of Information on Debt Financing Instruments of China Railway Construction Company Limited". For details, please refer to the relevant announcements of the Company dated 26 January 2022 published on China Securities Journal, Shanghai Securities Journal, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn), and the Company's publication of the full text of the System on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

On 30 August 2022, the Company held the eighth meeting of the Fifth Session of the Board of Directors and modified the "Management Measures for Disclosure of Information of China Railway Construction Company Limited" and abolished the "Management Measures for Postponing and Exception of Information Disclosure of China Railway Construction Corporation Limited", and consolidated related contents into the newly modified "Management Measures for Disclosure of Information of China Railway Construction Company Limited". For details, please refer to the relevant announcements of the Company dated 31 August 2022 published in China Securities Journal, Shanghai Securities Journal, Securities Daily, Securities Times and the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.crcc.cn), and the Company's publication of the full text of the System on the websites of the Shanghai Stock Exchange (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company's website (www.crcc.cn).

Independent Auditor's Report

De Shi Bao (Shen) Zi (23) No. P02127

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 the Company's statements of financial position as at 31 December 2022, and the consolidated and the Company's statements of profit or loss and other comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's 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 the Company's financial position as of 31 December 2022, and the consolidated and the Company's 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 is mainly derived from construction operations, which has significance to the consolidated financial statements. As stated in Note III. 20 to the consolidated financial statements, for most of the Group's construction operations, the Group completes satisfaction of the relevant performance obligations over time. The revenue is recognised during the contract period according to the expected total contract revenue and total contract costs based on the performance progress, which is determined by input method. The expected total contract revenue and total contract costs shall be determined according to the contract budget of the contracted project, which shall be continuously evaluated and revised during the execution of the contract. The relevant contract budget involves the management's use of significant accounting estimations and judgements. 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 judgements.

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) Checking on a sample basis, whether the expected total contract revenue and total contract costs are consistent with the project contract and cost budget that they base on;
- (3) Checking construction costs incurred during the year by tracing to support documentation on a sample basis, and performing cut-off tests on construction costs;
- (4) Recalculating the calculation accuracy on performance progress of construction operations by reference to construction contract ledger on a sample basis;
- (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, evaluating the reasonableness of the performance progress in record and performing gross margin analysis.

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. 34 "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 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 classifies the trade receivables and contract assets into different portfolios based on collective credit risk characteristics, and uses provision matrix to assess expected credit losses. The provision rates of each portfolio 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 estimates 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 assessing the reasonableness of the provision determined by the management based on the customer's financial and credit status, historical payment rate and the forecast of the future financial status on a sample basis;
- (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 portfolios classification and provision rates of each portfolio 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 2022 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.

Independent Auditor's Report (continued)

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.

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.

Independent Auditor's Report (continued)

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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: **Yin Lili**
(Engagement partner)

Chinese Certified Public Accountant: **Shi Xiao**
(Engagement partner)

30 March 2023

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 2022

RMB'000

ASSETS	Note V	31 December 2022	31 December 2021
Current assets			
Cash and bank balances	1	158,424,810	126,821,154
Held-for-trading financial assets	2	961,298	460,063
Bills receivable	3	8,495,031	12,729,240
Receivables at fair value through other comprehensive income	4	3,321,965	2,475,096
Trade receivables	5	141,229,619	155,677,298
Advances to suppliers	6	27,473,837	25,533,462
Other receivables	7	66,050,468	63,786,446
Inventories	8	299,818,526	279,554,016
Contract assets	9	254,463,518	196,315,628
Held-for-sale assets		58,873	–
Current portion of non-current assets	12, 14, 24	26,080,161	20,184,743
Other current assets	10	23,674,072	24,862,581
Total current assets		1,010,052,178	908,399,727
Non-current assets			
Loans and advances to customers	11	1,445,190	2,981,281
Long-term receivables	12	80,554,812	55,150,088
Long-term equity investments	13	127,985,238	98,163,517
Debt investments	14	9,076,297	9,974,392
Other debt investments		4,934,663	1,008,820
Other non-current financial assets	15	8,387,687	4,531,803
Other equity instrument investments	16	11,940,051	11,621,685
Investment properties	17	9,898,342	8,009,648
Fixed assets	18	66,085,799	61,167,672
Construction in progress	19	7,593,171	9,273,848
Right-of-use assets	20	5,154,357	5,907,025
Intangible assets	21	62,530,742	68,261,159
Development expenditure		45,761	44,962
Goodwill	22	163,518	359,499
Long-term prepayments		791,514	597,875
Deferred tax assets	23	9,140,494	8,075,138
Other non-current assets	24	108,171,238	99,441,867
Total non-current assets		513,898,874	444,570,279
TOTAL ASSETS		1,523,951,052	1,352,970,006

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note V</i>	31 December 2022	31 December 2021
Current liabilities			
Short-term loans	25	51,367,562	46,057,400
Due to customers	26	3,168,603	1,588,529
Bills payable	27	89,607,342	90,733,401
Trade payables	28	425,568,938	362,063,566
Advances from customers		311,908	94,440
Contract liabilities	29	164,118,787	150,667,341
Employee benefits payable	30	13,906,737	12,181,104
Taxes payable	31	8,936,891	9,510,826
Other payables	32	100,528,887	94,391,304
Current portion of non-current liabilities	33	45,527,795	38,703,490
Other current liabilities	34	31,594,097	26,089,924
Total current liabilities		934,637,547	832,081,325
Non-current liabilities			
Long-term loans	35	133,415,428	115,044,574
Bonds payable	36	28,096,696	29,534,875
Lease liabilities	37	2,451,292	2,889,378
Long-term payables	38	34,800,914	23,141,104
Long-term employee benefits payable		80,318	108,349
Provisions		1,137,854	784,053
Deferred income	39	1,056,021	923,734
Deferred tax liabilities	23	1,566,493	1,507,553
Other non-current liabilities		692,626	462,065
Total non-current liabilities		203,297,642	174,395,685
Total liabilities		1,137,935,189	1,006,477,010

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	31 December 2022	31 December 2021
Shareholders' equity			
Share capital	40	13,579,542	13,579,542
Other equity instruments	41	59,959,677	63,253,806
Capital reserve	42	48,907,056	44,886,585
Other comprehensive income	43	(819,139)	(1,276,492)
Special reserve	44	—	—
Surplus reserve	45	6,789,771	6,789,771
Retained earnings	46	162,067,076	141,556,080
Total equity attributable to owners of the Company		290,483,983	268,789,292
Non-controlling interests		95,531,880	77,703,704
Total shareholders' equity		386,015,863	346,492,996
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,523,951,052	1,352,970,006

The accompanying notes form part of the financial statements.

The financial statements have been signed by:

Chairman of the Company:
WANG Jianping

CFO:
WANG Xiuming

Head of the Finance Department:
WANG Lei

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

RMB'000

ITEM	Note V	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue	47	1,096,312,867	1,020,010,179
Less: Cost of sales	47	985,747,674	922,126,888
Taxes and surcharges	48	4,173,433	3,622,907
Selling and distribution expenses	49	6,642,387	6,147,103
General and administrative expenses	50	21,873,045	20,741,919
Research and development expenses	51	25,003,936	20,253,956
Finance costs	52	3,578,296	3,683,532
Including: Interest expenses		6,143,183	6,016,226
Interest income		4,391,798	4,052,385
Add: Other income	55	1,098,735	1,063,418
Investment losses	56	(4,665,935)	(193,604)
Including: Share of (losses)/profits of associates and joint ventures		(1,129,198)	2,769,758
Losses from derecognition of financial assets measured at amortised cost		(5,911,105)	(3,781,508)
Losses on fair value changes	57	(462,611)	(243,222)
Impairment losses on assets	53	(3,050,914)	(1,589,571)
Impairment of credit losses	54	(4,887,824)	(8,276,911)
Gains on disposal of assets		76,037	620,422
Operating profit		37,401,584	34,814,406
Add: Non-operating income	58	1,183,193	1,111,804
Less: Non-operating expenses	59	760,315	774,791
Profit before tax		37,824,462	35,151,419
Less: Income tax expenses	61	6,071,684	5,836,217
Net profit		31,752,778	29,315,202

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2022

RMB'000

ITEM	<i>Note V</i>	For the year ended 31 December 2022	For the year ended 31 December 2021
Classified by the continuity of operation			
Net profit from continuing operations		31,752,778	29,315,202
Net profit from discontinued operations		–	–
Classified by the ownership			
Net profit attributable to owners of the Company		26,642,094	24,690,556
Net profit attributable to non-controlling interests		5,110,684	4,624,646
Other comprehensive income/(expenses), net of tax			
Other comprehensive income attributable to owners of the Company, net of tax	43	412,141	145,962
Other comprehensive income/(expenses) not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		(209,526)	426,509
Others		(4,165)	(4,474)
Other comprehensive income/(expenses) to be reclassified to profit or loss			
Shares of other comprehensive income/(expenses) that will be reclassified subsequently into profit or loss by the investee under equity method		207,426	(91,448)
Changes in fair value of other debt investments		(11,684)	4,589
Exchange differences on translation of foreign operations		434,416	(190,155)
Changes in fair value of receivables at fair value through other comprehensive income		(4,326)	941
Other comprehensive income attributable to non-controlling interests, net of tax		21,324	194,912
Total comprehensive income		32,186,243	29,656,076
Including:			
Total comprehensive income attributable to owners of the Company		27,054,235	24,836,518
Total comprehensive income attributable to non-controlling interests		5,132,008	4,819,558
Earnings per share:			
Basic earnings per share (<i>RMB/share</i>)	62	1.76	1.60
Diluted earnings per share (<i>RMB/share</i>)	62	1.76	1.60

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

RMB'000

ITEM	Note V	For the year ended 31 December 2022	For the year ended 31 December 2021
1. Cash Flows from Operating Activities:			
Cash received from the sale of goods or rendering of services		1,146,501,353	1,075,803,668
Refunds of tax		6,157,064	4,063,426
Net increase/(decrease) in due to customers and due to banks		1,580,074	(3,227,079)
Cash received from other operating activities	63(1)	25,368,409	24,110,143
Subtotal of cash inflows from operating activities		1,179,606,900	1,100,750,158
Cash paid for goods and services		995,206,318	989,068,195
Net (decrease)/increase in loans and advances to customers		(1,575,000)	230,000
Net increase/(decrease) in balances with the central bank		371,030	(2,285,925)
Cash paid to and on behalf of employees		78,315,658	76,368,883
Cash paid for all taxes		30,169,398	26,711,563
Cash paid for other operating activities	63(2)	20,984,544	17,961,353
Subtotal of cash outflows from operating activities		1,123,471,948	1,108,054,069
Net cash flows generated from/(used in) operating activities	64(1)	56,134,952	(7,303,911)
2. Cash Flows from Investing Activities:			
Cash received from disposal of investments		7,737,254	8,102,705
Cash received from investment income		1,311,902	1,420,422
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,469,661	1,949,670
Net decrease in cash and bank balances with title restrictions		3,541,005	962,332
Net cash received from disposal of subsidiaries	64(2)	2,917,275	1,091,759
Cash received from other investing activities		3,919,717	966,424
Subtotal of cash inflows from investing activities		21,896,814	14,493,312

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2022

RMB'000

ITEM	Note V	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		30,260,294	32,875,454
Cash paid for acquisition of investments		47,282,216	42,685,038
Net cash paid for acquisition of subsidiaries		–	3,005
Subtotal of cash outflows from investing activities		77,542,510	75,563,497
Net cash flows used in investing activities		(55,645,696)	(61,070,185)
3. Cash Flows from Financing Activities:			
Cash received as capital contributions		34,974,590	29,789,589
Including: Cash received from non- controlling shareholders of subsidiaries		20,847,519	17,401,498
Cash received from issuing bonds		13,312,304	15,660,218
Cash received from borrowings		235,271,518	180,640,822
Cash received from other financing activities		1,262,277	–
Subtotal of cash inflows from financing activities		284,820,689	226,090,629
Cash repayments for borrowings		209,363,634	173,618,250
Cash paid for distribution of dividends or profits and for interest expenses		21,790,918	21,753,841
Including: Cash paid to non-controlling shareholders for distribution of dividends by subsidiaries		3,710,689	3,458,065
Cash paid for other financing activities	63(3)	19,771,914	20,116,458
Subtotal of cash outflows from financing activities		250,926,466	215,488,549
Net cash flows generated from financing activities		33,894,223	10,602,080

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2022

RMB'000

ITEM	Note V	For the year ended 31 December 2022	For the year ended 31 December 2021
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		390,152	(155,619)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34,773,631	(57,927,635)
Add: Cash and cash equivalents at beginning of the year	64(3)	109,741,861	167,669,496
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64(3)	144,515,492	109,741,861

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

RMB'000

ITEM	For the year ended 31 December 2022									
	Equity attributable to owners of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2022	13,579,542	63,253,806	44,886,585	(1,276,492)	-	6,789,771	141,556,080	268,789,292	77,703,704	346,492,996
II. Increase/(decrease) during the year	-	(3,294,129)	4,020,471	457,353	-	-	20,510,996	21,694,691	17,828,176	39,522,867
(I) Total comprehensive income	-	-	-	412,141	-	-	26,642,094	27,054,235	5,132,008	32,186,243
(II) Capital contributions and withdrawals by shareholders	-	(3,294,129)	4,020,471	-	-	-	-	726,342	16,522,425	17,248,767
1. Capital contributions and withdrawals by Shareholders	-	-	-	-	-	-	-	-	9,378,585	9,378,585
2. Capital contributions and withdrawals by other equity instruments holders (Note V.41)	-	(3,294,129)	(17,164)	-	-	-	-	(3,311,293)	-	(3,311,293)
3. Equity transactions with non-controlling interests (Note V.42)	-	-	4,048,596	-	-	-	-	4,048,596	7,143,840	11,192,436
4. Others	-	-	(10,961)	-	-	-	-	(10,961)	-	(10,961)
(III) Profit distribution	-	-	-	-	-	-	(6,085,886)	(6,085,886)	(3,826,257)	(9,912,143)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders (Note V.46)	-	-	-	-	-	-	(6,085,886)	(6,085,886)	(3,826,257)	(9,912,143)
(IV) Special reserve (Note V.44)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	17,471,410	-	-	17,471,410	-	17,471,410
2. Used in current year	-	-	-	-	(17,471,410)	-	-	(17,471,410)	-	(17,471,410)
(V) Others (Note V.43)	-	-	-	45,212	-	-	(45,212)	-	-	-
III. As at 31 December 2022	13,579,542	59,959,677	48,907,056	(819,139)	-	6,789,771	162,067,076	290,483,983	95,531,880	386,015,863

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2022

RMB'000

ITEM	For the year ended 31 December 2021									
	Equity attributable to owners of the Company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Other Comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. As at 1 January 2021	13,579,542	68,258,403	44,158,849	(1,292,262)	-	6,139,569	123,453,661	254,297,762	59,341,328	313,639,090
II. Increase/(decrease) during the year	-	(5,004,597)	727,736	15,770	-	650,202	18,102,419	14,491,530	18,362,376	32,853,906
(I) Total comprehensive income	-	-	-	145,962	-	-	24,690,556	24,836,518	4,819,558	29,656,076
(II) Capital contributions and withdrawals by shareholders	-	(5,004,597)	727,736	-	-	-	9,725	(4,267,136)	17,302,114	13,034,978
1. Capital contributions and withdrawals by shareholders	-	-	714,786	-	-	-	-	714,786	17,303,214	18,018,000
2. Capital contributions and withdrawals by other equity instruments holders	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)	-	(5,011,908)
3. Equity transactions with non-controlling interests	-	-	12,812	-	-	-	-	12,812	(1,100)	11,712
4. Others	-	-	7,449	-	-	-	9,725	17,174	-	17,174
(III) Profit distribution	-	-	-	-	-	650,202	(6,728,054)	(6,077,852)	(3,759,296)	(9,837,148)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	650,202	(650,202)	-	-	-
2. Distribution to shareholders (Note V.46)	-	-	-	-	-	-	(6,077,852)	(6,077,852)	(3,759,296)	(9,837,148)
(IV) Special reserve (Note V.44)	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	15,872,742	-	-	15,872,742	-	15,872,742
2. Used in current year	-	-	-	-	(15,872,742)	-	-	(15,872,742)	-	(15,872,742)
(V) Others (Note V.43)	-	-	-	(130,192)	-	-	130,192	-	-	-
III. As at 31 December 2021	13,579,542	63,253,806	44,886,585	(1,276,492)	-	6,789,771	141,556,080	268,789,292	77,703,704	346,492,996

The Company's Statement of Financial Position

As at 31 December 2022

RMB'000

ASSETS	<i>Note XIV</i>	31 December 2022	31 December 2021
Current assets			
Cash and bank balances		17,919,976	10,921,986
Held-for-trading financial assets		71,040	91,338
Trade receivables	1	2,220,335	4,575,610
Advances to suppliers		309,918	354,226
Other receivables	2	26,646,967	26,404,972
Inventories		3,383	1,246
Contract assets		1,580,744	1,822,263
Current portion of non-current assets		9,570,770	26,516,843
Other current assets		426,861	263,228
Total current assets		58,749,994	70,951,712
Non-current assets			
Long-term receivables		40,287,333	21,378,491
Long-term equity investments	3	102,246,493	103,771,051
Other equity instrument investments		277,286	308,186
Fixed assets		26,086	33,535
Construction in progress		402,505	406,482
Right-of-use assets		32,582	4,313
Intangible assets		169,650	133,207
Long-term prepayments		2,030	1,963
Deferred tax assets		303	303
Other non-current assets		2,494,873	2,369,387
Total non-current assets		145,939,141	128,406,918
TOTAL ASSETS		204,689,135	199,358,630

The Company's Statement of Financial Position (continued)

As at 31 December 2022

RMB'000

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note XIV</i>	31 December 2022	31 December 2021
Current liabilities			
Trade payables		8,217,624	10,858,296
Contract liabilities		869,992	846,254
Employee benefits payable		132,365	108,643
Taxes payable		188,770	189,953
Other payables	4	20,898,012	19,060,895
Current portion of non-current liabilities		1,247,027	663,037
Other current liabilities		556,915	449,979
Total current liabilities		32,110,705	32,177,057
Non-current liabilities			
Long-term loans	5	3,708,802	2,328,564
Lease liabilities		1,470	2,192
Long-term payables		2,154,374	2,128,212
Long-term employee benefits payable		7,394	9,320
Deferred tax liabilities		30,427	42,614
Deferred income		—	9
Total non-current liabilities		5,902,467	4,510,911
Total liabilities		38,013,172	36,687,968
Shareholders' equity			
Share capital	Note V. 40	13,579,542	13,579,542
Capital reserve		46,869,310	46,886,474
Other comprehensive income		41,971	65,236
Other equity instruments	Note V. 41	59,959,677	63,253,806
Special reserve		—	—
Surplus reserve	Note V. 45	6,789,771	6,789,771
Retained earnings		39,435,692	32,095,833
Total shareholders' equity		166,675,963	162,670,662
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		204,689,135	199,358,630

The Company's Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

RMB'000

ITEM	Note XIV	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue	6	9,754,568	16,513,518
Less: Cost of sales	6	8,542,489	16,611,857
Taxes and surcharges		5,999	16,336
Selling and distribution expenses		88,395	42,282
General and administrative expenses		539,101	549,585
Research and development expenses		97,039	84,524
Finance costs	7	(1,571,900)	(2,749,722)
Including: Interest expenses		630,677	591,259
Interest income		3,123,900	3,159,632
Add: Other income		3,017	2,210
Investment income	8	11,504,567	8,999,026
(Losses)/gains on fair value changes		(20,298)	7,831
Impairment gains/(losses) on assets		1,326	(7,041)
Impairment of credit losses		(81,889)	(9,651)
Gains on disposal of assets		2	–
Operating profit		13,460,170	10,951,031
Add: Non-operating income		2,206	23,350
Less: Non-operating expenses		29,359	12,137
Profit before tax		13,433,017	10,962,244
Less: Income tax expenses		7,272	2,845
Net profit		13,425,745	10,959,399
Classified by the continuity of operation			
Net profit from continuing operations		13,425,745	10,959,399
Net profit from discontinued operations		–	–
Other comprehensive income/(expenses), net of tax		(23,265)	(3,558)
Other comprehensive income/(expenses) not to be reclassified to profit or loss			
Re-measurement of defined benefit plan, net of tax		(90)	(210)
Changes in fair value of other equity instrument investments		(23,175)	(3,348)
Total comprehensive income		13,402,480	10,955,841

The Company's Statement of Cash Flows

For the year ended 31 December 2022

RMB'000

ITEM	Note XIV	For the year ended 31 December 2022	For the year ended 31 December 2021
1. Cash Flows from Operating Activities:			
Cash received from the sale of goods or rendering of services		9,919,239	17,951,632
Refunds of tax		23,301	-
Cash received from other operating activities		37,141,854	9,404,427
Subtotal of cash inflows from operating activities		47,084,394	27,356,059
Cash paid for goods and services		10,279,420	16,040,231
Cash paid to and on behalf of employees		439,591	443,242
Cash paid for all taxes		26,185	82,935
Cash paid for other operating activities		29,966,544	21,994,826
Subtotal of cash outflows from operating activities		40,711,740	38,561,234
Net cash flows generated from /(used in) operating activities	9(1)	6,372,654	(11,205,175)
2. Cash Flows from Investing Activities:			
Cash received from investment income		9,573,692	12,440,630
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3	2
Net decrease in cash and bank balances with title restrictions		-	13,456
Subtotal of cash inflows from investing activities		9,573,695	12,454,088
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		56,290	440,417
Cash paid for acquisition of investments		1,340,000	1,601,713
Net increase in cash and bank balances with title restrictions		15,094	-
Subtotal of cash outflows from investing activities		1,411,384	2,042,130
Net cash flows generated from investing activities		8,162,311	10,411,958

The Company's Statement of Cash Flows (continued)

For the year ended 31 December 2022

RMB'000

ITEM	Note XIV	For the year ended 31 December 2022	For the year ended 31 December 2021
3. Cash Flows from Financing Activities:			
Cash received as capital contributions		13,988,708	12,388,092
Cash received from borrowings		2,671,802	320,000
Cash received from issuing bonds		–	3,000,000
Subtotal of cash inflows from financing activities		16,660,510	15,708,092
Cash repayments for borrowings		1,523,502	8,431,166
Cash paid for distribution of dividends or profits and for interest expenses		6,149,469	6,383,422
Cash paid for other financing activities		17,333,656	17,437,439
Subtotal of cash outflows from financing activities		25,006,627	32,252,027
Net cash flows used in from financing activities		(8,346,117)	(16,543,935)
4. EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		145,451	(47,920)
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,334,299	(17,385,072)
Add: Opening Balance of Cash and Cash Equivalents	9(2)	12,423,319	29,808,391
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9(2)	18,757,618	12,423,319

The Company's Statement of Changes in Equity

For the year ended 31 December 2022

RMB'000

ITEM	For the year ended 31 December 2022							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2022	13,579,542	63,253,806	46,886,474	65,236	-	6,789,771	32,095,833	162,670,662
II. Increase/(decrease) during the year	-	(3,294,129)	(17,164)	(23,265)	-	-	7,339,859	4,005,301
(I) Total comprehensive income	-	-	-	(23,265)	-	-	13,425,745	13,402,480
(II) Capital contributions and withdrawals by shareholders	-	(3,294,129)	(17,164)	-	-	-	-	(3,311,293)
1. Capital contributions and withdrawals by other equity instruments holders (Note V. 41)	-	(3,294,129)	(17,164)	-	-	-	-	(3,311,293)
(III) Profit distribution	-	-	-	-	-	-	(6,085,886)	(6,085,886)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	-	-	-
2. Distribution to shareholders (Note V. 46)	-	-	-	-	-	-	(6,085,886)	(6,085,886)
(IV) Special reserve (Note V. 44)	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	185,153	-	-	185,153
2. Used in current year	-	-	-	-	(185,153)	-	-	(185,153)
III. As at 31 December 2022	13,579,542	59,959,677	46,869,310	41,971	-	6,789,771	39,435,692	166,675,963

The Company's Statement of Changes in Equity (continued)

For the year ended 31 December 2022

RMB'000

ITEM	For the year ended 31 December 2021							
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2021	13,579,542	68,258,403	46,893,785	68,794	-	6,139,569	27,864,488	162,804,581
II. Increase/(decrease) during the year	-	(5,004,597)	(7,311)	(3,558)	-	650,202	4,231,345	(133,919)
(I) Total comprehensive income	-	-	-	(3,558)	-	-	10,959,399	10,955,841
(II) Capital contributions and withdrawals by shareholders	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)
1. Capital contributions and withdrawals by other equity instruments holders	-	(5,004,597)	(7,311)	-	-	-	-	(5,011,908)
(III) Profit distribution	-	-	-	-	-	650,202	(6,728,054)	(6,077,852)
1. Appropriation to statutory surplus reserve	-	-	-	-	-	650,202	(650,202)	-
2. Distribution to shareholders (<i>Note V. 46</i>)	-	-	-	-	-	-	(6,077,852)	(6,077,852)
(IV) Special reserve (<i>Note V. 44</i>)	-	-	-	-	-	-	-	-
1. Appropriated in current year	-	-	-	-	371,361	-	-	371,361
2. Used in current year	-	-	-	-	(371,361)	-	-	(371,361)
III. As at 31 December 2021	13,579,542	63,253,806	46,886,474	65,236	-	6,789,771	32,095,833	162,670,662

Notes to the Financial Statements

For the year ended 31 December 2022

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 Corporation (referred to as the “Controlling Shareholder”), 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 2023.

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 of the People’s Republic of China (“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).

In accordance with the *Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong* issued by the Hong Kong Stock Exchange in December 2010, the corresponding amendments to the Hong Kong Listing Rules, as well as the relevant documents issued by the Ministry of Finance and China Securities Regulatory Commission (“CSRC”), the Company ceased to provide financial reports prepared in accordance with *Accounting Standards for Business Enterprises and International Financial Reporting Standards* separately to A-share shareholders and H-share shareholders from the year of 2011 with the approval of the Company’s general meeting of shareholders. Instead, the Company provides all shareholders with financial reports solely prepared in accordance with *China Accounting Standards*, taking into account the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in preparing such financial reports.

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 2022

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 2022 and the consolidated and the Company's 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs, and its costs or revenue generated can be calculated independently.

The sets of activities and assets acquired in the combination can be considered as business only when the sets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When no output created on the acquisition date, the acquired processes are considered substantive by the Group if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes and including necessary materials, rights, other necessary economic resources and other necessary inputs, for example techniques, research and development projects, real estates, mining equity, etc.

When outputs created on the acquisition date, the acquired processes are considered substantive by the Group if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant costs.

When judging the sets of activities and assets acquired in the combination can be considered as business, the Group considers that it can be managed and operated as a business from the perspective of market participants, rather than judging by the management intention or the operating history of the acquiree.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business combinations (Continued)

4.2 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.

4.3 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business combinations (Continued)

4.3 Business combinations involving entities not under common control (Continued)

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.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognises and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognised and measured on the acquisition date.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements (Continued)

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.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights related to administrative tasks only. The relevant activities of a structured entity are directed by means of contractual agreements. When the Group acts as an asset management in the structured entity, the Group is required to determine whether it is exercising decision-making rights as a principal or an agent in the structured entity. If the Group is only acting as an agent, it exercises decision-making rights on behalf of the principal (other investors of the structured entity), and does not control the structured entity. If the Group is exercising decision-making rights on its own behalf, it is the principal and controls the structured entity.

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. 12.3.2.

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 2022

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 2022

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).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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.

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 due within one year that are presented under non-current assets due within one year and debt investments due within one year that are presented under non-current assets due within one year.

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 2022

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 (non-current assets due within one year and are present as Current portion of non-current assets) 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 2022

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

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.

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 2022

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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)

- (4) For credit-impaired financial assets other than the purchased or internally generated or 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.3 Transfer of financial assets (Continued)

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 2022

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.4 Classification and measurement of financial liabilities (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.7 Derivatives and embedded derivatives (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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 include 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 2022

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 realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the 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 realizable value. If the cost is in excess of net realizable value, provision for inventories is recognised in the statement of profit or loss. When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realizable 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 realizable 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Held-for-sale assets

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction (including an exchange of nonmonetary assets with commercial substance) rather than through continuing use.

This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period. The impairment loss of assets recognized before being classified to held-for-sale category is not reversed.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognised.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

12.1 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.

12.2 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

12.2 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.

12.3 Subsequent measurement and recognition of profit or loss

12.3.1 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

12.3 Subsequent measurement and recognition of profit or loss (Continued)

12.3.2 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 a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures and contributions or sales of assets that do not constitute business are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

12.3 Subsequent measurement and recognition of profit or loss (Continued)

12.3.2 Long-term equity investment accounted for using the equity method (Continued)

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is 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 recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

12.4 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, recognised in profit or loss of current period 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, is 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 recognised in profit or loss for the current period and carried forward proportionately.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Investment properties

Investment property is property held to earn rentals or for capital appreciation or for both purposes. It includes land use rights that are leased out; land use rights held for transfer upon capital appreciation; and buildings that are 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.

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 real estate is disposed of or permanently retired from use and no economic benefits are expected from its disposal, the investment real estate shall be derecognised.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. 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.

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%

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

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.

15. 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. 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 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;
- (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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

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.

17. Intangible assets

The Group's intangible assets include land use rights, concession rights, software licenses, mining rights and others.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

17.1 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.

17.2 Concession rights

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as turnpike highways and other construction works) 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, or the Group purchases the concession rights directly. The assets under the concession arrangements are accounted for according to their arrangement nature, and details are set out in Note III.33.

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 realized at the commencement of operations.

17.3 Software licenses

The software licenses are recorded at the price actually paid upon acquisition and are amortised equally over the estimated useful life of one to ten years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

17.4 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.

17.5 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: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; 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; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and 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.

18. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. 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;
- (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.

20. 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 brokerage and highway operation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (Continued)

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.

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.

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: 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (Continued)

Consideration payable to a customer (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (Continued)

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.

When determining the impairment loss of assets related to the contract cost, in the first place, the impairment loss of other assets related to the contract and recognized in accordance with other relevant business accounting standards should be determined ; Then, 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (Continued)

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.

21. 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.

21.1 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Government grants (Continued)

21.2 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.

21.3 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Income tax (Continued)

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.

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 realized 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 asset 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. 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.

23.1 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.

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;

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Leases (Continued)

23.1 As a lessee (Continued)

Right-of-use assets (Continued)

- (3) any initial direct costs incurred by the Group.
- (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).

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:

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Leases (Continued)

23.1 As a lessee (Continued)

Lease liabilities (Continued)

- (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, if the lease term or the assessment of purchase option changes, the Group shall remeasure the lease liability, according to modified lease payments and present value with modified discount rates, 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Leases (Continued)

23.1 As a lessee (Continued)

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 re-measures 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.

23.2 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Leases (Continued)

23.2 As a lessor (Continued)

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.

23.3 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. 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.

25.1 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.

25.2 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.

25.3 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 re-measurement 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 re-measurement 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Employee benefits (Continued)

25.4 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 or expenses for restructuring and involves the payment of termination costs or expenses.

25.5 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.

25.6 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 12 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Debt restructuring

26.1 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Debt restructuring (Continued)

26.2 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.

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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Profit distribution

The cash dividend of the Company is recognised as a liability upon approval in the annual shareholders' meeting.

29. Renewable corporate bonds and other financial instruments

The renewable corporate bonds 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 renewable corporate bonds 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.

30. 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 [2022] No.136) and the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation issued by the Ministry of Finance and the Ministry of Emergency Management. Before 21 November 2022, 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 Enterprise 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. 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.

32. Asset securitization

The Group has securitized 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Asset securitization (Continued)

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 securitization 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.

The Group securitized a portion of the retention receivables by selling and transferring the retention receivables to a special-purpose entity. The above accounting policy for securitized financial assets is applied by reference to the condition that the performance obligations relating to the construction of the project have been completed and the contractor has undertaken to complete the performance obligations relating to the liability for defects.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Public – Private – Partnership (“PPP”) project contract

The PPP project contract represents the contract entered into between the private party and the government in respect of the Public-Private-Partnership project (hereinafter referred to as the “PPP project”) in accordance with the laws and regulations. The PPP project contract shall meet the following two characteristics (hereinafter referred to as the “Dual characteristics”): (1) the private party shall utilize the PPP project assets so as to provide public goods and services on behalf of the government during the operation period stipulated in the contract; (2) the private party shall be compensated for the public goods and services it provides during the period stipulated in the contract. The PPP project contract shall also meet the following two conditions (hereinafter referred to as the “Dual controls”): (1) the government shall have control over the type, object and price of the public goods and services that must be provided by the private party through the utilization of the PPP project assets; (2) the government shall control the significant residual interest in the PPP project assets through ownership, right to income or other forms of rights upon termination of the PPP project contract.

The Group, as the private party, has entered into PPP project contracts with the government. According to such contracts, the Group shall provide construction services (including construction, renovation and expansion, similarly hereinafter), contract out the construction to other parties or perform other obligations. And the Group shall account for such contracts and recognize contract assets based on the determination that whether it is an agent or a principal in accordance with ASBE No.14 – Revenue.

If the Group provides multiple services (for example, provide both construction services for PPP project assets and the operation and maintenance services upon the completion of the construction) in accordance with the contract, it shall identify the single performance obligation included in the contract and allocate the transaction price to each performance obligation in accordance with the proportion of the stand-alone selling price of each performance obligation in accordance with the provisions of ASBE No.14 – Revenue.

During the operation period of the project, if the Group has the right to receive fees from the party which obtains the public goods and services in accordance with the PPP project contract, but the amount of the fees cannot be determined, the consideration for the PPP project assets or the amount of construction revenue recognized in respect of the project will be recognized as an intangible asset and presented as concessions under the line of intangible assets in the balance sheet when the PPP project assets are ready for intended use.

During the operation of the project, if the Group has the right to receive a determinable amount of cash (or other financial assets), the Group can recognize the amount as a receivable when it has the right to receive such cash (such right only depends on the passage of time) in accordance with the PPP project contract. The Group recognizes the difference between the consideration for the PPP project assets or the amount of construction revenue recognized in respect of the project and the determinable amount of cash (or other financial assets) that the Group has the right to receive as an intangible asset when the PPP project assets are ready for intended use.

For the portion of the Group’s consideration or construction revenue recognized for relevant PPP project assets that has been included in intangible assets and the contract assets recognized during the construction period, they are presented in the concessions under the line item of intangible assets; for other contract assets recognized during construction period, they are presented under the line item of contract assets or other non-current assets, depending on whether they are expected to be realized within one year since the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

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, 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 classifies the trade receivables and contract assets into different portfolios based on credit risk characteristics, and uses provision matrix to assess expected credit losses. The provision rates of each portfolio 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.

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 realizable values for properties under development and completed properties held for sale at each balance sheet date. When the net realizable values are lower than the carrying amounts, a provision is made by the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Impairment of properties under development and completed properties held for sale
(Continued)

The principal assumptions for the Group's estimation of the net realizable 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 realizable 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 long -term equity investments

The Group assesses at the balance sheet date whether there is any indication that long-term equity investments 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.

The recoverable amount of long-term equity investment is based on the higher of its fair value less costs to sell and the present value of the future cash flows estimated to be derived from long-term equity investment. The present value of the estimated future cash flow is based on the investee's present value of the future cash flow, that is, the amount of the estimated future cash flow generated by the investee in the process of continuous operation and discounted at the appropriate discount rate.

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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. 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.

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 each balance sheet date, based on changes in circumstances.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Amortisation of concession rights of highways

If the assets under the concession arrangement acquired by the Group's 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 realization 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 current 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 re-estimate 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 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. 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.

35. Changes in significant accounting policies

The Ministry of Finance issued the *Interpretation No.15 of the Accounting Standards for Business Enterprises* (the "Interpretation No.15") and *Interpretation No.16 of the Accounting Standards for Business Enterprises* (the "Interpretation No.16") in 2021 and 2022, respectively. The Group implemented relevant regulations according to the effective date requirements of Interpretation No.15 and Interpretation No.16.

35.1 The impact of Interpretation No.15

The Interpretation No.15 was issued by the Ministry of Finance on 30 December 2021, which specified the accounting treatment for the selling of products or by-products produced by an enterprise before the fixed asset are capable of intended use or in the process of research and development, as well as the judgment on onerous contract.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

35. Changes in significant accounting policies (Continued)

35.1 The impact of Interpretation No.15 (Continued)

35.1.1 Accounting treatment for selling of products or by-products produce before the fixed asset are capable of intended use or in the process of research and development

In accordance with Interpretation No.15, revenue and cost should be recognized in gross for selling of products or by-products produced by an enterprise before the fixed asset are capable of intended use or in the process of research and development in accordance with ASBE No.14 and ASBE No.1 respectively, rather than offset the costs of fixed assets or research and development expenditures with the net amount of revenue arising from trial run deducted the relevant costs occurred. Besides, the amount of the revenue arising from trial run and the costs occurred, specific presented items, and material accounting estimates applied determining the relevant costs of the trial run should be disclosed in the notes to the financial statements. The Interpretation came into force on 1 January 2022, and retroactive adjustments should be made for trial run that occurred between the beginning of the earliest period of the presentation of financial statements and 1 January 2022. The Group assessed the impact of the adoption of this Interpretation, and considered the adoption has had no significant impact on the consolidated financial statements of the Group.

35.1.2 Judgment on onerous contracts

The Interpretation No.15 specifies that, when an entity assesses whether a contract is onerous, the incremental costs and an allocation of other costs that relate directly to fulfilling contracts should be included in the costs of fulfilling the contract. The Interpretation came into force on 1 January 2022. The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at 1 January 2022, and any difference at the date of initial application is recognised in the opening retained profits and relevant line items of the financial statements without restate comparative information. The Group assessed the impact of the adoption of this Interpretation, and considered the adoption has had no significant impact on the consolidated financial statements of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

35. Changes in significant accounting policies (Continued)

35.2 The impact of Interpretation No.16

The Interpretation No.16 was issued by the Ministry of Finance on 30 November 2022, which specified the accounting treatment in relevant with the effects of income tax on dividends from a financial instrument classified as equity instrument by the issuer.

35.2.1 Accounting treatment in relevant with the effects of income tax on dividends from financial instrument classified as equity instrument by the issuer

In accordance with the Interpretation No.16, for a financial instrument classified as equity instrument by the entity in accordance with the *Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments* and other applicable provisions and relevant dividend payments are deductible before income tax according to relevant enterprise tax laws, the tax effect of the recognised dividends payable should be recognised and measured in the profit or loss or shareholders' equity, which is in consistent with the accounting treatment of generating distributable profits from previous transactions or events. The Interpretation was effective on 30 November 2022. For the dividend payables recognised during the period from 1 January 2022 to the effective date of this Interpretation, the entity should also recognise and measure the tax effects of dividend payments of a financial instrument classified as equity instrument in accordance with Interpretation No.16. For the financial instrument classified as equity instrument and not derecognised as at 1 January 2022, of which tax effect of recognised dividend payable were not measured in accordance with Interpretation No.16, the entity should make retrospective restatement. The Group assessed the impact of the adoption of this Interpretation, and considered the adoption has had no significant impact on the consolidated financial statements of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION

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%, 13%
Enterprise income tax ("EIT")	Taxable income	All enterprises are subject to EIT at 25% except for some domestic subsidiaries qualified for tax preferential (Note IV. 2) 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 2022

IV. TAXATION (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), with respect to research and development (R&D) expenses of the Company and its subsidiaries that complies with the above provisions, an extra 75% of the actual amount of expenses is deductible before tax.

Pursuant to the provisions of the Announcement on Further Improving the Policies Regarding Weighted Pre-tax Deduction of Research and Development Expenses (Announcement No.13 [2021] of the Ministry of Finance and the State Taxation Administration), with respect to the calculation of taxable income by the Company and its subsidiaries from 1 January 2021, an extra 100% of the amount of R&D expenses that comply with the above provisions and actually incurred is deductible before tax.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Increasing the Pre-tax Deduction Ratio for Supporting Scientific and Technological Innovation (Cai Shui [2022] No.28), the research and development expenses incurred by the Company and its subsidiaries during the period from 1 October 2022 to 31 December 2022 that comply with the above regulations shall apply a 100% super deduction of the actual amount before EIT.

Tax preferential for the Western Region Development

Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for Western Development Strategies (Cai Shui [2020] No.23), the tax preference for the Western Region Development are valid until 2030. According to the Circular, “from 1 January 2021 to 31 December 2030, 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 60% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region has been issued by National Development and Reform Commission. If the catalogue is modified during the period of the announcement, the modified version shall apply since the date of implementation.”

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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 has been implemented since 1 October 2014. Certain subsidiaries of the Company, 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 11th Bureau Group Tibet Engineering Co., Ltd. (中鐵十一局集團西藏工程有限公司), China Railway 11th Bureau Group Xi'an Construction Co., Ltd. (中鐵十一局集團西安建設有限公司), 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 (Tibet) Engineering Co., Ltd. (中鐵十二局集團(西藏)工程有限公司), China Railway 12th Bureau Group Hanzhong Xudong Engineering Co., Ltd. (中鐵十二局集團漢中旭東工程有限公司), 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), China Railway Construction Chongqing Construction Technology Co., Ltd. (中鐵建重慶建築科技有限公司), 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 Tibet Engineering Co., Ltd. (中鐵十八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 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 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 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 Co., Ltd. (中鐵二十局集團有限公司), 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 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), Chongqing Qinyu Property Management Co., Ltd. (重慶秦渝物業管理有限公司), 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 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 Electric and Chemical 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 6th Engineering Co., Ltd. (中鐵二十三局集團第六工程有限公司), CRCC Ecological Environment Construction Chongqing Co., Ltd. (中鐵建生態環境建設重慶有限公司), China Railway 23rd Bureau Group Tibet Engineering Co., Ltd. (中鐵二十三局集團西藏工程有限公司), China Railway 23rd Bureau Group Rail Transit Sichuan Engineering Co., Ltd. (中鐵二十三局集團軌道交通四川工程有限公

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Tax preferential for the Western Region Development (Continued)

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 First Survey and Design Institute Group Co., Ltd. (中鐵第一勘察設計院集團有限公司), Shaanxi Xingan Runtong Electrification Engineering Co., Ltd. (陝西興安潤通電氣化工程有限公司), 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 (Hubei) Engineering Supervision Consulting Co., Ltd Nanning Branch.(鐵四院(湖北)工程監理諮詢有限公司南寧分公司), China Railway Material Group Southwest Co., Ltd. (中鐵物資集團西南有限公司), China Railway Material Group Chongqing CRCC Trading Co., Ltd.(中鐵物資集團重慶鐵建貿易有限公司), China Railway Material Group Yunnan Co., Ltd. (中鐵物資集團雲南有限公司), CRCC High-Tech Equipment Co., Ltd. (中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), China Railway Highway China Petroleum (Sichuan) Energy Co., Ltd. (鐵建高速中油(四川)能源有限公司), 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 Construction Kunlun Metro Investment Construction Management Co., Ltd. (中鐵建崑崙地鐵投資建設管理有限公司), CRCC Kunlun Investment Co., Ltd. (中鐵建崑崙投資集團有限公司), China Railway Construction Yunnan Investment Co., Ltd. (中鐵建雲南投資有限公司), Chengdu CRCC Kunlun Rail Engineering Co., Ltd. (成都中鐵建崑崙軌道工程有限公司), Chengdu China Railway Construction Kunlun Zhenrong Ecological Construction Co., Ltd.(成都中鐵建崑崙振蓉生態建設有限公司), Jintang CRCC Kunlun City Construction Co., Ltd. (金堂中鐵建崑崙城市建設有限公司), Chengdu CRCC Chengzi Rail Transit Development Co., Ltd. (成都中鐵建成資軌道交通發展有限公司), China Railway Construction Rongcheng Development Co., Ltd. (中鐵建融城發展有限公司), Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公司), Chongqing China Petroleum & Railway Construction Industrial Co., Ltd. (重慶中油鐵建實業有限公司), CRCC Chongqing Investment Group Co., Ltd. (中鐵建重慶投資集團有限公司), CRCC Chongqing Petrochemical Sales Co., Ltd. (中鐵建重慶石化銷售有限公司), Chongqing Jinlu Traffic Engineering Co., Ltd. (重慶金路交通工程有限責任公司), CRCC Ecological Environment Co., Ltd (中鐵建生態環境有限公司), China Railway Construction Northwest Investment & Construction Co., Ltd. (中鐵建西北投資建設有限公司), China Railway Construction (Yinchuan) City Development Co., Ltd. (中鐵建(銀川)城市發展有限公司), China Railway Construction Yunnan Transportation Construction Management Co., Ltd. (中鐵建雲南交通建設管理有限公司) and CRCC Beibuwan Construction and Investment Co., Ltd.(中鐵建北部灣建設投資有限公司) 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", and are applicable to preferential income tax rate of 15% for the Western Region Development in 2022 and 2021.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Preferential Tax Policy for Building A Guangdong-Macao In-Depth Cooperation Zone In Hengqin

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Preferential Policies on Enterprise Income Tax in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin (Cai Shui [2022] No.19), corporate income tax for eligible industrial enterprises in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin can be reduced to 15% so as to support the development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin.

- (1) The principal business of the enterprise meets the requirements of Preferential Enterprise Income Tax Catalogue for the Guangdong-Macao In-Depth Cooperation Zone in Hengqin (2021), and its income accounts for more than 60% of the total income;
- (2) the actual management organization of the enterprise is located in Guangdong-Macao In-Depth Cooperation Zone in Hengqin, and it conducts substantive and comprehensive management and control over the production and operation, personnel, accounting, property, etc. of the enterprise.

China Railway Construction Investment Group Co., Ltd. (“CRCC Investment”) (中國鐵建投資集團有限公司), subsidiary of the Company, is eligible for the preferential income tax policy of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin and is subject to a preferential corporate income tax rate of 15% starting from 1 January 2022.

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) China Railway 11th Bureau Group Co., Ltd. (中鐵十一局集團有限公司) and its subsidiary China Railway 11th Bureau Group 6th Engineering Co., Ltd. of (中鐵十一局集團第六工程有限公司) have 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiary China Railway 11th Bureau Group Bridge Engineering Co., Ltd. (中鐵十一局集團橋樑有限公司) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (4) its subsidiaries including China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵十一局電務工程有限公司), China Railway 11th Bureau Hanjiang Heavy Industry Co., Ltd. (中鐵十一局集團漢江重工有限公司) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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 2nd Engineering Co., Ltd. (中鐵十二局集團第二工程有限公司) has 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) its subsidiary China Railway 12th Bureau Group 3rd Engineering Co., Ltd. (中鐵十二局集團第三工程有限公司) has been recognised as a High-tech Enterprise by Shanxi Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) 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 1 January 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiary China Railway 12th Bureau Construction and Installation Engineering Co., Ltd. (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 Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (5) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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 2nd Engineering Co., Ltd. (中鐵建大橋工程局集團第二工程有限公司) has been recognised as a High-tech Enterprise by Shenzhen Science and Technology Bureau, Shenzhen Municipal Bureau of Finance, and Shenzhen Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) 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 Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway Bridge Engineering 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 since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway Jinqiao Engineering Testing Co., Ltd. (中鐵津橋工程檢測有限公司) has been recognised as a High-tech Enterprise by Jilin Provincial Science and Technology Bureau, Jilin Province Bureau of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (5) its subsidiary China Railway Zhuzhou Bridge Co., Ltd. (中鐵株洲橋樑有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (6) 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 Provincial Science and Technology Department, Jilin Province Department of Finance, and Jilin Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 14th Bureau Group Co., Ltd. (中鐵十四局集團有限公司): (1) its subsidiaries including China Railway 14th Bureau Group 1th Engineering Co., Ltd.(中鐵十四局集團第一工程發展有限公司), Tiezheng Testing Technology Co., Ltd.(鐵正檢測科技有限公司) and 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) have been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiaries including China Railway 14th Bureau Group 4th Engineering Co., Ltd.(中鐵十四局集團第四工程有限公司), China Railway 14th Bureau Group Tunnel Engineering Co., Ltd. (中鐵十四局集團隧道工程有限公司), China Railway 14th Bureau Group Construction Technology Co. Ltd (中鐵十四局集團建築科技有限公司), Shandong Civil Air Defense Architectural Design Institute Co., Ltd (山東省人民防空建築設計院 Co., Ltd) have been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; China Railway 14th Bureau Construction Engineering Co. Ltd.(中鐵十四局集團建築工程有限公司) has been recognised as a High-tech Enterprise by Shandong Provincial Science and Technology Department, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway 14th Bureau Group Large Shield Engineering Co., Ltd.(中鐵十四局集團大盾構工程有限公司) has been recognised as a High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (5) its subsidiary China Railway 14th Bureau Group Housing and Bridge Co., Ltd. (中鐵十四局集團房橋有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (6) its subsidiary CRCC North-China Construction Technology Co. Ltd.(中鐵建華北建築科技有限公司) has been recognised as a High-tech Enterprise by Hebei Provincial Science and Technology Department, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (7) China Railway 14th Bureau Group Qingdao Engineering Construction Co., Ltd.; and (7) its subsidiary China Railway 14th Bureau Group Qingdao Engineering Construction Co., Ltd. (中鐵十四局集團青島工程建設有限公司) 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 2021, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (4) its subsidiary China Railway 15th Bureau Group Electrification Engineering Co., Ltd. (中鐵十五局集團電氣化工程有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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. (中鐵十六局集團有限公司) including China Railway 16th Bureau Group 1st Engineering Co., Ltd. (中鐵十六局集團第一工程有限公司) and China Railway 16th Bureau Group Subway Engineering Co., Ltd. (中鐵十六局集團地鐵工程有限公司) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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 Zhejiang Provincial Science and Technology Bureau, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (5) 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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (6) its subsidiaries including China Railway 16th Bureau Group City 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 and Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (7) 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 Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (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 Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023; and (4) its subsidiary China Railway 17th Bureau Group City Construction Development Co., Ltd. (中鐵十七局集團城市建設有限公司) has been recognised as High-tech Enterprise by Guizhou Provincial Science and Technology Commission, Guizhou Provincial Finance Bureau, and Guizhou Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (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 Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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, and Tianjin Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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 1st Engineering Co., Ltd. (China Railway 19th Bureau Group Co., Ltd. 第一工程有限公司) and China Railway 19th Bureau Group 2nd Engineering Co., Ltd. (China Railway 19th Bureau Group Co., Ltd. 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, and Liaoning Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiary China Railway 19th Bureau Group 3rd Engineering Co., Ltd. (中鐵十九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 Liaoning Province, Liaoning Province Finance Department, and Liaoning Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiary China Railway 19th Bureau Group 6th Engineering Co., Ltd. (China Railway 19th Bureau Group Co., Ltd. 第六工程有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) 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, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiary China Railway 19th Bureau Group Guangzhou Engineering Co., Ltd. (中鐵十九局集團廣州工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (7) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

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 1st Engineering Co., Ltd. (中鐵二十局集團第一工程有限公司) has been recognised as a High-tech Enterprises by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2022 to 31 December 2024; and (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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 21st Bureau Group Co., Ltd. (中鐵二十一局集團有限公司): (1) its subsidiary 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) has been recognised as a High-tech Enterprise by Gansu Provincial Science and Technology Department, Gansu Provincial Department of Finance, and Gansu Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (2) its subsidiary Western Railway Construction Engineering Materials Technology Co., Ltd. (西部鐵建工程材料科技有限公司) has been recognised as a High-tech Enterprise by Gansu Provincial Science and Technology Department, Gansu Provincial Department of Finance, and Gansu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

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. (中鐵二十二局集團有限公司) and its subsidiary China Railway 22nd Bureau Group Metro Co., Ltd. (中鐵二十二局集團軌道工程有限公司) 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (2) its subsidiary China Railway 22nd Bureau Group 1st Engineering Co., Ltd. (中鐵二十二局集團第一工程有限公司) has been recognised as a High-tech Enterprise by Heilongjiang Provincial Science and Technology Department, Heilongjiang Provincial Department of Finance, and Heilongjiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (3) its subsidiary China Railway 22nd Bureau Group 3rd Engineering Co., Ltd. (中鐵二十二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 Fujian Province, Fujian Province Finance Bureau, and Fujian Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (4) its subsidiary China Railway 22nd Bureau Group 4th Engineering Co., Ltd. (China Railway 22nd Bureau Group Co., Ltd. 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (5) its subsidiary China Railway 22nd Bureau Group Electrification Engineering Co., Ltd. (中鐵二十二局集團電氣化工程有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) Heilongjiang Tiecheng Engineering Testing Co., Ltd. (黑龍江鐵誠工程檢測有限責任公司) has been recognised as a Hightech Enterprise by Heilongjiang Provincial Science and Technology Department, Heilongjiang Provincial Department of Finance, and Heilongjiang Provincial Tax Service, State Taxation Administration since 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (7) China Railway 22nd Bureau Group Municipal Engineering Co., Ltd. (中鐵二十二局集團市政工程有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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 1st Engineering Co., Ltd. (中鐵二十三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 Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 Sichuan Municipal Science & Technology Commission, Sichuan Finance Bureau, and Sichuan Municipal Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (3) its subsidiary China Railway 23rd Bureau Group Rail Transit 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 Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway 11th Bureau Electrical Engineering Co., Ltd. (中鐵二十三局集團電務工程有限公司) has been recognised as a High-tech Enterprise by Tianjin Science and Technology Bureau, Tianjin Municipal Bureau of Finance, and Tianjin Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (5) its subsidiary China Railway 23rd Bureau Group (Hubei) Blasting Co., Ltd. (中鐵二十三局集團(湖北)爆破有限公司) has been recognised as High-tech Enterprises by Department of Science and Technology of Hubei Province, Department of Finance of Hubei Province, and Hubei Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

China Railway 24th Bureau Group Co., Ltd. (中鐵二十四局集團有限公司): (1) its subsidiary China Railway 24th Bureau Group Jiangsu Construction Co., Ltd. (中鐵二十四局集團江蘇工程有限公司) has been recognised as a High-tech Enterprises by Department of Science & Technology of Jiangsu Province, Jiangsu Province Finance Bureau, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiary China Railway 24th Bureau Group Shanghai electrification Co., Ltd. (中鐵二十四局集團上海電務電化有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (3) its subsidiary China Railway 24th Bureau Group Shanghai Railway Construction Co., Ltd. (中鐵二十四局集團上海鐵建工程有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway 25th Bureau Group Co., Ltd. (中鐵二十五局集團有限公司): (1) its subsidiaries 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) and 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) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiary China Railway 25th Bureau Group 4th Engineering Co., Ltd. (中鐵二十五局集團第四工程有限公司) has been recognised as a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiary Liuzhou Railway Engineering Quality Testing Center Co., Ltd. (柳州鐵路工程質量檢測中心有限公司) has been recognised as a High-tech Enterprise by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential income tax rate at 15% from 1 January 2020 to 31 December 2022; and (5) its subsidiaries including Guangzhou Tiecheng Engineering Inspection Co., Ltd. (廣州鐵誠工程質量檢測有限公司) and China Railway 25th Bureau Group Electric Engineering Co., Ltd. (中鐵二十五局集團電務工程有限公司) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

China Railway Construction Group Co., Ltd.(中鐵建設集團有限公司): (1) China Railway Construction Group Co., Ltd.(中鐵建設集團有限公司)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 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) its subsidiaries including China Railway Construction Group Electromechanical Installation Co., Ltd. (中鐵建設集團機電安裝有限公司) and China Railway Construction Group Infrastructure Construction Co., Ltd. (中鐵建設集團基礎設施建設有限公司) 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 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiary China Railway Construction Group South Engineering Co., Ltd. (中鐵建設集團南方工程有限公司) has been recognised as a 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (4) its subsidiary China Railway Construction Group Central-south China Construction Co., Ltd. (中鐵建設集團中南建設有限公司)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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (5) its subsidiary China Railway Construction Group North China Engineering Co. Ltd. (中鐵建設集團華北工程有限公司)has been recognised as a High-tech Enterprise by Tianjin Science and Technology Bureau, Tianjin Municipal Bureau of Finance, and Tianjin Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiaries including Beijing CRCC Decoration Engineering Co., Ltd. (北京中鐵裝飾工程有限公司), Beijing CRCC Elevator Engineering Co., Ltd. (北京中鐵電梯工程有限公司), Beijing China Railway Construction Technology Co., Ltd.(北京中鐵建築科技有限公司) and China Railway Construction Group Beijing Engineering Co. Ltd.(中鐵建設集團北京工程有限公司) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023; (7) its subsidiary China Railway Construction Group East China Engineering Co., Ltd. (中鐵建設集團華東工程有限公司) has been recognised as High-tech Enterprise by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration since 2022, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 till 31 December 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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) China Railway Construction Electrification Bureau Group Co., Ltd. (中國鐵建電氣化局集團有限公司) and 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) 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (2) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiaries 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) and China Railway Construction Electrification Bureau Group North Engineering Co., Ltd. (中國鐵建電氣化局集團北方工程有限公司) have been recognised as a High-tech Enterprise by the Shanxi Science and Technology Department, Department of Finance of Shanxi Province, and Shanxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) 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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (5) its subsidiary China Railway Construction Electrification Bureau Group 4th Engineering Co., Ltd. (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 Hunan Provincial Science and Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (6) its subsidiary China Railway Construction Electrification Bureau Group 5th Engineering Co., Ltd. (中國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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; and (7) its subsidiary China Railway Construction Electrification Bureau Group Kang Yuan 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 Department of Science & Technology of Jiangsu Province, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (8) its subsidiary China Railway Construction Electrification Bureau Group Science and Technology Co., Ltd. (中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, Hebei Provincial Department of Finance, and Hebei Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (9) its subsidiaries 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (10) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司): (1) CRCC Harbour and Channel Engineering Bureau Group Co., Ltd. (中國鐵建港航局集團有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (2) its subsidiary CRCC Harbour and 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司): (1) China Railway Urban Construction Group Co., Ltd. (中鐵城建集團有限公司) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (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 Shanxi Provincial Science and Technology Department, Shanxi Provincial Department of Finance, and Shanxi Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (3) 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (4) its subsidiary China Railway Urban Construction 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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2021; (5) its subsidiary Beijing Engineering Company Limited of China Railway Urban Construction Group (中鐵城建北京工程有限公司) has been recognised as a High-tech Enterprise by Beijing Municipal Science & Technology Commission, Beijing Finance Bureau, and Beijing Municipal Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (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, and Jiangxi Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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. (中鐵第四勘察設計院集團有限公司) 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, and Hubei Provincial Tax Service, State Taxation Administration since 2020 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (2) 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 2022 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024; (3) its subsidiary Haixia (Fujian) Transportation Engineering Design Co., Ltd. (海峽(福建)交通工程設計有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Fujian Province, Department of Finance of Fujian Province, and Fujian Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; (4) its subsidiary China Railway SIYUAN Survey and Design Group Engineering Construction Co., Ltd. (中鐵四院集團工程建設有限責任公司) has 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 2021 and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (5) its subsidiary China Railway SIYUAN Survey and Design Group Nanning survey and Design Institute Co., Ltd. (中鐵四院集團南寧勘察設計院有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; (6) its subsidiary China Railway SIYUAN Survey and Design Group Southwest survey and Design Institute Co., Ltd. (中鐵四院集團西南勘察設計院有限公司) has been recognised as High-tech Enterprises by Department of Science & Technology of Yunnan Province, Department of Finance of Yunnan Province, and Yunnan Provincial Tax Service, State Taxation Administration since 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (7) 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 2021 and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 till 31 December 2023; and (8) its subsidiary China Railway Siyuan Group Guangzhou Designing Institute Co., Ltd. (廣東省鐵路規劃設計研究院有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (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): (1) 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) and its subsidiaries including 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), Beijing Teyan Construction Supervision Co., Ltd. (北京鐵研建設監理 Co., Ltd), Beijing China Railway Ecological Environment Design Institute Co., Ltd. (北京中鐵生態環境設計院有限公司), and Beijing Tiecheng GIGNA Engineering Testing Co., Ltd. (北京鐵城檢測認證有限公司) 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 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022; and (2) its subsidiary Beijing Tiecheng Construction Supervision Co., Ltd. (北京鐵城建設監理 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 2021, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023; and (3) its subsidiary Quzhou Communication Design Co., Ltd (衢州市交通設計有限公司) has been recognized as a High-tech Enterprise by Zhejiang Provincial Science and Technology Bureau, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

China Railway Shanghai Design Institute Group Corporation Limited (中鐵上海設計院集團有限公司): China Railway Shanghai Design Institute Group Corporation Limited (中鐵上海設計院集團有限公司) has been recognised as a High-tech Enterprise by Shanghai Municipal Science & Technology Commission, Shanghai Finance Bureau, and Shanghai Municipal Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司): China Railway Construction Heavy Industry Corporation Limited (中國鐵建重工集團股份有限公司) and its subsidiary Zhuzhou China Railway Electric Materials Co., Ltd. (株洲中鐵電氣物資有限公司) have been recognised as a High-tech Enterprises by China Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, and Hunan Provincial Tax Service, State Taxation Administration since 2020, and are entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

IV. TAXATION (CONTINUED)

2. Tax preferential (Continued)

Other preferential tax for the Company's subsidiaries (Continued)

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, and Fujian Provincial Tax Service, State Taxation Administration since 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

CRCC Investment (鐵建投資): its subsidiary Suzhou Traffic Design Research Institute Co., Ltd. (中鐵建蘇州設計研究院有限公司) has been recognised as a High-tech Enterprise by Zhejiang Provincial Science and Technology Bureau, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration since 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司): China Railway Maglev Transportation Investment Construction Co., Ltd. (中鐵磁浮交通投資建設有限公司) 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 2020, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2020 to 31 December 2022.

CRCC Development Group Co., Ltd. (中鐵建發展集團有限公司): its subsidiary CRCC Cyber Information Technology Co., Ltd. (中鐵建網絡信息科技有限公司) 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 2022, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2022 to 31 December 2024.

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 2021, and is entitled to enjoy the preferential enterprise income tax rate at 15% from 1 January 2021 to 31 December 2023.

Notes to the Financial Statements

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB'000

Item	31 December 2022	31 December 2021
Cash on hand	58,623	59,533
Cash at banks	144,832,184	115,249,713
Other cash and bank balances	8,750,612	7,099,547
Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,783,391	4,412,361
Total	158,424,810	126,821,154

The restricted cash and bank balances of the Group are stated in Note V. 65.

As at 31 December 2022, the Group held foreign cash and bank balances amounting to RMB11,507,229,000 (31 December 2021: RMB12,562,879,000), and held no restricted deposits (31 December 2021: Nil).

RMB'000

Item	31 December 2022	31 December 2021
Cash and bank balances at the end of the year	158,424,810	126,821,154
Less: Mandatory reserves placed by CRCC Finance Company Limited with the central bank	4,783,391	4,412,361
Less: Other restricted cash and bank balances	8,697,253	6,808,858
Less: Non-pledged time deposits with original maturity of three months or more when acquired	428,674	5,858,074
Cash and cash equivalents at the end of the year	144,515,492	109,741,861

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Held-for-trading financial assets

RMB'000

Item	31 December 2022	31 December 2021
Equity instruments	561,719	259,605
Others	399,579	200,458
Total	961,298	460,063

3. Bills receivable

RMB'000

Item	31 December 2022	31 December 2021
Commercial acceptance bills	7,594,637	13,387,919
Bank acceptance bills	955,668	294,612
Less: Impairment of credit losses	55,274	953,291
Total	8,495,031	12,729,240

Bills receivable and impairment of credit losses are listed by category are listed as follows:

RMB'000

Category	31 December 2022				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	180,368	2.11	12,672	7.03	167,696
Impairment of credit losses assessed by credit risk portfolio	8,369,937	97.89	42,602	0.51	8,327,335
Total	8,550,305	100.00	55,274	0.65	8,495,031

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Bills receivable (Continued)

Bills receivable and impairment of credit losses are listed by category are listed as follows: (Continued)

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	5,013,706	36.64	883,031	17.61	4,130,675
Impairment of credit losses assessed by credit risk portfolio	8,668,825	63.36	70,260	0.81	8,598,565
Total	13,682,531	100.00	953,291	6.97	12,729,240

The restricted bills receivable of the Group are stated in Note V. 65.

4. Receivables at FVTOCI

RMB'000

Item	31 December 2022	31 December 2021
Bank acceptance bills	3,321,965	2,475,096
Total	3,321,965	2,475,096

As at 31 December 2022, the Group had RMB4,738,314,000 (31 December 2021: RMB4,839,418,000) 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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables

An aging analysis of trade receivables is listed as follows:

RMB'000

Item	31 December 2022	31 December 2021
Within 1 year	106,339,111	131,449,832
1 to 2 years	29,563,912	19,877,853
2 to 3 years	10,679,319	8,295,475
Over 3 years	9,863,060	8,523,216
Subtotal	156,445,402	168,146,376
Less: Impairment of credit losses	15,215,783	12,469,078
Total	141,229,619	155,677,298

Movements in impairment of credit losses for trade receivables are listed as follows:

RMB'000

Item	2022	2021
Opening balance of the current year	12,469,078	8,267,822
Provision for the year	4,244,393	7,431,766
Less: Reversal for the year	1,832,751	1,746,008
Less: Write-off for the year	87,379	1,231,418
Transfer from bills receivable	933,513	–
Others	(511,071)	(253,084)
Closing balance of current year	15,215,783	12,469,078

The movements in detail of impairment of credit losses for the year ended 31 December 2022 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	30,618,497	19.57	9,983,717	32.61	20,634,780
Impairment of credit losses assessed by credit risk portfolio	125,826,905	80.43	5,232,066	4.16	120,594,839
Total	156,445,402	100.00	15,215,783	9.73	141,229,619

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	22,275,994	13.25	7,297,787	32.76	14,978,207
Impairment of credit losses assessed by credit risk portfolio	145,870,382	86.75	5,171,291	3.55	140,699,091
Total	168,146,376	100.00	12,469,078	7.42	155,677,298

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2022, 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	662,277	131,565	19.87	Note
Company 2	575,639	385,496	66.97	Note
Company 3	574,693	57,469	10.00	Note
Company 4	543,819	88,099	16.20	Note
Company 5	540,979	76,730	14.18	Note
Others	27,721,090	9,244,358	33.35	–
Total	30,618,497	9,983,717	32.61	–

Note: According to the recoverability of trade receivables, the Group recorded all or a portion of impairment of credit losses.

As at 31 December 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

Portfolio 1:

RMB'000

Aging	31 December 2022			
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)
Within 1 year	60,239,274	78.74	782,152	1.30
1 to 2 years	9,998,394	13.07	562,126	5.62
2 to 3 years	4,194,566	5.48	549,300	13.10
Over 3 years	2,071,770	2.71	1,064,538	51.38
Total	76,504,004	100.00	2,958,116	3.87

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (Continued)

Portfolio 2:

RMB'000

Aging	31 December 2022			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	8,652,653	85.79	80,069	0.93
1 to 2 years	804,225	7.97	41,843	5.20
2 to 3 years	380,589	3.77	42,293	11.11
Over 3 years	249,413	2.47	138,026	55.34
Total	10,086,880	100.00	302,231	3.00

Portfolio 3:

RMB'000

Aging	31 December 2022			
	Gross carrying amount		Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,754,710	53.30	24,792	0.90
1 to 2 years	1,270,675	24.59	66,378	5.22
2 to 3 years	559,842	10.83	61,900	11.06
Over 3 years	583,137	11.28	324,517	55.65
Total	5,168,364	100.00	477,587	9.24

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows: (Continued)

Portfolio 4:

RMB'000

Aging	31 December 2022			
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)
Within 1 year	6,627,993	96.01	25,324	0.38
1 to 2 years	145,571	2.11	602	0.41
2 to 3 years	56,358	0.82	358	0.64
Over 3 years	73,150	1.06	635	0.87
Total	6,903,072	100.00	26,919	0.39

Portfolio 5:

RMB'000

Aging	31 December 2022			
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)
Within 1 year	20,526,322	75.57	407,630	1.99
1 to 2 years	4,604,629	16.95	308,898	6.71
2 to 3 years	1,286,229	4.73	291,530	22.67
Over 3 years	747,405	2.75	459,155	61.43
Total	27,164,585	100.00	1,467,213	5.40

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade receivables (Continued)

As at 31 December 2022, 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	1,561,079	Within 1 year	1.00
Company 2	Third party	1,031,155	Within 1 year	0.66
Company 3	Third party	877,037	Within 1 year	0.56
Company 4	Third party	822,565	Within 1 year	0.53
Company 5	Third party	801,345	Within 1 year	0.51
Total	—	5,093,181	—	3.26

For the year ended 31 December 2022, the write-off of trade receivables amounted to RMB87,379,000 (For the year ended 31 December 2021: RMB1,231,418,000).

Trade receivables derecognised due to transfer of financial assets are analyzed as follows:

For the year ended 31 December 2022, the Group derecognised trade receivables of RMB98,493,489,000 (For the year ended 31 December 2021: RMB79,874,501,000) due to transfer of financial assets and recognised losses from derecognition of financial assets, amounting to RMB5,093,213,000 (For the year ended 31 December 2021: RMB3,760,886,000).

Assets and liabilities recognised due to continuing involvement in the transferred asset:

As at 31 December 2022, the Group recognised assets of RMB789,179,000 and liabilities of RMB789,179,000 (As at 31 December 2021: RMB502,207,000 and RMB502,207,000) related to continuing involvement of transferred trade receivables.

The restricted trade receivables of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Advances to suppliers

An aging analysis of advances to suppliers is listed as follows:

RMB'000

Aging	31 December 2022		31 December 2021	
	Gross carrying amount	Percentage (%)	Gross carrying amount	Percentage (%)
Within 1 year	27,084,280	98.58	24,893,422	97.49
1 to 2 years	311,608	1.13	440,576	1.73
2 to 3 years	68,188	0.25	175,280	0.69
Over 3 years	9,761	0.04	24,184	0.09
Total	27,473,837	100.00	25,533,462	100.00

As at 31 December 2022, there were no significant advances to suppliers aged over one year.

As at 31 December 2022, 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	966,170	Within 1 year	3.52
Company 2	Third party	512,430	Within 1 year	1.87
Company 3	Third party	165,606	Within 1 year	0.60
Company 4	Third party	155,484	Within 1 year	0.57
Company 5	Third party	149,134	Within 1 year	0.54
Total	–	1,948,824	–	7.10

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	31 December 2021
Within 1 year	44,440,889	44,099,766
1 to 2 years	11,367,776	10,903,920
2 to 3 years	6,056,062	5,452,240
Over 3 years	9,127,125	8,063,607
Subtotal	70,991,852	68,519,533
Less: Impairment of credit losses	4,941,384	4,733,087
Total	66,050,468	63,786,446

Movements in the impairment of credit losses of other receivables are listed as follows:

	<i>RMB'000</i>	
Item	2022	2021
Opening balance of the current year	4,733,087	5,155,972
Provision for the year	1,450,514	1,596,124
Less: Reversal for the year	527,791	691,965
Less: Write-off for the year	723,170	1,320,828
Others	8,744	(6,216)
Closing balance of the current year	4,941,384	4,733,087

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (1) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase I by portfolio is listed as follows:

RMB'000

Nature	Gross carrying amount	Impairment of credit losses	Provision percentage (%)
Loans for cooperative development project	32,720,124	243,081	0.74
Security deposit and cash pledged	14,111,970	811,777	5.75
Advance payments	6,902,424	177,075	2.57
Others	9,736,275	398,548	4.09
Total	63,470,793	1,630,481	2.57

- (2) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase II is listed as follows:

RMB'000

Category	31 December 2022				Carrying amount
	Gross carrying amount	Impairment of credit losses	Carrying amount	Carrying amount	
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	2,675,213	52.94	222,714	8.33	2,452,499
Impairment of credit losses assessed by credit risk portfolio	2,377,906	47.06	936,037	39.36	1,441,869
Total	5,053,119	100.00	1,158,751	22.93	3,894,368

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (2) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase II is listed as follows: (Continued)

Impairment of credit losses assessed individually of other receivables are listed as follows:

RMB'000

Entity name	Gross carrying amount	Impairment of credit losses	Provision percentage (%)	Reason
Company 1	2,675,213	222,714	8.33	Note
Total	2,675,213	222,714	8.33	—

Note: According to the recoverability of other receivables, the Group recorded a portion of impairment of credit losses.

- (3) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase III is listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed individually	2,188,290	88.67	1,875,427	85.70	312,863
Impairment of credit losses assessed by credit risk portfolio	279,650	11.33	276,725	98.95	2,925
Total	2,467,940	100.00	2,152,152	87.20	315,788

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (3) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase III is listed as follows: (Continued)

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	241,100	77,430	32.12	Note
Company 2	168,765	168,765	100.00	Note
Company 3	150,000	150,000	100.00	Note
Company 4	118,947	118,947	100.00	Note
Company 5	66,647	66,647	100.00	Note
Others	1,442,831	1,293,638	89.66	–
Total	2,188,290	1,875,427	85.70	–

Note: According to the recoverability of other receivables, the Group recorded all or a portion of impairment of credit losses.

For the year ended 31 December 2022, the write-off of other receivables amounted to RMB723,170,000 (for the year ended 31 December 2021: RMB1,320,828,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Other receivables (Continued)

- (3) As at 31 December 2022, analysis of impairment of credit losses of other receivables at phase III is listed as follows: (Continued)

Gross carrying amount of other receivables categorized by nature is listed as follows:

RMB'000

Nature	31 December 2022	31 December 2021
Loans for cooperative development project	35,395,337	35,204,838
Security deposit and cash pledged	16,282,727	17,608,240
Advance payments	7,398,929	6,425,517
Others	11,914,859	9,280,938
Total	70,991,852	68,519,533

As at 31 December 2022, other receivables from the five largest customers are listed as follows:

RMB'000

Company name	Relationship with the Group	Gross carrying amount	Percentage of total other receivables (%)	Nature	Aging	Provision for credit losses
Company 1	Joint Venture	2,675,213	3.77	Loans for cooperative development project	Within 5 years	222,714
Company 2	Joint Venture	2,447,036	3.45	Loans for cooperative development project	Within 4 years	76,484
Company 3	Joint Venture	1,680,766	2.37	Loans for cooperative development project	Within 3 years	1,738
Company 4	Associate	1,555,594	2.19	Loans for cooperative development project	Within 3 years	1,556
Company 5	Joint Venture	1,516,445	2.14	Loans for cooperative development project	Within 1 year	16
Total	-	9,875,054	13.92	-	-	302,508

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories

RMB'000

Item	31 December 2022		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	23,988,214	34,073	23,954,141
Work in progress	4,132,887	–	4,132,887
Finished goods	8,237,127	19,083	8,218,044
Turnover materials	12,066,516	99,514	11,967,002
Properties under development (1)	200,416,121	962,053	199,454,068
Completed properties held for sale (2)	53,912,814	1,820,430	52,092,384
Total	302,753,679	2,935,153	299,818,526

RMB'000

Item	31 December 2021		Carrying amount
	Gross carrying amount	Provision for decline in value	
Raw materials	23,822,063	24,879	23,797,184
Work in progress	4,144,352	–	4,144,352
Finished goods	6,779,745	83,269	6,696,476
Turnover materials	12,744,588	99,514	12,645,074
Properties under development (1)	190,761,260	677,641	190,083,619
Completed properties held for sale (2)	43,190,534	1,003,223	42,187,311
Total	281,442,542	1,888,526	279,554,016

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	Additions		Reductions		31 December 2022
		Provision	Others	Reversal	Write-off and Others	
Raw materials	24,879	9,194	–	–	–	34,073
Finished goods	83,269	2,217	–	7,163	59,240	19,083
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	677,641	399,989	–	–	115,577	962,053
Completed properties held for sale	1,003,223	875,303	115,577	–	173,673	1,820,430
Total	1,888,526	1,286,703	115,577	7,163	348,490	2,935,153

RMB'000

Item	1 January 2021	Additions		Reductions		31 December 2021
		Provision	Others	Reversal	Write-off and Others	
Raw materials	22,508	3,677	–	–	1,306	24,879
Finished goods	153,248	32,637	–	70,275	32,341	83,269
Turnover materials	99,514	–	–	–	–	99,514
Properties under development	730,436	41,578	–	87,877	6,496	677,641
Completed properties held for sale	897,527	306,672	–	10,807	190,169	1,003,223
Total	1,903,233	384,564	–	168,959	230,312	1,888,526

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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:

RMB'000

Project name	Construction commencement date	Estimated latest completion date	Estimated aggregate investment amount	31 December 2022	31 December 2021
Wenzhou Lucheng Future Community	September 2020	March 2024	10,705,140	7,494,191	6,746,534
Xipai Jinsha Residence Project	May 2020	March 2023	10,857,196	5,813,497	5,114,052
Tianjin Xipai Guoyin Project (Original name: Tianjin Xipai Guoyin Wenyuan Project)	October 2018	December 2023	10,569,200	5,707,240	7,144,243
CRCC Huayutang Project	December 2019	September 2023	6,830,030	4,162,289	3,603,106
Tianhao Xipai Yunfeng Project	August 2020	June 2023	4,687,790	4,236,813	-
Tiejian City Project	February 2022	December 2023	10,613,160	3,868,364	2,095,536
Chongqing Shanyu Taoyuan Project	October 2021	October 2023	5,564,884	3,854,485	3,281,145
Xipai Tangyue Project	October 2022	December 2023	5,100,000	3,432,695	-
CRCC Huayu City Project	July 2020	May 2023	5,553,727	3,372,651	2,563,728
Shanghai Huayu Lanting Project	October 2021	December 2023	4,379,030	3,209,844	2,774,300
Xingyue Yunjian Project	August 2022	October 2024	4,393,940	3,135,188	-
Xinchuan Yue Project	December 2021	October 2023	3,843,290	3,120,407	2,627,176
Jinan Wutongyuan Project	November 2019	June 2023	5,555,000	3,079,237	2,794,472
CRCC Xinda Huayu Tianchen Project	November 2021	December 2023	3,836,220	3,036,145	2,687,979
Shanghai Jindi Jiayuan Project	December 2021	October 2023	3,618,191	2,866,810	-
Lingxiu Mansion South Zone Project	December 2018	March 2023	3,246,716	2,862,214	2,746,101
Qingdao Tiejian Plaza Project	September 2020	November 2023	5,235,872	2,818,914	2,405,376
CRCC Xipai Lanan Project	May 2022	October 2025	4,879,450	2,817,888	-
Tiejian City(Guiyang) Project	August 2020	June 2023	3,792,080	2,804,485	2,476,190
Wutong Bay Jiayuan Project	May 2020	December 2023	3,034,150	2,784,676	2,394,887
Others	-	-	348,152,432	125,938,088	139,306,435
Total	-	-	464,447,498	200,416,121	190,761,260

As at 31 December 2022, the aggregate carrying amount of borrowing costs capitalised in properties under development was RMB13,417,224,000 (31 December 2021: RMB12,024,983,000). Borrowing costs capitalised for the year ended 31 December 2022 amounted to RMB6,150,447,000 (for the year ended 31 December 2021: RMB5,392,616,000). The capitalisation rates of borrowing costs ranged from 3.15%~7.00% (2021: 3.15%~8.00%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022 Gross carrying amount	Additions	Reductions	31 December 2022 Gross carrying amount
Xipai Chenyue Project (Original name: Chongqing Dadukou Project)	December 2022	–	2,188,274	191,846	1,996,428
Xipai Huanhua Project	December 2021	1,581,196	263,180	80,245	1,764,131
Suzhou Zhuozheng Jiangnan Project	October 2022	–	1,997,394	386,964	1,610,430
Changchun Xipai Tangsong Project	February 2022	1,559,539	75,610	117,500	1,517,649
Tianjin Xipai Guoyin Project (Original name: Tianjin Xipai Guoyin Wenyuan Project)	December 2022	689,378	1,920,485	1,117,793	1,492,070
Lingxiu Mansion North Zone Project	December 2020	2,025,879	–	558,493	1,467,386
CRCC Xipai City Project	December 2021	2,305,741	–	854,927	1,450,814
Huayu Jinjun Project	February 2022	–	2,341,017	921,752	1,419,265
CRCC Wutong Graden Project	December 2021	2,019,535	–	630,527	1,389,008
Tianjin CRCC International City Project	April 2019	1,444,011	–	71,539	1,372,472
Chengdu Beihu Xinqu Project	December 2019	1,344,299	–	152,409	1,191,890
Guiyang CRCC International City Project	December 2019	1,391,869	–	218,525	1,173,344
Wutong Qianshan Project	June 2022	264,654	1,378,197	506,948	1,135,903
Wuhan Jiangyu City Project	December 2022	626,456	696,716	196,698	1,126,474
CRCC Wisdom Port Project	July 2022	–	1,051,170	–	1,051,170
Suzhou Jingwan Huayu Tianjing Huating Project	December 2022	–	3,218,583	2,172,066	1,046,517
CRCC Xipai Yujiang Project	December 2022	–	1,250,772	270,266	980,506
CRCC Xiangyu Meixi Project	May 2022	–	1,646,178	665,967	980,211
International Mansion Project	October 2022	–	5,451,543	4,536,678	914,865
Tiejian Garden Project	July 2022	–	1,400,681	515,075	885,606
Others	–	27,937,977	38,621,873	38,613,175	27,946,675
Total	–	43,190,534	63,501,673	52,779,393	53,912,814

The restricted inventories of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	31 December 2021
Contract assets	261,146,740	202,167,164
Less: Impairment losses on contract assets	6,683,222	5,851,536
Total	254,463,518	196,315,628

Movements in impairment losses on contract assets are listed as follows:

RMB'000

Item	2022	2021
Opening balance of current period/year	5,851,536	5,468,257
Provision for the period/year	1,459,725	1,159,138
Less: Reversal for the period/year	613,084	701,974
Others	(14,955)	(73,885)
Closing balance of current period/year	6,683,222	5,851,536

The movements of impairment losses for contract assets for the year ended 31 December 2022 are presented in Note VIII. 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets (Continued)

Contract assets and impairment losses for contract assets are listed by category are listed as follows:

RMB'000

Category	31 December 2022				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	26,912,368	10.31	5,340,458	19.84	21,571,910
Impairment of credit losses assessed by credit risk portfolio	234,234,372	89.69	1,342,764	0.57	232,891,608
Total	261,146,740	100.00	6,683,222	2.56	254,463,518

RMB'000

Category	31 December 2021				Carrying amount
	Gross carrying amount Amount	Percentage (%)	Impairment of credit losses Amount	Percentage (%)	
Impairment of credit losses assessed individually	25,051,791	12.39	4,886,117	19.50	20,165,674
Impairment of credit losses assessed by credit risk portfolio	177,115,373	87.61	965,419	0.55	176,149,954
Total	202,167,164	100.00	5,851,536	2.89	196,315,628

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Contract assets (Continued)

As at 31 December 2022, contract assets whose credit losses were assessed by credit risk portfolio are listed as follows:

RMB'000

	Gross carrying	Provision for asset impairment	
		Amount	Percentage (%)
Portfolio 1	193,797,055	1,000,566	0.52
Portfolio 2	11,286,286	61,687	0.55
Portfolio 3	2,965,863	14,761	0.50
Portfolio 4	26,185,168	265,750	1.01
Total	234,234,372	1,342,764	0.57

10. Other current assets

RMB'000

Item	31 December 2022	31 December 2021
Prepaid taxes and VAT input to be deducted	22,408,489	21,558,327
Reverse repurchase of treasury bonds	–	2,000,000
Others	1,265,583	1,304,254
Total	23,674,072	24,862,581

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Loans and advances to customers

RMB'000

Item	31 December 2022	31 December 2021
Loans to customers	1,445,190	2,981,281

12. Long-term receivables

RMB'000

Item	31 December 2022		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Long-term project receivables	49,944,925	1,678,948	48,265,977
Long-term loans to customers	10,081,200	50,300	10,030,900
Land development receivables	13,562,265	61,898	13,500,367
Others	20,252,001	521,692	19,730,309
Total	93,840,391	2,312,838	91,527,553
Less: Current portion of non-current assets:			
Including: Long-term project receivables	3,598,206	37,751	3,560,455
Long-term loans to customers	3,452,359	24,229	3,428,130
Land development receivables	1,403,083	7,015	1,396,068
Others	2,673,742	85,654	2,588,088
Long-term receivables due after one year	82,713,001	2,158,189	80,554,812

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

RMB'000

Item	31 December 2021		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Long-term project receivables	29,169,455	725,036	28,444,419
Long-term loans to customers	9,437,711	35,879	9,401,832
Land development receivables	6,956,181	34,430	6,921,751
Others	20,893,043	165,173	20,727,870
Total	66,456,390	960,518	65,495,872
Less: Current portion of non-current assets:			
Including: Long-term project receivables	10,396,823	51,039	10,345,784
Long-term loans to customers	1,864,059	11,006	1,853,053
Land development receivables	1,533,667	7,668	1,525,999
Others	963,983	4,820	959,163
Long-term receivables due after one year	6,035,114	27,545	6,007,569
	56,059,567	909,479	55,150,088

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	3,356,723	3.58	1,223,307	36.44	2,133,416
Impairment of credit losses assessed by credit risk portfolio	90,483,668	96.42	1,089,531	1.20	89,394,137
Total	93,840,391	100.00	2,312,838	2.46	91,527,553

As at 31 December 2022, long-term receivables with significant financing component were presented in accordance with the net amount after discount. The discount rate is 3.65%-5.50%(31 December 2021: 4.35%-5.50%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables (Continued)

Movements in the impairment of credit losses of long-term receivables were as follows:

Item	<i>RMB'000</i>	
	2022	2021
Opening balance of the current year	960,518	756,081
Provision for the year	1,089,866	324,989
Less: Reversal for the year	151,674	104,426
Less: Write-off for the year	2,778	4,651
Others	416,906	(11,475)
Closing balance of the current year	2,312,838	960,518

Long-term receivables derecognised due to the transfer of financial assets:

In 2022, the Group derecognised long-term receivables of RMB1,223,292,000 due to the transfer of financial assets (as at 31 December 2021: 655,297,000), and has recognised losses on derecognition of RMB122,882,000 (2021: 20,622,000).

Assets and liabilities recognised due to continuing involvement of transferred long-term receivables:

As at 31 December 2022, the Group recognised assets of RMB18,321,000 and liabilities of RMB18,321,000 (As at 31 December 2021: RMB23,043,000 and RMB23,043,000) due to continuing involvement of transferred long-term receivables in previous years.

The restricted long-term receivables of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments

RMB'000

Item	31 December 2022	31 December 2021
Investments in unlisted companies – equity method		
Joint ventures	(1) 55,831,598	45,633,608
Associates	(2) 72,202,848	52,579,117
Less: Provision for impairment of long-term equity investments	49,208	49,208
Total	127,985,238	98,163,517

(1) Investment in joint ventures

31 December 2022:

RMB'000

Investee	Investment cost	1 January 2022	Transfer to/ Increase in investment	Decrease in investment	Changes for the year				31 December 2022	Provision for impairment at the end of year
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends	Others		
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,610,664	3,703,600	-	-	(31,276)	-	-	-	3,672,324	-
Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5") (Note 2)	3,137,980	3,137,980	-	-	171,384	-	-	(1,233)	3,308,131	-
Sichuan Chengmiancangba Expressway Co., Ltd.	3,222,913	1,593,634	1,629,279	-	-	-	-	-	3,222,913	-
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,520,838	-	-	(525,471)	-	-	-	2,995,367	-
Chongqing Yuxiang Fuxian Highway Co., Ltd.	2,075,000	1,000,000	1,075,000	-	-	-	-	-	2,075,000	-
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	-	-	1,688,101	-
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	1,501,888	1,132,036	369,852	-	453	-	-	-	1,502,341	-
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,544,830	-	-	(62,471)	-	-	-	1,482,359	-
Sichuan Nansuitong Expressway Co., Ltd.	1,358,709	1,358,709	-	-	-	-	-	-	1,358,709	-
Guiyang Changda Rail Transit Construction Co., Ltd.	1,199,750	590,000	609,750	-	-	-	-	-	1,199,750	-
Others	-	26,314,672	8,669,038	(1,663,921)	148,349	514	(234,006)	42,749	33,277,395	(49,208)
Total	-	45,584,400	12,352,919	(1,663,921)	(299,032)	514	(234,006)	41,516	55,782,390	(49,208)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2021:

RMB'000

Investee	Investment cost	1 January 2021	Transfer to/ Increase in investment	Decrease in investment	Changes for the year		31 December 2021	Provision for impairment at the end of year	
					Investment profits or losses under equity method	Declaration of cash dividends			
Hohhot Metro Line 2 Construction & Management Co., Ltd. (Note 1)	3,610,664	3,610,664	-	-	92,936	-	3,703,600	-	
Sichuan Tianfu Airport Expressway Co., Ltd.	3,624,600	3,624,600	-	-	(103,762)	-	3,520,838	-	
Kunming Metro Line 5 (Note 2)	3,137,980	-	3,137,980	-	-	-	3,137,980	-	
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	1,688,159	1,688,101	-	-	-	-	1,688,101	-	
Sichuan Chengmiancangba Expressway Co., Ltd.	1,593,634	598,500	995,134	-	-	-	1,593,634	-	
CRCC Shaanxi Highway Co., Ltd.	1,597,200	1,597,163	-	-	(52,333)	-	1,544,830	-	
Sichuan Nansuitong Expressway Co., Ltd.	1,358,709	108,400	1,250,309	-	-	-	1,358,709	-	
Chongqing Tiefa Jianxin Highway Co., Ltd.	1,554,400	1,355,386	-	-	(151,264)	-	1,204,122	-	
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	1,132,036	671,073	460,963	-	-	-	1,132,036	-	
Tianjin Line 1 Rail Transit Operation Co., Ltd.	981,320	-	981,320	-	24,240	-	1,005,560	-	
Yunnan Yulin Expressway Construction Co., Ltd.	-	3,192,991	-	(3,192,991)	-	-	-	-	
Others	-	16,244,915	9,397,163	(844,570)	1,926,264	(976,098)	(52,684)	25,694,990	(49,208)
Total	-	32,691,793	16,222,869	(4,037,561)	1,736,081	(976,098)	(52,684)	45,584,400	(49,208)

Note 1: According to the articles of association of Hohhot Metro Line 2 Construction & Management Co., Ltd., 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 Construction & Management Co., Ltd., 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 Kunming Metro Line 5 Construction & Operation Co., Ltd. ("Kunming Metro Line 5"), the operation policies and investment plans made by the shareholders' meeting and the resolution of the review and approval of board of directors' report shall be subject to all voting rights of shareholders. The Group holds 54.40% shares in Kunming Metro Line 5 and has sent one director to the board of directors. 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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates

31 December 2022:

RMB'000

Investee	Investment cost	Transfer to/			Changes for the year			Others	31 December 2022	Provision for impairment at the end of year
		1 January 2022	Increase in investment	Decrease in investment	Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,622,806	-	-	270,160	-	-	50,800	2,943,766	-
Zuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership)	2,463,800	526,800	1,937,000	-	31,906	-	(31,906)	-	2,463,800	-
CRCC-Tongguan Investment Co., Ltd.	1,472,366	1,822,473	-	-	226,519	191,116	-	-	2,240,108	-
Hangou Railway Co., Ltd.	2,227,195	1,927,863	299,000	-	-	-	-	-	2,226,863	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	2,029,494	-	-	(54,271)	-	-	-	1,975,223	-
CRCC Sichuan Dedu Expressway Co., Ltd. (Note VI, 1)	1,727,004	-	1,727,004	-	-	-	-	-	1,727,004	-
Ningxia Inter-City Railway Co., Ltd.	1,701,025	1,812,850	-	(111,825)	80,437	-	(80,437)	-	1,701,025	-
CRCC Ningxia Highway Co. Ltd.	1,647,263	510,212	1,137,025	-	-	-	-	-	1,647,237	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,469,650	1,532,899	-	-	21,549	-	-	-	1,554,448	-
Baihe No.6 (Shenzhen) Investment Partnership (Note 2)	1,533,000	1,433,000	100,000	-	67,162	-	(67,162)	-	1,533,000	-
Hengda Real Estate (Shenzhen) Co., Ltd. (Note 3)	2,313,506	2,185,523	-	-	(1,845,497)	-	-	-	340,026	-
Others	-	36,175,197	18,148,373	(2,512,018)	371,869	15,796	(292,069)	(56,800)	51,850,348	-
Total	-	52,579,117	23,348,402	(2,623,843)	(830,166)	206,912	(471,574)	(6,000)	72,202,848	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

31 December 2021:

RMB'000

Investee	Investment cost	1 January 2021	Transfer to/ Increase in investment	Decrease in investment	Changes for the year			31 December 2021	Provision for impairment at the end of year	
					Investment profits or losses under equity method	Other comprehensive income	Declaration of cash dividends			
CRCC Financial Leasing Co., Ltd. (Note 1)	1,747,618	2,450,549	-	-	226,769	-	(84,031)	29,519	2,622,806	-
Hengda Real Estate (Shenzhen) Co., Ltd. (Note 3)	2,313,506	2,185,523	-	-	-	-	-	-	2,185,523	-
Yunnan Kunchu Highway Investment & Development Co., Ltd.	2,029,494	930,494	1,099,000	-	-	-	-	-	2,029,494	-
Hangqu Railway Co., Ltd.	1,928,195	971,194	952,470	-	4,199	-	-	-	1,927,863	-
CRCC - Tongguan Investment Co., Ltd.	1,472,366	1,433,413	-	-	480,508	(91,448)	-	-	1,822,473	-
Ningxia Inter-City Railway Co., Ltd.	1,812,850	1,924,675	-	(111,825)	72,484	-	(72,484)	-	1,812,850	-
CRCC Sichuan Dejian Expressway Co., Ltd.	1,735,304	-	1,735,304	-	-	-	-	-	1,735,304	-
CRCC Gansu Zhangbian Highway Co., Ltd.	1,469,650	1,502,928	3,850	-	26,121	-	-	-	1,532,899	-
CRCC Tianjin Hongtu Fengchuang Investment Partnership (Limited Partnership)	1,475,017	675,017	800,000	-	75,591	-	(75,591)	-	1,475,017	-
Hangzhou Fanyue Jingxin Real Estate Co., Ltd.	1,470,000	-	1,470,000	-	-	-	-	-	1,470,000	-
Others	-	25,855,453	12,510,520	(4,250,607)	148,005	-	(283,032)	(15,451)	33,964,888	-
Total	-	37,929,246	18,571,144	(4,362,432)	1,033,677	(91,448)	(515,138)	14,068	52,579,117	-

Note 1: According to the articles of association of CRCC 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, changing the company form, scope of operations, issuing of corporate bonds 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 50.00% shares in CRCC 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: The rules of procedure of Baihe No.6 (Shenzhen) Investment Partnership (Limited Partnership) ("Baihe No.6 Partnership") stipulate that: Baihe No.6 Partnership has established the Investment Decision-making Committee ("Investment Committee"), which consists of 7 members. The resolution made by the Investment Committee shall be valid only if it is passed by more than four seventh of all the members present at the meeting. As the Group holds 9.90% of the voting rights of Baihe No.6 Partnership and nominates one member in the Investment Committee, it can neither control nor jointly control Baihe No.6 Partnership 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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments (Continued)

(2) Investment in associates (Continued)

Note 3: Hengda Real Estate (Shenzhen) Co., Ltd. suffered losses due to impairment losses recognised on accounts receivables, the Group recognised the share of net loss as investment income and adjusted the carrying amount of long-term equity investments accordingly.

14. Debt investments

RMB'000

Item	31 December 2022		Carrying amount
	Gross carrying amount	Provision for credit losses	
Long-term loans receivable	10,385,271	1,166,128	9,219,143
Others	41	–	41
Total	10,385,312	1,166,128	9,219,184
Less: Current portion of non-current assets:			
Including: Long-term loans receivable	143,305	418	142,887
Debt investments due after one year	10,242,007	1,165,710	9,076,297

RMB'000

Item	31 December 2021		Carrying amount
	Gross carrying amount	Provision for credit losses	
Long-term loans receivable	9,039,292	522,560	8,516,732
Others	2,069,765	–	2,069,765
Total	11,109,057	522,560	10,586,497
Less: Current portion of non-current assets:			
Including: Long-term loans receivable	612,670	565	612,105
Others	565,352	565	564,787
Debt investments due after one year	47,318	–	47,318
Debt investments due after one year	10,496,387	521,995	9,974,392

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Debt investments (Continued)

Debt investments and impairment of credit losses by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	3,334,241	32.11	1,121,306	33.63	2,212,935
Impairment of credit losses assessed by credit risk portfolio	7,051,071	67.89	44,822	0.64	7,006,249
Total	10,385,312	100.00	1,166,128	11.23	9,219,184

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Impairment of credit losses assessed individually	2,927,356	26.35	514,839	17.59	2,412,517
Impairment of credit losses assessed by credit risk portfolio	8,181,701	73.65	7,721	0.09	8,173,980
Total	11,109,057	100.00	522,560	4.70	10,586,497

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Other non-current financial assets

RMB'000

Item	31 December 2022	31 December 2021
Investments in unlisted fund product	3,747,217	1,962,945
Equity investments in listed companies	130,535	92,416
Others	4,509,935	2,476,442
Total	8,387,687	4,531,803

16. Other equity instrument investments

RMB'000

Item	31 December 2022	31 December 2021
Equity investments in listed companies	2,000,190	2,384,871
Equity investments in unlisted companies	9,939,861	9,236,814
Total	11,940,051	11,621,685

2022:

RMB'000

Item	Changes for the year					31 December 2022	Dividends recognised for the year
	1 January 2022	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	11,621,685	1,759,647	(1,140,439)	(291,314)	(9,528)	11,940,051	99,537

2021:

RMB'000

Item	Changes for the year					31 December 2021	Dividends recognised for the year
	1 January 2021	Increase of investment	Decrease of investment	Changes in fair value	Others		
Other equity instrument investments	10,510,397	1,106,333	(663,648)	663,541	5,062	11,621,685	180,576

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Investment properties

Subsequent measurement under cost method

2022:

RMB'000

	Buildings and land use right	Total
I. Original costs		
1 January 2022	9,586,037	9,586,037
Increase	3,273,182	3,273,182
Additions	394,019	394,019
Transferred in from inventories	1,028,601	1,028,601
Transferred in from fixed assets	323,856	323,856
Transferred in from construction in progress	1,526,706	1,526,706
Decrease	1,099,473	1,099,473
Disposal	934,478	934,478
Transferred out	164,995	164,995
31 December 2022	11,759,746	11,759,746
II. Accumulated depreciation and amortisation		
1 January 2022	1,299,693	1,299,693
Increase	297,470	297,470
Provision	280,835	280,835
Transferred in from fixed assets	16,635	16,635
Decrease	22,815	22,815
Disposal	15,824	15,824
Transferred out	6,991	6,991
31 December 2022	1,574,348	1,574,348
III. Provision for impairment		
1 January 2022	276,696	276,696
Provision	21,259	21,259
Decrease	10,899	10,899
31 December 2022	287,056	287,056
IV. Carrying amount		
Closing balance	9,898,342	9,898,342
Opening balance	8,009,648	8,009,648

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

2021:

	Buildings and land use right	Total
<i>RMB'000</i>		
I. Original costs		
1 January 2021	8,585,369	8,585,369
Increase	1,425,811	1,425,811
Additions	364,283	364,283
Transferred in from inventories	579,464	579,464
Transferred in from fixed assets	96,884	96,884
Transferred in from construction in progress	380,912	380,912
Transferred in	4,268	4,268
Decrease	425,143	425,143
Disposal	338,479	338,479
Transferred out to fixed assets	79,278	79,278
Transferred out	7,386	7,386
31 December 2021	9,586,037	9,586,037
II. Accumulated depreciation and amortisation		
1 January 2021	1,050,604	1,050,604
Increase	296,756	296,756
Provision	269,610	269,610
Transferred in from fixed assets	27,146	27,146
Decrease	47,667	47,667
Disposal	42,483	42,483
Transferred out to fixed assets	5,184	5,184
31 December 2021	1,299,693	1,299,693

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Investment properties (Continued)

Subsequent measurement under cost method (Continued)

2021:

RMB'000

	Buildings and land use right	Total
III. Provision for impairment		
1 January 2021	280,525	280,525
Provision	54,865	54,865
Decrease	58,694	58,694
31 December 2021	276,696	276,696
IV. Carrying amount		
Closing balance	8,009,648	8,009,648
Opening balance	7,254,240	7,254,240

As at 31 December 2022, the Group has no investment properties of which the title certificates are in the process of handling (as at 31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets

2022:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2022	26,766,460	51,022,790	15,710,220	60,581,405	154,080,875
Increase	2,866,369	6,594,964	1,772,731	12,633,524	23,867,588
Additions	519,089	3,172,491	1,306,041	11,735,410	16,733,031
Transferred in from construction in progress	2,227,463	2,230,924	346,839	793,443	5,598,669
Transferred in from right-of-use assets	–	395,238	48,250	–	443,488
Transferred in	119,817	796,311	71,601	104,671	1,092,400
Decrease	615,583	3,702,214	859,928	6,642,672	11,820,397
Disposal or retirement	255,484	2,568,267	744,366	6,611,955	10,180,072
Transferred out to construction in progress	3,208	1,133,884	109,768	16,368	1,263,228
Transferred out to investment properties	323,856	–	–	–	323,856
Transferred out	33,035	63	5,794	14,349	53,241
31 December 2022	29,017,246	53,915,540	16,623,023	66,572,257	166,128,066
II. Accumulated depreciation					
1 January 2022	6,117,492	30,727,249	12,099,659	43,795,111	92,739,511
Increase	864,361	3,973,240	1,450,930	10,501,091	16,789,622
Provision	850,833	3,879,385	1,409,132	10,445,597	16,584,947
Transferred in	13,528	93,855	41,798	55,494	204,675
Decrease	201,077	2,507,406	768,798	6,195,593	9,672,874
Disposal or retirement	167,628	1,987,192	693,927	6,170,298	9,019,045
Transferred out to construction in progress	1,485	520,154	71,199	12,236	605,074
Transferred out	31,964	60	3,672	13,059	48,755
31 December 2022	6,780,776	32,193,083	12,781,791	48,100,609	99,856,259

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets (Continued)

2022:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
III. Provision for impairment					
1 January 2022	77,580	71,544	725	23,843	173,692
Provision	3,022	-	-	-	3,022
Others	9,529	-	-	(235)	9,294
31 December 2022	90,131	71,544	725	23,608	186,008
IV. Carrying amount					
31 December 2022	22,146,339	21,650,913	3,840,507	18,448,040	66,085,799
1 January 2022	20,571,388	20,223,997	3,609,836	16,762,451	61,167,672

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets (Continued)

2021:

	<i>RMB'000</i>				
Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	25,002,740	48,699,370	14,890,754	55,567,539	144,160,403
Increase	2,277,191	6,070,082	1,683,440	11,564,580	21,595,293
Additions	405,299	4,157,886	1,283,556	10,500,295	16,347,036
Transferred in from construction in progress	1,766,970	1,828,317	331,250	1,060,939	4,987,476
Transferred in	104,922	83,879	68,634	3,346	260,781
Decrease	513,471	3,746,662	863,974	6,550,714	11,674,821
Disposal or retirement	196,750	3,089,688	850,562	6,514,216	10,651,216
Transferred out to construction in progress	188,968	656,974	–	–	845,942
Transferred out	127,753	–	13,412	36,498	177,663
31 December 2021	26,766,460	51,022,790	15,710,220	60,581,405	154,080,875
II. Accumulated depreciation					
1 January 2021	5,506,602	29,908,848	11,644,234	40,821,211	87,880,895
Increase	814,319	3,640,237	1,300,591	9,108,530	14,863,677
Provision	809,135	3,640,237	1,298,371	9,106,626	14,854,369
Transferred in	5,184	–	2,220	1,904	9,308
Decrease	203,429	2,821,836	845,166	6,134,630	10,005,061
Disposal or retirement	98,551	2,522,682	833,417	6,120,990	9,575,640
Transferred out to construction in progress	74,521	299,154	–	–	373,675
Transferred out	30,357	–	11,749	13,640	55,746
31 December 2021	6,117,492	30,727,249	12,099,659	43,795,111	92,739,511

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Fixed assets (Continued)

2021:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
III. Provision for impairment					
1 January 2021	71,082	71,787	830	23,889	167,588
Provision	10,057	–	–	–	10,057
Transferred out	3,559	243	105	46	3,953
31 December 2021	77,580	71,544	725	23,843	173,692
IV. Carrying amount					
31 December 2021	20,571,388	20,223,997	3,609,836	16,762,451	61,167,672
1 January 2021	19,425,056	18,718,735	3,245,690	14,722,439	56,111,920

The restricted fixed assets of the Group are stated in Note V. 65.

As at 31 December 2022, the amount of interest expenses capitalised in the balance of fixed assets was RMB226,480,000 (31 December 2021: RMB126,213,000). For the year ended 31 December 2022, there is RMB100,267,000 of interest expenses capitalised which was transferred in from construction in progress (2021: RMB66,060,000).

As at 31 December 2022, the Group had no significant fixed assets that were temporarily idle (31 December 2021: Nil).

As at 31 December 2022, 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 RMB1,335,433,000 (31 December 2021: RMB2,182,162,000). The Company's management is of the view that the Group is entitled to lawfully and validly occupy and use such buildings. The Company's management is also of the opinion that the matter did not have any adverse significant impact on the Group's financial position as at 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress

RMB'000

Item	31 December 2022			31 December 2021		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
CRCC Shanghai Lingang Jiayuan Project	1,264,371	–	1,264,371	410,815	–	410,815
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	1,112,895	–	1,112,895	892,495	–	892,495
CRCC South China Headquarters Building Project	836,141	–	836,141	784,058	–	784,058
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	546,885	–	546,885	374,466	–	374,466
CRCC Cloud Data Center Computer Room Construction Project	352,020	–	352,020	352,020	–	352,020
Xi'an Engineering Dispatching Building Project	143,849	–	143,849	120,721	–	120,721
Pingyao Wisdom City Cloud Data Center	138,180	–	138,180	68,837	–	68,837
Yanzhou International Land Port Multimodal Transport Logistics Park Project	125,659	–	125,659	90,838	–	90,838
Renovation Project of Yuqian Railway S-1050 Shield Machine	118,610	–	118,610	–	–	–
Others	2,964,124	9,563	2,954,561	6,189,161	9,563	6,179,598
Total	7,602,734	9,563	7,593,171	9,283,411	9,563	9,273,848

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress (Continued)

2022:

RMB'000

Item	Budget	1 January 2022	Additions	Transfer out	31 December 2022	Source of funds	Proportion of investment to budget (%)
CRCC Shanghai Lingang Jiayuan Project	2,110,902	410,815	853,556	-	1,264,371	Self-funding/ loan	60
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	2,056,000	892,495	220,400	-	1,112,895	Self-funding/ loan	54
CRCC South China Headquarters Building Project	2,214,513	784,058	52,083	-	836,141	Self-funding/ loan	38
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	662,233	374,466	172,419	-	546,885	Self-funding	83
CRCC Cloud Data Center Computer Room Construction Project	400,000	352,020	-	-	352,020	Self-funding	88
Xi'an Engineering Dispatching Building Project	184,670	120,721	23,128	-	143,849	Self-funding	78
Pingyao Wisdom City Cloud Data Center	174,876	68,837	69,343	-	138,180	Self-funding	79
Yanzhou International Land Port Multimodal Transport Logistics Park Project	270,723	90,838	34,821	-	125,659	Self-funding	46
Renovation Project of Yuqian Railway S-1050 Shield Machine	172,610	-	118,610	-	118,610	Self-funding	69
Others	-	6,189,161	3,964,396	7,189,433	2,964,124	Self-funding / loan	-
Total	-	9,283,411	5,508,756	7,189,433	7,602,734	-	-
Less: Provision for impairment	-	9,563	-	-	9,563	-	-
Net value at the end of the year	-	9,273,848	5,508,756	7,189,433	7,593,171	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Construction in progress (Continued)

2021:

Item	Budget	1 January				31 December		Source of funds	Proportion of investment to budget (%)
		2021	Additions	Transfer out	Others	2021			
CRCC Wisdom Port	1,207,543	752,509	160,437	-	-	912,946	Self-funding/loan	76	
Hengqin Tiejian Plaza Project (Original name: Zhuhai Tiejian Plaza Project)	2,056,000	681,746	210,749	-	-	892,495	Self-funding/loan	43	
CRCC South China Headquarters Building Project	2,214,513	-	784,058	-	-	784,058	Self-funding	35	
Guanggu Hi-Tech Innovation Base Project	822,482	451,041	73,970	-	-	525,011	Self-funding	64	
New office building of Jian'an Company (Original name: Hengda Weilai City Phase II Office Building No.3)	450,936	297,064	152,941	-	-	450,005	Self-funding	99	
CRCC Shanghai Lingang Jiayuan Project	2,110,902	-	410,815	-	-	410,815	Self-funding/loan	19	
Public Wharf of Qiwei Operating Area, Taixing Port Area, Taizhou Port	1,211,836	644,771	178,398	448,703	-	374,466	Self-funding	68	
Yangtze River Wharf Project	377,320	300,856	69,483	-	-	370,339	Self-funding/loan	98	
CRCC Cloud Data Center Computer Room Construction Project	400,000	-	352,020	-	-	352,020	Self-funding	88	
Renovation of S-1068 Shield Machine Project	320,000	-	311,085	-	-	311,085	Self-funding	97	
Others	-	4,433,688	4,551,979	5,037,742	(47,754)	3,900,171	Self-funding/loan	-	
Total	-	7,561,675	7,255,935	5,486,445	(47,754)	9,283,411	-	-	
Less: Provision for impairment	-	9,563	-	-	-	9,563	-	-	
Net value at the end of the year	-	7,552,112	7,255,935	5,486,445	(47,754)	9,273,848	-	-	

For the year ended 31 December 2022, construction in progress with a carrying amount of RMB5,598,669,000 (2021: RMB4,987,476,000), RMB63,650,000 (2021: RMB118,057,000) and RMB1,526,706,000 (2021: RMB380,912,000) had been transferred to fixed assets, intangible assets and investment properties respectively.

The restricted construction in progress of the Group are stated in Note V. 65.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. 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:

2022:

RMB'000

Item	Progress as at 31 December 2022 (%)	Accumulated amount of interest capitalised as at 31 December 2022	Interest capitalised during the year	Capitalisation rate during the year (%)
Hengqin Tiejian Plaza Project	54	18,905	10,700	4.58
CRCC Shanghai Lingang Jiayuan Project	60	9,801	7,648	3.15
CRCC South China Headquarters Building Project	38	12,145	12,145	3.68
Total	–	40,851	30,493	–

2021:

RMB'000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalised as at 31 December 2021	Interest capitalised during the year	Capitalisation rate during the year (%)
CRCC Wisdom Port	76	35,894	9,655	4.67
Yangtze River Wharf Project	98	24,585	12,152	3.45
Hengqin Tiejian Plaza Project	43	8,205	7,110	4.90
Others	–	46,191	17,480	–
Total	–	114,875	46,397	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Right-of-use assets

2022:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2022	3,395,225	6,370,704	640,547	168,638	10,575,114
Additions	1,267,961	1,051,665	38,732	75,814	2,434,172
Disposal or retirement	559,823	2,333,436	77,860	27,925	2,999,044
31 December 2022	4,103,363	5,088,933	601,419	216,527	10,010,242
II. Accumulated depreciation					
1 January 2022	1,355,144	3,017,347	252,710	42,888	4,668,089
Provision	831,681	1,118,345	143,610	42,647	2,136,283
Disposal or retirement	346,164	1,572,032	20,747	9,544	1,948,487
31 December 2022	1,840,661	2,563,660	375,573	75,991	4,855,885
III. Carrying amount					
Closing balance	2,262,702	2,525,273	225,846	140,536	5,154,357
Opening balance	2,040,081	3,353,357	387,837	125,750	5,907,025

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Right-of-use assets (Continued)

2021:

RMB'000

Item	Buildings	Machinery	Vehicles	Other equipment	Total
I. Original costs					
1 January 2021	2,135,181	6,006,369	515,300	127,476	8,784,326
Additions	1,629,316	1,139,583	134,853	154,152	3,057,904
Disposal or retirement	369,272	775,248	9,606	112,990	1,267,116
31 December 2021	3,395,225	6,370,704	640,547	168,638	10,575,114
II. Accumulated depreciation					
1 January 2021	805,083	2,493,467	148,894	44,550	3,491,994
Provision	749,432	982,446	106,348	27,834	1,866,060
Disposal or retirement	199,371	458,566	2,532	29,496	689,965
31 December 2021	1,355,144	3,017,347	252,710	42,888	4,668,089
III. Carrying amount					
Closing balance	2,040,081	3,353,357	387,837	125,750	5,907,025
Opening balance	1,330,098	3,512,902	366,406	82,926	5,292,332

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets

2022:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
I. Original costs					
1 January 2022	8,759,558	64,136,600	1,130,602	1,608,012	75,634,772
Increase	631,920	13,635,096	293,546	188,696	14,749,258
Additions	631,920	11,394,303	234,747	183,792	12,444,762
Acquisition of subsidiaries	–	1,743,463	–	–	1,743,463
Others	–	497,330	58,799	4,904	561,033
Decrease	223,125	18,849,440	35,674	74,395	19,182,634
Disposal or retirement	174,907	121,221	35,674	74,395	406,197
Disposal of subsidiaries (Note 1)	–	18,728,219	–	–	18,728,219
Other	48,218	–	–	–	48,218
31 December 2022	9,168,353	58,922,256	1,388,474	1,722,313	71,201,396
II. Accumulated amortisation					
1 January 2022	1,808,791	3,036,253	710,418	583,898	6,139,360
Increase	193,990	866,491	212,049	246,396	1,518,926
Provision	193,990	866,491	212,049	246,396	1,518,926
Decrease	54,813	136,633	30,600	76,762	298,808
Disposal or retirement	54,813	118,845	30,600	76,762	281,020
Disposal of subsidiaries (Note 1)	–	17,788	–	–	17,788
31 December 2022	1,947,968	3,766,111	891,867	753,532	7,359,478
III. Provision for impairment					
1 January 2022	9,043	1,060,130	–	165,080	1,234,253
Provision	–	–	–	76,923	76,923
31 December 2022	9,043	1,060,130	–	242,003	1,311,176
IV. Carrying amount					
Closing balance	7,211,342	54,096,015	496,607	726,778	62,530,742
Opening balance	6,941,724	60,040,217	420,184	859,034	68,261,159

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

2021:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
I. Original costs					
1 January 2021	8,298,983	65,443,708	981,444	1,592,305	76,316,440
Increase	706,094	15,589,603	161,146	63,040	16,519,883
Additions	679,383	15,589,603	49,530	63,040	16,381,556
Transferred in from construction in progress	26,711	–	91,346	–	118,057
Others	–	–	20,270	–	20,270
Decrease	245,519	16,896,711	11,988	47,333	17,201,551
Disposal or retirement	83,237	–	11,907	47,333	142,477
Disposal of subsidiaries (Note 2)	–	12,987,711	81	–	12,987,792
Transfer out to inventory	162,282	–	–	–	162,282
Other	–	3,909,000	–	–	3,909,000
31 December 2021	8,759,558	64,136,600	1,130,602	1,608,012	75,634,772
II. Accumulated amortisation					
1 January 2021	1,646,847	2,379,379	536,610	311,136	4,873,972
Increase	187,837	696,878	181,633	296,606	1,362,954
Provision	187,837	696,878	181,633	296,606	1,362,954
Decrease	25,893	40,004	7,825	23,844	97,566
Disposal or retirement	19,514	–	7,825	23,844	51,183
Disposal of subsidiaries	–	40,004	–	–	40,004
Transfer out to inventory	6,379	–	–	–	6,379
31 December 2021	1,808,791	3,036,253	710,418	583,898	6,139,360

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

2021:

RMB'000

Item	Land use rights	Concession rights	Software licenses	Mining rights and others	Total
III. Provision for impairment					
1 January 2021	9,043	1,060,130	–	878	1,070,051
Increase	–	–	–	164,202	164,202
Provision	–	–	–	164,202	164,202
Decrease	–	–	–	–	–
Disposal or retirement	–	–	–	–	–
31 December 2021	9,043	1,060,130	–	165,080	1,234,253
IV. Carrying amount					
Closing balance	6,941,724	60,040,217	420,184	859,034	68,261,159
Opening balance	6,643,093	62,004,199	444,834	1,280,291	70,372,417

Note 1: In 2022, the decrease of concession rights of RMB18,710,431,000 arising from disposal of subsidiaries, is mainly due to the impact of the disposal of CRCC Sichuan Dedu Expressway Co., Ltd. (“Dedu Expressway”) and CRCC Hunan Expressway Co., Ltd. (“Hunan Expressway”) made by CRCC Investment. Please check Note VI. 1 for details

Note 2: In 2021, the decrease of concession rights of RMB12,947,707,000 arising from disposal of subsidiaries, is mainly due to the impact of the disposal of Sichuan Dejian.

As at 31 December 2022, intangible assets recognised through internal research and development account for 0.01% of the closing balance of intangible assets (31 December 2021: Nil).

The restricted intangible assets of the Group are stated in Note V. 65.

As at 31 December 2022, 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 RMB225,903,000 (31 December 2021: RMB93,793,000). The Company’s management is of the view that the Group is entitled to lawfully and validly occupy and use such land, and also of the opinion that the matter did not have any significant adverse impact on the Group’s financial position as at 31 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

The amounts of interest capitalised in the balance of intangible assets and the capitalisation rates are analyzed as follows:

2022:

RMB'000

Item	Progress as at 31 December 2022 (%)	Accumulated amount of interest capitalised as at 31 December 2022 (Note)	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT Project concession rights	100	546,609	–	–
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Henan Lanyuan Expressway Project concession rights	96	125,560	80,161	4.06
Beijing New Airport North Line Highway project	100	64,976	5,023	3.95
Chongqing rail transit Jiangjiang jumper construction and operation project	100	60,328	40,440	3.73
Others	–	223,750	63,844	–
Total	–	2,531,658	189,468	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Intangible assets (Continued)

2021:

RMB'000

Item	Progress as at 31 December 2021 (%)	Accumulated amount of interest capitalised as at 31 December 2021(<i>Note</i>)	Interest capitalised during the period	Capitalisation rate during the period (%)
Sichuan Jianpu Highway Project concession rights	100	1,151,795	–	–
Sichuan Dedu Expressway Project concession rights	100	650,458	241,256	4.45
Guangxi Ziyuan (Meixi) to Xing'an Highway BOT Project concession rights	100	546,609	–	–
Hunan Anxiang to Cili Highway Project concession rights	100	423,184	169,694	4.34
Yusui Highway Project concession rights	100	192,971	–	–
Guizhou Anshun to Ziyun Highway Project concession rights	100	165,669	–	–
Beijing New Airport North Line Highway project	92	59,953	2,036	3.95
Others	–	225,193	113,005	–
Total	–	3,415,832	525,991	–

Note: It is accumulated during the construction of the concession rights and will be amortized according to the expected realization of the economic benefits of the project during its operation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Goodwill

2022:

Original costs

RMB'000

Item	1 January 2022	Increase	Decrease	Exchange differences on translation of foreign operations	31 December 2022
Acquisition of ALDESA Company (Note 1)	388,149	–	–	10,924	399,073
Acquisition of CIDEON Company (Note 2)	91,369	–	–	–	91,369
Others	43,128	–	–	–	43,128
Total	522,646	–	–	10,924	533,570

Accumulated depreciation

RMB'000

Item	1 January 2022	Increase	Decrease	Exchange differences on translation of foreign operations	31 December 2022
Acquisition of ALDESA Company (Note 1)	115,511	194,616	–	3,251	313,378
Acquisition of CIDEON Company (Note 2)	47,636	9,038	–	–	56,674
Total	163,147	203,654	–	3,251	370,052

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Goodwill (Continued)

2021:

Original costs

Item	1 January 2021	Increase	Decrease	Exchange differences on translation of foreign operations	RMB'000
					31 December 2021
Acquisition of ALDESA Company (<i>Note 1</i>)	431,444	-	-	(43,295)	388,149
Acquisition of Hangsheng Company	100,135	-	100,135	-	-
Acquisition of CIDEON Company (<i>Note 2</i>)	91,369	-	-	-	91,369
Others	44,199	-	1,071	-	43,128
Total	667,147	-	101,206	(43,295)	522,646

Accumulated depreciation

Item	1 January 2021	Increase	Decrease	RMB'000
				31 December 2021
Acquisition of ALDESA Company (<i>Note 1</i>)	-	115,511	-	115,511
Acquisition of Hangsheng Company	100,135	-	100,135	-
Acquisition of CIDEON Company (<i>Note 2</i>)	24,236	23,400	-	47,636
Others	1,071	-	1,071	-
Total	125,442	138,911	101,206	163,147

Note 1: The goodwill of EUR54,670,000 was acquired in the business combination involving entities not under common control of GRUPO ALDESA, S.A. on 8 May 2020. In 2022, the Group accrued impairment of the goodwill of RMB194,616,000, accumulated impairment of RMB310,127,000 (2021: accrued impairment of the goodwill of RMB115,511,000).

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. In 2022, the Group accrued impairment of the goodwill of RMB9,038,000, accumulated impairment of RMB56,674,000 (2021: accrued impairment of the goodwill of RMB23,400,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Deferred tax assets/liabilities

RMB'000

Item	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for long-term post-leaving benefits	119,321	24,514	169,186	39,886
Provision for impairment of credit losses and assets	27,291,092	4,849,872	19,500,455	3,862,322
Deductible tax losses	3,645,071	887,364	3,993,748	770,502
Revaluation surplus from restructuring	1,180,896	292,930	1,241,243	309,264
Unrealised profits of intra-group transactions	7,230,176	1,558,174	7,012,366	1,655,715
Changes in fair value of other equity instrument investments	118,549	19,245	405,680	80,861
Interest expenses that can be carried forward for deduction	692,209	173,052	854,517	213,629
Others	8,427,645	1,655,449	5,927,681	1,430,280
Total	48,704,959	9,460,600	39,104,876	8,362,459

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Deferred tax assets/liabilities (Continued)

RMB'000

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	1,360,596	235,224	2,045,886	348,644
Asset appreciation from appraisal for business combinations involving entities not under common control	316,684	79,171	530,088	138,734
Book-tax temporary differences for revenue recognition	3,918,918	1,046,440	3,574,096	893,524
Others	2,194,320	525,764	2,080,950	413,972
Total	7,790,518	1,886,599	8,231,020	1,794,874

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. 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	320,106	9,140,494	287,321	8,075,138
Deferred tax liabilities	320,106	1,566,493	287,321	1,507,553

Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:

RMB'000

Item	31 December 2022	31 December 2021
Deductible temporary differences	11,807,265	11,578,483
Deductible tax losses	20,931,229	17,210,432
Total	32,738,494	28,788,915

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Deferred tax assets/liabilities (Continued)

Deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

	<i>RMB'000</i>	
Year	31 December 2022	31 December 2021
2022	–	1,393,804
2023	2,973,276	3,029,643
2024	2,343,634	2,352,776
2025	3,459,570	3,463,360
2026	4,923,543	4,923,972
2027	5,089,955	130,889
2028	294,123	294,123
2029	267,110	292,739
2030	857,374	869,230
2031	427,993	459,896
2032	294,651	–
Total	20,931,229	17,210,432

24. Other non-current assets

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Retention receivables	72,427,749	71,728,766
Contract assets derived from land development receivables and other project receivables	40,678,129	32,447,887
Others	4,070,364	4,475,408
Subtotal	117,176,242	108,652,061
Less: Current portion of non-current assets Including: Retention receivables	9,005,004 9,005,004	9,210,194 9,210,194
Total	108,171,238	99,441,867

In 2022, the asset impairments of contract assets in non-current assets are stated in Note VIII, 3

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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Short-term loans

RMB'000

Item	31 December 2022	31 December 2021
Pledged loans (<i>Note 1 and Note 2</i>)	631,362	557,174
Guaranteed loans (<i>Note 3</i>)	3,243,900	4,466,190
Credit loans	47,492,300	41,034,036
Total	51,367,562	46,057,400

Note 1: As at 31 December 2022, short-term loans with a carrying amount of RMB607,512,000 (31 December 2021: RMB425,424,000) were secured by the pledge of the Group's trade receivables and all the interests and gains under the contracts thereof with a carrying amount of RMB607,512,000 (31 December 2021: RMB425,424,000).

Note 2: As at 31 December 2022, short-term loans with a carrying amount of RMB23,850,000 (31 December 2021: RMB131,750,000) were secured by the pledge of the Group's bills receivable with a carrying amount of RMB23,850,000 (31 December 2021: RMB131,750,000).

Note 3: As at 31 December 2022, all guaranteed loans were guaranteed by the entities comprising the Group (31 December 2021: all guaranteed loans were guaranteed by the entities comprising the Group).

As at 31 December 2022, annual interest rates of above short-term loans ranged from 1.70% to 7.03% (31 December 2021: 0.35% to 6.40%).

As at 31 December 2022, the Group had no overdue short-term loans (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Due to customers

RMB'000

Item	31 December 2022	31 December 2021
Due to customers	3,168,603	1,588,529

27. Bills payable

RMB'000

Item	31 December 2022	31 December 2021
Commercial acceptance bills	26,741,929	26,105,276
Bank acceptance bills	62,865,413	64,628,125
Total	89,607,342	90,733,401

As at 31 December 2022, the Group had no unpaid overdue bills payable (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Trade payables

Aging of trade payables is listed as follows:

RMB'000

Item	31 December 2022	31 December 2021
Within 1 year	416,162,468	352,926,302
1 to 2 years	6,496,421	6,359,877
2 to 3 years	1,986,922	1,971,334
Over 3 years	923,127	806,053
Total	425,568,938	362,063,566

As at 31 December 2022, trade payables aged over one year amounted to RMB9,406,470,000 (31 December 2021: RMB9,137,264,000), 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.

29. Contract liabilities

RMB'000

Item	31 December 2022	31 December 2021
Advances for construction contracts	80,669,972	75,482,310
Advances for the sale of properties (<i>Note</i>)	78,267,582	68,954,587
Advances for the sale of materials	2,970,798	4,330,833
Advances for the sale of goods	1,013,812	868,053
Others	1,196,623	1,031,558
Total	164,118,787	150,667,341

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Contract liabilities (Continued)

Note: Details of advances for the sale of properties are listed as follows:

RMB'000

Project name	Percentage of accumulated pre-sales as at		Estimated completion date
	31 December 2022	31 December 2022 (%)	
Wenzhou Lucheng Future Community	7,417,122	93	March 2024
Shanghai Huayu Lanting Project	5,261,741	100	December 2023
Shanghai Jindi Jiayuan Project	3,984,365	100	October 2023
CRCC Shuxiang Yaoting Project	3,217,191	99	December 2022
Tianhao Xipai Yunfeng Project	3,151,607	45	June 2023
Xinchuanyue Project	3,013,508	86	October 2023
Xi'an CRCC International City III Project	2,697,744	94	December 2023
CRCC Xipai Guoyue Project	2,691,110	81	December 2023
Wutonggang Jiayuan Project	2,399,270	83	December 2023
Xipai Jinsha Residence Project	2,198,962	47	March 2023
CRCC Shengxingwan Project	1,708,771	41	March 2023
Huayu Lingnanyuan Project	1,717,180	96	March 2023
CRCC Nansha Haiyue International Project	1,609,518	52	April 2023
Shanghai Huayu Tianjing Project	1,530,017	24	December 2023
CRCC Yuhu Project	1,480,330	94	December 2023
Xi'an CRCC International City II Project	1,127,512	94	December 2023
Xingyueyunjian Project	1,124,826	30	October 2024
Chenyue International Project	1,121,927	50	April 2024
Cuiyuyunzhu Project	1,110,994	46	March 2024
CRCC Xiangyumeixi Project	1,090,718	93	June 2023
Others	28,613,169	–	–
Total	78,267,582	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. 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 2022	Reasons
Company 1	Third party	528,522	Work performed but not billed
Company 2	Third party	460,976	Work performed but not billed
Company 3	Third party	457,028	Work performed but not billed
Company 4	Third party	453,272	Work performed but not billed
Company 5	Third party	453,209	Work performed but not billed
Total	–	2,353,007	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Employee benefits payable

2022:

RMB'000

Item	1 January 2022	Accrued	Paid	31 December 2022
Short-term benefits	10,440,532	71,526,484	70,228,495	11,738,521
Post-employment benefits (defined contribution plans)	1,740,572	8,544,918	8,117,274	2,168,216
Total	12,181,104	80,071,402	78,345,769	13,906,737

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Short-term benefits	10,354,655	68,708,733	68,622,856	10,440,532
Post-employment benefits (defined contribution plans)	1,618,657	7,761,532	7,639,617	1,740,572
Total	11,973,312	76,470,265	76,262,473	12,181,104

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Employee benefits payable (Continued)

Short-term benefits:

2022:

RMB'000

Item	1 January 2022	Accrued	Paid	31 December 2022
Salaries, bonuses, allowances and subsidies	7,282,318	49,108,099	48,354,532	8,035,885
Staff welfare	–	4,513,933	4,513,933	–
Social insurance	1,066,770	4,440,703	4,205,054	1,302,419
Including: Medical insurance	927,671	4,031,291	3,814,693	1,144,269
Work injury insurance	98,831	328,977	311,709	116,099
Maternity insurance	40,268	80,435	78,652	42,051
Housing funds	773,898	4,225,237	4,004,672	994,463
Union fund and employee education fund	683,303	1,239,814	1,177,200	745,917
Others	634,243	7,998,698	7,973,104	659,837
Total	10,440,532	71,526,484	70,228,495	11,738,521

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Salaries, bonuses, allowances and subsidies	7,393,925	47,459,350	47,570,957	7,282,318
Staff welfare	–	4,265,740	4,265,740	–
Social insurance	1,039,590	4,062,748	4,035,568	1,066,770
Including: Medical insurance	915,438	3,676,899	3,664,666	927,671
Work injury insurance	82,627	284,410	268,206	98,831
Maternity insurance	41,525	101,439	102,696	40,268
Housing funds	651,810	3,891,516	3,769,428	773,898
Union fund and employee education fund	659,766	1,349,602	1,326,065	683,303
Others	609,564	7,679,777	7,655,098	634,243
Total	10,354,655	68,708,733	68,622,856	10,440,532

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Employee benefits payable (Continued)

Defined contribution plan:

2022:

RMB'000

Item	1 January 2022	Accrued	Paid	31 December 2022
Basic pension insurance	1,192,473	6,150,281	5,851,231	1,491,523
Unemployment insurance	83,415	223,863	216,011	91,267
Supplementary pension insurance	464,684	2,170,774	2,050,032	585,426
Total	1,740,572	8,544,918	8,117,274	2,168,216

2021:

RMB'000

Item	1 January 2021	Accrued	Paid	31 December 2021
Basic pension insurance	1,078,969	5,605,262	5,491,758	1,192,473
Unemployment insurance	77,585	216,453	210,623	83,415
Supplementary pension insurance	462,103	1,939,817	1,937,236	464,684
Total	1,618,657	7,761,532	7,639,617	1,740,572

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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Taxes payable

RMB'000

Item	31 December 2022	31 December 2021
VAT	3,525,500	4,300,236
EIT	3,320,134	3,193,492
Others	2,091,257	2,017,098
Total	8,936,891	9,510,826

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables

RMB'000

Item	31 December 2022	31 December 2021
Payables for advances	33,556,384	29,111,785
Guarantees and deposits	29,152,849	25,301,556
Amounts due to related parties	12,986,906	9,686,589
Project financing received	4,323,982	7,252,843
Dividends payable	1,064,805	905,252
Others	19,443,961	22,133,279
Total	100,528,887	94,391,304

As at 31 December 2022, significant other payables aged over one year are listed as follows:

RMB'000

Company name	Relationship with the Group	31 December 2022	Reasons
Company 1	Third Party	664,670	Payables not settled
Company 2	Third Party	213,576	Payables not settled
Company 3	Third Party	213,006	Payables not settled
Company 4	Third Party	174,046	Payables not settled
Company 5	Third Party	124,604	Payables not settled
Total	–	1,389,902	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Current portion of non-current liabilities

RMB'000

Item	31 December 2022	31 December 2021
Current portion of long-term loans (<i>Note V. 35</i>)	20,131,882	26,251,890
Current portion of bonds payable (<i>Note V. 36</i>)	17,098,279	6,825,326
Current portion of long-term payables	6,369,715	3,689,053
Current portion of lease liabilities (<i>Note V. 37</i>)	1,694,787	1,673,793
Current portion of provisions	194,129	202,591
Current portion of post-employment benefits payable	39,003	60,837
Total	45,527,795	38,703,490

The current portion of long-term loans is presented as follows:

RMB'000

Item	31 December 2022	31 December 2021
Credit loans	14,627,311	10,485,076
Guaranteed loans (<i>Note V. 35 (Note 8)</i>)	1,962,563	11,064,917
Mortgaged loans (<i>Note V. 35 (Note 4, 5, 7)</i>)	2,445,305	4,119,866
Pledged loans (<i>Note V. 35 (Note 1, 2, 3)</i>)	1,096,703	582,031
Total	20,131,882	26,251,890

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Other current liabilities

RMB'000

Item	31 December 2022	31 December 2021
Amounts to be transferred to output VAT	30,397,119	24,884,361
Short-term unsecured financing bonds (Note 1)	419,247	407,986
Others	777,731	797,577
Total	31,594,097	26,089,924

Note 1: Short-term unsecured financing bonds bear a fixed interest rate. The principal and interest will be repaid at the end of the term upon issuance.

The movement of short-term unsecured financing bonds is listed as follows:

RMB'000

Bond name	Par value	Issuance date	Bond term	Opening balance	Net amount of issuance during the year	Interests accrued	Amortisation of discounts and premium and effects of exchange rate	Repayment of principal and interest for the year	Closing balance
Aldesa Agrupación Empresarial, S.A.U. EUR28.05 million short-term commercial bills	EUR 28.05 million	8 June 2022	12 months	-	189,932	-	11,758	-	201,690
Others	-	-	-	407,986	178,784	-	6,237	375,450	217,557
Total	-	-	-	407,986	368,716	-	17,995	375,450	419,247

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term loans

RMB'000

Item	31 December 2022	31 December 2021
Pledged loans (<i>Note 1, Note 2, Note 3,</i>)	38,557,624	44,206,255
Mortgaged loans (<i>Note 4, Note 5, Note 6, Note 7</i>)	24,220,319	13,676,113
Guaranteed loans (<i>Note 8</i>)	11,105,099	11,654,930
Credit loans	59,532,386	45,507,276
Total	133,415,428	115,044,574

Note 1: As at 31 December 2022, long-term loans with a carrying amount of RMB29,260,863,000, including current portion of long-term loans of RMB440,030,000 (31 December 2021: RMB35,069,342,000, including current portion of long-term loans of RMB223,000,000) were secured by pledges of the Group's concession rights with a carrying amount of RMB43,200,375,000 (31 December 2021: RMB47,728,490,000).

Note 2: As at 31 December 2022, long-term loans with a carrying amount of RMB832,670,000, including current portion of long-term loans of RMB1,781,000 (31 December 2021: RMB617,591,000), were secured by pledge of the Group's trade receivables with a carrying amount of RMB1,150,368,000 (31 December 2021: RMB633,653,000).

Note 3: As at 31 December 2022, long-term loans with a carrying amount of RMB9,560,794,000, including current portion of long-term loans of RMB654,892,000 (31 December 2021: RMB9,101,353,000, including current portion of long-term loans of RMB359,031,000) were secured by pledges of the Group's contract assets of BT projects with a carrying amount of RMB14,937,347,000 (31 December 2021: the Group's contract assets of BT projects RMB25,963,981,000), and long-term receivables RMB1,177,072,000 (31 December 2021: Nil).

Note 4: As at 31 December 2022, long-term loans with a carrying amount of RMB828,087,000, including current portion of long-term loans of RMB3,124,000 (31 December 2021: RMB140,577,000, including current portion of long-term loans: RMB3,124,000) were secured by mortgages of the Group's fixed assets with a carrying amount of RMB2,636,141,000 (31 December 2021: RMB273,348,000).

Note 5: As at 31 December 2022, long-term loans with a carrying amount of RMB23,939,079,000, including current portion of long-term loans of RMB2,421,591,000 (31 December 2021: long-term loans with a carrying amount of RMB16,233,187,000, including current portion of long-term loans of RMB4,104,292,000) were secured by mortgages of the Group's inventories with a carrying amount of RMB59,933,128,000 (31 December 2021: RMB45,426,209,000).

Note 6: As at 31 December 2022, long-term loans with a carrying amount of RMB1,493,647,000 (31 December 2021: RMB586,592,000), were secured by mortgages of the Group's construction in progress with a carrying amount of RMB2,868,791,000 (31 December 2021: RMB1,391,992,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term loans (Continued)

Note 7: As at 31 December 2022, long-term loans with a carrying amount of RMB404,811,000, including current portion of long-term loans of RMB20,590,000 (31 December 2021: long-term loans with a carrying amount of RMB835,623,000, including current portion of long-term loans of RMB12,450,000) were secured by pledges of the Group's land use rights with a carrying amount of RMB680,796,000 (31 December 2021: RMB3,139,066,000).

Note 8: As at 31 December 2022, the guaranteed long-term loans, including current portion of long-term loans of RMB1,962,563,000 (31 December 2021: RMB11,064,917,000), were all internally guaranteed by the entities comprising the Group.

As at 31 December 2022, the Group had no overdue long-term loans (31 December 2021: Nil).

The maturity profile of the long-term loans as at the end of the year is listed as follows:

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Within one year or paid on demand (<i>Note V. 33</i>)	20,131,882	26,251,890
In the second year (inclusive)	31,883,891	27,787,627
In the third to fifth year (inclusive)	58,546,047	40,509,857
Over five years	42,985,490	46,747,090
Total	153,547,310	141,296,464

36. Bonds payable

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Bonds payable	45,194,975	36,360,201
Less: Current portion of bonds payable (<i>Note V. 33</i>)	17,098,279	6,825,326
Non-current portion of bonds payable	28,096,696	29,534,875

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2022, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2022	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2022
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5% (Note 1)	USD800 million	16 May 2013	10 years	USD800 million	3.50%	5,114,572	-	195,049	476,906	193,123	5,593,404
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds to professional investors	3,590,000	15 September 2020	3+2 years	3,590,000	4.05%	3,119,985	500,000	145,395	358	145,395	3,620,343
China Railway Construction Real Estate Group Co., Ltd. - 2022 first issue of public placement corporate bonds to professional investors	3,000,000	18 March 2022	3+2 years	3,000,000	3.65%	-	3,000,000	82,125	(7,027)	-	3,075,098
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	3+2 years	2,700,000	4.25%	2,780,751	-	99,570	3,353	114,750	2,768,924
China Railway Construction Real Estate Group Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January 2018	5 year	2,200,000	5.94%	2,281,110	-	94,936	8,724	94,600	2,290,170
CRCC Hean Limited Guaranteed Note due in 2026 with principal of EUR 300 million and interest rate of 0.875% (Note 2)	EUR 300 million	20 May 2021	5 year	EUR 300 million	0.88%	2,169,905	-	19,066	62,349	18,737	2,232,583
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	3+2 years	2,100,000	3.20%	2,146,496	-	67,200	610	67,200	2,147,106
CRCC Hean Limited Guaranteed Note due in 2026 with principal of USD300 million and interest rate of 1.875% (Note 1)	USD300 million	20 May 2021	5 year	USD300 million	1.88%	1,911,100	-	39,236	177,605	38,975	2,088,966
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	2 March 2021	3+2 years	2,000,000	4.17%	2,057,655	-	83,400	670	83,400	2,058,325
China Railway Construction Investment Group Co., Ltd. - 2021 first issue of public placement Corporate bond	2,000,000	18 October 2021	3 year	2,000,000	3.52%	2,015,414	-	70,400	894	70,400	2,016,308
China Railway Construction Real Estate Group Co., Ltd. - 2022 second issue of public placement corporate bonds to professional investors	1,690,000	25 March 2022	3+2 years	1,690,000	3.67%	-	1,690,000	46,793	(3,986)	-	1,732,807
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	3+2 years	1,300,000	3.78%	1,342,836	-	49,140	347	49,140	1,343,183
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	3 February 2021	3+2 years	1,300,000	3.95%	1,340,541	-	51,350	300	51,350	1,340,841
China Railway Construction Real Estate Group Co., Ltd. - 2022 first issue of medium term note	1,200,000	27 June 2022	3+2 years	1,200,000	3.43%	-	1,200,000	34,300	(5,808)	-	1,228,492

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2022, balances of bonds payable are listed as follows: (Continued)

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2022	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2022
China Railway Construction Real Estate Group Co., Ltd. – 2022 fourth issue of public placement corporate bonds to professional investors	1,100,000	18 May 2022	3+2 years	1,100,000	3.30%	-	1,100,000	30,704	(3,988)	-	1,126,716
China Railway Construction Real Estate Group Co., Ltd. – 2021 third issue of public corporate bonds for professional investors	1,110,000	1 September 2021	3+2 years	1,110,000	3.28%	1,119,829	-	36,408	231	36,408	1,120,060
China Railway Construction Investment Group Co., Ltd. – 2019 first issue of public placement Corporate bond, resale of bond in 2022	1,003,000	10 April 2022	2 year	1,003,000	3.19%	-	1,003,588	28,710	57	-	1,032,355
China Railway SIYUAN Survey and Design Group Co., Ltd. – 2020 first issue of medium term note	1,000,000	24 April 2020	3 years	1,000,000	2.50%	716,736	300,000	22,986	-	25,000	1,014,722
China Railway Construction Real Estate Group Co., Ltd. – 2020 second issue of medium term note	900,000	23 March 2020	3+2 years	900,000	3.28%	620,488	300,000	29,520	250	29,520	920,738
China Railway Construction Real Estate Group Co., Ltd. – 2022 second issue of medium term note	900,000	15 July 2022	3+2 years	900,000	3.40%	-	900,000	21,250	(3,072)	-	918,178
China Railway Construction Investment Group Co., Ltd. – 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3+2 years	800,000	3.18%	818,664	-	25,440	388	25,440	819,052
China Railway Construction Real Estate Group Co., Ltd. -2022- fifth issue of public placement corporate bonds to professional investors (variety I)	770,000	27 May 2022	3 year	770,000	3.20%	-	770,000	18,667	(2,426)	-	786,241
China Railway Construction Investment Group Co., Ltd. – 2020 first issue of public placement Corporate bond (variety II)	600,000	11 March 2020	5+2 years	600,000	3.45%	615,058	-	20,700	169	20,700	615,227
China Railway Construction Real Estate Group Co., Ltd. – 2022 first issue of targeted placement notes	500,000	6 January 2022	3+2 years	500,000	3.70%	-	500,000	16,958	(1,196)	-	515,762
China Railway Construction Investment Group Co., Ltd. – 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	16 March 2020	3+2 years	500,000	3.20%	511,741	-	16,000	241	16,000	511,982
China Railway Construction Real Estate Group Co., Ltd. – 2022 third issue of medium term note	500,000	24 August 2022	3+2 years	500,000	3.35%	-	500,000	8,933	(1,665)	-	507,268
China Railway Construction Real Estate Group Co., Ltd. – 2022 fourth issue of medium term note	400,000	12 October 2022	3+2 years	400,000	3.74%	-	400,000	4,363	(1,497)	-	402,866
China Railway Construction Real Estate Group Co., Ltd. – 2022 fifth issue of public placement corporate bonds to professional investors (variety I)	320,000	27 May 2022	5 year	320,000	3.68%	-	320,000	10,733	(2,277)	-	328,456
China Railway Construction Real Estate Group Co., Ltd. – 2022 third issue of public placement corporate bonds to professional investors	300,000	25 March 2022	3+2 years	300,000	3.99%	-	300,000	8,978	(721)	-	308,257

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2022, balances of bonds payable are listed as follows: (Continued)

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2022	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2022
China Railway Construction Real Estate Group Co., Ltd. - 2019 second issue of private placement Corporate bond	300,000	18 March 2019	3+2 years	300,000	4.90%	310,430	-	12,459	325	59,700	263,514
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3+2 years	1,200,000	3.19%	1,235,657	-	11,940	(112)	1,050,760	196,725
China Railway Construction Real Estate Group Co., Ltd. - 2022 second issue of targeted placement notes	160,000	28 March 2022	3+2 years	160,000	3.70%	-	160,000	8,525	(698)	-	167,827
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZR001	100,000	27 March 2020	3 year	100,000	5.50%	99,792	-	4,898	2,687	4,898	102,479
CRCC (Beijing) Property Management Co., Ltd. - 2017 first issue of private placement assets-backed note	960,000	13 December 2017	6 year	960,000	6.90%	503,600	-	1,311	1,076	505,987	-
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	3+2 years	1,500,000	4.90%	1,564,531	-	6,125	2,920	1,573,576	-
China Railway 16th Bureau Group Co., Ltd. - 2019 private placement Corporate bond	1,000,000	30 October 2019	3+3+3+1 year	1,000,000	4.73%	1,007,883	-	39,419	-	1,047,302	-
China Railway Construction Real Estate Group Co., Ltd. - 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	654,000	-	28,122	-	682,122	-
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan - 20 Jing China Railway Construction Real Estate Co., Ltd. ZR002	300,000	16 April 2020	3 year	300,000	5.20%	301,427	-	5,157	1,195	307,779	-
Total	-	-	-	-	-	36,360,201	12,943,588	1,496,266	707,182	6,312,262	45,194,975
Less: Current portion of bonds payable	-	-	-	-	-	6,825,326	-	-	-	-	17,098,279
Non-current portion of bonds payable	-	-	-	-	-	29,534,875	-	-	-	-	28,096,696

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2021, balances of bonds payable are listed as follows:

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2021
CRCC Yuxiang Limited Guaranteed Note due in 2023 with principal of USD800 million and interest rate of 3.5% (Note 1)	USD800 million	16 May 2013	10 years	USD800 million	3.50%	5,228,336	-	179,124	(113,241)	179,647	5,114,572
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of public placement corporate bonds to professional investors	3,590,000	15 September 2020	3+2 years	3,590,000	4.05%	3,119,356	-	145,395	629	145,395	3,119,985
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of public placement Corporate bond (variety I)	2,700,000	15 March 2019	3+2 years	2,700,000	4.25%	2,778,548	-	114,750	2,203	114,750	2,780,751
China Railway Construction Real Estate Group Co., Ltd. - 2018 first issue of medium term note	2,200,000	19 January 2018	5 years	2,200,000	5.94%	2,315,723	-	97,607	(1,540)	130,680	2,281,110
CRCC Hean Limited Guaranteed Note due in 2026 with principal of EUR 300 million and interest rate of 0.875% (Note 2)	EUR300 million	20 May 2021	5 years	EUR300 million	0.88%	-	2,344,961	11,683	(186,739)	-	2,169,905
China Railway Construction Real Estate Group Co., Ltd. - 2020 first issue of medium term note	2,100,000	12 March 2020	3+2 years	2,100,000	3.20%	2,145,323	-	67,200	1,173	67,200	2,146,496
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of medium term note	2,000,000	2 March 2021	3+2 years	2,000,000	4.17%	-	1,994,338	62,550	767	-	2,057,655
China Railway Construction Investment Group Co., Ltd. - 2021 first issue of public placement Corporate bond	2,000,000	18 October 2021	3 years	2,000,000	3.52%	-	1,997,600	17,600	214	-	2,015,414
CRCC Hean Limited Guaranteed Note due in 2026 with principal of USD300 million and interest rate of 1.875% (Note 1)	USD300 million	20 May 2021	5 years	USD300 million	1.88%	-	1,931,488	22,108	(24,564)	17,932	1,911,100
China Railway Construction Real Estate Group Co., Ltd. - 2019 first issue of private placement Corporate bond (variety II)	1,500,000	10 January 2019	3+2 years	1,500,000	4.90%	1,563,468	-	73,500	1,063	73,500	1,564,531
China Railway Construction Real Estate Group Co., Ltd. - 2021 first issue of public corporate bonds for professional investors	1,300,000	22 January 2021	3+2 years	1,300,000	3.78%	-	1,297,248	45,045	543	-	1,342,836
China Railway Construction Real Estate Group Co., Ltd. - 2021 second issue of public corporate bonds for professional investors	1,300,000	3 February 2021	3+2 years	1,300,000	3.95%	-	1,297,296	42,792	453	-	1,340,541
China Railway Construction Investment Group Co., Ltd. - 2019 first issue of public placement Corporate bond	1,200,000	9 April 2019	3+2 years	1,200,000	3.98%	1,235,215	-	47,760	442	47,760	1,235,657
China Railway Construction Real Estate Group Co., Ltd. - 2021 third issue of public corporate bonds for professional investors	1,110,000	1 September 2021	3+2 years	1,110,000	3.28%	-	1,107,540	12,136	153	-	1,119,829

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2021, balances of bonds payable are listed as follows: (Continued)

RRMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2021
China Railway 16th Bureau Group Co., Ltd. – 2019 private placement Corporate bond	1,000,000	30 October 2019	3+3+3+1 years	1,000,000	4.73%	1,007,883	–	47,300	–	47,300	1,007,883
China Railway Construction Investment Group Co., Ltd. – 2020 first issue of public placement Corporate bond (variety I)	800,000	11 March 2020	3+2 years	800,000	3.18%	820,552	–	23,320	232	25,440	818,664
China Railway SIYUAN Survey and Design Group Co., Ltd. – 2020 first issue of medium term note	700,000	24 April 2020	3 years	700,000	2.50%	711,805	–	25,000	–	20,069	716,736
China Railway Construction Real Estate Group Co., Ltd. – 2019 first phase of debt financing plan	654,000	5 December 2019	3 years	654,000	6.10%	652,384	–	39,894	1,616	39,894	654,000
China Railway Construction Real Estate Group Co., Ltd. – 2020 second issue of medium term note	600,000	23 March 2020	3+2 year	600,000	3.28%	620,008	–	29,520	480	29,520	620,488
China Railway Construction Investment Group Co., Ltd. – 2020 first issue of public placement Corporate bond (variety II)	600,000	11 March 2020	5+2 years	600,000	3.45%	616,683	–	18,975	100	20,700	615,058
China Railway Construction Investment Group Co., Ltd. – 2020 second issue of public placement Corporate bond (COVID-19 prevention and control bond)	500,000	16 March 2020	3+2 years	500,000	3.20%	512,928	–	14,667	146	16,000	511,741
CRCC (Beijing) Property Management Co., Ltd. – 2017 first issue of private placement assets-backed note	960,000	13 December 2017	6 years	960,000	6.90%	691,144	–	37,934	903	226,381	503,600
China Railway Construction Real Estate Group Co., Ltd. 2019 second issue of private placement Corporate bond	300,000	18 March 2019	3+2 years	300,000	4.90%	310,185	–	14,700	245	14,700	310,430
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan – 20 Jing China Railway Construction Real Estate Co., Ltd. ZR002	300,000	16 April 2020	3 years	300,000	5.20%	301,615	–	15,600	(188)	15,600	301,427
China Railway Construction Real Estate Group Co., Ltd. Beijing Financial Assets Exchange debt financing plan – 20 Jing China Railway Construction Real Estate Co., Ltd. ZR001	100,000	27 March 2020	3 years	100,000	5.50%	99,679	–	5,500	113	5,500	99,792
China Railway Construction Corporation Limited – USD500 million Zero Coupon Convertible Bond due 2021 (Note 1)	USD500 million	29 January 2016	5 years	USD500 million	0.00%	3,262,450	–	–	(20,200)	3,242,250	–
China Railway Construction Real Estate Group Co., Ltd. – 2016 first issue of Corporate bond	2,800,000	8 January 2016	5 years	2,800,000	3.70%	2,745,652	–	8,633	428	2,754,713	–
China Railway Construction Real Estate Group Co., Ltd. – 2019 first issue of private placement Corporate bond (variety I)	1,500,000	10 January 2019	3+2 years	1,500,000	4.73%	1,563,519	–	5,913	1,518	1,570,950	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Bonds payable (Continued)

As at 31 December 2021, balances of bonds payable are listed as follows: (Continued)

RMB'000

Bonds	Par value	Issue date	Maturity	Amount	Annual interest rate	1 January 2021	Amount issued	Interest accrued in the year	Discount or premium amortisation and exchange effects	Principle and interest paid in the year	31 December 2021
China Railway Construction Real Estate Group Co., Ltd. – 2016 third issue of Corporate bond	1,500,000	19 April 2016	5 years	1,500,000	4.75%	1,177,941	-	19,950	1,959	1,199,850	-
China Railway Construction Real Estate Group Co., Ltd. – 2016 fourth issue of Corporate bond	1,500,000	24 May 2016	5 years	1,500,000	4.70%	974,344	-	18,604	1,702	994,650	-
Total	-	-	-	-	-	34,454,741	11,970,471	1,264,760	(329,390)	11,000,381	36,360,201
Less: Current portion of bonds payable	-	-	-	-	-	8,342,887	-	-	-	-	6,825,326
Non-current portion of bonds payable	-	-	-	-	-	26,111,854	-	-	-	-	29,534,875

Note 1: The Group's overseas subsidiary issued 5-year and 10-year US dollar bonds in the international market are guaranteed by the Company with fixed interest rate, half-yearly interest payment and principal repayment at maturity.

Note 2: The Group's overseas subsidiary issued 5-year Euro bonds in the international market are guaranteed by the Company with fixed interest rate, yearly interest payment and principal repayment maturity.

Besides the long term bonds mentioned above, others were general corporate bonds issued on Shanghai Stock Exchange, and unsecured medium-term Notes, non-public directional debt financing instruments issued in National Association of Financial Market Institutional Investors. The relevant long term bonds were with fixed interest rates, interest repayment based on scheduled repayment dates and principal repayment at maturity. For certain bonds, at the end of third year or the fifth year, issuer have right to adjust coupon rate and redeem, and investor have right to put back option.

37. Lease liabilities

RMB'000

Item	31 December 2022	31 December 2021
Lease liabilities	4,146,079	4,563,171
Less: Total current portion of lease liabilities (Note V. 33)	1,694,787	1,673,793
Total non-current portion of lease liabilities	2,451,292	2,889,378

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Long-term payables

RMB'000

Item	31 December 2022	31 December 2021
Retention payables and other long-term project payables	24,993,442	16,356,101
Payables for specific items	4,830,684	4,172,215
Special payables	69,923	74,003
Others	4,906,865	2,538,785
Total	34,800,914	23,141,104

39. Deferred income

2022:

RMB'000

Item	1 January 2022	Additions	Reductions	31 December 2022
Government grants related to assets	208,505	2,000	57,569	152,936
Government grants related to income	353,665	877,603	671,023	560,245
Others	361,564	2,081	20,805	342,840
Total	923,734	881,684	749,397	1,056,021

2021:

RMB'000

Item	1 January 2021	Additions	Reductions	31 December 2021
Government grants related to assets	3,020,189	1,107,285	3,918,969	208,505
Government grants related to income	392,282	844,569	883,186	353,665
Others	374,499	3,518	16,453	361,564
Total	3,786,970	1,955,372	4,818,608	923,734

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Deferred income (Continued)

As at 31 December 2022, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2022	Additions	Included in non- operating income/other income in the year	Other changes (Note)	31 December 2022	Related to assets/income
Enterprise Development and Support Fund	257,672	450,824	(260,216)	(5,000)	443,280	Related to assets/ income
Others	304,498	428,779	(452,476)	(10,900)	269,901	–
Total	562,170	879,603	(712,692)	(15,900)	713,181	–

As at 31 December 2021, projects related to governments grants are listed as follows:

RMB'000

Project	1 January 2021	Additions	Included in non- operating income/other income in the year	Other changes (Note)	31 December 2021	Related to assets/income
Sichuan Dedu Expressway Project	2,817,200	1,091,800	–	(3,909,000)	–	Related to assets
Enterprise Development and Support Fund	87,537	502,225	(330,117)	(1,973)	257,672	Related to assets/ income
Others	507,734	357,829	(537,798)	(23,267)	304,498	–
Total	3,412,471	1,951,854	(867,915)	(3,934,240)	562,170	–

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Share capital

2022:

RMB'000

Item	1 January 2022	Increase	Decrease	31 December 2022
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

2021:

RMB'000

Item	1 January 2021	Increase	Decrease	31 December 2021
Unrestricted shares				
– RMB ordinary shares	11,503,246	–	–	11,503,246
– Overseas listed foreign shares	2,076,296	–	–	2,076,296
Total	13,579,542	–	–	13,579,542

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other equity instruments

RMB'000

Item		31 December 2022	31 December 2021
2019 & 2020 renewable loans	<i>Note 1</i>	22,200,000	25,200,000
2022 renewable corporate bonds	<i>Note 2</i>	10,993,335	–
2021 renewable corporate bonds	<i>Note 3</i>	9,593,972	9,593,972
2020 renewable corporate bonds	<i>Note 4</i>	4,697,404	4,697,404
2019 renewable corporate bonds	<i>Note 5</i>	2,998,589	11,994,417
2022 medium-term notes Phase I	<i>Note 6</i>	2,995,372	–
2020 medium-term notes Phase I	<i>Note 7</i>	2,991,242	2,991,242
2021 CRCC medium-term notes	<i>Note 8</i>	1,994,120	1,994,120
2019 CRCC medium-term notes	<i>Note 9</i>	1,495,643	5,982,651
2021 renewable loans	<i>Note 10</i>	–	800,000
Total		59,959,677	63,253,806

Note 1: In 2019&2020, the Company issued RMB35,600,000,000 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 included the loans in other equity instruments. In 2022, the Company redeemed the principal of this renewable loan above of RMB3,000,000,000 (2021: redeemed the principal of RMB10,400,000,000).

Note 2: In 2022, the Company issued RMB11,000,000,000 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. The net proceeds from the issuance amounting to RMB10,993,335,000, net of the relevant expenses of issuance of RMB6,665,000 were included in other equity instruments.

Note 3: In 2021, the Company issued RMB9,600,000,000 in an aggregate principal amount of four 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. The net proceeds from the issuance amounting to RMB9,593,972,000, net of the relevant expenses of issuance of RMB6,028,000 were included in other equity instruments.

Note 4: In 2020, the Company issued RMB4,700,000,000 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. The net proceeds from the issuance amounting to RMB4,697,404,000, net of the relevant expenses of issuance of RMB2,596,000 were included in other equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other equity instruments (Continued)

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. In 2022, the Company redeemed the principal of the renewable corporate bonds, which of RMB9,000,000,000, and the difference between the repayment of the principal and the carrying amount of RMB4,172,000 was included in the capital reserve.

Note 6: In 2022, the Company issued RMB3,000,000,000 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. The net proceeds from the issuance amounting to RMB2,995,372,000, net of the relevant expenses of issuance of RMB4,628,000 were included in other equity instruments.

Note 7: In 2020, the Company issued RMB3,000,000,000 in an aggregate principal amount 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. The net proceeds from the issuance amounting to RMB2,991,242,000, net of the relevant expenses of issuance of RMB8,758,000 were included in other equity instruments.

Note 8: In 2021, the Company issued RMB2,000,000,000 in an aggregate principal amount 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. The net proceeds from the issuance amounting to RMB1,994,120,000, net of the relevant expenses of issuance of RMB5,880,000 were included in other equity instruments.

Note 9: 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. 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. In 2022, the Company redeemed the medium-term notes of RMB4,500,000,000, and the difference between the repayment of the principal and the carrying amount of RMB12,992,000 was included in the capital reserve.

Note 10: In 2021, the Company issued RMB800,000,000 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 included the loans in other equity instruments. In 2022, the Company redeemed the principal of this renewable loan above of RMB800,000,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Capital reserve

2022:

RMB'000

Item	1 January 2022	Increase	Decrease	31 December 2022
Share premium	41,956,599	–	–	41,956,599
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders (Note 1)	2,891,541	4,048,790	194	6,940,137
Others	(122,516)	–	28,125	(150,641)
Total	44,886,585	4,048,790	28,319	48,907,056

2021:

RMB'000

Item	1 January 2021	Increase	Decrease	31 December 2021
Share premium (Note 2)	41,241,813	714,786	–	41,956,599
Relocation compensation granted by government	160,961	–	–	160,961
Equity transactions with non-controlling shareholders	2,878,729	12,812	–	2,891,541
Others	(122,654)	7,449	7,311	(122,516)
Total	44,158,849	735,047	7,311	44,886,585

Note 1: On 16 December 2022, the Company and its subsidiaries China Railway 14th Bureau Group Co., Ltd., China Railway 18th Bureau Group Co., Ltd., China Railway 20th Bureau Group Co., Ltd. and China Railway Urban Construction 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 79.02%, 80.30%, 70.41% and 71.69% respectively, but the Company will not lose actual control over the Target Companies. The capitals contributions made by the third-party investors amounted to RMB10,000,000,000. These transactions resulted in an increase of capital reserve amounting to RMB3,253,352,000 and an increase of non-controlling interests amounting to RMB6,746,648,000 in the consolidated financial statements of the Group as at 16 December 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Capital reserve (Continued)

Note 2: On 22 June 2021, China Railway Construction Heavy Industry Group Co., Ltd. (hereinafter referred to as "China Railway Construction Heavy Industry"), a subsidiary of the Company, was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The number of shares issued was 1,285,180,000 shares, and the issue price was RMB2.87/share. On 21 July 2021, the lead underwriter exercised the over-allotment option to issue additional 192,777,000 shares. Before the issuance, the Group held 100% of the shares of China Railway Construction Heavy Industry and had control over it and included it in the scope of consolidation. After the issuance, the Group holds 72.29% of the equity of China Railway Construction Heavy Industry and still has control over it. This transaction resulted in an increase of RMB714,786,000 in capital reserves and an increase of RMB3,446,383,000 in non-controlling interests in the Group's consolidated financial statements °

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 2021	Increase/ (decrease)	Less: Other comprehensive income carried forward to retained earnings			Less: Other comprehensive income carried forward to retained earnings	31 December 2022
				1 January 2022	Increase/ (decrease)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods, share of other comprehensive income of investee, under the equity method	(68,802)	(91,448)	-	(160,250)	207,426	-	47,176
Changes in fair value of other debt investments	(1,068)	4,589	-	3,521	(11,684)	-	(8,163)
Changes in fair value of other equity instrument investments	634,542	514,288	158,003	990,827	(261,315)	4,012	725,500
Effect of deferred tax from changes in fair value of other equity instrument investments	(142,900)	(87,779)	-	(230,679)	51,789	-	(178,890)
Changes in fair value of receivables at FVTOCI	(4,766)	1,218	-	(3,548)	(5,732)	-	(9,280)
Effect of deferred tax from changes in fair value of receivables at FVTOCI	824	(277)	-	547	1,406	-	1,953
Exchange differences on translation of foreign operations	(1,696,194)	(190,155)	-	(1,886,349)	434,416	-	(1,451,933)
Others	(13,898)	(4,474)	(27,811)	9,439	(4,165)	(49,224)	54,498
Total	(1,292,262)	145,962	130,192	(1,276,492)	412,141	(45,212)	(819,139)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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:

2022:

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				
Changes in fair value of other equity instrument investments	(291,314)	(51,804)	(209,526)	(29,984)
Others	(5,404)	(1,162)	(4,165)	(77)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	207,426	–	207,426	–
Changes in fair value of other debt investments	(21,881)	(5,818)	(11,684)	(4,379)
Changes in fair value of receivables at FVTOCI	(7,850)	(1,406)	(4,326)	(2,118)
Exchange differences on translation of foreign operations	492,298	–	434,416	57,882
Total	373,275	(60,190)	412,141	21,324

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Other comprehensive income (Continued)

2021:

	<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				
Changes in fair value of other equity instrument investments	663,541	87,779	426,509	149,253
Others	(6,714)	(1,661)	(4,474)	(579)
Other comprehensive income to be reclassified to profit or loss				
Share of other comprehensive income of the investee under the equity method	(91,448)	–	(91,448)	–
Changes in fair value of other debt investments	6,563	1,641	4,589	333
Changes in fair value of receivables at FVTOCI	1,771	277	941	553
Exchange differences on translation of foreign operations	(144,803)	–	(190,155)	45,352
Total	428,910	88,036	145,962	194,912

44. Special reserve

In accordance with the *Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation* issued by Ministry of Finance and State Administration of Work Safety (Cai Qi [2012] No.16) on 14 February 2012, the Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects and utilized those expenses. The Ministry of Finance and Ministry of Emergency Management revised the *Management Measures on the Enterprises Production Safety Expense of Enterprises Appropriation and Utilisation* (Cai Qi [2022] No.136) on 21 November 2022, the Group provided for the safety production expenses at 1.5% and 2% of the cost of construction projects for construction projects which have completed the bidding and signed the contracts; and provided for the safety production expenses at 1.5%, 2.5% and 3% of the cost of construction projects for the remaining construction projects, and utilised the expenses. Further details are stated in Note III. 30.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Surplus reserve

2022:

RMB'000

Item	1 January 2022	Increase	31 December 2022
Statutory surplus reserve (<i>Note</i>)	6,789,771	–	6,789,771

2021:

RMB'000

Item	1 January 2021	Increase	31 December 2021
Statutory surplus reserve (<i>Note</i>)	6,139,569	650,202	6,789,771

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, which is limited to 50% of the company's registered capital. At the end of 2021, the accumulated amount of the statutory surplus reserve reached 50% of the Company's registered capital, thus additional appropriation would not be needed in this year.

The Company and certain of its subsidiaries are authorised 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 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Retained earnings

	<i>RMB'000</i>	
Item	2022	2021
Retained earnings at the beginning of the year	141,556,080	123,453,661
Net profit attributable to owners of the Company	26,642,094	24,690,556
Less: Appropriation to statutory surplus reserve	–	650,202
Cash dividend declared for ordinary shares <i>(Note 1)</i>	3,340,567	3,123,295
Interest distributed to other equity instruments holders <i>(Note 2)</i>	2,745,319	2,954,557
Others <i>(Note V, 43)</i>	(45,212)	139,917
Retained earnings at the end of the year <i>(Note 3)</i>	162,067,076	141,556,080

Note 1: In accordance with the resolution at the 2021 annual general meeting of shareholders on 23 June 2022, the Company declared a cash dividend for the year ended 31 December 2021 of RMB0.246 per share (2021: RMB0.23 per share), which amounted to RMB3,340,567,000 (2021: RMB3,123,295,000) based on 13,579,541,500 ordinary shares in issue. The above dividends have been paid in July and August 2022.

Note 2: In 2022, the Company accrued interest of other equity instruments holders amounting to RMB2,745,319,000 (2021: RMB2,954,557,000).

Note 3: On 31 December 2022, there is no amount attributable to other equity instruments holders in the balance of the Group's retained earnings (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Revenue and cost of sales

RMB'000

Item	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from principal operations	1,087,343,373	979,667,617	1,010,604,543	915,328,735
Other operating revenue	8,969,494	6,080,057	9,405,636	6,798,153
Total	1,096,312,867	985,747,674	1,020,010,179	922,126,888

(1) Revenue is listed as follows:

RMB'000

Sector	2022	2021
Construction operations	939,366,100	871,215,850
Real estate development operations	62,253,669	50,662,478
Manufacturing operations	21,747,067	20,364,941
Survey, design and consultancy operations	20,181,756	19,372,949
Other business operations	52,764,275	58,393,961
Total	1,096,312,867	1,020,010,179

(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	939,366,100	-	-	16,037,199	5,217,512	960,620,811
A point in time	-	62,253,669	21,747,067	4,144,557	47,546,763	135,692,056
Total	939,366,100	62,253,669	21,747,067	20,181,756	52,764,275	1,096,312,867

(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 2022, 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Taxes and surcharges

RMB'000

Item	2022	2021
City maintenance and construction tax	825,479	767,687
Stamp duty	717,542	588,470
Property tax	314,673	298,251
Others	2,315,739	1,968,499
Total	4,173,433	3,622,907

49. Selling and distribution expenses

RMB'000

Item	2022	2021
Employee compensation costs	3,512,644	3,194,805
Advertising and publicity expenses	1,942,068	1,816,204
Others	1,187,675	1,136,094
Total	6,642,387	6,147,103

50. General and administrative expenses

RMB'000

Item	2022	2021
Employee compensation costs	16,176,527	15,030,249
Depreciation expenses of fixed assets	939,071	691,911
Office, travelling and transportation expenses	941,349	1,093,031
Others	3,816,098	3,926,728
Total	21,873,045	20,741,919

In 2022, the amount of total service fees of audit and other services included in above general and administrative expenses was RMB38,284,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Research and development expenses

RMB'000

Item	2022	2021
Employee compensation costs and material costs	25,003,936	20,253,956

52. Finance costs

RMB'000

Item	2022	2021
Interest expenses	12,552,978	11,996,974
Less: Interest income	4,391,798	4,052,385
Less: Interest capitalised	6,409,795	5,980,748
Exchange gains	(303,150)	(31,802)
Bank charges and others	2,130,061	1,751,493
Total	3,578,296	3,683,532

The amount of capitalised interest had been included in the balances of construction in progress (Note V. 19), intangible assets (Note V. 21) and properties under development (Note V. 8 (1)).

53. Impairment losses on assets

RMB'000

Item	2022	2021
Losses from impairment of contract assets	(1,466,112)	(961,154)
Losses from decline in value of inventories	(1,279,540)	(215,605)
Losses from impairment of goodwill	(203,654)	(138,911)
Losses from impairment of intangible assets	(76,923)	(164,202)
Others	(24,685)	(109,699)
Total	(3,050,914)	(1,589,571)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Impairment of credit losses

RMB'000

Item	2022	2021
Losses from impairment of receivables	(4,926,733)	(8,255,547)
Losses from impairment of loans to customers	38,909	(21,364)
Total	(4,887,824)	(8,276,911)

55. Other income

RMB'000

Item	2022	2021
Government grants relating to daily operations	795,003	737,204
Others	303,732	326,214
Total	1,098,735	1,063,418

56. Investment losses

RMB'000

Item	2022	2021
Share of (losses)/profits of long-term equity investments under the equity method	(1,129,198)	2,769,758
Investment income from disposal of long-term equity investments	931,593	322,610
Gains from the re-measurement at fair values of remaining equity investments when losing controls of subsidiaries	673,461	281,357
Gains from the re-measurement at fair value of original equity when obtaining controls of subsidiaries	172,505	–
Losses from derecognition of financial assets measured at amortised cost	(5,911,105)	(3,781,508)
Investment income from holding other equity instruments	99,537	180,576
Investment income from holding and disposal of held-for-trading financial assets	140,316	22,987
Investment income from holding Debt investment	365,935	188,375
Others	(8,979)	(177,759)
Total	(4,665,935)	(193,604)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Losses on fair value changes

RMB'000

Item	2022	2021
Financial assets and liabilities at fair value through profit or loss	(462,611)	(243,222)

58. Non-operating income

RMB'000

Item	2022	2021	Non-recurring profit or loss of the year
Government grants	136,512	137,137	136,512
Approved unpayable balances	312,925	316,024	312,925
Gains on compensation, penalties and fines	393,931	421,583	393,931
Others	339,825	237,060	339,825
Total	1,183,193	1,111,804	1,183,193

Government grants credited to profit or loss for the period are listed as follows:

RMB'000

Nature	2022	2021	Related to assets/income
Enterprise development funds	297,850	343,200	Related to income
Refund of taxes	289,732	246,412	Related to income
Others	343,933	284,729	Related to income
Total	931,515	874,341	–
Including: Other income	795,003	737,204	–
Non-operating income	136,512	137,137	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Non-operating expenses

RMB'000

Item	2022	2021	Non-recurring profit or loss of the year
Loss on compensation, penalties and fines	481,553	423,502	481,553
Donations	68,370	65,835	68,370
Others	210,392	285,454	210,392
Total	760,315	774,791	760,315

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 is listed as follows:

RMB'000

Item	2022	2021
Cost of services rendered	799,925,231	748,516,116
Cost of goods sold	111,618,283	102,258,425
Employee benefits (Note V. 30)	80,071,402	76,470,265
Depreciation expenses on fixed assets (Note V. 18)	16,584,947	14,854,369
Depreciation expenses on right-of-use assets (Note V. 20)	2,136,283	1,866,060
Amortisation expenses on intangible assets (Note V. 21)	1,518,926	1,362,954
Depreciation expenses on investment properties (Note V. 17)	280,835	269,610

61. Income tax expenses

RMB'000

Item	2022	2021
Current tax expenses – Mainland China	7,106,066	7,247,370
Current tax expenses – Others	148,998	81,125
Deferred tax expenses	(1,183,380)	(1,492,278)
Total	6,071,684	5,836,217

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Income tax expenses (Continued)

A reconciliation of the income tax expense applicable to profit before tax is listed as follows:

Item	<i>RMB'000</i>	
	2022	2021
Profit before tax	37,824,462	35,151,419
Income tax at the statutory income tax rate of 25%	9,456,116	8,787,855
Tax effect of preferential tax rates for some subsidiaries	(2,148,745)	(1,538,405)
Tax effect of share of profits and losses of joint ventures and associates	(179,075)	(692,440)
Effect of non-taxable income	(272,614)	(154,940)
Effect of non-deductible expenses	462,703	457,679
Effect of utilisation of unrecognised deductible tax losses	(191,002)	(296,312)
Effect of utilisation of deductible temporary differences previously not recognised	(431,732)	(710,449)
Tax preference for qualifying research and development expenses	(1,780,466)	(1,431,561)
Effects of deductible losses as deferred tax assets not recognised in the current year	1,297,380	1,432,419
Deductible temporary differences not recognised as deferred tax assets	487,568	456,416
Adjustments in respect of current income tax of previous years	102,585	76,853
Interest on perpetual bonds deductible before tax	(683,666)	(646,532)
Others	(47,368)	95,634
Income tax expense at the Group's effective tax rate	6,071,684	5,836,217

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Earnings per share

The basic earnings per share is calculated based on the net profit for the year attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares during the year.

	<i>RMB'000</i>	
Item	2022	2021
Earnings		
Net profit attributable to shareholders of the Company	26,642,094	24,690,556
Including: profit or loss from continuing operations	26,642,094	24,690,556
Less: attributable to holder of other equity instruments (<i>Note V. 46</i>)	2,745,319	2,954,557
Net profit attributable to ordinary shareholders	23,896,775	21,735,999
Shares		
Number of the outstanding ordinary shares of the Company	13,579,541,500	13,579,541,500
Basic earnings per share (RMB/share)	1.76	1.60
Diluted earnings per share (RMB/share) (<i>Note</i>)	1.76	1.60

Note: In 2022, the Company has no diluted potential ordinary shares. In 2021, the impact on stock conversion arising from issuance of USD500,000,000 convertible bonds on 29 January 2016 has been considered for the diluted earnings per share.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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	2022	2021
(1) Cash received from other operating activities :		
Security deposit and cash pledged	5,176,806	5,636,466
Sale of raw materials	3,630,403	3,300,219
Project financing received	–	1,261,854
Others	16,561,200	13,911,604
Total	25,368,409	24,110,143

<i>RMB'000</i>		
Item	2022	2021
(2) Cash paid for other operating activities:		
Advertising and publicity expenses	1,942,068	1,816,204
Office and travelling expenses	1,491,677	1,475,517
Consulting expenses	685,534	682,898
Repair and maintenance costs	432,414	460,806
Others	16,432,851	13,525,928
Total	20,984,544	17,961,353

<i>RMB'000</i>		
Item	2022	2021
(3) Cash paid for other financing activities:		
Redemption of other equity instruments	17,300,000	17,399,999
Cash paid for lease liabilities	2,415,833	2,704,372
Acquisition of non-controlling interests	56,081	12,087
Total	19,771,914	20,116,458

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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>	
	2022	2021
Reconciliation of net profit to cash flows generated from operating activities:		
Net profit	31,752,778	29,315,202
Add: Impairment losses on assets	3,050,914	1,589,571
Impairment of credit losses	4,887,824	8,276,911
Depreciation of fixed assets	16,584,947	14,854,369
Depreciation of right-of-use assets	2,136,283	1,866,060
Amortisation of intangible assets	1,518,926	1,362,954
Amortisation of investment properties	280,835	269,610
Amortisation of long-term prepayments	273,809	198,056
Gains from disposal of fixed assets, intangible assets and other long-term assets	(54,748)	(545,498)
Losses on fair value changes	462,611	243,222
Finance costs	4,316,376	5,692,086
Investment income	(1,303,435)	(3,765,663)
Increase in deferred tax assets	(1,350,986)	(1,629,181)
Increase in deferred tax liabilities	162,303	14,315
Increase in inventories	(21,544,050)	(47,410,891)
Increase in contract assets	(58,994,531)	(31,742,317)
Increase in operating receivables	(3,967,113)	(27,952,655)
Increase in operating payables	78,293,239	39,774,013
(Increase)/decrease in the deposits with the central bank	(371,030)	2,285,925
Net cash flows generated from/(used in) operating activities	56,134,952	(7,303,911)

Net changes in cash and cash equivalents:

	<i>RMB'000</i>	
Item	2022	2021
Cash at the end of the year	140,774,045	102,421,626
Less: Opening balance of cash	102,421,626	160,935,485
Add: Closing balance of cash equivalents	3,741,447	7,320,235
Less: Opening balance of cash equivalents	7,320,235	6,734,011
Net increase/(decrease) in cash and cash equivalents	34,773,631	(57,927,635)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Supplementary information to the consolidated statement of cash flows (Continued)

(2) Net cash received from disposal of subsidiaries this year

RMB'000

	Amount
Cash or cash equivalents received from disposal of subsidiaries during this year	3,571,396
Including: Dedu Expressway (Note VI, 1)	1,959,100
Hunan Expressway (Note VI, 1)	1,355,801
Others	256,495
Less: Cash and cash equivalents held by the Company at the date of loss of control	654,121
Including: Dedu Expressway (Note VI, 1)	1,388
Hunan Expressway (Note VI, 1)	400,759
Others	251,974
Net cash received from disposal of subsidiaries	2,917,275

(3) Cash and cash equivalents

RMB'000

Item	2022	2021
Cash	140,774,045	102,421,626
Including: Cash on hand	58,623	59,533
Cash with banks/financial institutions without restriction	140,715,422	102,362,093
Cash equivalents	3,741,447	7,320,235
Closing balance of cash and cash equivalents	144,515,492	109,741,861

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Assets with title restrictions

RMB'000

Item	31 December 2022	31 December 2021	Reason
Inventories	59,933,128	45,426,209	Mortgaged for loans
	43,881,171	50,867,556	Pledged for loans/
Intangible assets			Mortgaged for loans
Other non-current assets	14,937,347	25,963,981	Pledged for loans
Cash and bank balances	13,480,644	11,221,219	Note
Bills receivable	23,850	131,750	Pledged for loans
Construction in progress	2,868,791	1,391,992	Mortgaged for loans
Trade receivables	1,757,880	1,059,077	Pledged for loans
Fixed assets	2,636,141	273,348	Mortgaged for loans
Long-term receivables	1,177,072	–	Pledged for loans
Total	140,696,024	136,335,132	–

Note: As at 31 December 2022, the Group held frozen deposits of RMB3,789,661,000 (31 December 2021: RMB1,928,751,000). The residual amount of RMB4,907,592,000 (31 December 2021: RMB4,880,107,000) was comprised of several kinds of deposits. CRCC Finance Company Limited placed RMB4,783,391,000 (31 December 2021: RMB4,412,361,000) in the central bank as statutory reserves.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Foreign currency monetary items

31 December 2022:

Item	Closing balance of foreign currencies (‘000)	Exchange rate	Closing balance in RMB
			<i>RMB'000</i>
Cash and bank balances			5,821,820
Including: U.S. Dollar	619,607	6.9646	4,315,317
Euro	84,376	7.4229	626,317
Others			880,186
Trade receivables			4,213,209
Including: U.S. Dollar	506,918	6.9646	3,530,480
Tanzania Shilling	30,869,836	0.0030	92,194
Others			590,535
Other receivables			153,029
Including: U.S. Dollar	5,535	6.9646	38,552
Others			114,477
Trade payables			728,720
Including: U.S. Dollar	49,706	6.9646	346,181
Algeria Dinars	1,529,887	0.0507	77,602
Others			304,937
Other payables			339,942
Including: U.S. Dollar	24,731	6.9646	172,245
Others			167,697
Short-term loans			3,438,666
Including: U.S. Dollar	166,000	6.9646	1,156,124
Euro	307,500	7.4229	2,282,542
Long-term loans(Including long-term loans due within one year)			1,665,646
Including: U.S. Dollar	137,650	6.9646	958,677
Euro	95,242	7.4229	706,969
Bonds payable (including current portion of bonds payable)			7,825,987
Including: U.S. Dollar	803,119	6.9646	5,593,404
Euro	300,770	7.4229	2,232,583

Note : The Group's main operating location is Mainland China and overseas market is spread in over 100 countries and region. There is no individually material foreign operations, and the foreign operations determined the functional currency according to the currency of the principal economic environment in which they operate. The Company, the subsidiaries and the foreign operations determined the foreign currency monetary items mentioned above in accordance with their functional currencies respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VI. CHANGES OF CONSOLIDATION SCOPE

1. Disposal of subsidiaries

In December 2022, the Company's subsidiaries CRCC Investment transferred its 51% shares in Dedu Expressway and Hunan Expressway individually to the Group's associate Zhuhai Railway Construction Asia Investment Equity Investment Partnership (Limited Partnership) ("CRCC Asia Investment") at an aggregate consideration of RMB3,314,901,000.

In addition, CRCC Investment has entered into certain forward equity contracts with CRCC Asia Investment to repurchase these shares of the above two companies in future with discount to the consideration under some conditions. The right can only be exercised when the operation conditions of the two expressways above meet certain criteria, which is not a substantive right. As at 31 December 2022, The fair value of these forward equity contracts was RMB472,069,000. After the completion of the shares disposal transaction, according to the articles of association of the above companies, the Company can neither control nor jointly control the entities with other shareholders, but can exercise significant influence over the entities. Therefore, the Company is not included in the scope of consolidation and is accounted for an associate of the Group.

Name of subsidiaries	Equity disposal method	Proportion of remaining equity on the date of lost of control (%)	Determine method and major assumption of fair value of remaining equity on the date of lost of control	Date of lost of control	Basis for determining the date of lost of control
Dedu Expressway	Agreement sale	49	Determine method: future earning method Major assumption: cash flow and discount rate	28 December, 2022	The date when the contract on the transfer of title is signed and the actual control is lost
Hunan Expressway	Agreement sale	49	Determine method: future earning method Major assumption: cash flow and discount rate	28 December 2022	The date when the contract on the transfer of title is signed and the actual control is lost

The disposal profit or loss information of the disposed subsidiaries at the disposal time point mentioned above is listed as follows:

	<i>RMB'000</i>
Differences between disposal price and disposal investment corresponding to the share of the net assets of the subsidiary to the extent of consolidated financial statement	890,596
Carrying amount of remaining shares on the date of lost of control is	2,329,235
Fair value of remaining shares on the date of lost of control is	2,835,238
Gains arising from remeasurement remaining shares at fair value	506,003
Amount transferred to investment income from other comprehensive income related to equity investment of original subsidiary	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VI. CHANGES OF CONSOLIDATION SCOPE (CONTINUED)

2. Change of consolidation scope for other reasons

Except for the disposal of subsidiaries stated in Note VI. 1, the scope of the consolidated financial statements of the Group has not changed significantly compared with the previous year.

VII. EQUITY IN OTHER ENTITIES

1. Subsidiaries

(1) 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	3,200,000	100.00	-
China Railway 14th Bureau Group Co., Ltd. (Note V. 42)	Jinan, Shandong	Jinan, Shandong	Construction	3,110,000	79.02	-
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. (Note V. 42)	Tianjin	Tianjin	Construction	3,000,000	80.30	-
China Railway 19th Bureau Group Co., Ltd.	Beijing	Beijing	Construction	5,080,000	100.00	-
China Railway 20th Bureau Group Co., Ltd. (Note V. 42)	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction	3,130,000	70.41	-
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	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

- (1) Particulars of the principal subsidiaries of the Company are listed as follows:
(Continued)

RMB'000

Company name	Principal place of business	Place of registration	Principal activities	Registered capital	Shareholding proportion %	
					Direct	Indirect
China Railway 24th Bureau Group Co., Ltd.	Shanghai	Shanghai	Construction	2,000,000	100.00	-
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	1,052,500	100.00	-
China Railway Construction Group Co., Ltd.	Beijing	Beijing	Construction	3,502,971	85.64	-
China Railway Construction 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	Changsha, Hunan	Changsha, Hunan	Manufacturing operations	5,333,497	71.93	0.36
CRCC Investment	Zhuhai, Guangdong	Zhuhai, Guangdong	Project investment, Construction	12,067,086	87.34	-
CRCC Finance Company Limited	Beijing	Beijing	Financial Services	9,000,000	94.00	-
China Railway Construction Corporation (International) Limited	Beijing	Beijing	Construction	3,000,000	100.00	-
CRCC Capital Holdings Group Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Financial Services	9,000,000	100.00	-
China Railway Urban Construction Group Co., Ltd. (Note V. 42)	Changsha, Hunan	Changsha, Hunan	Construction	2,000,000	71.69	-
CRCC Kunlun Investment Group Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Project investment, Construction	5,087,166	70.77	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows:

31 December 2022:

Subsidiary	Shareholding proportion (%)	Net profit or loss attributable to non- controlling interests	Dividends distribute to non-controlling shareholders	RMB'000
				Accumulated balances of non-controlling interests at t he reporting date
CRCC Investment (Note)	12.66	1,056,539	907,337	15,930,990
CRCC Kunlun Investment Group Co., Ltd.	29.23	810,730	291,552	7,102,463
China Railway 14th Bureau Group Co., Ltd.	20.98	207,355	182,134	6,492,450
China Railway 18th Bureau Group Co., Ltd.	19.70	231,613	184,601	4,495,256
China Railway 20th Bureau Group Co., Ltd.	29.59	125,279	124,955	4,449,364
China Railway Construction Heavy Industry	27.71	511,197	144,846	4,312,438

Note: The mentioned above subsidiaries issued financial instruments, such as outstanding renewable corporate bonds and medium-term notes, which are recognized in other equity instruments and presented under the line item of “non-controlling interests” in the consolidated balance sheet of the Group. The shareholding proportion of minority shareholders of these subsidiaries represents the proportion of equity interests held by minority shareholders other than holders of other equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows: (Continued)

RMB'000

Subsidiary	31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CRCC Investment	30,479,049	127,887,016	158,366,065	61,609,926	60,049,799	121,659,725
CRCC Kunlun Investment Group Co., Ltd.	18,758,259	48,592,712	67,350,971	34,063,828	11,539,857	45,603,685
China Railway 14th Bureau Group Co., Ltd.	54,147,623	26,383,056	80,530,679	61,380,500	3,759,952	65,140,452
China Railway 18th Bureau Group Co., Ltd.	37,829,620	16,214,431	54,044,051	39,351,363	3,060,921	42,412,284
China Railway 20th Bureau Group Co., Ltd.	42,424,598	12,741,096	55,165,694	41,959,424	2,438,333	44,397,757
China Railway Construction Heavy Industry	15,101,461	8,685,186	23,786,647	6,977,417	1,301,978	8,279,395

RMB'000

Subsidiary	31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
CRCC Investment	33,645,273	114,252,790	147,898,063	53,173,830	60,498,922	113,672,752
CRCC Kunlun Investment Group Co., Ltd.	20,512,498	38,903,540	59,416,038	30,359,242	8,492,374	38,851,616
China Railway 14th Bureau Group Co., Ltd.	45,671,098	19,842,161	65,513,259	50,332,457	3,062,127	53,394,584
China Railway 18th Bureau Group Co., Ltd.	35,841,126	13,933,476	49,774,602	36,365,533	4,645,702	41,011,235
China Railway 20th Bureau Group Co., Ltd.	38,768,523	8,613,598	47,382,121	37,885,090	1,967,983	39,853,073
China Railway Construction Heavy Industry	14,336,068	8,329,757	22,665,825	7,070,027	1,402,717	8,472,744

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

(2) The subsidiaries with significant non-controlling interests are listed as follows: (Continued)

RMB'000

Subsidiary	2022			Net cash flows generated from operating activities
	Revenue	Net profit	Total comprehensive income	
CRCC Investment	51,515,377	2,943,750	2,907,954	3,230,208
CRCC Kunlun Investment Group Co., Ltd.	61,015,860	3,374,640	3,374,640	14,317,213
China Railway 14th Bureau Group Co., Ltd.	84,782,930	1,151,397	1,151,428	6,188,663
China Railway 18th Bureau Group Co., Ltd.	71,307,874	1,210,156	1,266,439	1,177,324
China Railway 20th Bureau Group Co., Ltd.	49,522,191	859,082	872,735	826,748
China Railway Construction Heavy Industry	10,101,548	1,844,229	1,836,859	1,070,722

RMB'000

Subsidiary	2021			Net cash flows generated from operating activities
	Revenue	Net profit	Total comprehensive income	
CRCC Investment	35,516,022	2,292,856	2,523,880	2,541,420
CRCC Kunlun Investment Group Co., Ltd.	45,130,030	2,667,082	2,667,082	8,890,429
China Railway 14th Bureau Group Co., Ltd.	77,684,675	1,066,955	1,067,201	2,358,617
China Railway 18th Bureau Group Co., Ltd.	65,278,434	1,081,520	1,084,950	1,431,969
China Railway 20th Bureau Group Co., Ltd.	46,575,980	959,836	949,548	109,614
China Railway Construction Heavy Industry	9,517,287	1,735,709	1,734,916	(1,484,088)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Subsidiaries (Continued)

- (3). As of December 31, 2022, the information of financial instruments involved in equity, such as the renewable corporate bonds, medium-term notes publicly and perpetual bonds issued by the several subsidiaries, is listed as follows:

RMB'000

Subsidiary	Amount
CRCC Investment	9,089,788
China Railway Construction Treasury Management(Hong Kong) Co., Ltd	6,579,674
China Railway 11th Bureau Group Co., Ltd.	2,497,500
China Railway SIYUAN Survey and Design Group Co., Ltd.	399,790

As of December 31, 2022, the information of financial liabilities, such as corporate bonds and medium term notes publicly issued by several subsidiaries is detailed in Notes V, 36.

2. Equity in joint ventures and associates

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 Construction & Investment	51	-	Equity method
Sichuan Tianfu Airport Expressway Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Highway Project Investment & Management	50	-	Equity method
CRCC Financial Leasing Co., Ltd.	Tianjin	Tianjin	Finance lease	50	-	Equity method
Hangqu Railway Co., Ltd.	Zhejiang, Quzhou	Zhejiang, Quzhou	Railway Project Investment & Management	46	-	Equity method

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures

RMB'000

	31 December 2022/For the year ended 31 December 2022		31 December 2021/For the year ended 31 December 2021	
	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	743,963	109,685	932,758	482,376
Including: Cash and cash equivalents	44,709	70,263	149,062	468,988
Non-current assets	14,191,119	39,985,020	14,023,178	36,185,579
Total assets	14,935,082	40,094,705	14,955,936	36,667,955
Current liabilities	1,852,377	3,046,720	2,074,604	1,531,405
Non-current liabilities	5,931,753	31,057,252	5,669,054	28,094,874
Total liabilities	7,784,130	34,103,972	7,743,658	29,626,279
Non-controlling interests	-	-	-	-
Total equity attributable to owners of the company	7,150,952	5,990,733	7,212,278	7,041,676
The net assets multiplied by the shareholding proportion	3,646,986	2,995,367	3,678,262	3,520,838
Adjustment event				
- Others	25,338	-	25,338	-
Carrying amount of investments in the joint ventures attributable to the Group	3,672,324	2,995,367	3,703,600	3,520,838
Revenue	971,337	583,040	961,702	55,923
Finance costs	271,475	1,049,258	279,495	154,678
Income tax expenses	(34,603)	-	(15,817)	-
Net profit	(61,325)	(1,050,942)	182,228	(207,524)
Other comprehensive income	-	-	-	-
Total comprehensive income	(61,325)	(1,050,942)	182,228	(207,524)
Dividends from joint ventures for the year	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (Continued)

Major financial information of principle joint ventures (Continued)

RMB'000

	31 December 2022/For the year ended 31 December 2022		31 December 2021/For the year ended 31 December 2021	
	CRCC Financial Leasing Co., Ltd.	Hangqu Railway Co., Ltd.	CRCC Financial Leasing Co., Ltd.	Hangqu Railway Co., Ltd.
Total assets	45,066,406	13,140,929	45,571,252	9,052,346
Total liabilities	38,665,347	8,501,276	39,700,512	4,819,693
Non-controlling interests	–	–	–	–
Total equity attributable to owners of the company	6,411,059	4,639,653	5,870,740	4,232,653
The net assets multiplied by the shareholding proportion	3,205,530	2,134,240	2,935,370	1,947,020
Adjustment event				
– Unrealized profits of intra-group transactions	(259,870)	–	(310,670)	–
– Others	(1,894)	92,623	(1,894)	(19,157)
Carrying amount of investments in the associates attributable to the Group	2,943,766	2,226,863	2,622,806	1,927,863
Revenue	3,955,521	–	4,160,640	–
Finance costs	1,840	–	–	–
Income tax expenses	190,391	–	161,465	–
Net profit	540,319	–	453,539	–
Other comprehensive income	–	–	–	–
Total comprehensive income	540,319	–	453,539	–
Dividends from associates for the year	–	–	84,031	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in joint ventures and associates (Continued)

The aggregate financial information of the individually insignificant joint ventures:

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Shares of net profit of the joint ventures attributable to the Group	257,715	1,746,907
Shares of other comprehensive income of the associates attributable to the Group	514	–
Shares of total comprehensive income of the joint ventures attributable to the Group	258,229	1,746,907
Carrying amount of investments in the joint ventures attributable to the Group	49,114,699	38,359,962

The aggregate financial information of the individually insignificant associates:

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Shares of net profit of the associates attributable to the Group	(1,100,326)	806,908
Shares of other comprehensive income (loss) of the associates attributable to the Group	206,912	(91,448)
Shares of total comprehensive income of the associates attributable to the Group	(893,414)	715,460
Carrying amount of investments in the associates attributable to the Group	67,032,219	47,770,788

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Equity in structured entities that have not been merged into the consolidated financial statements

As of December 31, 2022, the scale of major structured entities that the Group participated in and that were not included in the consolidated financial statements totaled approximately RMB29,555,239,000 (31 December 2021: RMB23,975,318,000). Among them, the subscription amount of the Group was approximately RMB10,421,096,000 (31 December 2021: RMB8,244,496,000) and that of other investors was approximately RMB19,134,143,000 (31 December 2021: RMB15,730,822,000). The Group has no control over this category of structured entity, so the structured entities have not been merged into the consolidated financial statements. As of December 31, 2022, the actual subscription amount paid by the Group was approximately RMB3,597,632,000 (31 December 2021: RMB1,953,541,000), which was accounted in other non-current financial assets. The Group's largest risk exposure in these structured entities is the amount of capital contributed by the Group as of the balance sheet date. The Group has no obligation or intention to provide financial support to the structured entities.

As of December 31, 2022, the Group's cumulative issuance amount of asset-backed securities and asset-backed notes was RMB76,704,000,000 (31 December 2021: RMB68,688,020,000). The subordinated tranche of the asset-backed securities and asset-backed notes was RMB3,551,800,000 (31 December 2021: RMB2,619,000,000). On December 31, 2022, the subordinated tranche of asset-backed securities and asset-backed notes held by the Group was RMB811,500,000 (31 December 2021: RMB530,250,000), of which RMB344,000,000 (31 December 2021: RMB156,250,000) was accounted in held-for-trading financial assets and RMB467,500,000 (31 December 2021: RMB374,000,000) was accounted in other non-current financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial instruments by category

The carrying amount of each category of financial instruments at the balance sheet date are as follows:

31 December 2022:

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	-	-	-	8,495,031	8,495,031
Trade receivables	-	-	-	141,229,619	141,229,619
Receivables at FVTOCI	3,321,965	-	-	-	3,321,965
Loans and advances to customers	-	-	-	1,445,190	1,445,190
Other receivables (excluding petty cash)	-	-	-	65,683,626	65,683,626
Other current assets	-	-	-	17,077	17,077
Long-term receivables	-	-	-	80,554,812	80,554,812
Cash and bank balances	-	-	-	158,424,810	158,424,810
Held-for-trading financial assets	-	-	961,298	-	961,298
Debt investments	-	-	-	9,076,297	9,076,297
Other debt investments	4,934,663	-	-	-	4,934,663
Other equity instrument investments	-	11,940,051	-	-	11,940,051
Other non-current financial assets	-	-	8,387,687	-	8,387,687
Current portion of non-current assets	5,959,529	-	-	11,115,628	17,075,157
Total	14,216,157	11,940,051	9,348,985	476,042,090	511,547,283

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amount of each category of financial instruments at the balance sheet date are as follows: (Continued)

31 December 2022: (Continued)

Financial liabilities

RMB'000

Item	Other financial liabilities	Total
Short-term loans	51,367,562	51,367,562
Due to customers	3,168,603	3,168,603
Bills payable	89,607,342	89,607,342
Trade payables	425,568,938	425,568,938
Other payables	100,528,887	100,528,887
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	43,599,876	43,599,876
Other current liabilities	760,247	760,247
Long-term loans	133,415,428	133,415,428
Bonds payable	28,096,696	28,096,696
Long-term payables (excluding special payables)	34,730,991	34,730,991
Other non-current liabilities	466,500	466,500
Total	911,311,070	911,311,070

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amount of each category of financial instruments at the balance sheet date are as follows: (Continued)

31 December 2021:

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	-	-	-	12,729,240	12,729,240
Trade receivables	-	-	-	155,677,298	155,677,298
Receivables at FVTOCI	2,475,096	-	-	-	2,475,096
Loans and advances to customers	-	-	-	2,981,281	2,981,281
Other receivables (excluding petty cash)	-	-	-	63,338,121	63,338,121
Other current assets	-	-	-	2,712,510	2,712,510
Long-term receivables	-	-	-	55,150,088	55,150,088
Cash and bank balances	-	-	-	126,821,154	126,821,154
Held-for-trading financial assets	-	-	460,063	-	460,063
Debt investments	-	-	-	9,974,392	9,974,392
Other debt investments	1,008,820	-	-	-	1,008,820
Other equity instrument investments	-	11,621,685	-	-	11,621,685
Other non-current financial assets	-	-	4,531,803	-	4,531,803
Current portion of non-current assets	16,660	-	-	10,957,889	10,974,549
Total	3,500,576	11,621,685	4,991,866	440,341,973	460,456,100

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amount of each category of financial instruments at the balance sheet date are as follows: (Continued)

31 December 2021: (Continued)

Financial liabilities

RMB'000

Item	Other financial liabilities	Total
Short-term loans	46,057,400	46,057,400
Due to customers	1,588,529	1,588,529
Bills payable	90,733,401	90,733,401
Trade payables	362,063,566	362,063,566
Other payables	94,391,304	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable, provisions and lease liabilities)	36,766,269	36,766,269
Other current liabilities	561,236	561,236
Long-term loans	115,044,574	115,044,574
Bonds payable	29,534,875	29,534,875
Long-term payables (excluding special payables)	23,067,101	23,067,101
Other non-current liabilities	384,057	384,057
Total	800,192,312	800,192,312

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022, the Group had endorsed and discounted bank acceptance bills which are not yet due amounting to RMB4,738,314,000 (31 December 2021: RMB4,839,418,000). As at 31 December 2022, 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 equaled to the book value of the bills. The Group considered the fair value of continuing involvement to be not significant.

In 2022, 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 2022, the Group sold underlying assets to the assets-backed specific plan which set up by the financial institute who are also the managers of the assets-backed specific plan. The managers represented the assets-backed specific plan to issue senior assets-backed securities and subordinate assets-backed securities to investors. The Group holds some portion of the subordinate assets-backed securities. Meanwhile, the Group acts as a receivables service provider to provide management services associated with receivables and their collection, contracts revision and other services to the assets-backed specific plan.

As the Group has restriction in the ability of guiding the operations of assets-backed specific plan, resulting in the degree which the Group using substantial rights to influence to obtain variable returns limited, the Group does not need to consolidate the assets-backed specific plan. Meanwhile, the Group has neither transferred nor retained substantially all the risks and rewards of the underlying assets ownership, and it retained control of the underlying assets transferred, the Group recognised the asset and associated liability to the extent of its continuing involvement in the transferred asset. As of 31 December 2022, the carrying amount of the asset the Group recognised to the extent of its continuing involvement in the underlying assets are stated in Note V.5 and Note V.12.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks

The Group's major financial instruments include loans, due to customers, bonds, and other equity instruments, etc. 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 cash and bank balances, bills receivable, trade receivables, receivables at FVTOCI, other receivables, 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 analyze 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.

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, trade receivables, contract assets and long-term receivables 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.

Credit risk

Other financial assets of the Group include cash and bank balances, receivables at FVTOCI, other receivables, debt investments, other debt investments and loans and advances to customers. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (Continued)

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. Customer type and aging information may reflect these customers' solvency in regard of such trade receivables. The Group's management classifies the trade receivables into different portfolios based on credit risk characteristics. The Group calculates the historical actual loss rate by different customer types and different aging periods based on historical data and, through regression analysis, determines the relationship between the historical actual loss rate and economic indicators, such as GDP growth, CPI. Based on the forecasted future relevant economic indicators, the Group estimates the credit loss rates. The Group's management classifies contract assets and long-term receivables into different portfolios based on their credit risk characteristics expect for contract assets or long-term receivables that are individually significant and credit-impaired. On the basis of the historical actual loss rate, the Group takes account of forward-looking information mentioned above and then determines the credit loss rates and provision matrix to evaluate expected credit losses of contract assets and long-term receivables.

For trade receivables, contract assets and long-term receivables that are individually significant and credit-impaired, the Group made separate credit loss assessment on individual basis. Based on the credit-impaired evidence and forward-looking information, The Group determines the expected credit loss by the difference between carrying amounts of these financial assets and the present value discounted by the original effective interest rate of expected cash flows.

For other financial assets, the Group calculates the ECL through default exposure and the expected credit loss rate for the next 12 months or the full lifetime.

As at 31 December 2022, the credit risk exposure and ECL of trade receivables are disclosed as follows:

RMB'000

	Gross carrying amount		
	Not credit impaired	Credit impaired	Total
31 December 2022	125,826,905	30,618,497	156,445,402

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2022	5,171,291	7,297,787	12,469,078
Transferred to impairment of credit losses occurred	(231,710)	231,710	–
Provision for the year	2,073,903	2,170,490	4,244,393
Reversal for the year	(1,561,187)	(271,564)	(1,832,751)
Write-off for the year	–	(87,379)	(87,379)
Transferred in from bills receivable	–	933,513	933,513
Others	(220,231)	(290,840)	(511,071)
31 December 2022	5,232,066	9,983,717	15,215,783

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (Continued)

Credit risk (Continued)

The movements of impairment losses for contract assets for the year ended 31 December 2022 are listed as follows :

RMB'000

	Gross carrying amount		
	Not credit impaired	Credit impaired	Total
31 December 2022	234,234,372	26,912,368	261,146,740

	Impairment losses on assets		
	Not credit impaired	Credit impaired	Total
1 January 2022	965,419	4,886,117	5,851,536
Transferred to impairment of credit losses occurred	(31,603)	31,603	–
Provision for the period	867,168	592,557	1,459,725
Reversal for the period	(457,890)	(155,194)	(613,084)
Others	(330)	(14,625)	(14,955)
31 December 2022	1,342,764	5,340,458	6,683,222

As at 31 December 2022, 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		
	Not credit impaired	Credit impaired	Total
31 December 2022	61,090,204	2,416,986	63,507,190

	Impairment of credit losses		
	Not credit impaired	Credit impaired	Total
1 January 2022	274,538	484,928	759,466
Provision for the year	513,399	158,600	671,999
Reversal for the year	(104,340)	(945)	(105,285)
Write-off for the year	–	(1,518)	(1,518)
Others	187,536	228,648	416,184
31 December 2022	871,133	869,713	1,740,846

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (Continued)

Credit risk (Continued)

As at 31 December 2022, the Group's contract assets in other non-current assets including retention receivables, land development receivables and other project receivables (includes retention receivables due within one year), are amounting to RMB115,570,829,000 (2021:RMB105,822,234,000), with no credit impaired. The Group recognises loss provision amounting to RMB2,464,951,000 (2021 : RMB1,645,581,000) based on lifetime ECL.

As at 31 December 2022, external financial guarantees and mortgages for real estate development operations provided by the Group amounted to RMB2,554,225,000 (31 December 2021: RMB2,660,213,000) and RMB31,799,286,000 (31 December 2021: RMB: 26,025,745,000) respectively. Details of financial guarantee contracts are set out in Note XI. 3. 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 2022, 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.

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, on 31 December 2022, 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 2022, the Group has 35.5% of loans and bonds payable that would expire within one year (As at 31 December 2021: 35.4%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	52,000,221	-	-	-	52,000,221
Due to customers	3,168,603	-	-	-	-	3,168,603
Bills payable	-	89,607,342	-	-	-	89,607,342
Trade payables	-	425,568,938	-	-	-	425,568,938
Other payables	-	100,528,887	-	-	-	100,528,887
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	46,011,572	-	-	-	46,011,572
Other current liabilities	-	760,247	-	-	-	760,247
Long-term loans	-	5,089,852	36,647,423	65,167,911	57,279,181	164,184,367
Bonds payable	-	1,596,363	13,436,378	16,150,222	-	31,182,963
Long-term payables (excluding special payables)	-	-	19,716,663	11,396,817	5,191,892	36,305,372
Lease liabilities	-	-	1,160,435	1,199,336	625,184	2,984,955
Other non-current liabilities	-	-	80,000	386,500	-	466,500
Financial guarantees (<i>Note XI.3</i>) (excluding the real estate mortgage guarantee)	2,554,225	-	-	-	-	2,554,225
Total	5,722,828	721,163,422	71,040,899	94,300,786	63,096,257	955,324,192

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (Continued)

Liquidity risk (Continued)

RMB'000

Item	31 December 2021					Total
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	-	46,872,244	-	-	-	46,872,244
Due to customers	1,588,529	-	-	-	-	1,588,529
Bills payable	-	90,733,401	-	-	-	90,733,401
Trade payables	-	362,063,566	-	-	-	362,063,566
Other payables	-	94,391,304	-	-	-	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	-	39,313,321	-	-	-	39,313,321
Other current liabilities	-	561,236	-	-	-	561,236
Long-term loans	-	5,418,582	31,651,378	49,122,216	65,543,822	151,735,998
Bonds payable	-	1,525,633	10,154,267	19,846,999	1,134,411	32,661,310
Long-term payables (excluding special payables)	-	-	12,518,402	7,648,373	4,040,959	24,207,734
Lease liabilities	-	-	1,305,402	1,407,542	776,120	3,489,064
Other non-current liabilities	-	-	384,057	-	-	384,057
Financial guarantees (<i>Note XI. 3</i>) (excluding the real estate mortgage guarantee)	2,660,213	-	-	-	-	2,660,213
Total	4,248,742	640,879,287	56,013,506	78,025,130	71,495,312	850,661,977

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022, floating interest rate loans and fixed interest rate loans accounted for approximately 79.96% and 20.04% (2021: 81.05% and 18.95%) 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% (2021: 0.25%), with all other variables held constant, the consolidated operating results would have decreased/increased by approximately RMB168,284,000 in 2022 (2021: RMB158,776,000), 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 2022 and the exposure to interest rate risk has been applied to those borrowings in existence at that date. The estimated 0.25 % (2021: 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 2022

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 2022 in order to reduce the Group's exposure to foreign currency risk in this regard (31 December 2021: 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.

2022:

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%	(59,152)	(59,152)
Decrease in the United States dollar rate	(5%)	59,152	59,152
Increase in the Euro rate	4%	(154,737)	(154,737)
Decrease in the Euro rate	(4%)	154,737	154,737
Increase in the Algerian dinar rate	8%	(5,006)	(5,006)
Decrease in the Algerian dinar rate	(8%)	5,006	5,006

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

VIII. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

3. Financial instrument risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

2021:

	<i>RMB'000</i>		
Item	Exchange rate Increase/ (Decrease)	Net profit or loss Increase/ (Decrease)	Total equity Increase/ (Decrease)
Increase in the United States dollar rate	6%	(143,495)	(143,495)
Decrease in the United States dollar rate	(6%)	143,495	143,495
Increase in the Euro rate	5%	(178,415)	(178,415)
Decrease in the Euro rate	(5%)	178,415	178,415
Increase in the Algerian dinar rate	8%	41,234	41,234
Decrease in the Algerian dinar rate	(8%)	(41,234)	(41,234)

The sensitivity analysis above has been determined assuming that the changes in foreign exchange rates had occurred as at 31 December 2022 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 2022

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 2022 and 31 December 2021.

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, 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:

	<i>RMB'000</i>	
Item	31 December 2022	31 December 2021
Short-term loans	51,367,562	46,057,400
Long-term loans	133,415,428	115,044,574
Due to customers	3,168,603	1,588,529
Bills payable	89,607,342	90,733,401
Trade payables	425,568,938	362,063,566
Other payables	100,528,887	94,391,304
Current portion of non-current liabilities (excluding current portion of long-term employee benefits payable and provisions)	45,294,663	38,440,062
Other current liabilities	760,247	561,236
Bonds payable	28,096,696	29,534,875
Long-term payables (excluding special payables)	34,730,991	23,067,101
Lease liabilities	2,451,292	2,889,378
Other non-current liabilities	466,500	384,057
Less: Cash and bank balances	158,424,810	126,821,154
Net debt	757,032,339	677,934,329
Attributable to shareholders' equity of the Company	290,483,983	268,789,292
Non-controlling interests	95,531,880	77,703,704
Total equity	386,015,863	346,492,996
Total equity and net debt	1,143,048,202	1,024,427,325
Gearing ratio	66%	66%

Notes to the Financial Statements

For the year ended 31 December 2022

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

RMB'000

31 December 2022	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	–	3,321,965	–	3,321,965
Held-for-trading financial assets	561,719	–	399,579	961,298
Other debt investments	–	4,934,663	–	4,934,663
Current portion of other debt investments	–	5,959,529	–	5,959,529
Other equity instrument investments	2,000,190	–	9,939,861	11,940,051
Other non-current financial assets	130,535	–	8,257,152	8,387,687
Sum of assets under continuous measurement of fair value	2,692,444	14,216,157	18,596,592	35,505,193

RMB'000

31 December 2021	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	–	2,475,096	–	2,475,096
Held-for-trading financial assets	259,605	–	200,458	460,063
Other debt investments	–	1,008,820	–	1,008,820
Current portion of other debt investments	–	16,660	–	16,660
Other equity instrument investments	1,756,005	–	9,865,680	11,621,685
Other non-current financial assets	92,416	–	4,439,387	4,531,803
Sum of assets under continuous measurement of fair value	2,108,026	3,500,576	14,505,525	20,114,127

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	Valuation technique(s)	Key input(s)
Receivables at FVTOCI	3,321,965	Discounted cash flows	Discount rates for bank acceptance bills in the same term
Other debt investments	4,934,663	Discounted cash flows	Market average rate of return with the category in the same term
Current portion of other debt investments	5,959,529	Discounted cash flows	Market average rate of return with the category in the same term
Total	14,216,157	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	Valuation technique(s)	Significant unobservable input(s)
Held-for-trading financial assets	345,000	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Other equity instrument investments	9,939,861	Market method	Discount rate for lack of market mobility
Held-for-trading financial assets/ Other non-current financial assets – call options for unlisted entities	3,838,901	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	4,472,830	Discounted cash flows	Future cash flows discounted at rates that reflected the expected risk level
Sum of assets under continuous measurement of fair value	18,596,592	–	–

Fair value of listed equity instruments is determined based on a quoted market price.

For the year of 2022, the transfer of fair value measurements between each level for both financial assets and financial liabilities is as follows:

The shares of Zhuzhou CRRC Times Electric Co., Ltd. ("Times Electric", HKG: 03898, SSE: 688187) held by CRCC High-Tech Equipment Corporation Limited, a holding subsidiary of the Company, accounted for as other equity instrument investments measured at fair value. As at 31 December 2021, the shares of Times Electric held by the subsidiary mentioned above were still in the lock-up period, which measured at fair value based on market price to reflect liquidity risk, and measured at the Level 3. As of 31 December 2022, the restricted trade period of the shares of Times Electric held by the subsidiary mentioned above was ended, so the fair value measurement of other equity instrument investments has been transferred from the Level 3 to the Level 1. As at 31 December, 2022, the carrying amount of the other equity instrument investment was RMB534,786,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	31 December 2021	31 December 2022	31 December 2021
Long-term loans	133,415,428	115,044,574	134,163,609	115,610,667
Bonds payable	28,096,696	29,534,875	28,109,170	31,129,380

Note: Fair value of long-term loans and bonds payable 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 2022, its own default risk of long-term and short-term loans was evaluated as insignificant.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent

Company name	Place of registration	Business scope	Registered capital	Percentage of ownership interest in the Company (%)	Percentage of voting rights in the Company (%)
China Railway Construction Corporation	Beijing	Construction and management	RMB9,000,000	51.13	51.13

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

2. Subsidiaries

Please refer to Note XIV. 3(i) "Subsidiaries".

3. Joint venture and associate

Company name	Related party relationship
Beijing Jiehai 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
Changzhou Jingrui Real Estate Development Co., Ltd.	Joint venture
Chengdu Chuangcheng Real Estate Co., Ltd.	Joint venture
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.	Joint venture
Chengdu Tiecheng Real Estate Co., Ltd.	Joint venture
Chengdu China Railway Huafu Real Estate Co., Ltd.	Joint venture
Chengdu Zhongwan Yixing Real Estate Co., Ltd.	Joint venture
Dalian Wancheng Zhiguang Real Estate Co., Ltd.	Joint venture
Deqing Jingsheng Real Estate Development 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
Guangzhou Zengcheng District Shunxuan Real estate Co., Ltd.	Joint venture
Guangzhou Xintie Xinjian Investment Co., Ltd.	Joint venture
Guiyang Changda Rail Transit Construction Co. Ltd.	Joint venture
Guizhou Guijin Expressway Co., Ltd.	Joint venture
Guizhou Jianli Highway Co., Ltd.	Joint venture
Guizhou Qianzhong Expressway Development Co., Ltd.	Joint venture
Guizhou Tongxin Expressway Development Co., Ltd.	Joint venture
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	Joint venture
Hangzhou Jingke Real Estate Co., Ltd.	Joint venture
Hohhot Metro Line 2 Construction & Management Co., Ltd.	Joint venture
Jiangsu Yancheng Tietou Construction Development Co., Ltd.	Joint venture
Jiangsu Yinbao Gangkai Construction Co., Ltd.	Joint venture
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	Joint venture
Kunming Metro Line 5	Joint venture
Kunming Kunlun Shouzhi Real Estate Co., Ltd.	Joint venture
Kunming Qiping Real Estate Co., Ltd.	Joint venture
Kunming Tiexin Construction Management Co., Ltd.	Joint venture
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.	Joint venture
Ningbo Jingwan Investment Management Co., Ltd.	Joint venture
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	Joint venture
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.	Joint venture
Sichuan Chengmiancangba Highway Co., Ltd.	Joint venture
Sichuan Nansuitong Expressway Co., Ltd.	Joint venture
Sichuan Suide Expressway Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Suzhou Jinghong Real Estate Development Co., Ltd.	Joint venture
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	Joint venture
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.	Joint venture
Tianjin Wanhe Real Estate Co., Ltd.	Joint venture
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.	Joint venture
Changchun Jingde Real Estate Development Co., Ltd.	Joint venture
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	Joint venture
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	Joint venture
CRCC Kunlun Yunnan Real Estate Co., Ltd.	Joint venture
CRCC Shaanxi Highway Co., Ltd.	Joint venture
China Railway Construction Investment (Shenyang) urban development and Construction Co., Ltd.	Joint venture
China Railway Construction & Investment Xi'an City Development Co., Ltd.	Joint venture
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	Joint venture
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	Joint venture
Chongqing Tiefa Jianxin Highway Co., Ltd.	Joint venture
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	Joint venture
Chongqing Yuxiang Fuxian Highway Co., Ltd.	Joint venture
Anhui Zhenrui Construction Engineering Co., Ltd.	Joint venture
Jingxing County Runlian Agricultural Development Co., Ltd.	Joint venture
Ningxia Guoyun Railway Construction High-tech Materials Technology Co., Ltd.	Joint venture
Sichuan Danei Expressway Co., Ltd.	Joint venture
Xi'an Railway Construction Jingshang Real Estate Development Co., Ltd.	Joint venture
Xuanwei Jingyuan Environmental Protection Co., Ltd.	Joint venture
Yunnan Luqiu Guangfu Expressway Investment & Development Co., Ltd.	Joint venture
China-Africa Lekkil Investment Co., Ltd.	Joint venture
CRCC Nanjing Jiangbei Underground Space Construction and Development Co., Ltd.	Joint venture
CRCC Shaanxi Meitai Expressway Co., Ltd.	Joint venture
Chongqing Yusui Fuxian Highway Co., Ltd.	Joint venture
Nanjing Jingsheng Real Estate Development Co., Ltd.	Joint venture
Shanghai Xinfucheng Real Estate Development Co., Ltd.	Joint venture
Shanghai Xinruicheng Real Estate Development Co., Ltd.	Joint venture
CRCC Chengfa (Xinchang) Development and Construction Co., Ltd.	Joint venture
Suzhou Jingzhao Real Estate Development Co., Ltd.	Joint venture
Ningbo Jingsheng Real Estate Co., Ltd.	Joint venture
CRCC Chengfa Kaitou (Taizhou) Urban Development Co., Ltd.	Joint venture
Xixian New Area Xingchengrenju Real Estate Co., Ltd.	Joint venture
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	Joint venture

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Chongqing Jiangtiao Line Rail Transit Operation and Management Co., Ltd.	Joint venture
Wuhu Changjiang Tunnel Co., Ltd.	Joint venture
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.	Joint venture
Nanchang Xintiecheng Construction Co., Ltd.	Joint venture
Chengdu Lugang Real Estate Co., Ltd.	Joint venture
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	Joint venture
Shanghai Hongjun Real Estate Co., Ltd.	Joint venture
Xi'an China Railway Jingmao Real Estate Co., Ltd.	Joint venture
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	Joint venture
Chongqing Danei Expressway Co., Ltd.	Joint venture
Changsha Zhicheng Real Estate Co., Ltd.	Joint venture
Changsha Yuchi River Area Development & Investment Co., Ltd.	Joint venture
Tianjin Line 1 Rail Transit Operation Co., Ltd.	Joint venture
Tianjin Line 1 Rail Transit Operation Co., Ltd.	Joint venture
CRCC Investment Airport (Chengdu) Urban Construction Development Co., Ltd.	Joint venture
CRCC Investment Airport (Chengdu) Urban Construction Development Co., Ltd.	Joint venture
Baoding Hongmao Real Estate Development Co., Ltd.	Joint venture
Nanjing Xincheng Guanghong Real Estate Co., Ltd.	Joint venture
Shijiazhuang Jiatai Pipe Gallery Operation Co., Ltd.	Joint venture
CRCC Southeast Chongqing (Chongqing) Expressway Co., Ltd.	Joint venture
Baoding Hongmao Real Estate Development Co., Ltd.	Joint venture
Shenyang Jiabai Real Estate Co., Ltd.	Joint venture
Anqing Gaotie New Area Construction Investment Co., Ltd.	Associate
Chengdu Yueran Real Estate Co., Ltd.	Associate
Gansu tietou Materials Co., Ltd.	Associate
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	Associate
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	Associate
Guangzhou Hongjia Real Estate Co., Ltd.	Associate
Guangzhou Hongxuan Real Estate Co., Ltd.	Associate
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	Associate
Guangzhou Nansha Kecheng Investment Development Co., Ltd.	Associate
Guangzhou Shengdu Investment Development Co., Ltd.	Associate
Guizhou Jinrentong Expressway Development Co., Ltd.	Associate
Guizhou Wengma Railway Limited Co., Ltd.	Associate
CRCC Guizhou Engineering Investment Co., Ltd.	Associate
Hangqu Railway Co., Ltd.	Associate
Hangzhou Jiandejiang Investment Co., Ltd.	Associate
Hengda Real Estate (Shenzhen) Co., Ltd.	Associate
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Kunming Fuyi Highway Co., Ltd.	Associate
Kunming Sanqing Highway Co., Ltd.	Associate
Liaocheng Xurui Municipal Engineering Co., Ltd.	Associate
Linyi Xinfenghuang Urban Renewal Co., Ltd.	Associate
CRCC Luoyang Guozhan Development and Construction Co., Ltd.	Associate
Nanjing Yuanchen Real Estate Co., Ltd.	Associate
Ningxia Inter-City Railway Co., Ltd.	Associate
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.	Associate
Qingyuan Maglev Transportation Co., Ltd.	Associate
Taiyuan airport hub Real Estate Co., Ltd.	Associate
Tianjin China Railway Guancheng Real Estate Co., Ltd.	Associate
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	Associate
Wuhan Zhaorui Real Estate Co., Ltd.	Associate
Yuxi China Railway Infrastructure Construction Co., Ltd.	Associate
Yunnan Chuda Expressway Investment and Development Co., Ltd.	Associate
Yunnan Gangcheng Infrastructure Construction Co., Ltd.	Associate
Yunnan Kunchu Highway Investment & Development Co., Ltd.	Associate
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.	Associate
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	Associate
CRCC (Shandong) Gaodong Highway Co., Ltd.	Associate
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	Associate
CRCC Gansu Zhangbian Highway Co., Ltd.	Associate
China Railway Construction port and Waterway Bureau Group Changshou Changjiang Second Bridge Construction Co., Ltd.	Associate
CRCC East China (Cixi) Construction Co., Ltd.	Associate
CRCC Financial Leasing Co., Ltd.	Associate
CRCC Ningxia Highway Co. Ltd.	Associate
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.	Associate
CRCC Tongguan Investment Co., Ltd.	Associate
CRCC Investment (Zhumadian) City Development Co., Ltd.	Associate
CRCC Investment Baoding urban development and Construction Co., Ltd.	Associate
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	Associate
CRCC Investment Jizhong Development and Construction Co., Ltd.	Associate
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.	Associate
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	Associate
CRCC Investment Weifang City Development and Construction Co., Ltd.	Associate
CRCC Xinjiang Jingxin Expressway Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
CRCC Real Estate Co., Ltd.	Associate
Chongqing Monorail Transit Engineering Co., Ltd.	Associate
CRCC Asia Investment	Associate
Chengdu Jiaotou Kunlun Construction Engineering Co. Ltd.	Associate
Gansu Gonghanglv Tianzhuang Highway Management Co., Ltd.	Associate
Jiangxi Leshui Ecotourism Development Co., Ltd.	Associate
Maanshan Zhengpu Port Railway Co., Ltd.	Associate
Shanxi Lihuo Expressway Co., Ltd.	Associate
CRCC Development (Rizhao) Environmental Protection Co., Ltd.	Associate
Wuweitongda Highway Construction Co., Ltd.	Associate
Wuhan Rail Transit Line 12 Construction and Operation Co., Ltd.	Associate
Xuzhou Jiaokong Supply Chain Co., Ltd.	Associate
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	Associate
China Railway Construction Investment Jilin Changtai Expressway Co., Ltd.	Associate
China Railway Construction Investment Jingji Baoding Construction Co., Ltd.	Associate
Hunan Expressway	Associate
Dedu Expressway	Associate
Ningbo Runsheng Real Estate Development Co., Ltd.	Associate
Nanjing Jingyue Real Estate Investment Co., Ltd.	Associate
Shanghai Xinjinghui Real Estate Development Co., Ltd.	Associate
Shanghai Gangheng Real Estate Co., Ltd.	Associate
Shanghai Xinrongcheng Real Estate Development Co., Ltd.	Associate
Guangde CRCC Blue Ocean Hualan Investment Center (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	Associate
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	Associate
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	Associate
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	Associate
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.	Associate
Bazhou Kangjian Engineering Project Management Co., Ltd.	Associate
Wantong Intercity Railway Co., Ltd.	Associate
Hangzhou Xiashalu Tunnel Co., Ltd.	Associate
Tianjin Bincheng Meihaoshenghuo Co., Ltd.	Associate
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.	Associate
China Railway Construction Sichuan Dejian Expressway Co., Ltd.	Associate
China Railway Construction Investment Gaoyi Urban Development Co., Ltd.	Associate
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.	Associate
CRCC Investment Langfang Development and Construction Co., Ltd.	Associate

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Joint venture and associate (Continued)

Company name	Related party relationship
Pengruili Yunmen (Hangzhou) Real Estate Co., Ltd.	Associate
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.	Associate
Zhejiang Jinsheng Construction Development Co., Ltd.	Associate
Xilinhot China Railway Municipal Infrastructure Construction Co., Ltd.	Associate
China Railway Construction Investment (Yantai) Development Co., Ltd.	Associate
Tianjin Urban Construction Jinyu Real Estate Co., Ltd.	Associate
Linqing Anrun Investment Development and Construction Co., Ltd.	Associate
CRCC (Shandong) Deshang Expressway Co., Ltd.	Associate
Guangzhou Baorui Real Estate Development Co., Ltd.	Associate
Dongfang Jinyuewan Infrastructure Investment Co., Ltd.	Associate
Guangde Railway Construction Lanhaihui Road Investment Center (Limited Partnership)	Associate
Guangxi Jingcheng Real Estate Development Co., Ltd.	Associate
Jining China Railway Jiansihe Road Management Co., Ltd.	Associate

4. Other related parties

Company name	Related party relationship
Beijing Tongda Jingcheng Highway Co., Ltd.	Fellow subsidiary
CRCC JinLi Asset Management Co., Ltd.	Fellow subsidiary

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions

		<i>RMB'000</i>	
Item		2022	2021
(1) Revenue from construction services	<i>Note 1</i>		
Sichuan Chengmiancangba Highway Co., Ltd.		8,213,598	4,813,778
CRCC Ningxia Highway Co. Ltd.		5,990,163	4,143,679
Chongqing Yuxiang Fuxian Highway Co., Ltd.		4,619,836	3,429,293
CRCC Investment Jizhong Development and Construction Co., Ltd.		3,795,212	481,448
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.		3,729,672	2,773,973
Guizhou Guijin Expressway Co., Ltd.		3,543,688	1,438,861
Guizhou Jianli Highway Co., Ltd.		3,408,726	943,249
Kunming Sanqing Highway Co., Ltd.		3,185,700	1,739,229
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.		3,115,384	2,427,067
Kunming Metro Line 5		2,835,759	2,248,912
Guiyang Changda Rail Transit Construction Co. Ltd.		2,343,534	1,094,334
CRCC Shanxi Meitai Expressway Co., Ltd.		2,288,387	8,517
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		2,203,809	2,895,993
Kunming Fuyi Highway Co., Ltd.		2,035,120	1,112,421
Hangqu Railway Co., Ltd.		1,938,618	1,514,897
Guizhou Jinrentong Expressway Development Co., Ltd.		1,860,445	604,116
Sichuan Suide Expressway Co., Ltd.		1,790,002	1,728,952
China Railway Construction Investment Jilin Changtai Expressway Co., Ltd.		1,631,255	942,587
Guizhou Tongxin Expressway Development Co., Ltd.		1,600,997	1,066,856
CRCC Investment Baoding urban development and Construction Co., Ltd.		1,461,657	170,799
Pengruili Yunmen (Hangzhou) Real Estate Co., Ltd.		1,409,931	283,954
China Railway Construction and Investment Shanxi Expressway Co., Ltd.		1,404,571	1,414,452

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2022	2021
(1) Revenue from construction services (Continued)	<i>Note 1</i>		
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		1,386,328	1,175,770
Guizhou Qianzhong Expressway Development Co., Ltd.		1,362,158	24,483
Yunnan Kunchu Highway Investment & Development Co., Ltd.		1,337,149	4,069,289
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.		1,306,308	1,477,514
Chongqing Tiefa Shuanghe Expressway Co., Ltd.		1,274,336	3,059,308
Shanxi Lihuo Expressway Co., Ltd.		1,267,950	935,625
Chongqing Tiefa Jianxin Highway Co., Ltd.		1,206,386	3,126,567
Gansu Gonghanglv Tianzhuang Highway Management Co., Ltd.		1,198,599	2,017,277
Yunnan Chuda Expressway Investment and Development Co., Ltd.		1,118,739	2,907,464
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.		1,043,291	839,393
Sichuan Danei Expressway Co., Ltd.		978,160	314,175
CRCC Luoyang Guozhan Development and Construction Co., Ltd.		957,913	-
Tianjin Bincheng Meihaoshenghuo Co., Ltd.		914,014	-
Jingxing County Runlian Agricultural Development Co., Ltd.		809,967	-
Xuanwei Jingyuan Environmental Protection Co., Ltd.		804,049	274,633
Hangzhou Xiashalu Tunnel Co., Ltd.		737,556	883,296
CRCC Nanjing Jiangbei Underground Space Construction and Development Co., Ltd.		722,607	-
CRCC Xinjiang Jingxin Expressway Co., Ltd.		675,186	1,638,860
Jiangsu Yancheng tietou Construction Development Co., Ltd.		643,677	770,696
CRCC Shaanxi Highway Co., Ltd.		624,160	1,091,126
Wantong Intercity Railway Co., Ltd.		615,663	691,555

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2022	2021
(1) Revenue from construction services			
(Continued)	<i>Note 1</i>		
Zhejiang Jinsheng Construction Development Co., Ltd.		551,203	785,911
Nanchang Xintiecheng Construction Co., Ltd.		504,578	808,503
CRCC Investment Langfang Development and Construction Co., Ltd.		464,917	832,945
Anqing Gaotie New Area Construction Investment Co., Ltd.		407,166	397,389
Hangzhou Genshan East Road Crossing Tunnel Management Co., Ltd.		365,828	1,917,874
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.		300,709	-
Jiangsu Yinbao Gangkai Construction Co., Ltd.		298,444	914,531
Ningxia Inter-City Railway Co., Ltd.		257,653	576,287
China-Africa Lekkil Investment Co., Ltd.		236,220	-
Chengdu Chuangcheng Real Estate Co., Ltd.		235,244	409,863
CRCC Kunlun Yunnan Real Estate Co., Ltd.		235,139	289,825
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.		158,386	879,350
Taiyuan Existing Residential Energy Saving Transformation Project Management Co., Ltd.		157,560	1,679,865
Hohhot Metro Line 2 Construction & Management Co., Ltd.		124,262	195,003
CRCC Guizhou Engineering Investment Co., Ltd.		64,452	1,109,781
Jiangxi Leshui Ecotourism Development Co., Ltd.		41,485	232,747
Chongqing Danei Expressway Co., Ltd.		8,798	820,741
Total		89,802,304	74,425,013
(2) Revenue from sales of goods	<i>Note 2</i>		
CRCC Financial Leasing Co., Ltd.		854,579	477,144
Xuzhou Jiaokong Supply Chain Co., Ltd.		648,087	-
Anhui Zhenrui Construction Engineering Co., Ltd.		261,336	-
Gansu Tietou Materials Co., Ltd.		71,170	-
CITIC Railway Construction (Luoyang) Excavating Equipment Co., Ltd.		56,889	-
Chongqing Monorail Transit Engineering Co., Ltd.		12,299	17,833
Chongqing Tiefu Jianxin Highway Co., Ltd.		6,710	132,661
Total		1,911,070	627,638

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2022	2021
(3) Other incomes	<i>Note 3</i>		
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		108,203	105,540
Wuhan Zhaorui Real Estate Co., Ltd.		97,886	49,197
China Railway Construction Corporation	<i>Note 4</i>	79,561	98,675
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.		66,704	111,490
CRCC Real Estate Co., Ltd.		66,000	72,243
Guangzhou Shengdu Investment Development Co., Ltd.		63,709	24,312
Beijing Ruida Real Estate Co., Ltd.		58,633	55,284
Kunming Qiping Real Estate Co., Ltd.		45,842	45,458
Nanjing Jingsheng Real Estate Development Co., Ltd.		45,715	-
Beijing Xinda Real Estate Co., Ltd.		40,206	107,071
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.		40,124	-
CRCC Investment (Zhumadian) City Development Co., Ltd.		39,027	38,083
Chengdu Yueran Real Estate Co., Ltd.		37,572	8,663
Guangzhou Suiyun Real Estate Co., Ltd.		37,467	28,661
Shanghai Xinfucheng Real Estate Development Co., Ltd.		35,718	-
China Railway Construction Investment Jingji Baoding Construction Co., Ltd.		33,420	-
Beijing Jiehai Real Estate Co., Ltd.		31,222	15,354
CRCC East China (Cixi) Construction Co., Ltd.		29,358	-
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		29,202	26,562
Taiyuan Airport Hub Real Estate Co., Ltd.		28,329	47
Changchun Jingde Real Estate Development Co., Ltd.		27,985	21,455
CRCC-Tongguan Investment Co., Ltd.		26,401	27,125
China Railway Construction & Investment Xi'an City Development Co., Ltd.		25,840	50,571
Guangzhou Nansha Kecheng Investment Development Co., Ltd.		25,350	7,631
Suzhou Jinghong Real Estate Development Co., Ltd.		22,289	4,561

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

		<i>RMB'000</i>	
Item		2022	2021
(3) Other incomes (Continued)	<i>Note 3</i>		
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.		21,251	-
Yunnan Gangcheng Infrastructure Construction Co., Ltd.		21,226	22,057
Ningbo Jingwan Investment Management Co., Ltd.		20,683	13,964
Chengdu Tiecheng Real Estate Co., Ltd.		20,494	2,835
CRCC Investment Baoding urban development and Construction Co., Ltd.		13,390	32,869
Chengdu China Railway Huafu Real Estate Co., Ltd.		12,974	42,854
CRCC Investment Jizhong Development and Construction Co., Ltd.		5,578	37,745
Xixian New Area Xingchengrenju Real Estate Co., Ltd.		4,705	37,875
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		2,261	66,832
Chengdu Lugang Real Estate Co., Ltd.		1,105	34,024
Total		1,265,430	1,189,038
(4) Purchase of goods or receipt of services	<i>Note 5</i>		
Gansu Tietou Materials Co., Ltd.		293,128	262,490
CRCC Financial Leasing Co., Ltd.		234,071	61,784
Xuzhou Jiaokong Supply Chain Co., Ltd.		177,815	31,115
Ningxia Guoyun Railway Construction High-tech Materials Technology Co., Ltd.		144,413	-
Chongqing Monorail Transit Engineering Co., Ltd.		99,126	10,555
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.		38,802	58,051
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.		20,140	12,372
Total		1,007,495	436,367

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

RMB'000

Item	2022	2021
(5) Other expenses		
Guangzhou Xintie Xinjian Investment Co., Ltd.	145,984	151,577
Chongqing Jiangtiao Line Rail Transit Operation and Management Co., Ltd.	87,000	–
CRCC Corporation	59,473	49,686
CRCC JinLi Asset Management Co., Ltd.	16,941	16,943
CRCC Ningxia Highway Co. Ltd.	8,571	3,832
CRCC Xinjiang Jingxin Expressway Co., Ltd.	7,977	845
CRCC Shaanxi Highway Co., Ltd.	7,357	14,588
Total	333,303	237,471

(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	1,814,148	1,676,059
CRCC Corporation	Buildings	66,588	72,855
CRCC JinLi Asset Management Co., Ltd.	Buildings	33,270	27,539
Total	– --	1,914,006	1,776,453

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(7) Guarantees granted to a related party

31 December 2022:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
Guizhou Wengma Railway Limited Co., Ltd.	637,761	31 March 2016	31 March 2039	No
Wuhan Zhaorui Real Estate Co., Ltd.	371,102	9 July 2021	27 March 2024	No
Wuhan Zhaorui Real Estate Co., Ltd.	245,000	17 August 2022	26 July 2025	No
CRCC Tongguan Investment Co., Ltd.	411,608	17 March 2014	30 December 2023	No
Pengruili Yunmen (Hangzhou) Real Estate Co., Ltd.	225,525	14 June 2022	21 December 2031	No
CRCC Tongguan Investment Co., Ltd.	208,938	13 June 2019	13 June 2024	No
CRCC Tongguan Investment Co., Ltd.	42,940	20 May 2015	20 November 2023	No
Total	2,142,874	–	–	–

31 December 2021:

RMB'000

Secured party	Amount of guarantee	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
CRCC Tongguan Investment Co., Ltd.	763,171	17 March 2014	30 December 2023	No
Guizhou Wengma Railway Limited Co., Ltd.	648,511	31 March 2016	31 March 2039	No
CRCC Tongguan Investment Co., Ltd.	554,686	13 June 2019	13 June 2024	No
Wuhan Zhaorui Real Estate Co., Ltd.	281,750	9 July 2021	27 March 2024	No
CRCC Tongguan Investment Co., Ltd.	78,663	20 May 2015	20 November 2023	No
Total	2,326,781	–	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Major related party transactions (Continued)

(8) Key management's remuneration

	<i>RMB'000</i>	
Item	2022	2021
Key management's remuneration	32,782	14,228

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.

Note 6: The lease fees recognized by the group and its affiliated companies are the lease payments paid by the group to repay the lease liabilities in the current period and the short-term lease and low-value assets lease expenses included in the current profit and loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties

RMB'000

	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Bills receivable				
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.	450,359	2,252	–	–
China Railway Construction and Investment Shanxi Expressway Co., Ltd.	353,805	354	276,061	276
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	240,000	240	–	–
CRCC (Guangzhou) North Railway Station Xincheng Investment Construction Co., Ltd.	193,104	966	–	–
Xilinhot China Railway Municipal Infrastructure Construction Co., Ltd.	70,000	350	158,306	158
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.	–	–	234,240	2,342
Chongqing Tiefsa Shuanghe Expressway Co., Ltd.	–	–	395,080	473
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.	–	–	100,000	100
Total	1,307,268	4,162	1,163,687	3,349
Trade receivables				
CRCC Luoyang Guozhan Development and Construction Co., Ltd.	698,937	2,667	–	–
Anhui Zhenrui Construction Engineering Co., Ltd.	411,910	1,891	173,266	1,126
Jingxing County Runlian Agricultural Development Co., Ltd.	381,400	776	–	–
Yuxi China Railway Infrastructure Construction Co., Ltd.	328,762	8,369	332,178	3,322
Kunming Sanqing Highway Co., Ltd.	320,947	321	95	–
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.	301,605	311	153,591	154
Qingyuan Maglev Transportation Co., Ltd.	296,442	344	759,793	760
Jiangsu Yinbao Gangkai Construction Co., Ltd.	295,319	295	225,250	2,810
CRCC Investment Jizhong Development and Construction Co., Ltd.	261,434	1,270	–	–
Chongqing Tiefsa Jianxin Highway Co., Ltd.	254,738	857	378,198	378
CRCC Kunlun Yunnan Real Estate Co., Ltd.	212,767	1,019	78,529	242
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	185,909	216	95,730	97

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2022		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (Continued)	<i>Note 1</i>				
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		183,913	11,535	351,913	3,519
Sichuan Danei Expressway Co., Ltd.		179,515	1,166	–	–
Gansu Gonghanglv Tianzhuang Highway Management Co., Ltd.		179,432	179	177,151	1,504
Guansu Gonghanglv Longzhang Expressway Management Co., Ltd.		171,493	171	–	–
Wuweitongda Highway Construction Co., Ltd.		164,753	940	101,440	101
Tianjin Bincheng Meihaoshenghuo Co., Ltd.		147,837	4,016	–	–
Tianjin China Railway Guancheng Real Estate Co., Ltd.		142,285	146	134,124	146
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.		131,411	767	151,250	220
Jiangxi Leshui Ecotourism Development Co., Ltd.		131,307	4,699	124,109	124
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.		125,948	126	–	–
Foshan City Shunde District Shunhao Real Estate Co., Ltd.		123,955	119	110,949	558
CRCC Financial Leasing Co., Ltd.		114,334	4,481	157,846	3,247
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.		113,060	350	50,646	199
Chengdu Chuangcheng Real Estate Co., Ltd.		108,252	539	5,209	51
China-Africa Lekkil Investment Co., Ltd.		106,553	107	105,990	288
Jiangsu Yancheng Tietou Construction Development Co., Ltd.		104,573	113	–	–
CRCC Development (Rizhao) Environmental Protection Co., Ltd.		104,313	44	174,346	–
Xuanwei Jingyuan Environmental Protection Co., Ltd.		102,148	511	–	–
Xixian New Area Xingchengrenju Real Estate Co., Ltd.		90,272	540	235,848	473
Hohhot Metro Line 2 Construction & Management Co., Ltd.		67,452	856	489,963	541
Kunming Qiping Real Estate Co., Ltd.		40,193	163	200,027	827
China Railway Construction Sichuan Dejian Expressway Co., Ltd.		36,136	181	369,728	370

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

		31 December 2022		31 December 2021	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables (Continued)	<i>Note 1</i>				
China Railway Construction Investment (Yantai) Development Co., Ltd.		6,034	30	218,589	219
Zhejiang Jinsheng Construction Development Co., Ltd.		–	–	873,642	2,040
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		–	–	525,885	5,645
Yunnan Chuda Expressway Investment and Development Co., Ltd.		–	–	475,671	476
Wuhu Changjiang Tunnel Co., Ltd.		–	–	407,186	36
CRCC Guizhou Engineering Investment Co., Ltd.		–	–	357,610	358
China Railway Construction Investment Gaoyi Urban Development Co., Ltd.		–	–	314,919	315
CRCC Investment Weifang City Development and Construction Co., Ltd.		–	–	270,989	271
Total		6,625,339	50,115	8,581,660	30,417
Loans and advances to customers					
CRCC Corporation	<i>Note 3</i>	1,400,000	36,750	3,000,000	76,563
Hangqu Railway Co., Ltd.		85,000	3,060	60,000	2,156
Total		1,485,000	39,810	3,060,000	78,719
Other receivables					
Tianjin Wanhe Real Estate Co., Ltd.	<i>Note 2</i>	2,675,213	222,714	2,750,544	153,143
Beijing Xinda Real Estate Co., Ltd.	<i>Note 2</i>	2,447,036	76,484	2,282,663	73,081
Guizhou Zhongguang Wenchuang City Real Estate Co., Ltd.	<i>Note 2</i>	1,680,766	1,738	1,725,878	1,726
Wuhan Zhaorui Real Estate Co., Ltd.	<i>Note 2</i>	1,555,594	1,556	2,467,049	2,467
Ningbo Jingsheng Real Estate Co., Ltd.	<i>Note 2</i>	1,516,445	16	–	–
Beijing Ruida Real Estate Co., Ltd.	<i>Note 2</i>	1,308,531	1,309	1,248,923	1,249
Guangzhou Shengdu Investment Development Co., Ltd.		1,264,879	1,265	1,506,180	1,506
Beijing Jiehai Real Estate Co., Ltd.	<i>Note 2</i>	854,752	855	331,157	331
CRCC Investment (Zhumadian) City Development Co., Ltd.		845,732	4,963	740,436	770
Nanjing Yuanchen Real Estate Co., Ltd.	<i>Note 2</i>	803,080	803	727,080	727
Chengdu Tiecheng Real Estate Co., Ltd.	<i>Note 2</i>	788,473	788	60,715	61
Guangzhou Suiyun Real Estate Co., Ltd.	<i>Note 2</i>	746,749	4,951	657,394	657
China Railway Construction & Investment Xi'an City Development Co., Ltd.		743,063	3,074	569,088	573

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)				
Foshan City Shunde District Shunhao Real Estate Co., Ltd. <i>Note 2</i>	725,744	48,632	500,029	500
Suzhou Jingzhao Real Estate Development Co., Ltd. <i>Note 2</i>	703,962	704	–	–
CRCC Guizhou Engineering Investment Co., Ltd.	701,045	34,491	443,700	4,437
Nanjing Jingsheng Real Estate Development Co., Ltd. <i>Note 2</i>	660,747	661	67,562	68
CRCC Shandong Jixu Expressway Jiyu Co., Ltd.	609,350	3,255	–	–
Xi'an Railway Construction Jingshang Real Estate Development Co., Ltd. <i>Note 2</i>	582,626	7	–	–
Kunming Qiping Real Estate Co., Ltd. <i>Note 2</i>	582,380	582	517,797	518
Chengdu Yueran Real Estate Co., Ltd. <i>Note 2</i>	563,459	563	512,812	513
Taiyuan Airport Hub Real Estate Co., Ltd. <i>Note 2</i>	526,896	527	115,300	115
Ningbo Jingwan Investment Management Co., Ltd. <i>Note 2</i>	504,377	501	364,446	365
China Railway Construction Investment Jingji Baoding Construction Co., Ltd.	487,876	2,487	–	–
CRCC Real Estate Co., Ltd. <i>Note 2</i>	483,938	2,601	1,718,298	1,722
Guangzhou Nansha Kecheng Investment Development Co., Ltd. <i>Note 2</i>	465,391	465	385,353	385
Guangzhou Zengcheng District Shunxuan Real estate Co., Ltd. <i>Note 2</i>	418,892	419	393,106	68
Changchun Jingde Real Estate Development Co., Ltd. <i>Note 2</i>	416,311	416	386,174	386
Nanjing Jingyue Real Estate Investment Co., Ltd. <i>Note 2</i>	411,875	412	–	–
Deqing Jingsheng Real Estate Development Co., Ltd. <i>Note 2</i>	393,068	393	532,644	533
Fuzhou Xinchun Real Estate Co., Ltd. <i>Note 2</i>	354,955	355	308,758	309
China Railway Construction Investment Huanggang Construction and Development Co., Ltd.	349,121	1,978	342,265	345
Beijing Liuzhuang Real Estate Co., Ltd. <i>Note 2</i>	310,648	311	410,436	410
Ningbo Runsheng Real Estate Development Co., Ltd. <i>Note 2</i>	270,500	270	–	–
Qingyuan Maglev Transportation Co., Ltd.	265,810	266	260,126	260
CRCC Chengfa Kaitou (Taizhou) Urban Development Co., Ltd.	201,550	1,008	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Other receivables (Continued)				
China Railway Construction Investment (Shenyang) Urban Development and Construction Co., Ltd.	160,899	959	366,950	372
Suzhou Jinghong Real Estate Development Co., Ltd. <i>Note 2</i>	30,668	31	628,118	628
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	2,329	12	850,508	860
Jiangmen Jiangwan Nanguang Investment Development Co., Ltd.	355	1	401,999	404
CRCC Investment Baoding Urban Development and Construction Co., Ltd.	–	–	1,337,211	1,341
CRCC Investment Jizhong Development and Construction Co., Ltd.	–	–	823,278	1,383
Chengdu Lugang Real Estate Co., Ltd. <i>Note 2</i>	–	–	457,011	457
Chengdu China Railway Huafu Real Estate Co., Ltd. <i>Note 2</i>	–	–	253,272	253
Total	28,415,085	422,823	27,444,260	252,923
Long-term receivables				
CRCC Investment Jizhong Development and Construction Co., Ltd.	1,231,941	6,448	–	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd. <i>Note 2</i>	939,737	353,594	1,395,684	1,405
Xuzhou Metro Line 2 Rail Transit Investment & Development Co., Ltd.	239,792	1,196	252,709	258
Hohhot Metro Line 2 Construction & Management Co., Ltd.	536,761	45,768	–	–
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.	480,000	2,400	480,000	2,400
CRCC Investment Baoding Urban Development and Construction Co., Ltd.	458,501	2,400	–	–
Yuxi China Railway Infrastructure Construction Co., Ltd.	456,651	2,283	373,845	1,869
Jiangsu Yancheng tietou Construction Development Co., Ltd.	447,960	658	52,500	263
Taiyuan Rail Transit Line 1 Construction & Operation Co., Ltd.	425,101	438	–	–
Anqing Gaotie New Area Construction Investment Co., Ltd.	334,805	335	35,200	35
Shanghai Gangheng Real Estate Co., Ltd. <i>Note 2</i>	326,366	1,632	–	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Long-term receivables (Continued)				
CRCC Nanjing Jiangbei Underground Space Construction and Development Co., Ltd.	289,257	1,446	–	–
Jiangsu Yinbao Gangkai Construction Co., Ltd.	282,662	283	98,686	99
Chongqing Tiefa Shuanghe Expressway Co., Ltd.	225,937	1,125	–	–
Changzhou Jingrui Real Estate Development Co., Ltd. <i>Note 2</i>	198,065	1,103	–	–
Changsha Zhicheng Real Estate Co., Ltd. <i>Note 2</i>	179,843	1,774	–	–
Yunnan Kunchu Highway Investment & Development Co., Ltd.	175,873	925	–	–
Wantong Intercity Railway Co., Ltd.	172,169	857	–	–
Chongqing Tiefa Jianxin Highway Co., Ltd.	145,570	898	–	–
CRCC Investment Langfang Development and Construction Co., Ltd.	142,692	143	–	–
Kunming Sanqing Highway Co., Ltd.	141,806	622	–	–
Tianjin Urban Construction Jinyu Real Estate Co., Ltd. <i>Note 2</i>	135,991	136	–	–
Taiyuan airport hub Real Estate Co., Ltd. <i>Note 2</i>	133,051	934	86,818	87
CRCC Ningxia Highway Co. Ltd.	130,222	651	–	–
Total	8,230,753	428,049	2,775,442	6,416
Debt investments				
Hengda Real Estate (Shenzhen) Co., Ltd.	2,927,357	1,080,312	2,927,357	514,839
Jiangsu Yancheng Tietou Construction Development Co., Ltd.	1,255,238	1,043	–	–
CRCC-Tongguan Investment Co., Ltd.	637,663	638	611,261	611
CRCC Chengfa (Shangrao) Development and Construction Co., Ltd.	555,962	2,334	–	–
Liaocheng Xurui Municipal Engineering Co., Ltd.	538,818	2,694	587,717	588
Yunnan Gangcheng Infrastructure Construction Co., Ltd.	519,081	474	484,374	484
CRCC Real Estate Co., Ltd.	518,300	2,591	677,755	678
CRCC Ningxia Ningdong Road And Bridge Investment Development Co., Ltd.	406,885	40,994	305,353	305
China Railway Construction Port and Waterway Bureau Group Changshou Changjiang Second Bridge Construction Co., Ltd.	330,736	317	316,836	1,384

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Debt investments (Continued)				
Linyi Xinfenghuang Urban Renewal Co., Ltd.	260,000	13,000	260,000	260
Linqing Anrun Investment Development and Construction Co., Ltd.	236,723	1,184	-	-
Huizhou CRCC Harbor & Channel Engineering Bureau Infrastructure Investment Co., Ltd.	231,134	200	200,330	200
CRCC Dongfang Investment Construction (Cixi) Co., Ltd.	229,000	1,145	-	-
Dongfang Jinyuewan Infrastructure Investment Co., Ltd.	102,836	100	-	-
Changsha Yuchi River Area Development & Investment Co., Ltd.	-	-	576,775	577
Total	8,749,733	1,147,026	6,947,758	519,926

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022	31 December 2021
Bills payable		
Xuzhou Jiaokong Supply Chain Co., Ltd.	160,183	–
Gansu Tietou Materials Co., Ltd.	124,433	244,050
CRCC Financial Leasing Co., Ltd.	99,026	17,772
Total	383,642	261,822
Trade payables	<i>Note 1</i>	
Xuzhou Jiaokong Supply Chain Co., Ltd.	89,014	9,237
Chengdu Jiaotou Kunlun Construction Engineering Co. Ltd.	65,096	84,637
CRCC Financial Leasing Co., Ltd.	48,084	206,352
Ningxia Guoyun Railway Construction High-tech Materials Technology Co., Ltd.	40,510	–
Kunming Tiexin Construction Management Co., Ltd.	32,602	299,978
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.	15,623	159,230
Wuhu China Railway Vossloh Cogifer Rail Co., Ltd.	11,014	4,582
China Railway First Survey and Design Institution Group Shandong Architecture Design Institute Co., Ltd.	10,386	36,224
Total	312,329	800,240
Contract liabilities	<i>Note 4</i>	
Kunming Metro Line 5	1,246,764	1,542,635
Yunnan Luqiu Guangfu Expressway Investment & Development Co., Ltd.	737,000	737,000
Sichuan Nansuitong Expressway Co., Ltd.	552,680	595,442
Chongqing Yuxiang Fuxian Highway Co., Ltd.	504,415	842,465
Guizhou Jianli Highway Co., Ltd.	354,245	374,245
Hangqu Railway Co., Ltd.	287,874	154,265
Wuhan Rail Transit Line 12 Construction and Operation Co., Ltd.	192,550	105,888
Chongqing Yusui Fuxian Highway Co., Ltd.	161,785	27,447
Ningxia Inter-City Railway Co., Ltd.	156,696	13,165
Zhejiang Hangyong Multiple Line Ningbo Highway Phase I Co., Ltd.	135,959	125,200

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2022	31 December 2021
Contract liabilities (Continued)	<i>Note 4</i>		
Zhengzhou Jiaotou East Fourth Ring Project Management Co., Ltd.		130,226	–
Guizhou Jinrentong Expressway Development Co., Ltd.		129,935	296,695
Guangzhou Huangpu Light Rail Line 1 Investment Construction Co., Ltd.		124,259	–
Bazhou Kangjian Engineering Project Management Co., Ltd.		105,990	2,000
Sichuan Chengmiancangba Highway Co., Ltd.		–	974,328
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		–	310,000
Total		4,820,378	6,100,775
Other payables	<i>Note 1</i>		
Guangzhou Xintie Xinjian Investment Co., Ltd.		2,450,946	311,400
Changzhou Jingrui Real Estate Development Co., Ltd.		450,751	245,822
Dedu Expressway		431,004	–
Taiyuan Rongchuang Huifeng Real Estate Co., Ltd.		360,000	360,000
Guizhou Jianli Highway Co., Ltd.		357,711	136,079
Chengdu Zhongwan Yixing Real Estate Co., Ltd.		353,332	397,852
Shanghai Xinjinghui Real Estate Development Co., Ltd.		294,722	–
Shijiazhuang Runshi Ecological Protection Management Service Co., Ltd.		276,521	549,986
Chengdu Wuhou District Yale Real Estate Development Co., Ltd.		271,354	260,450
CRCC Gansu Zhangbian Highway Co., Ltd.		266,178	21,333
Chongqing Yusui Fuxian Highway Co., Ltd.		264,447	5,722
Shanghai Xinruicheng Real Estate Development Co., Ltd.		251,248	–
CRCC (Tianjin) Rail Transit Investment & Development Co., Ltd.		243,320	214,561
CRCC (Shandong) Gaodong Highway Co., Ltd.		240,248	31,370
Guangzhou Hongxuan Real Estate Co., Ltd.		215,572	215,572
Guangzhou Hongjia Real Estate Co., Ltd.		186,852	186,852
Hangzhou Jingke Real Estate Co., Ltd.		173,502	175,542
CRCC Kunlun Yunnan Real Estate Co., Ltd.		150,246	222,171
Chengdu China Railway Huaifu Real Estate Co., Ltd.		146,242	–
Hunan Expressway		144,672	–
Maanshan Zhengpu Port Railway Co., Ltd.		144,400	–
China Railway Construction Real Estate Group Suzhou Real Estate Co., Ltd.		140,567	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

		<i>RMB'000</i>	
		31 December 2022	31 December 2021
Other payables (Continued)	<i>Note 1</i>		
Tianjin Line 1 Rail Transit Operation Co., Ltd.		139,866	144,004
Shanghai Xinfucheng Real Estate Development Co., Ltd.		134,985	–
Kunming Kunlun Shouzhi Real Estate Co., Ltd.		134,250	448,995
CRCC (Shandong) Deshang Expressway Co., Ltd.		133,924	17,855
Shijiazhuang Jiasheng Pipe Gallery Engineering Co., Ltd.		126,105	113,151
CRCC Investment Shandong Xiaoqinghe Development Co., Ltd.		122,181	85,300
Dalian Wancheng Zhiguang Real Estate Co., Ltd.		117,973	114,033
CRCC (Tianjin) Rail Transit Investment and Construction Co., Ltd.		113,377	–
CRCC Investment Airport (Chengdu) Urban Construction Development Co., Ltd.		110,022	–
CRCC Investment Weifang City Development and Construction Co., Ltd.		108,217	11,856
Nanjing Jiangbei New Area Guanglian Pipeline Corridor Construction Co., Ltd.		104,420	–
Shanghai Hongjun Real Estate Co., Ltd.		92,820	210,120
Zhejiang Jinsheng Construction Development Co., Ltd.		91,799	3,122
Xi'an China Railway Jingmao Real Estate Co., Ltd.		86,383	140,529
Changsha Yuchi River Area Development & Investment Co., Ltd.		85,480	–
Qingdao Blue Silicon Valley Intercity Rail Transit Co., Ltd.		84,545	60,449
Guangde Railway Construction Lanhaihui Road Investment Center (Limited Partnership)		83,673	–
Beijing Tongda Jingcheng Highway Co., Ltd.		82,281	138,753
Guangzhou Baorui Real Estate Development Co., Ltd.		80,624	80,154
CRCC Chanfa (Dongyang) Development and Construction Co., Ltd.		77,439	–
Nanjing Xincheng Guanghong Real Estate Co., Ltd.		77,140	60,800
CRCC Shaanxi Highway Co., Ltd.		75,976	35,147
CRCC Southeast Chongqing (Chongqing) Expressway Co., Ltd.		75,639	37,029

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

		<i>RMB'000</i>
	31 December 2022	31 December 2021
Other payables (Continued)	<i>Note 1</i>	
Guangxi Jingcheng Real Estate Development Co., Ltd.	72,953	83,981
CRCC Investment Baoding Urban Development and Construction Co., Ltd.	72,764	–
Chongqing Rail Transit Line 18 Construction and Operation Co., Ltd.	67,131	74,165
Shijiazhuang Jiatai Pipe Gallery Operation Co., Ltd.	66,373	55,317
Jining China Railway Jiansihe Road Management Co., Ltd.	65,506	–
Jiangyin China Railway Construction Kunlun City Development Co., Ltd.	64,645	638,347
Kunming Fuyi Highway Co., Ltd.	64,455	114,312
Baoding Hongmao Real Estate Development Co., Ltd.	63,654	59,510
Shenyang Jiabai Real Estate Co., Ltd.	62,240	63,937
China Railway Construction (Weinan) Chengwei Expressway Co., Ltd.	60,027	2,182
CRCC Real Estate Group Ningbo Jingping Real Estate Co., Ltd.	55,690	129,189
Sichuan Nansuitong Expressway Co., Ltd.	3,815	1,119,017
Total	10,872,207	7,375,966
Advances to suppliers		
CRCC Financial Leasing Co., Ltd.	101,590	129,422
Total	101,590	129,422
Due to customers	<i>Note 5</i>	
Ningbo Jingsheng Real Estate Co., Ltd.	1,500,543	–
CRCC JinLi Asset Management Co., Ltd.	756,517	742,611
CRCC Financial Leasing Co., Ltd.	298,160	30,296
CRCC Corporation	292,709	220,029
Hangzhou Jiandejiang Investment Co., Ltd.	143,168	174,227
Guangzhou Xintie Xinjian Investment Co., Ltd.	65,083	53,297
CRCC Chengfa (Xinchang) Development and Construction Co., Ltd.	47,353	–
Guangzhou Shengdu Investment Development Co., Ltd.	46,207	6,390
CRCC Luoyang Guozhan Development and Construction Co., Ltd.	–	254,717
Beijing Tongda Jingcheng Highway Co., Ltd.	–	60,088
Total	3,149,740	1,541,655

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

RMB'000

	31 December 2022	31 December 2021
Long-term loans (including current portion) <i>Note 6</i>		
CRCC Corporation	1,297,366	1,163,066
Total	1,297,366	1,163,066
Lease liabilities (including current portion)		
CRCC Financial Leasing Co., Ltd.	1,544,252	1,958,059
CRCC Corporation	40,565	15,595
Total	1,584,817	1,973,654
Long-term payables (including current portion)		
CRCC Asia Investment	683,961	340,393
Guangde CRCC Daqin Investment Partnership Enterprise (Limited Partnership)	553,082	561,792
Guangde CRCC Blue Ocean Longxin Investment Center (Limited Partnership)	457,450	180,217
Guangde Railway Construction Chuangxin Investment Partnership (Limited Partnership)	241,753	352,907
Guangde CRCC Blue Ocean Hualan Investment Center (Limited Partnership)	219,288	–
Jintai infrastructure investment (Tianjin) partnership (limited partnership)	115,498	170,998
Changzhou Jingrui Real Estate Development Co., Ltd.	99,650	–
Shanghai Xinrongcheng Real Estate Development Co., Ltd.	83,430	–
Guangde CRCC Blue Ocean Fengjian Investment Center (Limited Partnership)	78,705	82,632
CRCC Financial Leasing Co., Ltd.	31,607	52,885
Tianjin Tiejian Hongtu Fengchuang Investment Partnership (Limited Partnership)	–	209,913
Total	2,564,424	1,951,737

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Major amounts due from/to related parties (Continued)

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 the Controlling Shareholder 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 the Controlling Shareholder and considered as the entrusted loans granted to the Group by the Controlling Shareholder. The interest rate of such entrusted loans was determined by the Loan Prime Rate published by National Interbank Funding Center.

XI. COMMITMENTS AND CONTINGENCIES

1. Commitments

	<i>RMB'000</i>	
	31 December 2022	31 December 2021
Contracted, but not provided for:		
Capital commitments	2,131,496	1,465,402
Investment commitments	69,984,621	55,675,097
Other commitments	–	250,931
Total	72,116,117	57,391,430

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 2022

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:

RMB'000

The Group	31 December 2022	31 December 2021
Associates	2,142,874	2,326,781
Other entities	411,351	333,432
Total	2,554,225	2,660,213

The above guarantees exclude guarantees in respect of the banking facilities other than mortgages. As at 31 December 2022, the Group's guarantees (excluding guarantees in respect of the banking facilities other than mortgages) amounted to RMB2,554,225,000 (31 December 2021: RMB2,660,213,000), the guarantees in respect of mortgages amounted to RMB31,799,286,000 (31 December 2021: RMB26,025,745,000). Until now, 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:

RMB'000

The Company	31 December 2022	31 December 2021
Subsidiaries	17,063,311	19,842,658
Associates	454,548	841,834
Other entities	293,449	250,527
Total	17,811,308	20,935,019

In addition, no interest-bearing bank and other loans of the Company were guaranteed by the subsidiaries of the Company as at 31 December 2022 (31 December 2021: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution

Pursuant to the resolution approved in the 5th session of the 16th board of directors meeting of the Company held on 29 to 30 March 2023, the Board of Directors proposed that cash dividends may be distributed to all shareholders by the Company at RMB2.80 per 10 shares (i.e. cash dividend of RMB0.28 per share). The cash dividend of RMB3,802,272,000 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.

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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
2022:							
Revenue from external customers	939,366,100	20,181,756	21,747,067	62,253,669	52,764,275	-	1,096,312,867
Inter-segment sales	25,349,706	114,101	2,985,249	-	42,734,243	(71,183,299)	-
Total	964,715,806	20,295,857	24,732,316	62,253,669	95,498,518	(71,183,299)	1,096,312,867
Share of profits/(losses) of joint ventures and associates	(2,007,783)	(19,127)	190,235	429,315	278,162	-	(1,129,198)
Impairment of credit losses and impairment losses on assets	(6,112,637)	(163,265)	(30,749)	(1,945,245)	313,158	-	(7,938,738)
Depreciation and amortisation	(17,795,084)	(284,388)	(1,200,764)	(56,667)	(1,184,088)	-	(20,520,991)
Profit before tax	24,239,316	4,005,605	2,787,768	3,705,185	3,589,817	(503,229)	37,824,462
Other disclosures:							
Increase in other non-current assets other than long-term equity investments	18,731,241	219,571	1,621,993	1,237,873	8,449,616	-	30,260,294
31 December 2022							
Segment assets (Note 1)	1,055,925,658	35,697,660	53,178,764	358,618,747	358,375,471	(337,845,248)	1,523,951,052
Segment liabilities (Note 2)	822,409,451	14,398,058	27,229,770	299,820,355	301,971,420	(327,893,865)	1,137,935,189
Other disclosures:							
Long-term equity investments in joint ventures and associates	108,629,494	3,678,874	1,997,313	10,247,930	3,431,627	-	127,985,238

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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
2021:							
Revenue from external customers	871,215,850	19,372,949	20,364,941	50,662,478	58,393,961	-	1,020,010,179
Inter-segment sales	22,604,624	47,160	1,497,257	-	45,329,412	(69,478,453)	-
Total	893,820,474	19,420,109	21,862,198	50,662,478	103,723,373	(69,478,453)	1,020,010,179
Share of profits/(losses) of joint ventures and associates	826,712	(26,764)	158,817	1,638,942	172,051	-	2,769,758
Impairment of credit losses and impairment losses on assets	(9,050,330)	(83,558)	(124,326)	(635,809)	27,541	-	(9,866,482)
Depreciation and amortisation	(16,182,600)	(261,928)	(1,005,286)	(67,555)	(835,624)	-	(18,352,993)
Profit before tax	18,785,934	3,614,545	2,481,022	6,619,098	4,292,702	(641,882)	35,151,419
Other disclosures:							
Increase in other non-current assets other than long-term equity investments	15,460,395	134,862	1,726,551	1,598,759	13,954,887	-	32,875,454
31 December 2021							
Segment assets (Note 1)	945,951,919	28,180,914	46,782,514	321,503,668	341,868,650	(331,317,659)	1,352,970,006
Segment liabilities (Note 2)	731,977,285	11,788,020	22,252,847	270,719,352	297,419,914	(327,680,408)	1,006,477,010
Other disclosures:							
Long-term equity investments in joint ventures and associates	82,496,769	2,826,655	1,756,277	7,333,732	3,750,084	-	98,163,517

Note 1: Segment assets do not include deferred tax assets of RMB9,140,494,000 (31 December 2021: RMB8,075,138,000), as the Group does not manage these assets based on operating segments. In addition, inter-segment receivables of RMB346,985,742,000 (31 December 2021: RMB339,392,797,000) are eliminated on consolidation.

Note 2: Segment liabilities do not include deferred tax liabilities of RMB1,566,493,000 (31 December 2021: RMB1,507,553,000) and corporate income tax payable of RMB3,320,134,000 (31 December 2021: RMB3,193,492,000) as the Group does not manage these liabilities based on operating segments. In addition, inter-segment payables of RMB332,780,492,000 (31 December 2021: RMB332,381,453,000) are eliminated on consolidation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIII. OTHER SIGNIFICANT EVENTS (Continued)

1. Segment reporting (Continued)

Group information

Geographical information

Revenue from external customers

RMB'000

	2022	2021
Mainland China	1,042,234,340	973,044,512
Outside Mainland China	54,078,527	46,965,667
Total	1,096,312,867	1,020,010,179

Total non-current assets (Note)

RMB'000

	31 December 2022	31 December 2021
Mainland China	266,759,538	240,194,610
Outside Mainland China	13,325,386	11,231,096
Total	280,084,924	251,425,706

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, development expenditure, 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 2022 (2021: did not derive more than 10% of its total revenue from any single customer).

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information

(i) Pension scheme contributions

	<i>RMB'000</i>	
Item	2022	2021
Pension scheme contributions (defined contribution plans)	8,321,055	7,545,079
Pension scheme costs (defined benefit plans)	6,856	5,090

As at 31 December 2022, there were no forfeited contributions available to reduce the Group's contributions to its pension scheme in the next year (31 December 2021: Nil).

(ii) Directors' and supervisors' remuneration

	<i>RMB'000</i>	
Item	2022	2021
Salaries, housing welfare and other allowances and physical benefits	2,418	2,489
Performance bonus	6,562	3,227
Defined contribution plan	838	758
Total	9,818	6,474

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Other financial information (Continued)

(ii) Directors' and supervisors' remuneration (Continued)

Name and remuneration of independent non-executive directors for the current year are as follows:

Item	<i>RMB'000</i>	
	2022	2021
Independent Non-executive Directors		
Mr. MA Chuanjing (<i>Note 1</i>)	67	5
Mr. ZHAO Lixin (<i>Note 1</i>)	67	5
Mr. XIE Guoguang (<i>Note 1</i>)	67	5
Mr. TSIN Wai Lun Kenneth (<i>Note 1</i>)	146	14
Mr. WANG Huacheng (Before December 21, 2021)	–	212
Mr. Patrick SUN (Before December 21, 2021)	–	192
Mr. CHENG Wen (Before December 21, 2021)	–	100
Ms. Amanda Xiao Qiang LU (Before December 21, 2021)	–	158
Total	347	691

The fees of the above independent non-executive directors represent remuneration paid in respect of their services as directors of the Company. There was no other remuneration payable to the independent non-executive directors during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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
2022				
Executive director				
Mr. WANG Jianping (board chairman)	314	1,012	131	1,457
Mr. ZHUANG Shangbiao (president)	314	1,432	129	1,875
Mr. CHEN Dayang	279	1,299	124	1,702
Mr. LIU Ruchen	279	1,255	122	1,656
Sub-total	1,186	4,998	506	6,690
Non-executive director				
Mr. GAO Lieyang (Note 1 and 2)	-	-	-	-
Sub-total	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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: (Continued)

RMB'000

	Salaries, housing welfare and other allowances and physical benefits	Performance bonus	Defined benefit plan	Total remuneration
Independent non-executive director				
Mr. MA Chuanjing (Note 1)	65	2	–	67
Mr. ZHAO Lixin (Note 1)	65	2	–	67
Mr. XIE Guoguang (Note 1)	65	2	–	67
Mr. TSIN Wai Lun Kenneth (Note 1)	146	–	–	146
Sub-total	341	6	–	347
Supervisor				
Mr. ZHAO Wei (Note 1)	267	599	111	977
Mr. LIU Zhengchang	316	471	110	897
Mr. KANG Fuxiang	308	488	111	907
Sub-total	891	1,558	332	2,781
Total	2,418	6,562	838	9,818

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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
2021				
Executive director				
Mr. WANG Jianping (board chairman)	310	462	142	914
Mr. ZHUANG Shangbiao (president)	310	683	142	1,135
Mr. CHEN Dayang	275	627	133	1,035
Mr. LIU Ruchen	275	607	132	1,014
Sub-total	1,170	2,379	549	4,098
Non-executive director				
Mr. GAO Lieyang (<i>Note 1</i>)	–	–	–	–
Sub-total	–	–	–	–
Independent non-executive director				
Mr. MA Chuanjing (<i>Note 1</i>)	5	–	–	5
Mr. ZHAO Lixin (<i>Note 1</i>)	5	–	–	5
Mr. XIE Guoguang (<i>Note 1</i>)	5	–	–	5
Mr. TSIN Wai Lun Kenneth (<i>Note 1</i>)	14	–	–	14
Mr. WANG Huacheng (Before December 21, 2021)	212	–	–	212
Mr. Patrick SUN (Before December 21, 2021)	192	–	–	192
Mr. CHENG Wen (Before December 21, 2021)	100	–	–	100
Ms. Amanda Xiao Qiang LU (Before December 21, 2021)	158	–	–	158
Sub-total	691	–	–	691

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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
Supervisor				
Mr. ZHAO Wei (<i>Note 1</i>)	22	23	8	53
Mr. CAO Xirui (Before December 21, 2021)	–	–	–	–
Mr. LIU Zhengchang	303	403	100	806
Mr. KANG Fuxiang	303	422	101	826
Sub-total	628	848	209	1,685
Total	2,489	3,227	758	6,474

Note 1: On 21 December 2021, Mr. Ma Chuanjing, Mr. Zhao Lixin, Mr. Xie Guoguang and Mr. TSIN Wai Lun Kenneth act as a non-executive independent director of the 5th board. Mr. Wang Huacheng, Mr. Patrick SUN, Mr. Cheng Wen and Ms. Lu Xiaoqiang has ceased to hold their positions as a non-executive director. Mr. Gao Lieyang acts as a non-executive director of the 5th board. Mr. Zhao Wei acts as a supervisor of the 5th board, and Mr. Cao Xirui has ceased to hold their positions as a supervisor.

Note 2: Mr. GAO Lieyang is a full-time director of the State-owned Assets Supervision and Administration Commission of the State Council, who does not receive any salaries from the listed company.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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:

	2022	2021
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:

	2022	2021
Salaries, housing welfare and other allowances and physical benefits	1,634	1,230
Performance bonus	17,879	19,831
Defined contribution plan	546	500
Total	20,059	21,561

RMB'000

Number of employee that is neither a director nor a supervisor of the following remuneration ranges is as follows:

Item	2022	2021
HKD2,500,000 to 3,000,000 (including 3,000,000)	–	–
HKD3,000,000 to 3,500,000 (including 3,500,000)	–	–
HKD3,500,000 to 4,000,000 (including 4,000,000)	–	1
HKD4,000,000 to 4,500,000 (including 4,500,000)	4	2
HKD4,500,000 to 5,000,000 (including 5,000,000)	1	1
Over HKD5,000,000	–	1
Total	5	5

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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 2022	31 December 2021
Within 1 year	2,216,771	3,746,362
1 to 2 years	23,889	488,141
2 to 3 years	—	295,324
Over 3 years	—	233,315
Subtotal	2,240,660	4,763,142
Less: Impairment of credit losses	20,325	187,532
Total	2,220,335	4,575,610

Trade receivables and impairment of credit losses by category are listed as follows:

RMB'000

Category	Gross carrying amount		31 December 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	2,240,660	100.00	20,325	0.91	2,220,335
Total	2,240,660	100.00	20,325	0.91	2,220,335

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

RMB'000

Category	Gross carrying amount		31 December 2021 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Impairment of credit losses assessed by credit risk portfolio	4,763,142	100.00	187,532	3.94	4,575,610
Total	4,763,142	100.00	187,532	3.94	4,575,610

As at 31 December 2022, trade receivables whose impairment of credit losses were assessed by credit risk portfolio are listed as follows:

Portfolio 1:

RMB'000

Category	31 December 2022 Gross carrying amount		31 December 2022 Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,216,662	98.93	20,069	0.91
1 to 2 years	23,889	1.07	256	1.07
Total	2,240,551	100.00	20,325	0.91

Portfolio 2:

RMB'000

Category	31 December 2022 Gross carrying amount		31 December 2022 Impairment of credit losses	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	109	100.00	—	—
Total	109	100.00	—	—

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Trade receivables (Continued)

As at 31 December 2022, 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	1,358,136	Within 1 year	60.61
Company 2	Third Party	256,800	Within 1 year	11.46
Company 3	Joint venture	215,381	Within 1 year	9.61
Company 4	Third Party	96,386	Within 1 year	4.30
Company 5	Third Party	73,450	Within 1 year	3.28
Total	—	2,000,153	—	89.26

As at 31 December 2022 and 31 December 2021, 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.

2. Other receivables

An aging analysis of other receivables is listed as follows:

RMB'000

Aging	31 December 2022	31 December 2021
Within 1 year	23,951,909	23,984,785
1 to 2 years	468,075	1,644,503
2 to 3 years	1,453,659	90,422
Over 3 years	773,819	686,546
Subtotal	26,647,462	26,406,256
Less: Impairment of credit losses	495	1,284
Total	26,646,967	26,404,972

Provision for impairment of credit losses are as follows:

- (1) As at 31 December 2022, the Company did not have other receivables at phase II.
- (2) As at 31 December 2022, the Company did not have other receivables at phase III.

In 2022, no other receivables have been written off. (2021: Nil)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

As at 31 December 2022, 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	Subsidiaries	7,000,000	Within 1 year	26.27
Company 2	Subsidiaries	6,542,560	Within 5 years	24.55
Company 3	Subsidiaries	3,829,210	Within 3 years	14.37
Company 4	Subsidiaries	3,626,704	Within 2 years	13.61
Company 5	Subsidiaries	1,000,000	Within 1 year	3.75
Total	–	21,998,474	–	82.55

As at 31 December 2022 and 31 December 2021, no amount due from shareholders that held 5% or more of the Company's voting rights was included in the aforesaid balance of trade receivables.

3. Long-term equity investments

RMB'000

Item		31 December 2022	31 December 2021
Equity investment under cost method			
– Subsidiaries	(i)	102,246,493	103,771,051
Total		102,246,493	103,771,051

Note : All the long-term equity investments are investments in unlisted companies, except for CRCC High-Tech Equipment Corporation Limited and China Railway Construction Heavy Industry.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2022	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2022 (%)	Category
	Carrying amount at 31 December 2021	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.	2,660,480	-	-	2,660,480	100.00	Co., Ltd
China Railway 14th Bureau Group Co., Ltd. (Note V. 42)	2,130,105	-	-	2,130,105	79.02	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.	1,735,340	-	-	1,735,340	100.00	Co., Ltd
China Railway 18th Bureau Group Co., Ltd. (Note V. 42)	1,103,234	-	-	1,103,234	80.30	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. (Note V. 42)	1,615,144	-	-	1,615,144	70.41	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.	1,348,597	-	-	1,348,597	100.00	Co., Ltd
China Railway Construction Group Co., Ltd.	2,868,346	-	-	2,868,346	85.64	Co., Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2022	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2022 (%)	Category
	Carrying amount at 31 December 2021	Transfer to/ Increase in investment	Decrease in investment			
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.	1,067,809	20,000	-	1,087,809	100.00	Co., Ltd
China Railway Fifth Survey and Design Institute Group Co., Ltd.	318,196	20,000	-	338,196	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	4,028,004	-	-	4,028,004	71.93	Co., Ltd
China Railway Construction (Beijing) Business Management Co., Ltd.	28,313	-	-	28,313	100.00	Co., Ltd
CRCC Investment	10,538,793	-	-	10,538,793	87.34	Co., Ltd
CRCC Harbour and 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
China Railway Construction Corporation (International) Limited	3,012,602	-	-	3,012,602	100.00	Co., Ltd
China Railway Urban Construction Group Co., Ltd. (Note V. 42)	2,000,000	-	-	2,000,000	71.69	Co., Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2022	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2022 (%)	Category
	Carrying amount at 31 December 2021	Transfer to/ Increase in investment	Decrease in investment			
Beijing CRCC Tianrui Machinery Equipment Co., Ltd.	2,000,000	-	-	2,000,000	98.04	Co., Ltd
CRCC Kunlun Investment Group Co., Ltd. (Note 2)	3,600,000	-	-	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 1)	-	1,000,000	-	1,000,000	100.00	Co., Ltd
CRCC South China Investment Co., Ltd. (Note 1)	1,300,000	135,442	1,000,000	435,442	100.00	Co., Ltd
CRCC Chongqing Investment Group Co., Ltd. (Note 2)	3,000,000	-	3,000,000	-	-	Co., Ltd
China Railway Maglev Transportation Investment Construction Co., Ltd.	500,000	-	-	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 Urban Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd
CRCC East Investment & Construction Co., Ltd.	2,000,000	-	-	2,000,000	100.00	Co., Ltd
CRCC International Investment Co., Ltd.	1,700,000	1,300,000	-	3,000,000	100.00	Co., Ltd
CRCC Development Group Co., Ltd.	1,498,690	-	-	1,498,690	100.00	Co., Ltd
CRCC North Investment & Construction Co., Ltd.	200,000	-	-	200,000	100.00	Co., Ltd
CRCC Yellow River Investment & Construction Co., Ltd.	1,110,000	-	-	1,110,000	100.00	Co., Ltd
CRCC Capital Holdings Group Co., Ltd.	3,633,290	-	-	3,633,290	100.00	Co., Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(i) Subsidiaries (Continued)

RMB'000

Investee	Changes for the year			Carrying amount at 31 December 2022	Percentage of the investee's registered capital directly attributable to the Company as at 31 December 2022 (%)	Category
	Carrying amount at 31 December 2021	Transfer to/ Increase in investment	Decrease in investment			
China Railway Construction Treasury Management(Hong Kong) Co., Ltd.	4,184	-	-	4,184	100.00	Co., Ltd
China Railway Construction Southwest Investment Co., Ltd.	100,000	-	-	100,000	100.00	Co., Ltd
Total	103,771,051	2,475,442	4,000,000	102,246,493	--	--

Note 1: In 2022, CRCC South China Investment Co., Ltd., the subsidiary of the Company, transferred its equity of CRCC Southern Construction and Investment Co., Ltd. to the Company. After this equity transfer, CRCC Southern Construction and Investment Co., Ltd. became a subsidiary of the Company, and the Company held 100% of its equity.

Note 2: In 2022, the Company transferred its equity of CRCC Chongqing Investment Group Co., Ltd. to its subsidiary CRCC Kunlun Investment Group Co., Ltd.

4. Other payables

Other payables are disclosed by category:

RMB'000

Item	31 December 2022	31 December 2021
Payables for advances	17,163,229	14,936,180
Centralized funds payable	2,818,475	3,326,755
Dividends payable	426,236	382,251
Guarantees and deposits	55,819	75,179
Others	434,253	340,530
Total	20,898,012	19,060,895

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Long-term loans

RMB'000

Item	31 December 2022	31 December 2021
Credit loans	3,708,802	2,328,564
Total	3,708,802	2,328,564

The maturity profile of the long-term loans as at the balance sheet date is listed as follows:

RMB'000

Item	31 December 2022	31 December 2021
Within one year or paid on demand	391,564	623,502
In the second year (inclusive)	1,506,000	391,564
In the third year (inclusive)	757,802	406,000
Over three years	1,445,000	1,531,000
Total	4,100,366	2,952,066

6. Revenue and cost of sales

Revenue is presented as follows:

RMB'000

Item	2022	2021
Revenue from principal operations	8,686,578	15,268,762
Other operating revenue	1,067,990	1,244,756
Total	9,754,568	16,513,518

Operating cost is presented as follows:

RMB'000

Item	2022	2021
Operating cost	8,542,489	16,611,857

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Finance costs

	<i>RMB'000</i>	
Item	2022	2021
Interest expenses	630,677	591,259
Less: Interest income	3,123,900	3,159,632
Exchange losses/(gains)	914,414	(203,846)
Bank charges and others	6,909	22,497
Total	(1,571,900)	(2,749,722)

8. Investment income

	<i>RMB'000</i>	
Item	2022	2021
Investment income received from long-term equity investments under cost method	11,488,547	8,984,501
Others	16,020	14,525
Total	11,504,567	8,999,026

For the year ended 31 December 2022, the investment income mentioned above was composed of investment income of RMB401,656,000 (2021: RMB14,525,000) from listed companies and RMB11,102,911,000 from unlisted companies (2021: RMB8,984,501,000).

As at 31 December 2022, 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 2022

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

	<i>RMB'000</i>	
Item	2022	2021
Reconciliation of net profit to cash flows from operating activities:		
Net profit	13,425,745	10,959,399
Plus: Impairment of credit losses	81,889	9,651
Impairment (gains)/losses on assets	(1,326)	7,041
Depreciation of fixed assets	13,451	17,077
Amortisation of intangible assets	17,624	10,526
Amortisation of long-term prepayments	1,367	1,918
Depreciation of right-of-use assets	31,983	30,469
Gains from disposal of fixed assets, intangible assets and other long-term assets	(2)	–
Losses on retirement of fixed assets	196	607
Losses/(gains) from changes in fair value	20,298	(7,831)
Finance costs	1,510,264	323,769
Investment income	(11,504,567)	(8,999,026)
Decrease in deferred tax assets	643	725
(Decrease)/increase in deferred tax liabilities	(5,075)	1,958
(Increase)/decrease in inventories	(2,137)	47
Decrease/(increase) in contract assets	242,957	(237,110)
Decrease/(increase) in operating receivables	2,586,524	(12,401,812)
Decrease in operating payables	(47,180)	(922,583)
Net cash flows generated from/(used in) operating activities	6,372,654	(11,205,175)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

9. Supplementary information to the statement of cash flows (Continued)

(2) Cash and cash equivalents

RMB'000

Item	31 December 2022	31 December 2021
Cash	18,757,618	12,423,319
Including: Cash on hand	3	5
Cash with banks/financial institutions without restrictions	18,757,615	12,423,314
Closing balance of cash and cash equivalents	18,757,618	12,423,319

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions

(1) Significant transactions between the Company and its related parties

		<i>RMB'000</i>	
Item		2022	2021
(1) Revenue from other related party transactions			
Subsidiaries		4,148,879	4,217,809
Total		4,148,879	4,217,809
(2) Purchase of goods and receipt of services			
Subsidiaries		8,207,810	16,250,083
Total		8,207,810	16,250,083
(3) Other expenses			
Subsidiaries		521,684	459,551
Other related parties		46,949	40,566
Total		568,633	500,117

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions (Continued)

(2) Balance due to/from related parties

RMB'000

Item	31 December 2022		31 December 2021	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Trade receivables				
Other related parties	290,006	2,004	499,688	1,738
Total	290,006	2,004	499,688	1,738
Other receivables				
Subsidiaries	22,528,960	–	24,379,865	–
Other related parties	–	–	632	–
Total	22,528,960	–	24,380,497	–
Advances to suppliers				
Subsidiaries	293,606	–	305,228	–
Total	293,606	–	305,228	–
Cash and bank balances				
Subsidiaries	12,710,303	–	7,880,521	–
Total	12,710,303	–	7,880,521	–
Long-term receivables				
Subsidiaries	37,676,300	–	20,930,000	–
Total	37,676,300	–	20,930,000	–
Current portion of non-current assets				
Subsidiaries	9,563,953	–	26,503,823	–
Total	9,563,953	–	26,503,823	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

XIV. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

10. Related party transactions (Continued)

(2) Balance due to/from related parties (Continued)

RMB'000

Item	31 December 2022	31 December 2021
Trade payables		
Subsidiaries	8,080,266	10,749,452
Total	8,080,266	10,749,452
Other payables		
Subsidiaries	20,138,806	18,378,464
Other related parties	55,680	55,680
Total	20,194,486	18,434,144
Long-term loans		
Other related parties	991,802	625,564
Total	991,802	625,564
Non-current liabilities due within one year		
Subsidiaries	820,047	32,697
Other related parties	305,564	537,502
Total	1,125,611	570,199
Long-term payables		
Subsidiaries	2,103,345	2,104,437
Total	2,103,345	2,104,437

Supplementary Information

For the year ended 31 December 2022

XV. SUPPLEMENTARY INFORMATION

1. Summary of non-recurring profit or loss

Item	<i>RMB'000</i>	
	2022	2021
Gains from disposal of non-current assets	76,037	620,422
Gains from disposal of long-term equity investments	931,593	322,610
Investment income from remeasurement of the remaining shares at fair value after disposal of part of shares	673,461	281,357
Gain on investments of subsidiaries, associates and joint ventures in which the investment cost was less than the interest in fair value of identifiable net assets of the investees at the time of acquisition	81,826	–
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)	931,515	874,341
Gains from the re-measurement at fair value of originally held equity when obtaining controls of subsidiaries	172,505	–
Net gains from debt restructuring	118,584	166,858
Investment income from holding and disposal of held-for-trading financial assets	140,316	22,987
Investment income from holding the other equity instrument investments	99,537	180,576
Gains/(losses) on fair value changes	(462,611)	(243,222)
Reversal of impairment of receivables	398,676	458,484
Other non-operating income and expenses other than the above items	203,579	199,876
Impact on income tax	(758,032)	(541,507)
Impact on non-controlling interests (after tax)	(53,633)	(82,035)
Non-recurring profit or loss	2,553,353	2,260,747

Supplementary Information (continued)

For the year ended 31 December 2022

XV. SUPPLEMENTARY INFORMATION (Continued)

2. Return on net assets and earnings per share ("EPS")

2022:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	11.05	1.76	1.76
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	9.87	1.57	1.57

2021:

	Weighted average return on net assets (%)	EPS (RMB)	
		Basic	Diluted
Net profit attributable to the Company's ordinary shareholders	11.10	1.60	1.60
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	9.94	1.43	1.43

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 XII Five Years' Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Unit: '000 Currency: RMB

Item	2022	2021	2020	2019	2018
Revenue	1,096,312,867	1,020,010,179	910,324,763	830,452,157	730,123,045
Cost of sales	985,747,674	922,126,888	825,987,266	750,365,068	658,711,266
Taxes and surcharges	4,173,433	3,622,907	3,733,320	4,633,550	4,805,880
Selling and distribution expenses	6,642,387	6,147,103	5,667,867	5,432,855	4,431,330
General and administrative expenses	21,873,045	20,741,919	19,038,444	18,151,260	17,235,632
Research and development expenses	25,003,936	20,253,956	18,605,952	16,527,801	11,571,783
Finance costs	3,578,296	3,683,532	3,496,636	3,632,348	3,910,313
Other income	1,098,735	1,063,418	941,516	415,139	260,140
Investment income	-4,665,935	-193,604	-686,098	-420,036	-226,251
Gains on fair value change	-462,611	-243,222	105,833	656,543	-226,347
Impairment losses on assets	-3,050,914	-1,589,571	-1,023,339	-1,893,643	-179,635
Impairment of credit losses	-4,887,824	-8,276,911	-2,701,879	-3,117,515	-4,292,765
Gains on disposal of assets	76,037	620,422	589,278	279,016	529,783
Operating profit	37,401,584	34,814,406	31,020,589	27,628,779	25,321,766
Non-operating income	1,183,193	1,111,804	1,068,358	974,713	1,096,998
Non-operating expenses	760,315	774,791	598,395	576,842	1,313,502
Net non-operating income	422,878	337,013	469,963	397,871	-216,504
Profit before tax	37,824,462	35,151,419	31,490,552	28,026,650	25,105,262
Income tax expenses	6,071,684	5,836,217	5,781,878	5,402,959	5,266,854
Net profit	31,752,778	29,315,202	25,708,674	22,623,691	19,838,408
Profit or loss attributable to owners of the Company	26,642,094	24,690,556	22,392,983	20,197,378	17,935,281
Profit or loss attributable to non-controlling interests	5,110,684	4,624,646	3,315,691	2,426,313	1,903,127
Basic earnings per share (RMB/share)	1.76	1.60	1.50	1.40	1.26
Diluted earnings per share (RMB/share)	1.76	1.60	1.44	1.33	1.23

Section XII Five Years' Financial Summary (continued)

TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: '000 Currency: RMB

Item	2022	2021	2020	2019	2018
Total assets	1,523,951,052	1,352,970,006	1,242,792,799	1,081,239,213	917,670,582
Total liabilities	1,137,935,189	1,006,477,010	929,153,709	819,217,639	710,335,727
Total Shareholders' equity	386,015,863	346,492,996	313,639,090	262,021,574	207,334,855

Board Chairman: **WANG Jianping**
Submission Date Approved By the Board: 30 March 2023

Modification information

Applicable Not Applicable



中国铁建

中國鐵建股份有限公司
China Railway Construction Corporation Limited