



中國中鐵股份有限公司 CHINA RAILWAY GROUP LIMITED

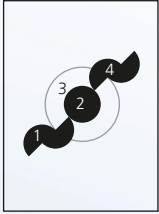
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 390



永遠的開路先鋒

2024 ANNUAL REPORT



Cover Legend

- 1. EOD Project for Zhongshan Ecological Zone
- 2. Antarctic Qinling Station
- 3. Huangmao Sea Cross-sea Channel
- 4. MKM Copper Smelter



Storage tracks at Nanjing South Railway Station

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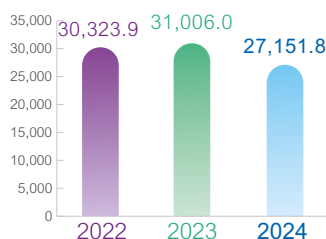


SNAPSHOT OF ANNUAL REPORT



New contracts

RMB'00 million

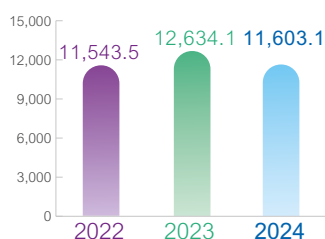


Year-on-year decrease
12.4% ▼



Revenue

RMB'00 million

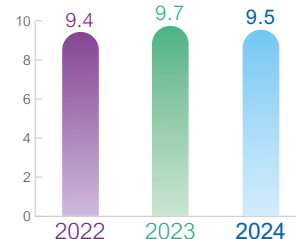


Year-on-year decrease
8.2% ▼



Gross profit margin

%

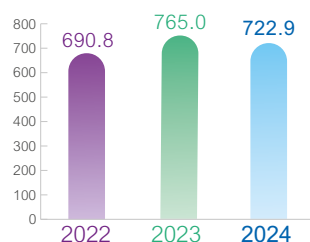


Year-on-year decrease
0.2 percentage point ▼



EBITDA

RMB'00 million

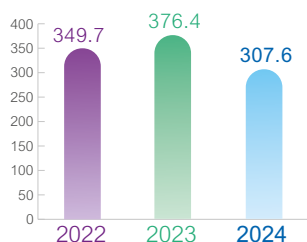


Year-on-year decrease
5.5% ▼



Net profit

RMB'00 million

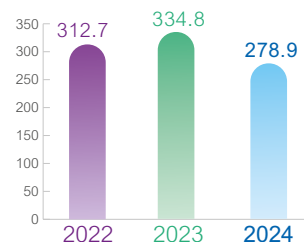


Year-on-year decrease
18.3% ▼



Net profit attributable to owners of the Company

RMB'00 million

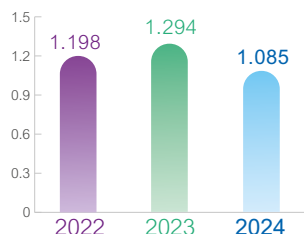


Year-on-year decrease
16.7% ▼



Basic earnings per share

RMB/share

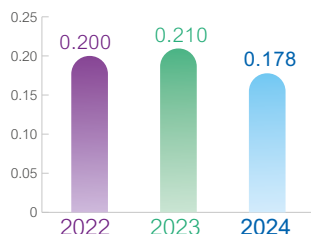


Year-on-year decrease
16.2% ▼



Dividend per share (tax inclusive)

RMB/share

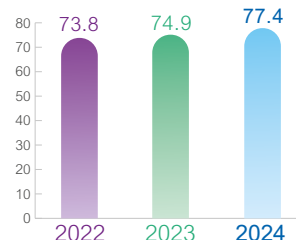


Year-on-year decrease
15.2% ▼



Gearing ratio

%



Increase by **2.5 percentage points**
from the beginning
of the year ▲

COMPANY PROFILE

The Company was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") under the Company Law of the PRC on 12 September 2007. The A shares and H shares issued by the Company were listed on the Shanghai Stock Exchange and the main board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 3 December 2007 and 7 December 2007 respectively.

We are one of the largest multi-functional integrated construction group in the PRC and Asia in terms of the total revenue of the engineering contract, and rank 35th on the 2024 Fortune Global 500 list. We offer a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, and also expand to property development and other businesses such as mining.

We have outstanding advantages in the construction of infrastructure facilities such as railways, highways, municipal works and urban rails. In particular, we hold leading positions in the design and construction of bridges, tunnels and electrified railways, and the design and manufacturing of bridge steel structures and turnouts in the PRC, which has achieved advanced international standards. While we operate in every province across the PRC, we have also explored extensive global markets.

Adhering to the motto of "strive to challenge limits and achieve excellence", the Company is committed to continuous development of the Company to create a brighter and better future.

• Chizhou-Huangshan High-speed Railway



FINANCIAL SUMMARY

Summary of Consolidated Statement of Profit or Loss

		For the year ended 31 December				Change
	2024	2023	2022	2021	2020	2024 vs 2023
						(%)
		RMB million				
Revenue						
Infrastructure Construction	1,020,533	1,133,077	1,019,730	953,038	876,310	-9.9
Survey, Design and Consulting Services	18,523	19,269	19,795	18,607	17,321	-3.9
Engineering Equipment and Component Manufacturing	35,898	35,978	38,863	33,176	29,793	-0.2
Property Development	48,870	51,563	54,082	51,300	49,763	-5.2
Other Businesses	102,209	109,785	111,538	101,942	74,183	-6.9
Inter-segment Eliminations and Adjustments	(65,722)	(86,260)	(89,659)	(84,791)	(72,638)	
Total	1,160,311	1,263,412	1,154,349	1,073,272	974,732	-8.2
Gross Profit	110,231	122,686	108,890	103,386	90,189	-10.2
Profit before Tax	40,613	47,581	44,692	39,636	35,612	-14.6
Profit for the Year	30,758	37,637	34,967	30,470	27,250	-18.3
Profit for the Year attributable to Owners of the Company	27,887	33,483	31,273	27,618	25,188	-16.7
Earnings per share (RMB)						
– Basic	1.085	1.294	1.198	1.037	0.963	-16.2
– Diluted	1.084	1.292	1.198	1.037	0.963	-16.1

FINANCIAL SUMMARY

Summary of Consolidated Statement of Financial Position

	2024	As at 31 December				Change 2024 vs 2023 (%)
		2023	2022	2021	2020	
		RMB million				
Assets						
Current Assets	1,264,093	1,005,695	898,566	801,012	742,107	25.7
Non-current Assets	992,173	823,595	714,569	560,672	457,870	20.5
Total Assets	2,256,266	1,829,290	1,613,135	1,361,684	1,199,977	23.3
Liabilities						
Current Liabilities	1,276,197	1,010,641	873,375	787,860	705,145	26.3
Non-current Liabilities	470,077	358,895	316,891	215,666	181,786	31.0
Total Liabilities	1,746,274	1,369,536	1,190,266	1,003,526	886,931	27.5
Total Equity	509,992	459,754	422,869	358,158	313,046	10.9
Total Equity and Liabilities	2,256,266	1,829,290	1,613,135	1,361,684	1,199,977	23.3

CHAIRMAN'S REPORT

**CHEN
Wenjian**

Chairman, Executive
Director and Secretary
to the
CPC Committee



In 2024, in the face of the complex and changing external environment, the Company insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, fully implemented the decisions and deployments of the CPC Central Committee and the State Council, and the work requirements of the SASAC, and always kept in mind the country's most fundamental interests, adhered to the general principle of seeking progress while maintaining stability, continuously strengthened its core functions and core competitiveness, demonstrated its role as a central enterprise in serving the national strategy, stimulated its internal vitality in deepening reform and innovation, and made every effort to promote the steady and long-term development of the construction of "high-quality China Railway".

Demonstrated new commitments in serving the national strategy. Over the past year, we have devoted ourselves to the development of western China, the revitalization of northeastern China, the rise of central China and the leading development of eastern China; deeply integrated into the major national strategies such as the Beijing-Tianjin-Hebei Joint Development, the development of the Yangtze River Economic Belt, the construction of Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and the construction of Hainan Free Trade Port, helped to improve the economic development and people's livelihoods of the region; deepened external cooperation around the high-quality construction of the "Belt and Road", participated in home diplomatic events such as the Beijing Summit of the Forum on China-Africa Cooperation and the World Tunnel Conference, and completed high-quality key projects such as the railroad link of the Padma Bridge in Bangladesh; completed the delivery and commissioning of a number of "tools with great significance for the country", including the world's first large-diameter tunnel boring machine that can "climb steep slopes", the world's first hard-rock mud-water balanced top-shield machine, the 2,000-ton self-elevating offshore wind power installation platform, contributing China Railway's strength to the realization of the strategy of building a strong transportation country.



CHAIRMAN'S REPORT

Achieved new breakthroughs in deepening comprehensive reforms. Over the past year, we have solidly pushed forward reforms in key areas, optimized the decision-making mechanism for major issues, promoted the diversification of the Board and the reform of the Supervisory Committee, continued to improve the modern enterprise system with Chinese characteristics, continuously improved the market-oriented operation mechanism, and further deepened the reforms of the three systems; vigorously developed new quality productive forces, accelerated the deployment of strategic emerging industries, promoted the construction of strategic emerging industries systems, and accelerated the transformation and upgrading of traditional industries to digitalization, intelligence and greening mode. Six subsidiaries were awarded the benchmark or excellent results in the assessment of SASAC's "Science and Technology Reform" and "Double Hundred" actions; deepened the three-year action plan of improving the efficiency of large-scale business management and project management; basically formed the value concept of "all employees create efficiency, all elements create efficiency, and all processes create efficiency" throughout the Company; and fully established the risk prevention and control barrier of "China Railway under the Rule of Law, China Railway in Compliance" for the whole process.

Achieved new achievements in innovation-driven development. Over the past year, we have focused our elite forces to fight hard in key core technologies, made breakthroughs in key technologies such as bridge construction platforms and ultra-large diameter drilling holes in complex marine environments; orderly promoted the demonstration and application of Beidou space-time empowered digital construction integration; and carried out the first batch of five future industry topics such as undersea ultra-deep tunnels and deep-earth human settlements. Seven of our projects were selected as 50 landmark projects in the field of tunnels and underground engineering worldwide, and we have been ranked the first in terms of number of awards of the National Award for Science and Technology. We strengthened the construction of national laboratories, intensified top-level support for scientific and technological innovation, continuously optimized the innovation ecosystem, and solidly promoted management innovation and efficiency. 12 of our management innovation achievements were rated as national enterprise management modernization innovation achievements.

Demonstrated new results in fulfilling social responsibility. Over the past year, the Company focused on energy conservation and emission reduction, deeply participated in wetland restoration, abandoned mine restoration, garbage treatment, sewage treatment and other projects in various places. Ten of our projects were awarded the first prize in the Green Construction Technology Competition of the China Construction Association, and the Company was successfully approved as the "Source of Green and Low-Carbon Innovative Technology for Railway Transportation Infrastructure Facilities" by the SASAC. Our "Efficient Treatment Technology for Shield Structure Slag" was included in the National Green Technology Promotion Catalogue 2024 Edition. The Company actively contributed to the rural revitalization and carried out targeted assistance; acted in response to floods and dangers, and fought on the front line of rescue and emergency rescue operations, such as the dike breakout at Dongting Lake in Huarong County, Hunan Province, the bridge collapse at Zhashui Expressway in Shaanxi Province, and the earthquake in Dingri County, Tibet, played a key role in the critical moment, and has been widely praised by the leaders of the State Council, the SASAC, the Ministry of Emergency Response Management, and all sectors of society.

Despite the long road ahead of us, we have to sail against the waves and make persistent efforts. In 2025, the Company will anchor on the main line of "efficiency improvement and value creation", play better roles of scientific and technological innovation, industry control, and safety support, and strive to take the lead and set an example in promoting high-level scientific and technological self-reliance, building a modern industrial system, and developing new quality productive forces. The Company will comprehensively accelerate the construction of "high-quality China Railway", strive to complete the goals and tasks of the "14th Five-Year Plan", lay a solid foundation for a good start to the "15th Five-Year Plan", and better serve China's modernization construction.

Here, I would like to express my sincere appreciation to the shareholders who have supported China Railway's reform, to all sectors of society who have shown care to the Company's development, as well as to all employees who have a shared future with the Company!

Chen Wenjian
Chairman

Beijing, China
28 March 2025

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. Changes in Share Capital

1. Changes in Shares

(1) Changes in shares

	Before the Change		Increase/decrease in the change (+,-)					After the change	
	Number	Percentage (%)	Issuance of new shares	Bonus Shares	Reserve converted to shares	Others	Sub-total	Number	Percentage (%)
I. Shares with selling restrictions	181,266,700	0.73	0	0	0	-70,199,801	-70,199,801	111,066,899	0.45
1. Shares held by the State	0	0	0	0	0	0	0	0	0
2. Shares held by the State-owned legal person	0	0	0	0	0	0	0	0	0
3. Shares held by other domestic shareholders	181,266,700	0.73	0	0	0	-70,199,801	-70,199,801	111,066,899	0.45
Including: Shares held by domestic non-state-owned legal person	0	0	0	0	0	0	0	0	0
Shares held by domestic natural person	181,266,700	0.73	0	0	0	-70,199,801	-70,199,801	111,066,899	0.45
4. Shares held by foreign shareholders	0	0	0	0	0	0	0	0	0
Including: Shares held by foreign legal person	0	0	0	0	0	0	0	0	0
Shares held by foreign natural person	0	0	0	0	0	0	0	0	0
II. Tradable shares without selling restrictions	24,570,929,283	99.27	0	0	0	59,868,936	59,868,936	24,630,798,219	99.55
1. RMB-denominated ordinary shares	20,363,539,283	82.27	0	0	0	59,868,936	59,868,936	20,423,408,219	82.55
2. Domestically-listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	4,207,390,000	17	0	0	0	0	0	4,207,390,000	17
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of shares	24,752,195,983	100	0	0	0	-10,330,865	-10,330,865	24,741,865,118	100

(2) Explanation on changes in shares

On 23 February 2024, the number of restricted shares unlocked and listed under the first unlocking period under the first grant of the Company's 2021 restricted share incentive scheme (the "2021 Restricted Share Incentive Scheme") was 55,910,838 shares.

On 11 March 2024, among the participants in the first grant under the 2021 Restricted Share Incentive Scheme of the Company, 1 participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 1 participant was deceased, 1 participant resigned from the Company during the employment contract period, 2 participants violated laws and regulations and 2 participants received a fair performance rating in the 2022 annual individual performance appraisal (80% of their restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares were repurchased and canceled by the Company), and therefore in accordance with the

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company repurchased and canceled from the above 7 participants of the restricted shares (1,566,166 restricted shares in total) which were granted but not yet unlocked. The total number of Shares of the Company was reduced from 24,752,195,983 Shares to 24,750,629,817 Shares.

On 2 December 2024, the number of restricted shares unlocked and listed under the first unlocking period under the reserved grant of the Company's 2021 Restricted Share Incentive Scheme was 3,958,098 shares.

On 25 December 2024, among the participants in the first grant under the 2021 Restricted Share Incentive Scheme of the Company, 1 participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 36 participants retired normally as the legal retirement age was reached and the time of retirement was more than 6 months before the selling restrictions are unlocked, 2 participants resigned from the Company during the employment contract period, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc.; among the participants in the reserved grant, 1 participant received a fair performance rating in the 2022 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company repurchased and canceled from the above 43 participants of the restricted shares (7,384,576 restricted shares in total) which were granted but not yet unlocked; among the participants in the first grant under the 2021 Restricted Share Incentive Scheme of the Company, 1 participant became unable to hold restricted shares of the Company after becoming a management leader of the State-owned Assets Supervision and Administration Commission of the State Council, 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was more than 6 months before the selling restrictions for the second batch are unlocked, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc., 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, 6 participants retired normally as the legal retirement age was reached and the time of retirement was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, and 2 participants received a competent performance rating in the 2023 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company repurchased and canceled from the above 14 participants of the restricted shares (1,380,123 restricted shares in total) which were granted but not yet unlocked. The total number of Shares of the Company was reduced from 24,750,629,817 Shares to 24,741,865,118 Shares.

On 13 March 2025, among the participants under the 2021 Restricted Share Incentive Scheme of the Company, 2 participants became unable to hold restricted shares of the Company and were disqualified for the 2021 Restricted Share Incentive Scheme, and 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc. In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase and cancel certain restricted shares under the 2021 Restricted Share Incentive Scheme. The total number of restricted shares intended to be repurchased by the Company is 856,199 shares.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

On 13 March 2025, prior to the expiration of the second unlocking period, among the 640 participants in the first grant under the 2021 Restricted Share Incentive Scheme who are qualified for the unlocking during the second unlocking period (the number of the restricted shares which are involved in the unlocking is 51,877,822 Shares), 2 participants became unable to hold restricted shares of the Company and 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme. The Company is required to repurchase from the above 5 participants all the restricted shares granted but not yet unlocked and cancel the same, as well as adjust matters relating to the unlocking of restrictions for the second unlocking period under the first grant. The number of participants under the first grant who are qualified for the unlocking during the second unlocking period after the adjustment is 635, the number of the restricted shares which are involved in the unlocking after the adjustment is 51,449,722 shares.

The number of restricted shares to be unlocked and listed under the second unlocking period under the first grant of the Company's 2021 Restricted Share Incentive Scheme on 31 March 2025 will be 51,449,722 shares.

(3) Impact of changes in shares after the reporting period and prior to the date of the annual report on earnings per share, net asset value per share or other financial indicators (if any)

Unit: Yuan Currency: RMB

Financial Indicator	Whole year of 2024		Fourth Quarter of 2024	
	Taking into account the repurchase and cancellation of restricted shares	Without taking into account the repurchase and cancellation of restricted shares	Taking into account the repurchase and cancellation of restricted shares	Without taking into account the repurchase and cancellation of restricted shares
Earnings per share	1.085	1.085	0.301	0.297
Net assets per share	12.30	12.29	0.31	0.31

Notes: 1. When calculating earnings per share, the restricted shares that have not yet met the unlocking conditions are deducted from the weighted average number of ordinary shares issued by the Company.

2. According to relevant accounting standards, when calculating earnings per share, the net profit attributable to shareholders of the listed company should deduct dividends or interest on preferred shares, perpetual bonds and other equity instruments as well as the impact of restricted shares.

3. When calculating net assets per share, the net assets attributable to shareholders of the listed company shall deduct the impact of preferred shares, perpetual bonds and other equity instruments.

(4) Other contents that the Company deems necessary or required by the securities regulatory authority to be disclosed

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

(5) Changes in Shares with Selling Restrictions

Name of Shareholder	Number of restricted shares at the beginning of the reporting period	Number of shares released from selling restrictions during the reporting period	Number of restricted shares granted during the reporting period	Number of restricted shares at the end of the reporting period	Reasons for selling restrictions	Date of releasing selling restrictions
Participants for restricted shares	181,266,700	70,199,801	0	111,066,899	The unlocking conditions for the first unlocking period under the first grant of the 2021 Restricted Share Incentive Scheme were fulfilled and 59,868,936 restricted shares were unlocked and listed. 10,330,865 restricted shares were repurchased and cancelled as the unlocking conditions were not fulfilled.	23 February 2024, 2 December 2024
Total	181,266,700	70,199,801	0	111,066,899		

II. Issuance and Listing of Securities

1. Issuance of securities as of the reporting period

Not applicable

2. Changes in respect of the total number of shares and the shareholder structure of the Company and changes in respect of the asset and liability structure of the Company

Not applicable

3. Existing shares held by internal employee

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

III. Information of Shareholders and Ultimate Controller

1. Number of shareholders

Total number of shareholders of ordinary shares as at the end of the reporting period	464,569
Total number of shareholders of ordinary shares at the end of the month preceding the date of the annual report	466,293
Total number of shareholders of preference shares with reinstated voting rights as at the end of the reporting period	0
Total number of shareholders of preference shares with reinstated voting rights at the end of the month preceding the date of annual report	0

2. Shareholdings of the top ten shareholders and top ten shareholders of tradable shares (or shareholders without selling restrictions) as at the end of the reporting period

Unit: Shares

Shareholdings of the top ten shareholders

Name of Shareholder (full name)	Increase/ decrease during the reporting report	Total number of shares held at the end of the period	Shareholder percentage (%)	Number of shares with selling restriction	Pledged or frozen shares Status	Number	Nature of Shareholder
CREC	0	11,623,119,890	46.98	0	Nil	0	State-owned legal person
HKSCC Nominees Limited	529,029	4,010,733,746	16.21	0	Nil	0	Others
China Reform Development Investment Co., Ltd	123,341,567	742,605,892	3.00	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	162,516,837	619,264,325	2.50	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-28,017,126	514,285,344	2.08	0	Nil	0	Others
Central Huijin Asset Management Ltd.	0	230,435,700	0.93	0	Nil	0	State-owned legal person
Industrial and Commercial Bank of China – SSE 50 Exchange-traded Open-End Index Securities Investment Fund	67,811,563	193,002,605	0.78	0	Nil	0	Others
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	100,549,648	177,334,519	0.72	0	Nil	0	Others
China Great Wall Asset Management Co., Ltd	0	138,562,835	0.56	0	Nil	0	Others
Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of Shareholder (full name)	Increase/ decrease during the reporting period	Total number of shares held at the end of the period	Shareholder percentage (%)	Number of shares with selling restriction	Pledged or frozen shares Status	Number	Nature of Shareholder
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Fund	0	131,135,600	0.53	0	Nil	0	Others
Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others
Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	0	131,135,600	0.53	0	Nil	0	Others

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of shares held without selling restrictions	Type	Number
CREC	11,458,725,890	RMB-denominated ordinary shares	11,458,725,890
	164,394,000	Overseas listed foreign shares	164,394,000
HKSCC Nominees Limited	4,010,733,746	Overseas listed foreign shares	4,010,733,746
China Reform Development Investment Management Co., Ltd.	742,605,892	RMB-denominated ordinary shares	742,605,892
China Securities Finance Corporation Limited	619,264,325	RMB-denominated ordinary shares	619,264,325
Hong Kong Securities Clearing Company Limited	514,285,344	RMB-denominated ordinary shares	514,285,344
Central Huijin Asset Management Ltd.	230,435,700	RMB-denominated ordinary shares	230,435,700
Industrial and Commercial Bank of China – SSE 50 Exchange- traded Open-End Index Securities Investment Fund	193,002,605	RMB-denominated ordinary shares	193,002,605
Industrial and Commercial Bank of China Limited – Huatai- PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	177,334,519	RMB-denominated ordinary shares	177,334,519

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of shareholder	Number of shares held without selling restrictions	Type and number of shares	
		Type	Number
China Great Wall Asset Management Co., Ltd.	138,562,835	RMB-denominated ordinary shares	138,562,835
Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
Statement on the special account for repurchase of the top ten shareholders			Nil
Statement on entrustment of voting right, voting right by proxy and abstaining from voting of the shareholders above			Nil
Statement on the related relations and concerted actions between the shareholders above	CREC, the largest shareholder, does not have related relations or acting-in-concert relationship with the other above shareholders. The Company is not aware of any related relationships or acting-in-concert relationship among the other above shareholders.		
Statement on shareholders of preference shares with reinstated voting rights and the number of shares held			Nil

Note 1: H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number of H shares held by CREC is already deducted.

Note 2: A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of its various clients.

Note 3: The data shown in the table is based on the register of members of the Company as of 31 December 2024.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3. Particulars of shares lent in the refinancing business by shareholders holding more than 5% of the shares, the top ten shareholders and the top ten shareholders without selling restrictions

Name of shareholder (full name)	Shareholding held in ordinary accounts and credit accounts at the beginning of the period		Shares lent through securities lending and borrowing but not returned at the beginning of the period		Shareholding held in ordinary accounts and credit accounts at the end of the period		Shares lent through securities lending and borrowing but not returned at the end of the period	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)
Industrial and Commercial Bank of China – SSE 50 Exchange- traded Open-End Index Securities Investment Fund	125,191,042	0.51	857,000	0	193,002,605	0.78	0	0
Industrial and Commercial Bank of China Limited – Huatai- PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	76,784,871	0.31	84,600	0	177,334,519	0.72	0	0

4. Change in top ten shareholders and the top ten shareholders without selling restrictions as compared to the previous period as a result of refinancing lending/returning

Name of shareholder (full name)	Addition/withdrawal during the reporting period	Number of shares lent through securities lending and borrowing but not returned at the end of the period		Number of shares held in ordinary accounts, credit accounts and shares lent through securities lending and borrowing but not returned at the end of the period	
		Total number	Percentage (%)	Total Number	Percentage (%)
Industrial and Commercial Bank of China – SSE 50 Exchange-traded Open-End Index Securities Investment Fund	Withdrawal	0	0	0	0
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	Withdrawal	0	0	0	0

5. Shareholdings of top ten shareholders of shares with selling restrictions and terms of selling restrictions

Not applicable

6. Strategic investors or general legal persons becoming the top ten shareholders by placing of new shares

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

IV. Information on Controlling Shareholder and Ultimate Controller

1. Details of controlling shareholder

(1) Legal person

Name	China Railway Engineering Group Company Limited
Person-in-charge or legal representative	CHEN Wenjian
Date of establishment	7 March 1990
Principal business	Construction works, related engineering technological research, survey, design, services, manufacturing of specialized equipment and real estate development and operation.
Details of controlling interests and investments in other domestic and overseas-listed companies during the reporting period	Nil
Other information	Nil

(2) Natural person

Not applicable

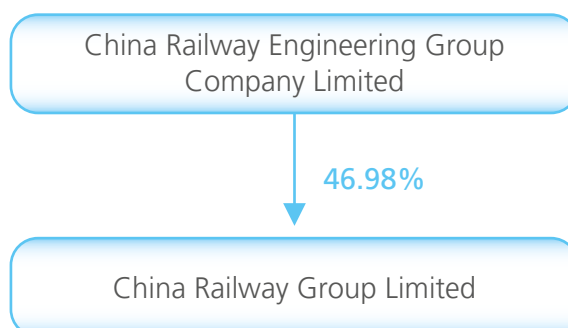
(3) Special explanation that the Company does not have any controlling shareholder

Not applicable

(4) Details of changes of the controlling shareholder during the reporting period

Not applicable

(5) The diagram of the interests and controlling relationships between the Company and the controlling shareholder



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

2. Details of ultimate controller

(1) Legal person

The ultimate controller of the Company, the State-owned Assets Supervision and Administration Commission of the State Council, is the ministry level institution directly under the State Council, and was set up in accordance with the institutional reform plan of the State Council and the Notice of the State Council on Establishment of Institutions passed at the First Session of the 10th National People's Congress. the State-owned Assets Supervision and Administration Commission is authorised by the State Council to perform its duties as an investor on behalf of the State. The scope of supervision of the State-owned Assets Supervision and Administration Commission extends to the state-owned assets of central government owned enterprises (excluding financial enterprises). Currently, the State-owned Assets Supervision and Administration Commission of the State Council holds 90% equity interests in CREC and National Social Security Fund holds 10% equity interests in CREC.

(2) Natural person

Not applicable

(3) Special explanation that the Company does not have any controlling shareholder

Not applicable

(4) Details of changes of the ultimate controller during the reporting period

Not applicable

(5) The diagram of the interests and controlling relationships between the Company and the ultimate controller



(6) Ultimate controller controls the Company through trust or other asset management methods

Not applicable

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

V. The Company's Controlling Shareholder or the Largest Shareholder and the Parties Acting in Concert thereof holding Cumulative Pledged Shares accounting for over 80% of the Company's Shares

Not applicable

VI. Other Legal Person Shareholders with Shareholding of over 10%

As of the end of the reporting period, except for HKSCC Nominees Limited, the Company has no other legal person shareholders with shareholding over 10%.

VII. Information on the Restrictions on Reduction of Shareholdings

Not applicable

VIII. Details of Repurchase of Shares during the Reporting Period

Details are set out in "Purchase, Sale or Redemption of the Company's Listed Securities" on page 72 of this annual report.

BUSINESS OVERVIEW

The Group is one of the largest multi-functional integrated construction groups in the world, which enables us to offer a full range of construction and industrial products and related services to our customers. The Group holds an industrial leading position in fields such as engineering construction, design consulting, and equipment manufacturing. The Group also diversifies its business and expands its value-added services by venturing into other businesses such as featured real estate, financial and merchandise trading, resource utilization, asset operation, and construction technology innovation and application. After years of practice and development, the Group's businesses have established a close upstream – downstream relationship among themselves, and have gradually formed a vertically integrated construction industry chain with outstanding principal business supplemented by diversified relevant business horizontally.

I. Industry Development Overview

1. Engineering construction

(1) Domestic

In 2024, China's national economic operation was generally stable and steady, and new progress was made in high-quality development. Thanks to the precision implementation of a package of incremental policies, and the effective implementation of policies such as the "two priorities" construction and large-scale equipment renewal, social expectations improved significantly, effective investment continued to release its efficiency, which strongly contributed to the economic recovery and upturn. According to the statistics of China Construction Industry Association, in 2024, the national construction enterprises (referring to general contracting and professional contracting construction enterprises with qualification level, excluding labor subcontracting construction enterprises) completed the total output value of the construction industry of RMB32,650.11 billion, representing a year-on-year increase of 3.85%; the value of completed construction work amounted to RMB13,523.88 billion, representing a year-on-year decrease of 1.65%; the value of newly signed contracts amounted to RMB33,750.05 billion, representing a year-on-year decrease of 5.29%; the construction area of housing construction was 13.683 billion square meters, representing a year-on-year decrease of 10.62%; the completed area of housing construction was 3.437 billion square meters, representing a year-on-year decrease of 12.63%; and the realized profit was RMB751.3 billion, representing a year-on-year decrease of 9.8% on a comparable basis. The cumulative investment in fixed assets of the national railways amounted to RMB850.6 billion, representing a year-on-year increase of 11.3%. The construction of modernized railway infrastructure system was promoted in high quality, and the railway investment played an effective role in driving the investment of the whole society. In addition, according to the report released by China Urban Railway Transportation Association, in 2024, the total length of newly added urban railway transportation lines in China was 953 kilometers, with 25 new operating lines. In 2025, China intends to issue RMB1.3 trillion of ultra-long-term special treasury bonds, representing an increase of RMB300 billion compared with the previous year, and RMB4.4 trillion of local government special bonds, representing an increase of RMB500 billion compared with the previous year, which will be mainly used for investment in construction, land storage and acquisition of existing commercial properties, and the digestion of local government arrears of corporate accounts. The above initiatives will bring substantial benefits to infrastructure enterprises.

BUSINESS OVERVIEW

(2) International

In 2024, the global economy was characterized by divergence and recovery, and continued to grow moderately amidst multiple challenges. China's overseas investments and cooperations achieved steady development, and the scale of international business of overseas contracting enterprises has achieved certain growth. In 2024, the scale of China's overseas contracting projects increased steadily, with newly signed contracts amounting to US\$267.3 billion, representing a year-on-year increase of 1.1%, and turnover amounting to US\$165.97 billion, representing a year-on-year increase of 3.1%, which was a record high. Chinese enterprises actively served the "Belt and Road", with non-financial direct investment of US\$33.69 billion in the "Belt and Road" countries, representing a year-on-year increase of 5.4%; the newly signed contract value of overseas contracting projects amounted to US\$232.48 billion, and turnover amounted to US\$138.76 billion, accounting for 87% and 83.6% of the total, respectively. By continuously deepening pragmatic cooperation with countries participating in the construction, the Group has made positive contributions to the high-quality co-construction of the "Belt and Road". According to the estimation of the World Bank, a large number of people in the world are facing the problem of inadequate infrastructure such as housing, roads and electricity supply. There is a strong demand for high-quality, sustainable and resilient infrastructure in developing countries, and there is still a greater demand for upgrading and reconstruction of special areas in developed countries.

2. Design and consulting

As a technology and intelligence intensive production service industry, design and consulting is located at the front end of engineering construction projects in the construction, transportation, electricity, water conservancy and other industries. It runs through the entire life cycle of engineering construction projects and provides full-process technical and management services for project decision-making and implementation. It plays an important supporting role in improving the investment and social benefits of engineering projects and is a key link in engineering construction. In recent years, with the development of science and technology and the extensive application of BIM (Building Information Modeling), cloud computing, big data, artificial intelligence and other technologies in the industry, the industry is transforming and developing towards intelligence, greening and integration. Looking forward to the "15th Five-Year Plan", with continued investment in infrastructure construction in China, areas such as new energy and new infrastructure will usher in a broader development space, the demand for clean energy infrastructure construction such as wind power generation and photovoltaic power generation will continue to increase, and the construction of new infrastructure such as artificial intelligence and data centers will become the cornerstone of the development of the digital economy, opening up a new business area for the design and consulting industry.

BUSINESS OVERVIEW

3. Equipment manufacturing

In 2024, the scale of manufacturing industry in China continued to expand, its share steadily increased, and its structure continued to be optimized. The pace of transformation and upgrading of traditional industries accelerated, and strategic emerging industries such as new energy, new materials, and high-end equipment manufacturing continued to grow, and the security assurance capabilities of important industrial chains and supply chains continued to increase. Data from the National Bureau of Statistics showed that in 2024, the added value of equipment manufacturing industries above designated size nationwide increased by 7.7% year-on-year, 1.9 percentage points higher than that of all industries above designated size; the added value accounted for 34.6% of all industries above designated size, an increase of 1.0 percentage point from the previous year. According to the 2025 Government Work Report, new industrialization will be vigorously promoted and advanced, and manufacturing industries will be enlarged and strengthened; the development of service-oriented manufacturing will be accelerated, the major technology and equipment research and development will be strengthened; major technological transformation and upgrading and large-scale equipment renewal projects in the manufacturing industry will be implemented in depth, and the “increasing varieties, improving quality, and creating brands” in manufacturing industry will be further promoted; the “Artificial Intelligence +” action will continue to advance, better combining digital technology with manufacturing advantages and market advantages; and intelligent manufacturing equipment will be vigorously developed. The industrial structure is being optimized and upgraded in the direction of high technology and high added value, and the trend of industrial transformation and upgrading is obvious.

4. Property development

In 2024, the domestic real estate market was affected by significant changes in supply and demand, and overall remained in a period of adjustment. In order to promote the stable and healthy development of the real estate market, a series of policies have been launched from the central government to the local government, focusing on the dual objectives of “stabilizing the market and destocking the inventory”, establishing a mechanism for the synergistic development of guaranteed housing and commercial housing; reshaping the pattern of commercial housing construction through measures of “strictly controlling the incremental quantity, optimizing the stock, and improving quality”; setting up guaranteed housing refinancing, and encouraging financial institutions to support local state-owned enterprises in acquiring existing commercial properties at reasonable prices and transforming them into guaranteed housing; and implementing the “four abolitions, four reductions, and two increases” to comprehensively optimize the policy of restricting purchases, and to reduce the transaction taxes and fees and interest rates of the provident fund loans. As a result of these policies, the cumulative year-on-year decrease in the sales area and sales amount of newly constructed commercial properties in 2024 continued to shrink. According to the data released by the National Bureau of Statistics, in 2024, the property development investments nationwide amounted to RMB10,028.0 billion, representing a year-on-year decline of 10.6%, of which, the investments in residential housing amounted to RMB7,604.0 billion, representing a year-on-year decline of 10.5%. The sales area of newly-built commercial housing nationwide amounted to 973.85 million square meters, representing a year-on-year decrease of 12.9%, of which, the sales area of residential housing decreased by 14.1% year on year. The sales amount of newly-built commercial housing reached RMB9,675.0 billion, representing a year-on-year decline of 17.1%, of which, the sales amount of residential housing decreased by 17.6% year on year. The 2025 Government Work Report clearly states that the real estate market will continue to be pushed to stabilize. Restrictive measures will be adjusted based on the specific conditions of each city, and efforts will be stepped up to implement the renovation of urban villages and dilapidated buildings, so as to fully unleash the potential of demand for rigid and improved housing. As China’s new type of urbanization continues to progress, and the scope of guaranteed housing accelerates and the transformation of urban villages expands, it is expected that the data of the real estate market will improve marginally in 2025, and that real estate structural adjustment and transformation and upgrading will be realized under the continuous impetus of the policy.

BUSINESS OVERVIEW

5. Asset operation

In recent years, infrastructure investment has played a key role in stabilizing economic growth and optimizing the supply structure. In 2024, the Decision of the Central Committee of the Communist Party of China on Further Deepening Reforms in a Comprehensive Manner and Promoting Chinese-style Modernization (《中共中央關於進一步全面深化改革推進中國式現代化的決定》) reviewed and adopted by the Third Plenary Session of the Twentieth Central Committee of the Communist Party of China pointed out that it would be necessary to establish a long-term mechanism for the government's investment in support of major projects of a basic, public welfare and long-term nature; to improve the mechanism for the government's investment to effectively drive social investment; to deepen the reform of the investment approval system, improve the mechanism to stimulate the investment vitality of social capital and promote the implementation of investment; and to form a market-led effective investment endogenous growth mechanism. In the current stage of sustained recovery of the national economy, efforts will be made to accelerate the "two priorities" construction and actively promote the "three major projects" to fill the gaps in the areas of infrastructure, municipal engineering, rural agriculture, public safety, ecological protection, public health, material reserves, disaster prevention and mitigation, and livelihood protection, and to bring new industry opportunities for infrastructure investment.

6. Resource utilization

In 2024, the global macroeconomic environment was severe and complex, the dollar credit restructuring and the Federal Reserve's interest rate cut cycle, prompted commodities to enter a new cycle. In the commodity market, the performance of the non-ferrous metals sector was particularly outstanding. With the gradual recovery of the global economy and the vigorous development of emerging industries, the demand for non-ferrous metals market has shown a sustained growth trend, especially in emerging fields such as new energy and new materials. For example, the popularization of new energy vehicles, the research and development and application of new energy storage technologies, all rely on the support of non-ferrous metals as key raw materials. In terms of price, the maximum fluctuation of LME copper price during the year was close to US\$3,000, and the annual average price was US\$9,144/ton, representing a year-on-year increase of 7.8%; the overall average price of cobalt has dropped significantly compared with previous years and was in a low price range; the annual average price of molybdenum concentrate (45%-50%) is RMB3,595/ton, representing a year-on-year decrease of 7.1%. China is in a critical period of changing the mode of development, optimizing the economic structure and transforming the growth momentum, and all industries are vigorously cultivating and developing new quality productivity, non-ferrous metals are the production base of key materials and an important guarantee that the demand for non-ferrous metals is still relatively resilient.

7. Financial and merchandise trading

In 2024, the financial industry achieved "progress amidst stability" amidst policy guidance and market adjustments, focusing on serving the real economy, taking into account risk prevention and control as well as structural optimization, and providing key support for the high-quality development of the economy. Firstly, the monetary policy has turned moderately loose, the cost of social financing has dropped significantly, and structural optimization has accelerated. Secondly, the high-handedness of financial supervision has continued, the reform of financial institutions has begun steadily, and the industry's governance and risk-resistance have been significantly strengthened. Thirdly, the combination of financial and fiscal policies has been coordinated. Since the end of September 2024, a package of existing and incremental policies has been intensively deployed and implemented to promote the stabilization of the real estate market, and to support local government debt repayment through the "fiscal deficit + debt replacement", which has initially rebalanced the risk mitigation and the momentum of growth. In the trust industry, the overall supervision of the trust industry continued to tighten in 2024, with the Provisional Measures for Supervisory Rating and Tiering and Classification Supervision of Trust Companies (《信託公司監管評級與分級分類監管暫行辦法》) being formally implemented and the Trust Company Management Measures (Revised Draft for Comments) (《信託公司管理辦法<修訂徵求意見稿>》

BUSINESS OVERVIEW

being released, which will put forward higher requirements for risk prevention, business transformation and high-quality development of trust companies. In the finance company industry, the National Financial Regulatory Administration issued the Guiding Opinions on Promoting the Orderly and Healthy Development of Corporate Group Finance Companies and Improving the Quality and Efficiency of Supervision, which guided the finance company to return to origins and focus on main businesses, aiming to truly boost the quality of financial service by giving full play to the function of centralized fund management.

China is the world's largest country in terms of trade in goods. According to customs statistics, the total value of import and export of goods trade in 2024 amounted to RMB43.85 trillion, representing a year-on-year increase of 5%, reaching a historical high. The scale of the domestic materials trade market continued to expand, the circulation of various types of materials continued to increase, and the trade volume of materials such as coal, steel, and non-ferrous metals has increased to varying degrees. At present, the material trade industry is facing the trend of digital transformation, green supply chain construction and industry chain integration, and will continue to develop in the direction of diversification, complexity and high degree of interconnectivity, and the material trade industry presents both opportunities and challenges.

8. Emerging business

China's "14th Five-Year Plan and 2035 Vision Outline" pointed out that we should coordinate the promotion of traditional and new infrastructure construction, to build a systematic, efficient and practical, intelligent and green, safe and reliable modern infrastructure system, accelerate the construction of new infrastructure, accelerate the construction of a strong transportation country, build a modern energy system, and strengthen water conservancy infrastructure construction. In 2024, the investment in water conservancy construction reached RMB1.35 trillion, representing a year-on-year increase of 12.8%. The investment focused on four major areas: river basin flood control projects, major national water network projects, water ecological environment governance, water conservancy infrastructure and digital mode. The scale of investment reached a historical high. A total of 47,000 water conservancy projects were implemented across the country, representing a year-on-year increase of 23.68%. In terms of clean energy, China has unswervingly anchored the goals of carbon peak and carbon neutrality, coordinated energy security supply and green and low-carbon development, and made every effort to increase the supply of clean electricity, and achieved new results in the development of renewable energy sources. In 2024, the new installed capacity of renewable energy power generation in China was 373 million kilowatts, representing a year-on-year increase of 23%, accounting for 86% of the newly installed power capacity in China.

In the future, led by the new development concept, the construction of a new type of low-carbon, high-efficiency, digitally-intelligent, systematic, complete, safe and reliable infrastructure will further empower the high-quality development of China's economy and society. The central enterprises will accelerate the development of strategic emerging industries with greater efforts, promote more state-owned capital to be invested in the real economy and strategic emerging industries with foundations, empower the development of strategic emerging industries and new-quality productive forces with scientific and technological innovation, and further enhance the strategic role of the state-owned economy in building a new development pattern.

BUSINESS OVERVIEW

II. Business Development Overview

During the reporting period, the Group achieved new contract amount of RMB2,715.18 billion, representing a year-on-year decrease of 12.4%; revenue of RMB1,160.311 billion, representing a year-on-year decrease of 8.2%; net profit of RMB30,758 million, representing a year-on-year decrease of 18.3%; net profit attributable to shareholders of the listed company of RMB27,887 million, representing a year-on-year decrease of 16.7%; earnings before interest, tax, depreciation and amortization (EBITDA) of RMB72,290 million, representing a year-on-year decrease of 5.5%. The Group has been listed in the Fortune Global 500 for 19 consecutive years, ranking 35th on the Fortune Global 500 and 9th on the Fortune China 500; and rated A (excellent) in the Shanghai Stock Exchange's listed company assessment for 16 consecutive years, including 11 consecutive years of Class A evaluation results for information disclosure by the Shanghai Stock Exchange.

– **Dedicated ourselves to serving major national strategies and demonstrated the mission and responsibility of a “national great power”.** As one of the world's largest construction contractors, China Railway has always made it its top priority to serve the overall national economic development and actively participate in the development of social undertakings. **Dedicated to serving major national strategies.** Focusing on promoting regional development and deepening cooperation between enterprises and local governments, the Company has based itself on the main responsibilities and businesses, took advantage of its strengths, and deeply integrated into major national strategies such as the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and the construction of the Hainan Free Trade Port; promoted the high quality construction of a large number of major projects such as the Shenzhen-Zhongshan Link, the Huangmaohai Cross-sea Link, and the Shanghai-Suzhou-Huzhou High-speed Railway, which has helped regional economic development and improved people's livelihood. We also launched the “Focus on the 2024 World Tunnel Congress, Create a Beautiful Business Card for China's Tunnels (聚焦2024世界隧道大會·打造中國隧道靚麗名片)” and activities related to the completion and opening of China's Antarctic Qinling Station, demonstrating the global influence of “China Construction”. **Practiced social responsibility and demonstrated responsibility.** The Company has actively contributed to the rural revitalization, carried out targeted assistance, and continuously contributed China Railway's strength to accelerating the modernization of agriculture and rural areas. The Company acted in response to floods and dangers, and fought on the front line of rescue and emergency rescue operations, such as the dike breakout at Dongting Lake in Huarong County, Hunan Province, the bridge collapse at Zhashui Expressway in Shaanxi Province, and the earthquake in Dingri County, Tibet, played a key role in the critical moment, and has been widely praised by the leaders of the State Council, the SASAC, the Ministry of Emergency Response Management, and all sectors of society.

BUSINESS OVERVIEW

– **Continuously stimulated business vitality and achieved practical results in high-quality development.**

The Group has been promoting the concept of “all employees create efficiency, all elements create efficiency, and all processes create efficiency”, and has been actively pushing forward the pilot program of “four integrations” of finance, business, law and procurement, which has resulted in significant results in the management of major businesses and a steady improvement in the quality and efficiency of its operations. **Consolidated advantages in traditional markets.** During the reporting period, the Group completed new contracts amounting to RMB1.87 trillion in the fields of railroads, highways, urban railways, municipal services and housing construction, maintained its industry-leading market share in the fields of railways and urban railways, and successfully completed key projects such as the Yancheng-Yixing High-speed Railway, the Nantong-Suzhou-Jiaxing-Ningbo High-speed Railway, and the franchise of Huangshan Tourist T1 Line. The Group made significant progress in a large number of key projects, including the Sichuan-Qinghai Railway, Xi'an-Chengdu Railway, Changtai Yangtze River Bridge, and Shenzhen-Zhongshan Link; and achieved great success in the fields of “two priorities” construction, “four integrations”, and “three major projects”. **The “second curve” has been expanded.** During the reporting period, the Group’s newly signed contracts in the “second curve” business amounted to RMB425.7 billion, representing a year-on-year increase of 11%. The Group accelerated its entry into the markets of water conservancy and hydropower, clean energy and ecological protection; mastered and penetrated into the sub-sectors; diversified and generated new momentum. The brands of China Railway’s cultural protection, China Railway’s expressway and China Railway’s water service empowered and enhanced the Company’s development and injected new development potential.

– **Accelerated the cultivation of new-quality productivity and achieved breakthroughs in innovation.** 2024 marked the 10th anniversary of the “three transformations” important instruction, and the Group steadfastly followed the direction guided by the General Secretary to move forward and realize the “three transformations” in depth.

Strengthened the top-level design of strategic emerging industries. The Group accelerated the construction of a 2+4 strategic emerging industry system that “lead the development of intelligent creation and smart operation and maintenance, and strengthen the four major industries of high-end equipment, energy conservation and environmental protection, new materials, and new energy”, and strived to play a role in scientific and technological innovation, industrial control, and security support in building a modern industrial system and a new development pattern. **Accelerated innovation, efficiency, transformation and upgrading.** During the reporting period, the Group strengthened the position of enterprises as the mainstay of innovation, led technological breakthroughs by application scenarios, promoted intelligent construction on all fronts to lead the development of the industry, and 35 projects of the “14th Five-Year Plan” National Key Research and Development Programs progressed smoothly, the green and low-carbon original technology source for rail transit infrastructure was successfully approved, and the Beidou space-time empowered digital construction integration demonstration application was orderly promoted, the intelligent construction of shield tunnels successfully entered the 2.0 era, the production and sales volume of TBM/shield tunnels ranked first in the world for eight consecutive years, and the number of National Science and Technology Awards ranked first among central construction enterprises.

BUSINESS OVERVIEW

– **Deepened overseas development to improve quality and growth, deepened and implemented the joint construction of the “Belt and Road”.** The Group has been deeply integrated into the high-quality joint construction of “Belt and Road”, improved the mechanism of high-end connection, optimized the market regions in certain countries, and continuously enhanced the global influence of its corporate brand. **Overseas operation capability has been significantly strengthened.** In recent years, the Group’s international business management system has been continuously improved, the overseas “one Body, two Wings and N drivers (一體兩翼N驅)” pattern has been effectively operated, the “two-priority strategy” of prioritizing the launch out and prioritizing the high-quality development of overseas projects has achieved remarkable results, and the ability of the Group to deepen its cultivation and expansion in certain countries has been effectively enhanced. In 2024, the Group’s newly signed contracts for overseas business amounted to RMB220.9 billion, accounting for 8% of the Group’s newly signed contract value, representing a year-on-year growth of 10.6%. **Created a beautiful Chinese business card.** Adhering to the concept of “constructing high-quality projects and contributing to social development”, the Group’s overseas business was boldly fulfilling its mission of “going out” and high quality joint construction of the “Belt and Road”, and has built a large number of iconic projects with international influence, which have been widely praised by owners and all sectors of society in the project location. During the reporting period, major projects such as the Hungary-Serbia railway, the Chancay Tunnel in Peru, the Padma Bridge railway link in Bangladesh, the KK road tunnel in Georgia, and the water diversion tunnel in Nepal progressed steadily, demonstrating the strength of China Railway on the international stage.

BUSINESS OVERVIEW

During the reporting period, the operation of primary business of the Group are described as follows:

1. New contracts and contract backlog

In 2024, the amount of newly signed contracts of the Group was RMB2,715.18 billion, representing a year-on-year decrease of 12.4%. The amount of newly signed contracts in the domestic business amounted to RMB2,494.28 billion, representing a year-on-year decrease of 14.0%; the amount of newly signed contracts for the overseas business amounted to RMB220.90 billion, representing a year-on-year increase of 10.6%. As of the end of the reporting period, the amount of the Group's contract backlog was RMB6,886.05 billion, representing an increase of 17.2% from the end of 2023. The amount of newly signed contracts by business segment is set out as below:

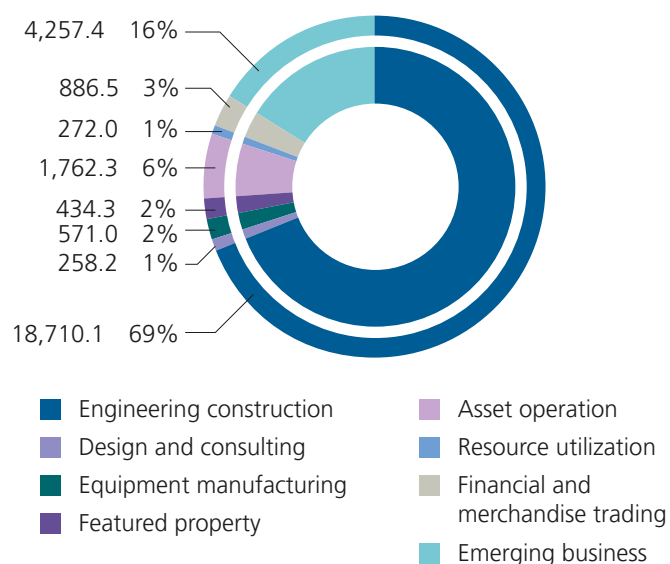
Amount of New Contracts

Unit: '00 million Currency: RMB

Business type	2024	2023	Year-on-year increase/decrease
Engineering construction	18,710.1	22,509.7	-16.9%
Design and consulting	258.2	277.7	-7.0%
Equipment manufacturing	571.0	688.2	-17.0%
Featured property	434.3	696.1	-37.6%
Asset operation	1,762.3	1,772.9	-0.6%
Resource utilization	272.0	334.4	-18.7%
Financial and merchandise trading	886.5	900.3	-1.5%
Emerging business	4,257.4	3,826.7	11.3%
Total	27,151.8	31,006.0	-12.4%
Domestic	24,942.8	29,008.1	-14.0%
Overseas	2,209.0	1,997.9	10.6%

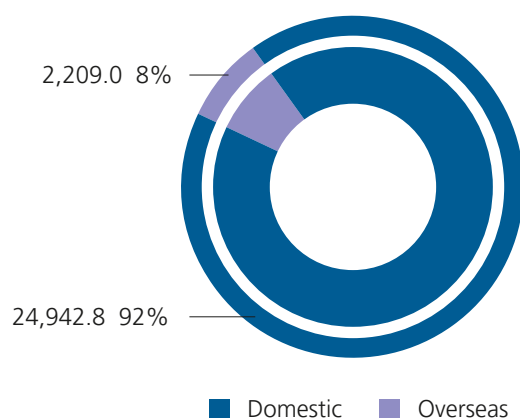
New Contracts by Business Segment in 2024

RMB'00 million



New Contracts by Geographical Location in 2024

RMB'00 million



Domestic Overseas

BUSINESS OVERVIEW

2. Developments of the principal business segments

(1) Engineering construction

Engineering construction is the core of the Group, the foundation for consolidating the leading position of the Group in the construction industry and enhancing brand strength, an important pillar for improving the market influence, and a key field for improving the economic benefits and promoting the high-quality development of the Group. The engineering construction business of the Group involves railway, highway, municipal works, housing construction, urban rail transit, and other engineering fields, covering more than 100 countries and regions in the world. The Group has special-grade qualifications for general contracting of construction of railways, highways, municipal public engineering and building engineering. The basic operation mode is to obtain orders through market competition at home and abroad, complete the tasks of survey, design, procurement, construction and operation of projects in accordance with the contracts by means of general engineering contracts and general construction contracts, etc., and is responsible for the quality, safety and construction period of the contracted project.

The Group has always been a leader in China's infrastructure construction industry and one of the largest construction contractors in the world. As of the end of the reporting period, the Group had 4,052 qualifications and permits of various kinds, including 84 special-grade qualifications for construction general contracting, 416 grade A qualifications for construction general contracting, 4 general design qualifications, 7 general survey qualifications, 2 general supervision qualifications, 2 installation permits for long-distance pipeline GA1, and 1 GA1 design permit. 84 special-grade qualifications for construction general contracting include 18 general contracting qualifications for railway construction at special grade, accounting for over 50% of the total number of general contracting qualifications for railway construction at special grade in China; 34 general contracting qualifications for highway construction at special grade; 21 general contracting qualifications for engineering construction at special grade; 9 general contracting qualifications for municipal public engineering at special grade; 1 general contracting qualification for port and waterway construction at special grade; and 1 new general contracting qualification for water conservancy and hydropower construction at special grade, which was obtained during the year and filled the Group's gap of high-level scarce qualification in the hydropower market. The Group has 3 national laboratories (engineering research centers) (the National Engineering Laboratory of High Speed Railway Construction Technology, National Key Laboratory of Tunnel Boring Machine and Intelligent Operation and Maintenance, and National Key Laboratory of Bridge Intelligence and Green Construction), 10 postdoctoral workstations, 1 national local joint research center (national and local joint engineering research center for the research and application of digital rail transit technologies), 52 provincial and ministerial research and development centers (laboratories), representing the most advanced technological level in terms of railway, bridges, tunnels and rail transit construction in China. The Group is one of the major infrastructure construction forces in the construction of the "Belt and Road" Initiative. It is the main contractor of the representative projects along the "Belt and Road" including China-Laos Railway, the Indonesian Jakarta-Bandung High-speed Railway, the Budapest-Belgrade Railway and the Padma Bridge in Bangladesh.

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During the reporting period, the value of new contracts for the engineering construction business of the Group was RMB1,871.01 billion, representing a year-on-year decrease of 16.9%. From a business segment perspective: the value of new contracts for railway construction business amounted to RMB319.42 billion, representing a year-on-year increase of 0.3%; the value of new contracts for highways construction business amounted to RMB167.36 billion, representing a year-on-year decrease of 24.3%; the value of new contracts for municipal works business amounted to RMB193.63 billion, representing a year-on-year decrease of 25.9%; the value of new contracts for urban rail business amounted to RMB72.70 billion, representing a year-on-year decrease of 55.8%; the value of new contracts for housing construction business amounted to RMB921.16 billion, representing a year-on-year decrease of 19.7%; and the value of new contracts for other businesses amounted to RMB196.74 billion, representing a year-on-year increase of 42.8%.

(2) Design and consulting

Design and consulting is the core business segment of the Group, an important engine for leading the upgrading of technology and industry of the Group and driving the development of other businesses, an important basis for enhancing the brand influence of the Group, and an key support for promoting industrial coordination and improving the innovation ability of the whole industrial chain. Our design and consulting business covers the whole process of basic construction services such as research, planning, consulting, cost, survey and design, supervision, general engineering contracting, and product industrialization, mainly involving industries such as railways, urban rail transit, highways, municipal works, housing construction, water transportation, water conservancy, hydroelectricity survey and design, survey and design. The Group constantly expands into new industries and new fields such as mountain geared rail, suspended air rail, low and medium-speed and high-speed magnetic levitation, new infrastructures, intelligent transportation, civil airports, ports and wharfs, power, energy conservation and environmental protection. The basic operation mode is to obtain design and consultancy orders through market competition at home and abroad, and complete the tasks such as design consultancy and relevant services of engineering projects as agreed in the contract. Meanwhile, the Group has been exploring innovative business models for its design consultancy business, fully utilizing its strengths in the planning of urban infrastructures and transportation facilities, playing the roles of market pulling and spatial expansion, comprehensively enhancing the capability of providing integrated services along the industry chain, and facilitating the synergistic development of the entire industry chain.

As a backbone enterprise in China's design and consulting industry, the Group has played an important guiding and leading role in the field of engineering construction, especially in assisting in the formulation of construction codes and quality acceptance standards of the railway industry. The Group has been deeply involved in the planning, design and construction of highland railroads, large-span bridges and complex tunnels. With advanced design concepts and exquisite technologies, the Group has successfully built a number of bridges with world-wide influence, broken through a series of "high, large, difficult and new" tunneling technologies, and overcame a number of world-wide problems, built a intertwined transportation networks and greatly promoted interconnectivity between regions. The Group has won a total of 246 Luban Awards, 546 National Excellent Engineering Awards (including 43 gold awards), 200 China Civil Engineering Zhan Tianyou Awards, 154 National Excellent Engineering Survey And Design Awards, 110 National Excellent Engineering Consulting Awards, and 35 International Engineering Consulting (FIDIC) and Engineering Design Awards. The Group ranked 28th and 139th among the ENR 150 largest design companies and 225 largest international design companies in the world in 2024 respectively. During the reporting period, the Group's design and consulting business recorded a newly signed contract value of RMB25.82 billion, representing a year-on-year decrease of 7.0%.

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(3) Equipment manufacturing

Equipment manufacturing is the core segment of the Group, an important carrier for practicing the “three transformations” and promoting the high-end brand of the Group, an important force for boosting the transformation and upgrading of the Group, and an important support for reinforcing and upgrading weak links in the industrial chains as well as improving the core competitiveness. The Group’s equipment manufacturing business mainly serves the infrastructure construction at home and abroad, and its products cover turnouts, tunnel construction equipment, bridge construction steel structure, engineering construction machinery, fabricated building components and rail transit electrification equipment, etc. The basic operation mode is mainly to obtain orders through market competition at home and abroad, and provide relevant products and services with guaranteed quality and quantity on schedule according to the contract. The Group has a leading position in the field of high-end equipment manufacturing related to transportation infrastructure such as railways, highways, urban rail transit and underground engineering in the country and even the world. It has outstanding advantages in scientific and technological innovation, core technology, production and manufacturing, brand awareness and other aspects. The Group is the world’s leading shield/TBM research and development manufacturer, the world’s leading steel structure manufacturer of turnouts and bridges, the leading railway construction equipment manufacturer in China, and the world’s leading manufacturer of infrastructure construction service equipment. As a leading manufacturer of high-end equipment for engineering construction, the Group develops and manufactures tunnel boring machines, special equipment for tunnel mechanization, engineering construction machinery, turnouts, steel bridges, etc. with abundant and stable market demand. CRHIC (stock code: 600528.SH), a majority-owned subsidiary of the Company, has the most complete spectrum of products in the field of railway infrastructure equipment in China and is the only industrial enterprise in A share main board market that mainly engages in high-end equipment for rail transit and underground excavation, and its shield machine/TBM products are exported to more than 30 countries and regions including developed countries such as Singapore and Italy, and are well received by the local society and construction market. CRHEEC (stock code: 688285.SH) is an important supplier engaging in the research and development, production and system integration of domestic electrified catenary components and power supply equipment for urban rail transit. CRPCC (stock code: 300374.SZ) is a supplier with rich product structures and integration service capability of prefabricated buildings in the domestic prefabricated building component industry, able to provide a complete set of solutions for prefabricated buildings.

As a leading manufacturer of high-end equipment for engineering construction, the Group continuously enhances its innovation-driven development capability and makes new breakthroughs in the new-type rail transit industry and new-type technology-based environmental protection industry. The Group holds the second-largest global market share in overseas markets of tunnel boring machines, while its medium and large-diameter shield machines have gained high recognition from customers in the European high-end market. During the reporting period, the amount of newly signed contracts for the equipment manufacturing business of the Group was RMB57.10 billion, of which RMB55.33 billion were newly signed domestical contracts and RMB1.77 billion were newly signed overseas contracts, representing a year-on-year decrease of 17%.

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(4) Featured property

Featured property is a key development segment of China Railway, an important carrier for the diversification of China Railway's brand, and an important platform for entering the urban construction market, for transforming into an urban comprehensive development and operation operator, and for transforming into "real estate + infrastructure" and "real estate + industry" based on the advantages of its main business. It is an important support for optimizing business layout and expanding market areas; and an important platform for optimizing the business layout and expanding the market area. The Group's property development business is capable of integrating and linking the entire real estate industry chain, including investment and financing, design and research and development, construction, commercial operation and property services, and has rich experience in development and operation, and is capable of providing a comprehensive package of solutions and services for integrated urban development and operation. The Group's property business covers a wide range of areas including primary land consolidation, secondary development, urban village renovation, guaranteed housing, urban renewal, properties above subway stations, shantytown renovation and old building renovation, cultural tourism and health care properties, industrial properties, rural revitalization and construction. Since the "14th Five-Year Plan", the Group has proactively adapted to the significant changes in the supply and demand relationship in the real estate market and the guidance of the national policy, fully, accurately and comprehensively adhered to the new development concept, insisted on being market demand-oriented, focused on the advancement of the national development strategy and the development of the national economy and society, and continued to adjust the structure, change the mode, promote the special features, refine the management, prevent the risks, and strengthen its brand; actively created featured properties, focused on changing from traditional commercial real estate development to a comprehensive development mode integrating multi-industry, multi-product and multi-functionality, and focused on becoming a first-class comprehensive urban development operator in China, and strived to build a real estate brand with China Railway's characteristics and core competitiveness in the real estate development business.

In 2024, the Group's real estate business focused on cash flow security, adhered to the principle of determining production based on sales and expenditure based on revenue, and scientifically controlled the pace of investment and development, thus maintaining a stable and healthy development of the real estate development business. During the reporting period, the Group's real estate business achieved sales of RMB43.43 billion, representing a year-on-year decrease of 37.6%; achieved sales area of 2.45 million square meters, commenced construction area of 1.24 million square meters, completed construction area of 6.35 million square meters, and new land reserves of 410,000 square meters. As at the end of the reporting period, the Group's land reserve for development amounted to 12.17 million square meters.

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(5) Asset operation

Asset operation is a key development segment of China Railway, an important carrier for China Railway to optimize its industrial layout and strengthen its brand across the entire industrial chain, and a key link in strengthening the management of operating assets, ensuring investment returns and enhancing capital circulation capabilities. The Group's asset operation business is to acquire projects and obtain concession rights based on the integrated advantages of "investment, construction and operation", and to provide first-class asset operation services in the PRC during the concession period. The scope of services mainly includes providing operation, maintenance and asset management for infrastructure investment projects, covering three modes of independent operation, joint operation and entrusted operation. The Group has established the "China Railway Expressway" and "China Railway Water" brands in the areas of highways and water supply and environmental protection, and has established a scientific and sound operation and management system in the areas of underground pipeline corridors and rail transportation. At present, the Group has invested in a large number of infrastructure projects, covering 10 types of projects such as rail transit, expressways, underground pipe corridors, water and environmental protection, municipal roads, sponge cities and industrial parks across most cities and regions in China, with the operation period ranging from 10 to 40 years. As of the end of the reporting period, the Group has led the implementation and operation of approximately 280 kilometers of urban rail transit, mainly including Xi'an Metro Line 9, Chengdu Metro Line 9 and Chongqing Metro Line 4; led the implementation and operation of approximately 2,500 kilometers of expressways, mainly are 22 expressways including Yibin-Yiliang Expressway, Shantou-Jiexie Expressway, and Xin'an-Yichuan Expressway; led the implementation and operation of approximately 200 kilometers of urban comprehensive pipe corridors, mainly Haikou underground comprehensive pipe corridor, Tangshan underground comprehensive pipe corridor and Pingtan Comprehensive Experimental Zone underground comprehensive pipe corridor; led the implementation and operation of water projects with a daily water treatment of 1.45 million tons, mainly including Ma'anshan Second Sewage Treatment Plant Expansion and Upgrading Project, Lanzhou Salt Field Sewage Treatment Plant and Expansion Franchise Project. During the reporting period, the newly signed contracts of the Group's asset operation business was RMB176.23 billion, which was basically the same as that of the previous year.

(6) Resource utilization

The Group's resource utilization business is mainly based on the management and development of mining entities. Currently, it wholly owns, controls or holds shares to invest in the construction of five modern mines at home and abroad, including Luming Molybdenum Mine, Heilongjiang, Luishia Copper-Cobalt Mine, Comagnie Minière de Luisha S.A.S, Congo, MKM Copper-Cobalt Mine, SICOMINES Copper-Cobalt Mine, and Wulan Lead and Zinc Mine, Mongolia, all of which are in good conditions. The main mineral products produced and sold by the Group include concentrate of varieties involving copper, cobalt, molybdenum, lead, zinc and others, copper cathode and cobalt hydroxide. Currently, the retained reserves of copper, cobalt and molybdenum of the Group are in the leading position in the same industry in China, and the mines' production capacity for copper and molybdenum has been at the forefront in the same industry in China. In recent years, the Group has been using the management and development of mining entities as the foundation to continuously expand its mining services business, including ore stripping and the sale of mining equipment, and further acquired projects of construction sand and gravel aggregates.

In 2024, the development and sales of the Group's mineral resources maintained a steady development trend. Of which, 288,252 tons of copper metal, 5,629 tons of cobalt metal, 14,945 tons of molybdenum metal, 9,415 tons of lead metal, 25,048 tons of zinc metal and 36 tons of silver metal were produced.

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Mineral Resource Projects (as at 31 December 2024)										
No.	Project name	Type	Mining resource						Production quantity in the reporting period (tons)	Project progress
			Grade	Resources/reserves		Equity ratio (%)	Planned total investment (RMB'00 million)	Accumulated investment (RMB'00 million)		
				Unit	Amount					
1	Luming Molybdenum Mine, Yichun City in Heilongjiang	Molybdenum	0.09%	tons	595,765.90	83%	60.17	60.26	14,945	In normal production
		Copper	/	tons	/				1,528	
2	SICOMINES Copper-Cobalt Mine	Copper	3.15%	tons	6,459,420.85	41.72%	45.86	30.92	245,865	In normal production
		Cobalt	0.25%	tons	520,226.34				5,498	
3	Luishia Copper-Cobalt Mine	Copper	2.18%	tons	475,433.72	67%	21.38	21.60	22,839	In normal production
		Cobalt	0.08%	tons	18,296.47				131	
4	MKM Copper-Cobalt Mine	Copper	2.08%	tons	31,048.66	75.2%	11.95	12.35	18,020	In normal production
		Cobalt	0.21%	tons	3,158.95				0	
5	Wulan Lead and Zinc Mine, Xinxin Company	Lead	1.15%	tons	152,950.26	100%	15.4	15.4	9,415	In normal production
		Zinc	2.89%	tons	385,146.82				25,048	
		Silver	56.49g/t	tons	752.77				36	
6	Muhaer Lead and Zinc Mine, Xinxin Company	Lead	0.63%	tons	41,141.22	100%	–	–	–	Not yet exploited
		Zinc	2.37%	tons	154,709.38					
		Silver	118.17g/t	tons	770.15					
7	Wurile Ovoo and Zhanggai Tolgoi Gold Mine, Xinxin Company	Gold	3g/t	tons	3	100%	–	–	–	Not yet exploited
8	Silver-Lead-Zinc polymetallic Mine, Chafu, Xianglong Mineral Co., Ltd.	Lead	7.00%	tons	89,697.1	100%	3.3	3.3	–	Ceased production
		Zinc	5.09%	tons	65,192.61					
		Silver	200.39g/t	tons	256.84					

Note: In accordance with the mining law of Democratic Republic of the Congo, the holder is obliged to transfer 5% of its shareholding to the Democratic Republic of the Congo upon each renewal of the mining right. In 2024, Luishia and MKM completed the statutory procedures for the renewal of the expiring mining rights and the shareholding was reduced by 5%, respectively.

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(7) Financial and merchandise trading

When carrying out financial business, the Group has strictly implemented the State regulatory policies and adhered to the overall guidelines of integration of industry and finance. Centering on the target of serving internal financial needs, promoting the development of principal construction business and creating value and adhering to the principle of giving priority to benefits in the allocation of financial resources, the Group's financial business segment has effectively guided the flow of financial resources to efficient assets, while firmly holding the bottom line of avoiding financial risks. The Group holds the financial licenses for trust, finance company, and public fund, and is approved to engage in such financial business as assets management, private equity fund, insurance brokerage, finance lease, and commercial factoring, which the SASAC allows to be conducted in a prudent and regulated manner. The Group has built a multi-level, wide-span and differentiated institutional service system of "finance and quasi-finance" represented by China Railway Trust, China Railway Finance, and China Railway Capital, and actively explored new ways to integrate industry and finance to serve internal financial needs.

The merchandise trading business of the Group represents the trading business carried out by the trading enterprises at all levels of the Group relying on the demand advantage, product advantage and resource channel advantage from centralized purchase and supply based on the main business of the Group. It mainly serves the internal trading demand of the Company and provides external services in an appropriate manner. China Railway Resources, the Company's wholly-owned subsidiary, is responsible for the sales of mineral products in the resource utilization sector. China Railway Material Trade, a wholly-owned subsidiary of the Group, has established a national-wide operation and service network, and maintained good cooperative relationships with domestic large-scale production enterprises of steel, cement, petrochemical, components for communications engineering, signal engineering, electrical engineering and electrification engineering, building decoration materials and other products, and carried out centralized procurement and supply of major materials at the Group level, and supplies materials to other domestic construction enterprises, significantly improving the Group's resources acquisition ability, supply security, procurement and bargaining power. During the reporting period, the amount of newly signed contracts for the financial and merchandise trading business of the Group was RMB88.65 billion, representing a year-on-year decrease of 1.5%.

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(8) Emerging business

The Group's emerging business, encompassing both "second curve" emerging business and strategic emerging industries (including future industries), is the China Railway's key cultivation segment. Emerging business is crucial for aligning with national strategies, building a modern industrial system, accelerating the formation of new productive forces, and ensuring the Group's sustainable development. They also play a vital role in establishing a competitive advantage for the future. In terms of the "Second Curve", the Group has been closely centering on national strategies such as the "3060" dual carbon goals and "two priorities", focused on key regions and emerging fields, adjusted the industrial structure with market orientation, guided the business model with scientific and technological innovation, concentrated its efforts in the fields of water conservancy and hydropower, clean energy, ecological and environmental protection. In terms of strategic emerging industries, the Group is focusing on four major areas: artificial intelligence, industrial software, high-end machine tools, and future space. It is also increasing its development efforts in high-end equipment manufacturing and energy conservation and environmental protection (green building), strengthening its industrial layout in new materials and service industries in relation to strategic emerging industries, and leveraging its advantages in main business to specialize in and expand construction engineering and related engineering services for strategic emerging industries such as new energy. During the reporting period, the Group won bids for a number of major projects, including a number of high-standard farmland projects, the Huatanzi Reservoir Project in Tongren City, Guizhou Province, the Comprehensive Management Project (Phase II) of the Western Desert of Inner Mongolia in the Alxa League, of which, the Comprehensive Management Project (Phase II) of the Western Desert of Inner Mongolia in the Alxa League is the largest single project of the "three norths" project and ecological management project in recent years. In 2024, the operating results of the emerging business achieved a quantitative and qualitative increase, with newly signed contracts amounted to RMB425.74 billion, representing a year-on-year increase of 11.3%. Among them, new contracts in the water conservancy and hydropower business amounted to RMB104.24 billion, representing a year-on-year growth of 50%; new contracts in the clean energy business amounted to RMB120.03 billion, representing a year-on-year growth of 22.6%; and new contracts in the ecological protection business amounted to RMB61.67 billion, representing a year-on-year decrease of 36.6%.

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III. Scientific Research Investment and Technological Achievements

In 2024, the Group has achieved remarkable results in its advantageous fields and featured businesses, such as high-end equipment manufacturing, special complex long-span bridge construction, underground engineering and deep space development, extreme environment engineering construction, ecological protection technology, and overseas featured businesses; 51 achievements including (among others) “key technology for bridge engineering of full-scale test line of ultra-high-speed maglev, key technology for development and engineering of shield-type TBM for deep ultra-large-section tunnel in high-stress area, key technology for high-speed railway subgrade construction in the abrupt terrain change zone of Yunnan-Guizhou Plateau, key technology of green building for railroad passenger stations of mega integrated hubs based on station-city integration, key technology of urban rail transportation turnout performance and service life enhancement, research and engineering application of key technology for the intelligent construction of traction power supply systems, research on construction and multi-functional evaluation technology of wetland combined ecosystem around Chaohu Lake, key technology and application of multi-source data fusion railway digital survey and design optimization platform, key technology and application of lightweight railway standard beams” have reached the international leading level; 112 achievements including (among others) “key technology research on railway hydrological analysis in small and medium-sized river basins” have reached the international advanced level; and 202 achievements including (among others) “intelligent robot for plane reinforcing mesh lacing” have reached the domestic leading or advanced level. Relying on the “Chongming-Taicang Yangtze River Tunnel”, the key throat project of the Shanghai-Nanjing section of Shanghai-Chongqing-Chengdu High-speed Railway, the Group has built nine intelligent construction systems, including “intelligent perception, intelligent design, intelligent prefabrication, intelligent excavation, intelligent installation, intelligent construction, intelligent environmental control, intelligent transportation and intelligent control”, which promoted the intelligent construction of shield tunnels into the V2.0 era. The Group has developed the world’s first large-diameter tunneler “Yongning” which can climb steep slopes, and successfully applied it to the construction of two “throat” diversion slope shafts of the Luoning Pumped Storage Power Station Diversion Slope Shaft Project, thus filling the technical gap in the field of large inclined angle inclined shaft construction in China.

During the reporting period, the Group obtained 240 provincial and ministerial-level scientific and technological progress achievement awards, 9,745 patents, including 3,385 invention patents and 296 overseas patents such as PCT patents, and 1,416 provincial and ministerial-level workmanships. The Group’s five achievements including (among others) the “Hong Kong-Zhuhai-Macao Bridge Cross-sea Cluster Project” were awarded the National Science and Technology Award, including one first prize and three second prizes for scientific and technological progress, and one second prize for technological invention.

In the future, the Group will continue to invest in research and development in support of strategic emerging industries and future industries, lay out the innovation chain around the industrial chain, improve the scientific and technological innovation system, accelerate the gathering of innovative elements, promote the transformation of scientific research results, strictly control the compliance risk, strictly enforce the relevant regulations on R&D expenditures, strive to break through a batch of key technologies and form a batch of iconic products, and endeavor to overcome a batch of key core technical “bottleneck” problems; the Group will also help build a number of landmark key and difficult projects at home and abroad, provide strong support for the contracting and construction of corporate engineering projects, lead the construction level of high-speed railways and bridges and tunnels in China and even the world, and constantly polish the beautiful business cards of China Road, China Bridge, China Tunnel, China Electrification, China High Speed Railway demonstrating the responsibility and commitment of a leader in infrastructure construction.

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IV. Establishment and Implementation of Safety and Quality System

As a construction company, China Railway places the utmost importance on ensuring production safety and reducing work-related accidents. Strict compliance with laws and regulations during production and operations is crucial for the Group's sustainable development. The Group strictly adheres to relevant laws and regulations such as the Work Safety Law of the People's Republic of China, Occupational Disease Prevention and Control Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, and Work-related Injury Insurance Regulations, as well as other laws and regulations in the locations where the Group operates that have a significant impact on the health and safety of our employees. The Group has formulated systems such as the Regulations on Occupational Safety and Health Supervision and Management and the Guiding Opinions on Employee Living Security Work, continuously strengthened management, strived to provide employees with a healthy and safe work environment, and reduced work-related accidents, so as to protect the legitimate rights and interests of workers.

In terms of the establishment of the system, the Group has set up the Production Safety (Quality) Committee, which is responsible for all aspects of the production safety of the Group. The Committee has 2 directors, who are the secretary of the Party committee, chairman and president of the Group respectively, 1 deputy director, who is the vice president in charge of safety and quality, and members including other leadership team and senior management, and heads of relevant departments of the headquarters of the Company. Tier 2 and tier 3 companies have production safety supervision and management departments, and construction and investment enterprises have full-time safety directors.

In terms of the improvement of the system, in 2024, the Company's work on production safety insisted on organically combining the improvement of the management system with the three-year action plan. The Company focused on strengthening production safety responsibilities, and took major production safety inspections and the construction of important work mechanisms as a means to continuously focus on the management of major accident hazards. The Company studied and implemented innovative measures such as the "Whistleblowing Mechanism for Work Safety", "Internal Reporting Reward Mechanism for Accident Potentials" and "Guidelines for Emergency Rescue Work in Tunnel Construction", and continued to build and improve the Group's work safety supervision system.

In terms of monitoring the implementation of the system, in 2024, the Group organized and launched a safety production inspection and a series of special inspections of highway projects under construction and operation, organized and launched a special self-inspection and remediation of hidden quality problems, and completed the safety and quality system supervision of the relevant units under the Group. Each of the Group's construction member enterprises has set up a control and inspection team and established a system of regular reports on the supervision situation, so as to promptly eliminate the hidden dangers of on-site safety, quality and environmental protection. The number of major potential safety hazards has been significantly reduced, the control over on-site construction and production of projects at all levels has become more stringent, the atmosphere of safety management has become more dense and the ability of safety supervision has been continuously upgraded.

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V. Implementation of Environmental Protection Measures

The details are set out in the “Environmental Information” of “Environmental and Social Responsibility” on page 316 to page 319 of this annual report.

VI. Compliance with Laws and Regulations

As a company dually listed on Shanghai Stock Exchange and the main board of the Hong Kong Stock Exchange, during the reporting period, the Group strictly complied with laws and regulations including the Company Law, the Securities Law and the Code of Corporate Governance for Listed Companies, and the various rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, continuously enhanced the corporate governance structure and brought forth new ideas to the operational mechanism of corporate governance, thereby continuously enhancing the rationality and effectiveness of corporate governance. During the reporting period, there was no material breach of laws and regulations by the Group.

VII. Maintenance of Relationship with Stakeholders

The Group always maintains a cooperation relationship of harmony, mutual trust and mutual benefit with its stakeholders, and insists on putting itself in the shoes of the stakeholders to consider issues and proactively responds to the important issues of the stakeholders’ concern. The Group has established a smooth, standardized and distinctive communication system with the stakeholders, and strives to achieve mutual, harmonious and win-win development with the stakeholders.

VIII. Outlook

Industry Landscape and Trends

The 2025 Report on the Work of the Government clearly states that in the concluding year of the “14th Five-Year Plan”, China will adhere to the general principle of seeking progress while maintaining stability, implement the new development concept in a complete and accurate manner, accelerate the construction of a new development pattern, solidly promote high-quality development, further deepen reforms in an all-round manner, expand high-level opening up, build a modernized industrial system, better coordinate development and security, implement more proactive macroeconomic policies, expand domestic demand, promote the integration of technological innovation and industrial innovation, stabilize the property market and the stock market, prevent and resolve risks and external shocks in key areas, stabilize expectations, stimulate vitality, and promote sustained recovery and improvement of the economy. Infrastructure investment, as the main force of “counter-cyclical regulation + cross-cyclical regulation”, plays an important role in stabilizing growth. **In terms of planning and development opportunities**, with the release of a series of important policy documents including “Opinions on Comprehensively Promoting the Construction of Beautiful China”, “Five-Year Action Plan for Deepening the Implementation of People-oriented New Urbanization Strategy”, “Opinions on Promoting the Construction of New Urban Infrastructures to Build Resilient City”, “Notice on Strengthening the Construction and Operation and Maintenance of Urban Domestic Sewerage Pipeline Networks”, “Opinions on Financial Support for the Construction of the ‘Three Norths’ Project”, “Guiding Opinions on Accelerating the Development of Water-Saving Industries”, “Opinions on Strengthening the Planning and Construction of Coastal and Inland Ports and Waterways in the New Era”, “Action Plan for Accelerating the Construction of New Power System (2024-2027)”, “Guiding Opinions on Promoting the High-Quality Development of Transportation Infrastructure Construction by Creating Demonstrations of Safe Centennial Quality Projects”, and with the in-depth implementation of major regional strategies and regional coordinated development strategies including the coordinated development of Beijing-Tianjin-Hebei, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the

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Yangtze River Delta, and the ecological protection and high-quality development of the Yellow River Basin, the “two priorities” construction, “three major projects”, construction in fields like urban renewal, rural revitalization, new energy, ecological and environmental protection, high-standard farmland, national backbone water network and new infrastructure have continued to advance, laying a solid foundation for the steady and positive development of the infrastructure industry in the future. **In terms of the funding support**, China will give top priority to the expansion of domestic demand on all fronts, implement a more proactive fiscal policy and an appropriately loose monetary policy, and increase the intensity of fiscal spending by raising the deficit rate, issuing more ultra-long-term special national bonds and increasing the issuance and use of local government special bonds. In 2025, RMB1.3 trillion of ultra-long-term special national bonds will be issued, and RMB4.4 trillion of local government special bonds will be arranged, focusing on investment in construction, land storage and acquisition of existing commercial housing, and digesting local government arrears of accounts owed to enterprises. The intensity of financial support will be significantly increased. **In terms of the industry innovation and upgrading**, during the “14th Five-Year Plan” period, traditional infrastructure investment will continue to maintain a high level of operation, and major projects such as the plateau railway, Chengdu-Chongqing Central Line High-speed Railway and the Yangtze River to Hankou Diversion Project will be orderly promoted; “new infrastructure” will continue to exert its strength, and the scope of application of artificial intelligence will continue to expand. There is broad space for the development of smart cities, smart transportation and smart energy. China has clearly proposed to actively use digital technology and green technology to transform and upgrade traditional industries and cultivate new growth points such as green buildings. It is expected that the development of the construction industry will gradually shift from being driven by investment, labor and other factors to being driven by innovation. The integrated development of the construction industry with advanced manufacturing technology, information technology, energy-saving technology and artificial intelligence technology will be further deepened, and the pace of industrialization, digitalization and intelligent upgrading of buildings will be accelerated, which will further promote the construction industry to move towards intensive high-quality development.

Corporate Development Strategy

During the “14th Five-Year Plan” period, China Railway focuses on its historical mission and main responsibilities and business, takes promoting high-quality development as the theme, promotes transformation and upgrading as the main task, follows the “eight must-haves” as the strategic guidance, promotes the implementation of the “123456” development strategy, and adopts the growth approach of “two transformations” (i.e. transformation from debt-driven development to accumulation and innovation-driven development, transformation from traditional production and operation to asset management and capital operation). It is committed to becoming an enterprise with five characteristics in the new era: a national pillar with strong sense of responsibility, a pioneer with leading infrastructure, a leader in the industrial chain focusing on green development, a transnational company with brand influence and a modern enterprise with social respect. China Railway continues to enhance its capacities of competitiveness, innovation, control, influence and risk resistance, and initially builds itself into a world-class comprehensive construction industry group with global core competitiveness.

During the “14th Five-Year Plan” period, China Railway focuses on improving its primacy ratio in the industry, in China and in the world, and on enhancing the synergy among various businesses in the industry chain, the value chain, the supply chain and the innovation chain. It is committed to strengthening the three core businesses of design and consulting, engineering construction and equipment manufacturing to catch up with the world-class level; optimizing the two key businesses of characteristic real estate and asset operation to build a first-class brand in China; specializing the two major supporting businesses of resources utilization and financial and merchandise trading to build a first-class platform in the industry; and expanding relevant emerging businesses to create new drivers of development, so as to comprehensively enhance its core competitiveness, and lay a solid foundation for its transformation and upgrading.

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IX. Operating Plan

2025 is the final year of the “14th Five-Year” Plan. The Group will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply implement the spirit of the 20th National Congress of the Communist Party and the Second and Third Plenary Sessions of the 20th CPC Central Committee, fully implement the requirements of the Central Economic Work Conference and the Central Enterprise Leaders’ Meeting, adhere to the general tone of seeking progress while maintaining stability, firmly implement the “123456” work strategies, anchor the main line of “efficiency improvement and value creation”, unswervingly implement overall requirements of “strengthening Party building, improving the atmosphere and tightening management (強黨建、正風氣、嚴管理)”, focus on the goals and tasks of “increasing cash flows, reducing liabilities and controlling risks”, implement reform, pursue innovation, optimize structure and guarantee stability, continuously enhance the core corporate functions, improve core competitiveness, and better play the role of science and technology innovation, industrial control and safety support. The Group will strive to take the lead in and set an example for promoting high-level self-reliance and self-improvement in science and technology, building a modern industrial system and developing new quality productive forces, comprehensively accelerate the construction of “high-quality China Railway”, and make every effort to complete the goals and tasks of the “14th Five-Year” Plan, so as to lay a solid foundation for achieving a good start of the “15th Five-Year” Plan and to better serve the construction of Chinese-style modernization.

In 2025, the Group plans to achieve total revenue of approximately RMB1,132.0 billion, costs of operation (including interest expense) of approximately RMB1,021.1 billion, and four expenses of approximately RMB62.5 billion. It is estimated that the newly signed contracts to be entered into will amount to approximately RMB2.8 trillion. The Group will promptly adjust its operation plan in response to the market changes and the actual implementation of the plan.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Financial Performance Overview

The Group's principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses.

In the year of 2024, the Group achieved revenue of RMB1,160.311 billion, representing a year-on-year decrease of 8.2%. Profit for the year decreased by 18.3% year-on-year to RMB30.758 billion while profit for the year attributable to owners of the Company decreased by 16.7% year-on-year to RMB27.887 billion.

A comparison of the financial results for 2024 and 2023 is set forth below.

II. Consolidated Results of Operations

Revenue

In 2024, the Group's revenue decreased year-on-year by 8.2% to RMB1,160.311 billion. Among which, revenue from overseas was RMB68.644 billion, representing a year-on-year increase of 10.3%.

Cost of sales and services and gross profit

The Group's cost of sales and services primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel cost), employee compensation and benefits and depreciation and amortization expenses. In 2024, the Group's cost of sales and services recorded a year-on-year decrease of 7.9% to RMB1,050.080 billion, while gross profit of the Group decreased year-on-year by 10.2% to RMB110.231 billion. The overall gross profit margin for 2024 was 9.5%, representing a decrease of 0.2 percentage point from 9.7% for 2023.

Other income

The Group's other income primarily consists of subsidies from government, interest income from other financial assets at amortised cost, compensation and claims and dividend income. In 2024, the Group's other income was RMB4.018 billion, increased by 16.8% from RMB3.439 billion of last year.

Other expenses

The Group's other expenses primarily includes compensation expenditure, penalty cost and lawsuit expenditure. In 2024, the Group's other expenses decreased by 31.9% from RMB1.243 billion of last year to RMB0.847 billion, mainly due to the decrease in compensation expenditure and lawsuit expenditure.

Net impairment losses on financial assets and contract assets

The Group's net impairment losses on financial assets and contract assets mainly includes impairment losses on trade and other receivables, other financial assets at amortised cost and contract assets. In 2024, the Group's net impairment losses on financial assets and contract assets decreased year-on-year by 4.9% to RMB6.798 billion, mainly attributable to the decrease in impairment losses on trade and other receivables.

Other gains, net

The Group's other gains and losses mainly include gains/losses on disposal/write-off of right-of-use assets and property, plant and equipment, foreign exchange gains/losses and gains/losses on disposal and changes in the fair value of financial assets/liabilities through profit and loss. The Group's other gains recorded RMB754 million in 2024, mainly comprised of gains of RMB468 million on disposal/write-off of property, plant and equipment and other assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Losses from derecognition of financial assets at amortised cost

The Group's losses from derecognition of financial assets at amortised cost mainly include the losses arising on derecognition of trade receivables which were transferred in accordance with asset-backed notes ("**ABN**") and asset-backed securities ("**ABS**") issuance, and non-recourse factoring agreements. In 2024, the Group's losses from derecognition of financial assets at amortised cost was RMB5.145 billion, basically remained the same as last year. In 2024, the Group transferred trade receivables of RMB89.480 billion and RMB17.036 billion under the issuance of ABN and ABS, and non-recourse factoring agreements, respectively (2023: RMB67.619 billion and RMB14.765 billion, respectively).



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. In 2024, the Group's selling and marketing expenses amounted to RMB6.944 billion, representing a year-on-year increase of 1.4%. Such increase was mainly due to strengthened marketing efforts and increase in marketing investment. The selling and marketing expenses as a percentage of the total revenue for 2024 was 0.6%, representing an increase of 0.1 percentage point from last year.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortisation of its assets related to administration. In 2024, the Group's administrative expenses were RMB25.495 billion, representing a year-on-year decrease of 12.0%. The decrease in expenses was mainly because the Group has deepened the promotion of "cost reduction and efficiency improvement" and strengthened the control of management expenses. Administrative expenses as a percentage of revenue for 2024 was 2.2%, representing a decrease of 0.1 percentage point from last year.

Research and development expenditures

In 2024, the Group's research and development expenditures decreased by 11.2% from RMB30.000 billion of last year to RMB26.632 billion. The Group's investment in research and development continued to remain at a high level.

Finance costs, net

In 2024, the Group's net finance costs (finance costs less finance income) was RMB4.939 billion, representing an increase of 55.3% from last year. It was mainly because the delay in payments by certain project owners have led to an increase in external borrowings, which caused the increase in interest expenses.

Profit before income tax

As a result of the foregoing factors, the profit before income tax for 2024 decreased by RMB6.968 billion or 14.6% to RMB40.613 billion from RMB47.581 billion for 2023.

Income tax expense

In 2024, the Group's income tax expense was RMB9.855 billion, remained basically the same as last year. By excluding the impact of land appreciation tax, the effective income tax rate of the Group was 20.0% for 2024, representing an increase of 2.3 percentage points from last year.

Profit for the year attributable to owners of the Company

In 2024, profit for the year attributable to owners of the Company decreased by 16.7% to RMB27.887 billion from RMB33.483 billion for 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2024 are set forth in the table below.

Business segment	Revenue <i>RMB million</i>	Growth rate <i>(%)</i>	Profit/(loss) before income tax		Growth rate <i>(%)</i>	Profit/(loss) before income tax margin ¹		Revenue as a percentage of total <i>(%)</i>	Profit/(loss) before income tax as a percentage of total <i>(%)</i>	
			<i>RMB million</i>	<i>(%)</i>		<i>(%)</i>	<i>(%)</i>		<i>(%)</i>	<i>(%)</i>
Infrastructure Construction	1,020,533	-9.9	34,439	-15.5	3.4	83.3	81.0			
Survey, Design and Consulting Services	18,523	-3.9	1,460	10.4	7.9	1.5	3.4			
Engineering Equipment and Component Manufacturing	35,898	-0.2	1,974	-3.1	5.5	2.9	4.6			
Property Development	48,870	-5.2	(2,402)	186.0	(4.9)	4.0	(5.6)			
Other Businesses	102,209	-6.9	7,084	-5.2	6.9	8.3	16.6			
Inter-segment Elimination and Adjustments	(65,722)		(1,942)							
Total	1,160,311	-8.2	40,613	-14.6	3.5	100.0	100.0			

¹ Profit/(loss) before income tax margin is the profit/(loss) before income tax divided by the revenue.

Infrastructure construction business

Revenue from the Group's infrastructure construction business is mainly derived from construction of railway, highway and municipal works. Revenue from the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In 2024, the revenue from the infrastructure construction business accounted for 83.3% of the total revenue of the Group (2023: 84.0%). In 2024, the Group's revenue of infrastructure construction business decreased by 9.9% year-on-year to RMB1,020.533 billion. Gross profit margin and profit before income tax margin of the infrastructure construction segment for 2024 was 8.3% and 3.4% respectively (2023: 8.6% and 3.6% respectively). The decrease in gross profit margin and profit before income tax margin was mainly due to the significant decrease in profitability of highway business resulting from the decline in investment business scale.

MANAGEMENT DISCUSSION AND ANALYSIS

Survey, design and consulting services business

Revenue from the survey, design and consulting services business primarily derives from providing a full range of services on survey, design and consulting, research and development, feasibility studies and compliance certification of infrastructure construction projects. In 2024, the Group's survey, design and consulting services business recorded revenue of RMB18.523 billion, representing a year-on-year decrease of 3.9%. Gross profit margin and profit before income tax margin for the segment for 2024 was 29.1% and 7.9% respectively (2023: 28.0% and 6.9% respectively). The increase in gross profit margin and profit before income tax margin was mainly due to the Group's focus on improving quality and efficiency, strengthening cost control and increasing profitability.

Engineering equipment and component manufacturing business

Revenue from the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway-related equipment, bridge steel structures and construction machinery. In 2024, the revenue of the engineering equipment and component manufacturing business of the Group decreased by 0.2% year-on-year to RMB35.898 billion. Gross profit margin and profit before income tax margin was 19.6% and 5.5% respectively for 2024 (2023: 21.0% and 5.7% respectively). The decrease in gross profit margin and profit before income tax margin was mainly due to the decline in profitability resulting from intense market competition and decrease in sales prices of tunnel construction equipment.

Property development business

In 2024, the Group's revenue from property development business recorded RMB48.870 billion, decreased by 5.2% year-on-year. Gross profit margin and profit before income tax margin was 11.1% and -4.9% in 2024 (2023: 12.1% and -1.6% respectively). The decrease in gross profit margin and profit before income tax margin was mainly due to the continuous decline in the real estate market, the decrease in sales prices and the extension in sales cycle.

Other businesses

In 2024, the Group steadily implemented the limited and interrelated diversification strategy, and the revenue from other businesses decreased year-on-year by 6.9% to RMB102.209 billion in 2024. Gross profit margin for 2024 was 17.3%, representing an increase of 0.7 percentage point from 16.6% for 2023. Profit before income tax for 2024 was RMB7.084 billion (2023: RMB7.469 billion). Among which: ①Revenue from asset operation business was RMB5.658 billion, a year-on-year increase of 39.3%. ②Revenue from resources utilisation business was RMB8.208 billion, a year-on-year decrease of 8.8%. ③Revenue from merchandise trading business was RMB65.222 billion, a year-on-year decrease of 11.3%. ④Revenue from financial business was RMB4.347 billion, a year-on-year decrease of 1.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. Cash Flow

In 2024, the net cash inflow from operating activities of the Group amounted to RMB28.051 billion, representing a decrease in net cash inflow of RMB10.313 billion from RMB38.364 billion for 2023, mainly due to the fact that to the Group actively took effective measures to strengthen cash flow management and control and continued to maintain a good cash flow level.

In 2024, the net cash outflow from investing activities of the Group amounted to RMB82.289 billion, representing an increase in net cash outflow of RMB7.649 billion from RMB74.640 billion for 2023, which was mainly due to the increase in payment for investment by the Group.

In 2024, the net cash inflow from financing activities of the Group amounted to RMB57.395 billion, representing an increase in net cash inflow of RMB30.264 billion from RMB27.131 billion for 2023, which was mainly due to the increase in external borrowing resulting from delay in payments by certain project owners and increase in investment from shareholder in infrastructure investment projects.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment, upgrading of the Group's production facilities and investment in infrastructure investment projects under intangible assets mode. The Group's total capital expenditure for 2024 was RMB71.037 billion, representing a decrease of 5.3% from RMB75.011 billion for 2023. Such decrease was mainly due to the decrease in capital expenditure on property, plant and equipment and intangible assets.

The following table sets forth the Group's capital expenditure by business segment in 2024.

	Infrastructure construction <i>RMB million</i>	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other businesses <i>RMB million</i>	Total <i>RMB million</i>
Property, plant and equipment	17,898	252	1,452	750	3,163	23,515
Investment properties	32	–	–	311	224	567
Intangible assets	14,092	33	62	9	22,897	37,093
Mining assets	2	–	–	–	4,640	4,642
Right-of-use assets	4,492	43	134	246	305	5,220
Total	36,516	328	1,648	1,316	31,229	71,037

MANAGEMENT DISCUSSION AND ANALYSIS

Working capital

	As at 31 December	
	2024	2023
	RMB million	RMB million
Inventories	72,372	57,153
Trade and bills receivables	359,446	193,674
Trade and bills payables	773,169	588,737
Turnover of inventory (days)	22	17
Turnover of trade and bills receivables (days)	86	50
Turnover of trade and bills payables (days)	233	169

At the end of 2024, the balance of the Group's inventories was RMB72.372 billion, representing an increase of 26.6% from the end of 2023. Such increase was mainly due to the increase in construction material reserves for ensuring the production progress of projects. The Group's inventory turnover days was 22 days in 2024, representing an increase of 5 days from 2023.

Trade and bills receivables

At the end of 2024, the Group's trade and bills receivables increased by 85.6% from the end of 2023 to RMB359.446 billion, which was mainly due to the increase in business scale and the delayed payment of some project owners. The turnover days of trade and bills receivables was 86 days in 2024, representing an increase of 36 days from 2023. According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than one year and the trade and bills receivables of more than one year accounted for 17.4% (31 December 2023: 26.6%) of the total receivables, which reflected the sound receivables management capability of the Group.

The following table sets forth the ageing analysis of the Group's trade and bills receivables as at 31 December 2024 and 2023, based on invoice date.

	As at 31 December	
	2024	2023
	RMB million	RMB million
Less than one year	297,064	142,215
One year to two years	24,032	21,833
Two years to three years	13,509	9,816
Three years to four years	7,323	4,463
Four years to five years	3,036	4,969
More than five years	14,482	10,378
Total	359,446	193,674

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and bills payables

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. The Group's trade and bills payables increased by 31.3% from end of 2023 to RMB773.169 billion as at the end of 2024, which was mainly due to the increase in business scale and reasonable adjustment of payment methods. The turnover days of trade and bills payables was 233 days in 2024, representing an increase of 64 days from 169 days in 2023. According to the ageing analysis of the Group's trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 6.3% (31 December 2023: 7.5%) of the total payables.

The following table sets forth the ageing analysis of the Group's trade and bills payables as at 31 December 2024 and 2023, based on invoice date.

	As at 31 December 2024 RMB million	2023 RMB million
Less than one year	724,349	544,622
One year to two years	26,926	23,035
Two years to three years	8,907	10,204
More than three years	12,987	10,876
Total	773,169	588,737

V. Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2024 and 2023.

	As at 31 December 2024 RMB million	2023 RMB million
Bank borrowings		
Secured	145,510	142,981
Unsecured	297,425	221,184
	442,935	364,165
Long-term debentures, unsecured	50,907	48,968
Other borrowings		
Secured	1,048	1,415
Unsecured	23,077	15,415
Total	517,967	429,963
Long-term borrowings	373,736	316,647
Short-term borrowings	144,231	113,316
Total	517,967	429,963

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group's long-term borrowings was RMB373.736 billion, representing an increase of 18.0% from the end of 2023 while the Group's short-term borrowings was RMB144.231 billion, representing an increase of 27.3% from the end of 2023.

Bank borrowings carry interest rates ranging from 0.50% to 11.20% (31 December 2023: 0.50% to 10.88%) per annum. Long-term debentures carry fixed interest rates ranging from 2.18% to 4.80% (31 December 2023: 2.58% to 4.80%) per annum. Other borrowings carry interest rates of 2.65% to 4.80% (31 December 2023: 3.06% to 4.43%) per annum. In 2024, the Group's average cost of financing was 3.57%, representing a year-on-year decrease of 0.31 percentage point.

The following table sets forth the maturity of the Group's borrowings as at 31 December 2024 and 2023.

	As at 31 December	
	2024	2023
	RMB million	RMB million
Less than one year	144,231	113,316
One year to two years	51,914	52,248
Two years to five years	88,745	77,439
More than five years	233,077	186,960
Total	517,967	429,963

As at 31 December 2024 and 2023, the Group's floating-rate borrowings were RMB302.796 billion and RMB253.718 billion respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 31 December 2024 and 2023. The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars.

	As at 31 December	
	2024	2023
	RMB million	RMB million
RMB	508,459	420,609
USD	9,330	9,178
Euro	—	6
Others	178	170
Total	517,967	429,963

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of the Group's secured borrowings as at 31 December 2024 and 2023.

	As at 31 December			
	2024		2023	
	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment	2,065	5,885	1,497	4,171
Intangible assets	93,476	146,304	78,950	106,796
Properties under development for sale	5,444	6,939	4,710	7,697
Trade and bills receivables	445	555	185	317
Contract assets	45,128	77,928	59,054	88,039
Total	146,558	237,611	144,396	207,020

As at 31 December 2024, the Group's gearing ratio (total liabilities/total assets) was 77.4%, representing an increase of 2.5 percentage points from 74.9% as at 31 December 2023.

VI. Contingent Liabilities

The contingent liabilities related to legal claims in the Group's ordinary course of business are set forth in the table below:

	As at 31 December	
	2024	2023
	RMB million	RMB million
Pending lawsuits (Note 1)		
– arising in the ordinary course of business	2,576	4,327

Note 1: The Group has been involved in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when the management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for those pending lawsuits where the management considered that the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The aggregate sum of those unprovided claims is disclosed in the table above.

MANAGEMENT DISCUSSION AND ANALYSIS

VII. Business Risks

The major risks the Group may face include real estate investment risk, international operations risk, infrastructure investment risk and cash flow risk.

- 1. Real estate investment risk:** This refers to the possibility of incurring losses due to investment returns falling below expectations resulting from significant changes occurring in factors such as external environment, interest rates, market supply and demand, market competition and relevant policies during real estate project development and operation.
- 2. International operation risk:** This refers to the possibility of financial losses or reputational damage exposed to the Group resulting from the negative impact of international political situation, foreign policy changes, administrative intervention from government, economic, social, environmental or technological standard changes and other factors on the Group's operations which caused that overseas production and operations cannot proceed normally.
- 3. Infrastructure Investment Risk:** This refers to the possibility of incurring losses due to investment returns falling below expectations resulted from significant changes occurring in external policies, market environment and financing conditions during infrastructure investment.
- 4. Cash flow risk:** This refers to the possibility of financial losses or reputational damage exposed to the Group resulting from escalating financing scale, potential delays in payments, investments or debt repayment of the Group due to increased cash outflows, relatively slower inflows and significant financial pressure.

To prevent the occurrence of various types of risks, the Group carries out assessment, monitoring and early warning of relevant major risks, makes various types of risks correspond to the various business processes through the establishment and operation of the risk management and internal control systems, pursuant to which the Group can decompose and identify the critical control point of business processes, develop specific control measures, establish procedures control lists, implement the responsibilities of the various types of risks and critical control point, work closely with the day-to-day management and control, and control risk factors and elements. In addition, the Group strictly supervises the important control aspects of earlier stage of feasibility study, planning, reviewing, auditing, approval and decision-making; enhances procedure control and post-assessment work, and develops strategies and contingency plans to deal with risks, which guarantees the overall controllability of the Group's various types of risks.

VIII. Material Acquisitions or Disposals

Save as disclosed in this annual report, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the reporting period.

IX. Future Plans for Material Investments or Acquisitions of Capital Assets and Expected Source of Funding

Save as disclosed in this annual report, the Group did not have any other plans for material investments or acquisition of capital assets as at 31 December 2024.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Directors



CHEN Wenjian

Chairman, Executive Director and Secretary to the CPC Committee

Chen Wenjian (陳文健) (no other former name/alias), aged 52, senior engineer, currently is the Secretary to the CPC Committee of the Company, Chairman and an executive director of the Company, chairman of the Strategy and Investment Committee, chairman of the Nomination Committee, and chairman of the Safety, Health and Environmental Protection Committee under the Board, and is concurrently the Secretary to the CPC Committee and the Chairman of CREC. He served as the general manager and the Secretary to the CPC Committee of the Algeria branch of CSCEC from January 2007 to September 2014; the general manager of the Overseas Business Department of China State Construction Engineering Corporation Limited ("**CSCEC**") from September 2014 to August 2016; the general manager and the Secretary to the Community Party Working Committee of the Overseas Business Department of CSCEC from August 2016 to December 2017; the general manager and the Secretary to the Community Party Working Committee of the Overseas Business Department of CSCEC and the general manager of the Overseas Department of CSCEC from December 2017 to June 2018; the general manager of the Overseas Department of CSCEC and the Chairman and the Secretary to the CPC Committee of the China State Construction Engineering Corporation International Operations ("**CSCEC International Operations**") from June 2018 to October 2018; the general manager of the Overseas Department of CSCEC, the Chairman and the Secretary to the CPC Committee of CSCEC International Operations and the Chairman of China Construction (South Pacific) Development Co., Pte Ltd. from October 2018 to March 2020; the Secretary to the CPC Committee and the Chairman of the China Construction Third Engineering Bureau Co., Ltd. from March 2020 to November 2020. He served as the general manager, a director and the Deputy Secretary to the CPC Committee of CREC from November 2020 to December 2020. He served as the President, an executive director, and the Deputy Secretary to the CPC Committee of the Company, and the general manager, a director and the Deputy Secretary to the CPC Committee of CREC from December 2020 to February 2025; he served as the Secretary to the CPC Committee, the President and an executive director of the Company, and the Secretary to the CPC Committee and the Chairman of CREC from February 2025 to March 2025; he served as the Secretary to the CPC Committee and the Chairman of the Company, and the Secretary to the CPC Committee and the Chairman of CREC since March 2025.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



WANG Shiqi

Executive Director, Deputy Secretary to the CPC Committee and Chairman of the Labor Union

WANG Shiqi (王士奇) (no other former name/alias), aged 59, senior economist, senior political work professional, currently is an executive director, the Deputy Secretary to the CPC Committee and Chairman of the Labor Union of the Company, and the employee director, Deputy Secretary to the CPC Committee, Chairman of the Labor Union, and Party School Principal of CREC. He served as the discipline inspector (deputy bureau director) and supervision commissioner of the Case Hearing Office of the Central Commission for Discipline Inspection of the Communist Party ("CCDI") from February 2009 to April 2014. He served as a Standing Member of the CPC Committee, and the Secretary to the Discipline Inspection Committee of the CPC Committee of the Company and a Standing Member of the CPC Committee and the Secretary to the Discipline Inspection Committee of the CPC Committee of CREC from April 2014 to January 2020; Standing Member of the CPC Committee, the Secretary to the Discipline Inspection Committee of the CPC Committee of the Company and the Deputy Secretary to the CPC Committee of CREC from January 2020 to February 2020. He served as the Deputy Secretary to the CPC Committee of the Company and the Deputy Secretary to the CPC Committee of CREC from February 2020 to April 2020; and an executive director and the Deputy Secretary to the CPC Committee of the Company, the Deputy Secretary to the CPC Committee and Party School Principal of CREC from April 2020 to January 2021. He has been serving as the executive director, the Deputy Secretary to the CPC Committee and the Chairman of the Labor Union of the Company and the employee director, the Deputy Secretary to the CPC Committee, the Chairman of the Labor Union, and Party School Principal of CREC since January 2021.



WEN Limin

Non-executive Director

WEN Limin (文利民) (no other former name/alias), aged 58, senior accountant and certified public accountant, currently is a non-executive director of the Company and an external director of China Aerospace Science & Technology Corporation and an external director of China First Heavy Industries Group Co., Ltd. He served as the chief accountant of Dongfang Electric Corporation from September 2005 to August 2016 with concurrent position as the Chairman of the Supervisory Committee of Dongfang Electric Co., Ltd. from June 2014 to March 2018, the chief accountant and a member of the CPC Committee Leadership Group of Dongfang Electric Corporation from August 2016 to January 2018, and the chief accountant and a member of the CPC Committee Leadership Group of China Southern Power Grid Company Limited from January 2018 to September 2020. He has been an external director of China Aerospace Science & Technology Corporation and an external director of China First Heavy Industries Group Co., Ltd. since December 2020. He has been a non-executive director of the Company since March 2021.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**XIU Long***Independent Non-executive Director*

XIU Long (修龍) (other former name XIU Long (修瓏)), aged 67, senior engineer, researcher and an expert with special State Council allowances, currently is an independent non-executive director of the Company, an external director of China Green Development and Investment Group Co., Ltd. and concurrently the Chairman of the Architectural Society of China. He served as the President and the Deputy Secretary to the CPC Committee of China Architecture Design & Research Group from January 2007 to December 2017 with concurrent position as the Chairman of China Construction Technology Consulting Co., Ltd in 2014, and the Secretary to the CPC Committee and the Chairman of China Construction Technology Co., Ltd. from January 2018 to July 2020 with concurrent positions as the Secretary to the CPC Committee and the Chairman of China Construction Technology Consulting Co., Ltd. He has been the Chairman of the Architectural Society of China since 2016 and an external director of China Green Development and Investment Group Co., Ltd. since November 2020. He has been an independent non-executive director of the Company since March 2021.

**SUN Lishi***Independent Non-executive Director*

SUN Lishi (孫力實) (no other former name/alias), aged 62, senior economist, currently is an independent non-executive director of the Company. From August 2005 to May 2015, she successively served as director, employee director, deputy secretary to the Communist Party Committee, Secretary to the disciplinary committee and chairman of the labour union of China Hi-Tech Group Corporation. She served as Deputy Secretary to the Community Party Committee and secretary to the disciplinary committee of China National Building Material Group Co., Ltd. from May 2015 to August 2016, Deputy Secretary to the Community Party Committee, employee director and Chairman of the Labour Union of China National Building Material Group Co., Ltd. from August 2016 to July 2022. Since June 2024, she has been an external director of China Forestry Group Co., Ltd. She has been an independent non-executive director of the Company since August 2024.

**TU Haiming***Independent Non-executive Director*

TU Haiming (屠海鳴) (no other former name/alias), aged 63, currently is an independent non-executive director of the Company, a deputy director of the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese, a member of the 14th National Committee of the Chinese People's Political Consultative Conference, and the chairman of the Hong Kong New Era Development Think Tank. Since February 1990, he has been the chairman and general manager of Hodoor International Limited. Since February 1992, he has been the chairman of Shanghai Haodu Real Estate Development Management Co., Ltd. Since September 2017, he has been the chairman of the Hong Kong New Era Development Think Tank. Since December 2020, he has been the deputy dean and visiting professor of the Institute of "One Country, Two Systems" and Basic Law of Jinan University. He has been an independent non-executive director of the Company since August 2024.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

II. Supervisors



LI Xiaosheng

Employee Representative Supervisor

LI Xiaosheng (李曉聲) (no other former name/alias), aged 52, senior political work professional, currently is an employee representative supervisor and Vice Chairman of the Labor Union of the Company, and concurrently the Vice Chairman of the Labor Union of CREC. He served as the Deputy Secretary to the CPC Committee of China Railway No.5 Engineering Group Co., Ltd. from January 2008 to August 2011 and concurrently the external director and vice-chairman of China Railway No.5 Mechanized Engineering Co., Ltd. from April 2009, and the Commanding Officer of China Railway No.5 China-Laos Railway Construction Headquarters from December 2010; the Secretary to the CPC Committee, director and vice-chairman of China Railway International Economic Cooperation Co., Ltd. from August 2011 to October 2013. He served as the deputy chief economist and head of the International Business Department of the Company from October 2013 to April 2015; the vice-chairman of the Labor Union of the Company and CREC from April 2015 to January 2021. He has been an employee representative supervisor and the vice-chairman of the Labor Union of the Company and the vice-chairman of the Labor Union of CREC since January 2021.



WANG Xinhua

Employee Representative Supervisor

WANG Xinhua (王新華) (no former name/alias), aged 55, senior accountant, currently is an employee representative supervisor and head (supervisor) of the Audit Department (Office of the Supervisory Committee) of the Company. He served as the chief accountant of the Seventh Engineering Branch of China Railway No.4 Engineering Group Co., Ltd. from January 2011 to July 2014; head of the Finance and Accounting Department, deputy chief accountant, Secretary to the Board of Directors, chief accountant and member of the Standing Committee of the CPC Committee of China Railway No.6 Engineering Group Co., Ltd. from August 2014 to January 2020. He served as the deputy head (in charge of work) of the Audit Department of the Company from January 2020 to July 2020, and the head (supervisor) of the Audit Department (Office of Supervisory Committee) of the Company from July 2020 to January 2021. He has been an employee representative supervisor and the head (supervisor) of the Audit Department (Office of Supervisory Committee) of the Company since January 2021.



WAN Ming

Employee Representative Supervisor

WAN Ming (萬明) (no other former name/alias), aged 54, senior economist, currently is an employee representative supervisor, and head of the Legal and Compliance Department of the Company. He served as the chief legal advisor of the 8th Engineering Branch of China Railway No. 4 Engineering from December 2006 to April 2008; the director of the General Office of the Office of the Board of Directors of the Company from April 2008 to March 2011; the deputy director of the Office of the Board of Directors (Office of Supervisory Committee) of the Company from March 2011 to September 2015; the director of the Office of Discipline Inspection Committee and director of the Inspection Office of the Company from September 2015 to March 2018; a Standing Member of the CPC Committee, Deputy Secretary to the CPC Committee and the Secretary to the Discipline Inspection Committee of the CPC (kept original rank) of China Railway No. 4 Engineering from March 2018 to May 2021; head of the Legal and Compliance Department of the Company from May 2021 to September 2021. He has been an employee representative supervisor, and head of the Legal and Compliance Department of the Company since September 2021.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

III. Senior Management



SUN Cui
Chief Accountant

SUN Cui (孫璿) (no other former name/alias), aged 58, senior accountant, currently is a member of the CPC Committee and Chief Accountant of the Company, and is also a Standing Member of the CPC Committee of CREC. He served as a member of Preparatory Group and a temporary Standing Member of the CPC Committee of Power Construction Corporation of China, and a Standing Member of the CPC Committee of Sinohydro Corporation and chief accountant and Standing Member of the CPC Committee of Sinohydro Group Ltd. from March 2011 to August 2011; the chief accountant of Power Construction Corporation of China, a Standing Member of the CPC Committee of Sinohydro Corporation, and chief accountant and Standing Member of the CPC Committee of Sinohydro Group Ltd. from August 2011 to December 2011; the chief accountant of Power Construction Corporation of China and a Standing Member of the CPC Committee of Sinohydro Corporation from December 2011 to February 2014; a Standing Member of the CPC Committee of Power Construction Corporation of China and a Standing Member of the CPC Committee and chief accountant of Powerchina Limited from February 2014 to January 2020; a Standing Member of the CPC Committee of CREC from January 2020 to March 2020; a Standing Member of the CPC Committee and chief accountant of the Company and a Standing Member of the CPC Committee of CREC from March 2020 to November 2023. He has been a member of the CPC Committee and chief accountant of the Company and a Standing Member of the CPC Committee of CREC since November 2023.



REN Hongpeng
Vice President

REN Hongpeng (任鴻鵬) (no other former name/alias), aged 51, senior engineer, currently is a member of the CPC Committee and the Vice President of the Company and a Standing Member of the CPC Committee of CREC. He served as a deputy general manager of China Road and Bridge Corporation from September 2011 to August 2015, a deputy general manager and Standing Member of the CPC Committee of China Road and Bridge Corporation from August 2015 to December 2015; a deputy general manager and Standing Member of the CPC Committee of China Road and Bridge Corporation and director of CCCG Real Estate Group Co., Ltd. from December 2015 to January 2016; a director of CCCG Real Estate Group Co., Ltd., director, general manager (legal representative) and temporary Secretary to the CPC Committee of CCCG Overseas Real Estate Pte. Ltd. from January 2016 to February 2017; a director and temporary member of CPC Committee of CCCG Real Estate Group Co., Ltd. and a director, general manager (legal representative) and temporary Secretary to the CPC Committee of CCCG Overseas Real Estate Pte. Ltd. from February 2017 to June 2018. He served as the Vice President of the Company from June 2018 to February 2021; the Vice President of the Company and a Standing Member of the CPC Committee of CREC from February 2021 to March 2021; a Standing Member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC from March 2021 to November 2023. He has been a member of the CPC Committee and the Vice President of the Company and a Standing Member of the CPC Committee of CREC since November 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



HUANG Chao
Vice President

HUANG Chao (黃超) (no other former name/alias), aged 47, senior engineer, currently is a member of the CPC Committee and the Vice President of the Company and a Standing Member of the CPC Committee of CREC. He served as the Secretary of the CPC Committee and division chief of the Line Transportation Division of China Railway First Institute from March 2008 to October 2015; the Vice President of China Railway First Institute from October 2015 to December 2019; the Deputy Secretary of the CPC Committee, a director and President of China Railway Fifth Institute from December 2019 to August 2021; the Secretary of the CPC Committee and Chairman of China Railway First Survey and Design Institute Group Co., Ltd. from August 2021 to July 2024; and the Vice President of the Company and a Standing Member of the CPC Committee of CREC from July 2024 to January 2025. He has been a member of the CPC Committee and Vice President of the Company, and a Standing Member of the CPC Committee of CREC since January 2025.



GENG Shubiao
Vice President

GENG Shubiao (耿樹標) (no other former name/alias), aged 46, senior economist and senior engineer, currently is a member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC. He served as the general manager, Deputy Secretary to the CPC Committee and Vice Chairman of China Railway No.4 Engineering Group No. 3 Construction Company Limited from May 2011 to June 2014; the assistant general manager of China Railway No.4 Engineering Group Co., Ltd. from June 2014 to August 2015; the deputy general manager of China Railway No.4 Engineering Group Co., Ltd. from August 2015 to February 2016; the deputy general manager and general counsel of China Railway No.4 Engineering Group Co., Ltd. from February 2016 to December 2019; the deputy general manager of China Railway No.4 Engineering Group Co., Ltd. and permanent deputy head of the Preparatory Group of China Railway Professional Waterworks and Environmental Protection Company (later China Tiegong Investment and Construction Co., Ltd.) from December 2019 to January 2020; the general manager, Deputy Secretary to CPC Committee and a director of China Tiegong Investment and Construction Co., Ltd. from January 2020 to May 2021; the head (director) of Planning and Development Department (Corporate Management Laboratory) of the Company, general manager of China Railway High Quality Development Research Institute Co., Ltd., and director of the "Three Transformations" Research Institute of China Railway from May 2021 to June 2022. He has been the assistant to the President of the Company, head (director) of Planning and Development Department (Corporate Management Laboratory) of China Railway Group Limited, general manager of China Railway High Quality Development Research Institute Co., Ltd., and director of the "Three Transformations" Research Institute of China Railway since June 2022; the Vice President of the Company and a Standing Member of the CPC Committee of CREC since September 2024. He has been a member of the CPC Committee and Vice President of the Company and a Standing Member of the CPC Committee of CREC since January 2025.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



KONG Dun

Vice President and Chief Engineer

KONG Dun (孔遁) (no other former name/alias), aged 59, senior engineer, currently is a member of the CPC Committee, Vice President, and the chief engineer of the Company. He served as the deputy general manager of China Railway No.4 Engineering Group Co., Ltd. from September 2005 to November 2010; a director, general manager and Deputy Secretary to the CPC Committee of China Railway Shanghai Engineering Group Co., Ltd. from November 2010 to June 2018. He was the chief engineer of the Company from June 2018 to April 2021; a Standing Member of the CPC Committee, Vice President, and chief engineer of the Company since April 2021. He has been a member of the CPC Committee, Vice President and chief engineer of the Company since November 2023.



MA Jiangqian

Vice President

MA Jiangqian (馬江黔) (no other former name/alias), aged 56, senior economist, currently is a member of the CPC Committee and Vice President of the Company. He served as the Secretary to the CPC Committee and a director of China Railway No.5 Engineering Group Co., Ltd. from November 2010 to August 2011; the Chairman and Secretary to the CPC Committee of China Railway No.5 Engineering Group Co., Ltd. from August 2011 to January 2013; the general manager, Deputy Secretary to the CPC Committee and a director of China Railway No.6 Engineering Group Co., Ltd. from January 2013 to June 2014; the general manager, Deputy Secretary to the CPC Committee and Vice Chairman of China Railway No.6 Engineering Group Co., Ltd. from June 2014 to June 2018. He served as the chief economist of the Company from June 2018 to April 2021; a Standing Member of the CPC Committee, Vice President and chief economist of the Company from April 2021 to June 2022; a Standing Member of the CPC Committee, and Vice President of the Company since June 2022. He has been a member of the CPC Committee and Vice President of the Company since November 2023.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



HAN Yonggang
Vice President

HAN Yonggang (韩永刚) (no other former name/alias), aged 52, senior engineer, currently is a member of the CPC Committee and Vice President of the Company. He served as the general manager and Deputy Secretary to the CPC Committee of the Second Branch of China Railway No.4 Engineering from April 2014 to June 2019; the vice general manager of China Railway Guangzhou Engineering Group Co., Ltd. from June 2019 to September 2020; a member of the CPC Committee and vice general manager (in charge of management work) of China Railway Investment Group Co., Ltd. (an engineering construction branch of China Railway) from September 2020 to December 2020; the general manager, Deputy Secretary to the CPC Committee and a director of China Railway Investment Group Co., Ltd., the general manager, Deputy Secretary to the CPC Committee of an engineering construction branch of China Railway, the general manager of the Headquarter of Beijing-Tianjin-Hebei Region of China Railway from December 2020 to May 2021; the general manager, Deputy Secretary to the CPC Committee and a director of China Railway No.4 Engineering Group Co., Ltd. from May 2021 to May 2024; the safety production supervisor and the head (director, team leader) of the Safety and Quality Environmental Supervision Department (the Emergency Management Office and the Safety and Quality Environmental Inspection Team) of the Company from May 2024 to September 2024; and the Vice President of the Company from September 2024 to January 2025. He has been a member of the CPC Committee and Vice President of the Company since January 2025.



ZHAO Bin
Chief Economist

ZHAO Bin (赵斌) (no other former name/alias), aged 56, senior engineer and senior economist, currently is the chief economist and general manager of Operation and Development Center of the Company. He served as the deputy general manager of China Railway No.3 Engineering Group Co., Ltd. from April 2009 to November 2010; a Standing Member of the CPC Committee and deputy general manager of China Railway Shanghai Engineering Group Co., Ltd. from November 2010 to December 2017; the general manager (in charge of administration), Deputy Secretary to the CPC Committee and a director of China Railway Guangzhou Engineering Group Co., Ltd. from December 2017 to March 2018; the general manager, Deputy Secretary to the CPC Committee and a director of China Railway Guangzhou Engineering Group Co., Ltd. from March 2018 to May 2021; the director of the Operation and Development Center of the Company from May 2021 to September 2021; the general manager of the Operation and Development Center of the Company from September 2021 to June 2022. He has been the chief economist and general manager of Operation and Development Center of the Company since June 2022.

BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**MA Yonghong** (馬永紅)

*Secretary to the Board of Directors
and Joint Company Secretary*

MA Yonghong (馬永紅) (no other former name/alias), aged 58, senior accountant, is currently the secretary to the Board of the Company. He served as the secretary to the Communist Party Committee, the secretary to the discipline inspection committee and the chief supervisor of China Railway Trust from March 2014 to December 2014, the secretary to the Communist Party Committee and the chief supervisor of China Railway Trust from December 2014 to June 2017, the secretary to the Communist Party Committee and the chairman of China Railway Trust from June 2017 to May 2021, the director of the Company's finance and financial management department (Beijing financial shared service center) and the chairman of China Railway Trust from May 2021 to December 2023, the director of the Company's finance and financial management department (Beijing financial shared service center), the chairman of China Railway Trust, the chairman of China Railway Finance and director of CR (Hong Kong) Treasury Management from December 2023 to May 2024, the director of the Company's finance and financial management department (financial shared service center and treasurer management center), the chairman of China Railway Finance and director of CR (Hong Kong) Treasury Management from May 2024 to July 2024, and the secretary to the Board of the Company from July 2024 to August 2024. He has been the secretary to the Board and the Joint Company Secretary of the Company since August 2024.

**TAM Chun Chung** (譚振忠)

*Joint Company Secretary and
Company Authorized Representative*

TAM Chun Chung (譚振忠) (no other former name/alias), aged 52, currently is the Joint Company Secretary and authorized representative of Company and also an independent non-executive director of Lap Kei Engineering (Holdings) Limited. Mr. TAM joined the Company in November 2007. Prior to joining the Company, he served as a Qualified Accountant and Joint Company Secretary of an H-share listed company in Hong Kong. He had also held various senior positions including senior manager of internal audit and senior manager of finance department in another Hong Kong listed company previously. From 1994 to 2000, Mr. TAM worked for a large international accounting firm as an assistant manager. Mr. TAM has over 30 years of experience in the accounting and auditing field. He has been a member of the Hong Kong Institute of Certified Public Accountants since December 1997 and a fellow of the Chartered Association of Certified Accountants since November 2002.

REPORT OF THE DIRECTORS

Business Review

1. Business Review of the Financial Year

We are one of the strongest and largest multifunctional integrated construction groups in the PRC and even in the world. We are primarily engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses.

In 2024, the construction industry exhibited characteristics of high-level deceleration, structural adjustment, rational development and intensified differentiation. The overall demand for infrastructure construction remained stable, but differentiation and imbalance occurred in the segments. The incremental space in the traditional construction field narrowed, and the pressure of localized debt and corporate repayment still existed. Faced with a complex and fast-changing external environment, arduous and heavy reform and development tasks, as well as intertwined and overlapping risks and challenges, we firmly adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guiding principle. We firmly carried out the major deployments of the Party Central Committee and the State Council, and work requirements of SASAC, focusing on “increasing efficiency and generating value”, continuously strengthening core functions, enhancing core competitiveness, and proactively responding to the periodic adjustments of the construction industry. We achieved significant results in sectors and regions such as “second curve” business and overseas business, stabilized the “fundamental foundation” of our corporate development, demonstrated stronger development resilience, and broadened the scope for high-quality development.

In 2024, the Group achieved revenue of RMB1,160.311 billion, representing a year-on-year decrease of 8.2%. Profit for the year decreased by 18.3% year-on-year to RMB30.758 billion while profit for the year attributable to owners of the Company decreased by 16.7% year-on-year to RMB27.887 billion.

Further details of the Group’s business review of the financial year are set out in Parts I to VII of “Business Overview” on pages 20 to 39 and Parts I to VI of “Management Discussion and Analysis” on pages 42 to 51 of this annual report.

2. Principal Risks and Uncertainties

The risks the Group may face include real estate investment risk, international operations risk, infrastructure investment risk and cash flow risk.

Further details of the Group’s principal risks are set out in “Business Risks” of “Management Discussion and Analysis” on page 52 of this annual report.

3. Future Development of Businesses

During the “14th Five-Year Plan” period, China Railway continued to deepen the changes in quality, efficiency and power, and fully implemented the key measures of “eleven projects”, namely strategic leadership, in-depth reform, large-scale business management, scientific and technological innovation, management improvement, strengthening enterprises with talents, “double excellence” development overseas, risk prevention and control, digital China Railway, cultural brand, and Party construction, so as to strive to achieve the scale of operation, efficiency, innovation-driven operation, talent development, internationalization, green development, safety and quality and other development goals to achieve the high quality development of China Railway.

Details of the Group’s expectations to and plans of future businesses development are set out in Part VIII to Part IX of “Business Overview” on pages 39 to 41 of this annual report.

REPORT OF THE DIRECTORS

Financial Statements

The profits of the Group for the year ended 31 December 2024 and the financial positions of the Group as at such date are set out in the Financial Statements on pages 111 to 276.

Dividends

The Board of Directors recommended the payment of a final dividend in the amount of RMB0.178 per share (tax inclusive), totalling approximately RMB4.404 billion for the financial year ended 31 December 2024 (2023: RMB0.210 per share (tax inclusive) totalling approximately RMB5.198 billion). The distribution plan will be implemented upon approval at the 2024 annual general meeting of the Company and the dividend is expected to be paid in around August 2025 to the shareholders of the Company.

For details of the policies for profit distribution of the Company, please refer to “Specific policies for profit distribution” of “Significant Events” on page 277 of this annual report.

Donations

Donations made by the Group during the financial year amounted to RMB94.41 million (2023: RMB96.09 million).

Property, Plant and Equipment

Changes in property, plant and equipment of the Group during the financial year are set out in note 17 to the Financial Statements.

Share Capital

Details of the Company’s share capital are set out in note 34 to the Financial Statements.

Distributable Reserves

As at 31 December 2024, pursuant to the relevant laws and regulations, the Company’s distributable reserves amounted to approximately RMB102.32 billion.

Reserves

Changes in reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on pages 115 to 116 of this annual report.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

China State Railway Group Co., Ltd. (formerly known as China Railway Corporation), which was founded on 14 March 2013 with the approval of the State Council, is the largest customer of the Group. For the year ended 31 December 2024, sales to China State Railway Group Co., Ltd. accounted for approximately 18.52% of the total revenue of the Group. For the same period, sales to the five largest customers of the Group (including China State Railway Group Co., Ltd.) in aggregate accounted for approximately 20.83% of the total revenue of the Group. At no time during the financial year have the directors, their close associates or any shareholder of the Company (which, to the knowledge of the Board of the Directors, owns more than 5% of the Company's share capital) had any interest in these five largest customers.

For the year ended 31 December 2024, procurement amount from the five largest suppliers of the Group in aggregate accounted for approximately 1.81% of the total procurement amount of the Group in 2024.

Subsidiaries and Associates

Particulars of the Company's principal subsidiaries and the Group's principal associates as at 31 December 2024 are set out in note 48 and note 23, respectively, to the Financial Statements.

Directors, Supervisors and Senior Management of the Company

The directors of the Company during the financial year were as follows:

Name	Position
CHEN Yun (resigned on 12 March 2025)	Chairman and Executive Director
CHEN Wenjian	Chairman (elected on 13 March 2025), Executive Director and President (ceased to act on 13 March 2025)
WANG Shiqi	Executive Director
WEN Limin	Non-executive Director
XIU Long	Independent Non-executive Director
SUN Lishi (elected on 20 August 2024)	Independent Non-executive Director
TU Haiming (elected on 20 August 2024)	Independent Non-executive Director
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	Independent Non-executive Director
ZHANG Cheng (resigned on 20 August 2024)	Independent Non-executive Director

The supervisors of the Company during the financial year were as follows:

Name	Position
JIA Huiping (resigned on 28 February 2025)	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
LI Xiaosheng	Employee Representative Supervisor
WANG Xinhua	Employee Representative Supervisor
WAN Ming	Employee Representative Supervisor

REPORT OF THE DIRECTORS

The senior management of the Company during the financial year were as follows:

Name	Position
CHEN Wenjian	Executive Director and President (ceased to act on 13 March 2025)
SUN Cui	Chief Accountant
LIU Baolong (ceased to act as Vice President on 29 July 2024)	Vice President
REN Hongpeng	Vice President
HUANG Chao (appointed on 20 August 2024)	Vice President
GENG Shubiao	Vice President
KONG Dun	Vice President and Chief Engineer
MA Jiangqian	Vice President
LI Xinsheng (ceased to act as Vice President on 30 September 2024)	Vice President
HAN Yonggang	Vice President
ZHAO Bin	Chief Economist
MA Yonghong (appointed as Secretary to the Board of Directors on 4 July 2024 and as Joint Company Secretary on 20 August 2024)	Secretary to the Board of Directors and Joint Company Secretary
HE Wen (ceased to act as Secretary to the Board of Directors and Joint Company Secretary on 1 May 2024)	Secretary to the Board of Directors and Joint Company Secretary
TAM Chun Chung	Joint Company Secretary and Company Authorized Representative

On 29 April 2024, at the 39th meeting of the fifth session of the Board of Directors of the Company, the Board of Directors of the Company received a written notice of resignation from Mr. HE Wen as Secretary to the Board of Directors and Joint Company Secretary with effect from 1 May 2024 due to reaching retirement age.

On 24 May 2024, at the 40th meeting of the fifth session of the Board of Directors of the Company, the Company considered and approved the "Proposal on the Appointment of the Safety Production Director of China Railway Group Limited", appointing Mr. HAN Yonggang as Safety Production Director of the Company, with his term commencing from the said date of approval by the Board of Directors until the expiry of the term of office of the fifth session of the Board of Directors.

On 4 July 2024, at the 42nd meeting of the fifth session of the Board of Directors of the Company, the Company considered and approved the "Proposal on the Appointment of the Secretary to the Board of Directors of China Railway Group Limited", appointing Mr. MA Yonghong as Secretary to the Board of Directors of the Company, with his term commencing from the said date of approval by the Board of Directors until the expiry of the term of office of the fifth session of the Board of Directors.

On 29 July 2024, at the 43rd meeting of the fifth session of the Board of Directors of the Company, the Company considered and approved the "Proposal on the Removal of Mr. LIU Baolong from the Position of the Vice President of China Railway Group Limited" and "Proposal on the Appointment of the Vice President of China Railway Group Limited", removing Mr. LIU Baolong from his position as Vice President of the Company due to retirement, and appointing Mr. HUANG Chao as Vice President of the Company with his term commencing from the said date of approval by the Board of Directors until the expiry of the term of office of the fifth session of the Board of Directors.

REPORT OF THE DIRECTORS

On 20 August 2024, at the 2024 first extraordinary general meeting of the Company, the Company considered and approved the proposal to elect or re-elect Mr. CHEN Yun, Mr. CHEN Wenjian and Mr. WANG Shiqi as Executive Directors of the Company, Mr. WEN Limin as Non-executive Director of the Company, and Mr. XIU Long, Ms. SUN Lishi and Mr. TU Haiming as Independent Non-executive Directors of the Company, each of whom for a term of three years commencing immediately after the date of the relevant resolution passed by the said extraordinary general meeting of the Company until the expiry of the term of office of the sixth session of the Board of Directors of the Company. On 20 August 2024, the newly elected Independent Non-executive Directors, Ms. SUN Lishi and Mr. TU Haiming each obtained the relevant legal advice pursuant to Rule 3.09D of the Listing Rules from the Company's Hong Kong legal advisor, and confirmed they understood the obligations as a director of a listed issuer.

On 20 August 2024, at the first meeting of the sixth session of the Board of Directors of the Company, the Company considered and approved seven resolutions including the "Resolution on the Election of the Chairman of the Sixth Session of the Board of Directors of China Railway Group Limited" and "Resolution on the Establishment of Special Committees of the Sixth Session of the Board of Directors of China Railway Group Limited", appointing Mr. CHEN Yun as Chairman of the Company, Mr. CHEN Wenjian as President of the Company, Mr. SUN Cui as Chief Accountant of the Company, Mr. REN Hongpeng and Mr. HUANG Chao as Vice President of the Company, Mr. KONG Dun as Vice President and Chief Engineer of the Company, Mr. MA Jiangqian and Mr. LI Xinsheng as Vice President of the Company, Mr. Zhao Bin as the Chief Economist of the Company, Mr. GENG Shubiao as Assistant to the President of the Company, Mr. MA Yonghong as Secretary to the Board of Directors and Joint Company Secretary of the Company, Mr. HAN Yonggang as Safety Production Director of the Company, Mr. TAM Chun Chung as Joint Company Secretary of the Company, and Ms. DUAN Yinhua as Securities Affairs Representative of the Company, each of whom for a term of office commencing immediately after the date of the relevant resolution passed at the first meeting of the sixth session of the Board of Directors of the Company until the expiry of the term of office of the sixth session of the Board of Directors of the Company.

On 30 September 2024, at the third meeting of the sixth session of the Board of Directors of the Company, the Company considered and approved the "Resolution on the Removal of Mr. LI Xinsheng as Vice President of China Railway Group Limited" and "Resolution on the Appointment of the Vice President of China Railway Group Limited", removing Mr. LI Xinsheng from his position as Vice President of the Company due to organizational arrangements and appointing Mr. GENG Shubiao and Mr. HAN Yonggang as Vice Presidents of the Company for a term of office commencing immediately after the date of the relevant resolution passed at the third meeting of the sixth session of the Board of Directors of the Company until the expiry of the term of office of the sixth session of the Board of Directors of the Company, and at the same time, removing Mr. GENG Shubiao from his position as Assistant to President of the Company, and removing Mr. HAN Yonggang from his position as Safety Production Director of the Company.

On 28 February 2025, the Supervisory Committee of the Company received a written resignation report from Mr. JIA Huiping as Shareholder Representative Supervisor and Chairman of the Supervisory Committee of the Company due to his age (retirement) with effect upon receipt of the resignation report by the Supervisory Committee of the Company.

On 12 March 2025, the Board of Directors of the Company received a written resignation report from Mr. CHEN Yun, due to his age (retirement), as Executive Director, Chairman of the Board of Directors, Chairman and member of the Strategy and Investment Committee of the Board of Directors, Chairman and member of the Nomination Committee of the Board of Directors and the legal representative of the Company. Upon his resignation, Mr. CHEN Yun no longer holds any position in the Company. Mr. CHEN Yun's resignation took effect upon receipt of the resignation report by the Board of Directors of the Company.

REPORT OF THE DIRECTORS

On 13 March 2025, at the eighth meeting of the sixth session of the Board of Directors of the Company, the Company considered and approved the “Resolution on the Removal of Mr. CHEN Wenjian as President of China Railway Group Limited” and “Resolution on the Election of the Chairman of the Board of Directors of China Railway Group Limited”, whereby Mr. CHEN Wenjian was removed from his position as President of the Company due to organizational arrangements and elected as the Chairman of the Board of Directors of the Company for a term of office commencing from the date of approval by the Board of Directors until the expiry of the sixth session of the Board of Directors of the Company.

The biographical details of the current directors, supervisors and senior management of the Company are set out in “Biography of Directors, Supervisors and Senior Management”.

Directors’ and Supervisors’ Interests in Contracts

No transaction, arrangement or contract of significance to which the Company, or the Company’s holding company or subsidiary or a subsidiary of the Company’s holding company was a party and in which a director or supervisor of the Company or an entity connected with a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

Emoluments of the Directors, Supervisors and Senior Management of the Company

Details of the emoluments of the directors, supervisors and senior management of the Company in 2024 are set out in note 16 and note 47 to the audited Financial Statements.

Directors’ and Supervisors’ Rights to Acquire Shares or Debentures

For the year ended 31 December 2024, none of the Company or the Company’s holding company or subsidiary or a subsidiary of the Company’s holding company was a party to any arrangement to enable the Company’s directors, supervisors or their respective spouses or minor children to acquire shares in or debentures of the Company or any other body corporate.

Directors’ and Supervisors’ Service Contracts

None of the directors and supervisors of the Company has entered into a service contract with the Company or its subsidiary that is not terminable within one year without payment of compensation (in addition to statutory compensation).

Permitted Indemnity Provisions

The Company has not entered into any agreement with permitted indemnity provisions with directors or supervisors of the Company to provide indemnity to a director or a supervisor of the Company against liability incurred by the director or the supervisor to third parties or other types of liabilities.

However, during the financial year, the Company has purchased appropriate liability insurance coverage for the directors, supervisors and senior management of the Company.

REPORT OF THE DIRECTORS

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, none of the directors and supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders and Holders of Interests or Short Positions Required to be Disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2024, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO:

Holder of A shares

Name of substantial shareholder	Capacity	Number of A shares held (Shares)	Nature of interest	Approximate percentage of total issued A shares (%)	Approximate percentage of total issued shares (%)
CREC	Beneficial owner	11,458,725,890	Long position	55.80	46.31

Holder of H shares

Name of substantial shareholder	Capacity	Number of H shares held (Shares)	Nature of interest	Approximate percentage of total issued H shares (%)	Approximate percentage of total issued shares (%)
BlackRock, Inc.	Interest of controlled corporations	250,020,003	Long position	5.94	1.01
		35,479,000	Short position	0.08	0.14

REPORT OF THE DIRECTORS

Note: The interests or short positions include the underlying shares as follows:

Name of substantial shareholder	Long Position				Short Position			
	Listed equity derivative	Listed equity derivatives	Non-listed equity derivatives	Non-listed equity derivatives	Listed equity derivatives	Listed equity derivatives	Non-listed equity derivatives	Non-listed equity derivatives
	payment in kind	settled in cash	payment in kind	settled in cash	payment in kind	settled in cash	payment in kind	settled in cash
BlackRock, Inc.	-	-	-	13,130,000	-	-	-	31,650,000

Apart from the foregoing, as at 31 December 2024, no person or corporation had any interests or short positions in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Competing Business

None of the Company's directors held any interest in any business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group.

Connected Transactions

1. Continuing Connected Transactions Defined under the Listing Rules

CREC is the Company's controlling shareholder and is therefore one of the Company's connected persons under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules"). Transactions between the Company and/or its subsidiaries and CREC and/or its associates constitute connected transactions.

Financial Services Framework Agreement between China Railway Finance Co., Ltd. ("China Railway Finance") and CREC

On 29 April 2014, China Railway Finance (a subsidiary of the Company, with 95% of its equity interest being held by the Company and 5% of its equity interest being held by CREC) executed a financial services framework agreement with CREC (the "Financial Services Framework Agreement"), which took effect upon the completion of relevant statutory procedures, being 16 March 2014, till 31 December 2015. Subsequently, on 29 December 2015, China Railway Finance and CREC entered into a financial services framework renewal agreement with a term of three years. Pursuant to the Financial Services Framework Agreement, China Railway Finance agreed to provide deposit services, loan services and other financial services to CREC in accordance with the terms and conditions stipulated in the agreement.

On 27 December 2018, China Railway Finance and CREC further entered into a financial services framework renewal agreement, effective from 1 January 2019 to 31 December 2021, to further renew the Financial Services Framework Agreement. The Company has made announcement in respect of this financial services framework renewal agreement on 27 December 2018.

On 30 December 2021, China Railway Finance and CREC further entered into a financial services framework renewal agreement (the "Financial Services Framework Renewal Agreement 2022-2024"), effective from 1 January 2022 to 31 December 2024, to further renew the Financial Services Framework Agreement. The Company has made announcement in respect of the Financial Services Framework Renewal Agreement 2022- 2024 on 30 December 2021.

REPORT OF THE DIRECTORS

On 30 December 2024, China Railway Finance and CREC further entered into a financial services framework renewal agreement (the “**Financial Services Framework Renewal Agreement 2025-2027**”), effective from 1 January 2025 to 31 December 2027, to further renew the Financial Services Framework Agreement. The Company has made announcement and supplemental announcement in respect of the Financial Services Framework Renewal Agreement 2025-2027 on 30 December 2024 and 24 January 2025, respectively.

The annual caps for the year of 2025, 2026 and 2027 under the Financial Services Framework Renewal Agreement 2025-2027 are as follows:

	For the financial year ending 31 December		
	2025	2026	2027
	RMB	RMB	RMB
(i) Deposit service			
The maximum of daily deposit balance in China Railway Finance by CREC (including interest accrued)	20,000,000,000	20,000,000,000	20,000,000,000
(ii) Comprehensive credit services			
The maximum of daily comprehensive credit balance from China Railway Finance to CREC (including interest accrued and service fees)	5,000,000,000	5,000,000,000	5,000,000,000
(iii) Miscellaneous financial services			
The aggregate annual amount of maximum service fees for miscellaneous financial services provided by China Railway Finance to CREC	80,000,000	80,000,000	80,000,000

The factors in determining the above proposed annual caps include: (1) historical transaction amount; (2) strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans; and (3) the effective and reasonable control of financial risks.

The Company confirms that the signing and execution of specific agreements under the continuing connected transactions during the reporting period have complied with the pricing principles of these continuing connected transactions. The independent non-executive directors of the Company are of the opinion that, during the financial year, the above continuing connected transactions between the Group and the CREC were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

REPORT OF THE DIRECTORS

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Company's Board of Directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board of Directors;
- (ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (iv) have exceeded the annual cap.

In order to comply with the above requirements, the Board of Directors engaged the auditor of the Company to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 69 to 71 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company for submission to the Hong Kong Stock Exchange.

In respect of the above continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

2. Significant Related Party Transactions as Defined under PRC Laws and Regulations

Details of the significant related party transactions of the Company as defined by PRC laws and regulations during the reporting period are set out on pages 296 to 300 of this annual report. The Company confirms save and except for those continuing connected transactions set out in the section "Continuing Connected Transactions Defined under the Listing Rules" above, the other transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

3. Contract of Significance

Save as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

REPORT OF THE DIRECTORS

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2024, the Company repurchased and cancelled part of the restricted A shares granted under the 2021 Restricted Share Incentive Scheme.

On 11 March 2024, the Company repurchased and cancelled from 7 participants in the first grant of the restricted shares (1,566,166 restricted shares in total) which were granted but not yet unlocked. Among the 7 participants, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 1 participant was deceased, 1 participant resigned from the Company during the labour contract period, 2 participants violated laws and regulations and 2 participants received a fair performance rating in the 2022 annual individual performance appraisal (80% of their restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). The repurchase price of the restricted shares to be repurchased from the 5 participants is RMB3.154 per share, and the repurchase price of the restricted shares to be repurchased from the 2 participants is RMB3.154 per share plus the interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period. Please refer to the announcements of the Company dated 29 December 2023 and 6 March 2024 published on the website of the Hong Kong Stock Exchange.

On 25 December 2024, the Company repurchased and cancelled from 43 participants of the restricted shares (7,384,576 restricted shares in total) which were granted but not yet unlocked. Among the participants in the first grant, 1 participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 36 participants retired normally as the legal retirement age was reached and the time of retirement was more than 6 months before the selling restrictions are unlocked, 2 participants resigned from the Company during the employment contract period, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc; among the participants in the reserved grant, 1 participant received a fair performance rating in the 2022 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). The repurchase price of the restricted shares to be repurchased from 37 participants is RMB2.944 per share plus the interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period, the repurchase price of the restricted shares to be repurchased from 5 participants is RMB2.944 per share, and the repurchase price of the restricted shares to be repurchased from 1 participant is RMB3.27 per share. On 25 December 2024, the Company further repurchased and cancelled from 14 participants in the first grant of the restricted shares (1,380,123 restricted shares in total) which were granted but not yet unlocked. Among the 14 participants, 1 participant became unable to hold restricted shares of the Company after becoming a management leader of the State-owned Assets Supervision and Administration Commission of the State Council, 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was more than 6 months before the selling restrictions for the second batch are unlocked, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc., 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, 6 participants retired normally as the legal retirement age was reached and the time of retirement was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, and 2 participants received a competent performance rating

REPORT OF THE DIRECTORS

in the 2023 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). The repurchase price of the restricted shares to be repurchased from 9 participants is RMB2.944 per share plus the interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period, and the repurchase price of the restricted shares to be repurchased from 5 participants is RMB2.944 per share. Please refer to the announcements of the Company dated 30 August 2024, 30 October 2024 and 20 December 2024 published on the website of the Hong Kong Stock Exchange.

Save for the aforementioned matters, neither the Company nor any of its subsidiaries purchased any securities of the Company, nor did they sell or redeem any of the securities of the Company during the year ended 31 December 2024.

On 13 March 2025, among the participants under the first grant, 2 participants became unable to hold restricted shares of the Company and were disqualified for the 2021 Restricted Share Incentive Scheme, and 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc. In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase and cancel certain restricted shares under the 2021 Restricted Share Incentive Scheme. The total number of restricted shares intended to be repurchased by the Company is 856,199. The repurchase price of the restricted shares to be repurchased from 2 participants is RMB2.944 per share plus the interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period, and the repurchase price of the restricted shares to be repurchased from 3 participants is RMB2.944 per share. Please refer to the announcement of the Company dated 13 March 2025 published on the website of the Hong Kong Stock Exchange.

Pre-emptive Rights

There are no provisions for pre-emptive rights pursuant to the Company's articles of association (the "**Articles of Association**") and the relevant laws and regulations of the PRC.

Equity-linked Agreements

Save as disclosed under the section headed "2021 Restricted Share Incentive Scheme" below, no equity-linked agreements were entered into by the Company during the financial year, or existed as at 31 December 2024.

Bank and Other Loans

Details of bank and other loans of the Group as at 31 December 2024 are set out in note 39 to the Financial Statements.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year.

Tax Relief and Exemption

The directors of the Company are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

REPORT OF THE DIRECTORS

Financial Summary

The summary of the audited consolidated statement of profit or loss and consolidated statement of financial position of the Group for the last five financial years is set out on pages 4 to 5 of this annual report.

Emolument Policy

In accordance with the requirements of the modern corporate system, the Company has been continuously improving the construction of a market-oriented salary distribution mechanism. To further optimize the management of total wage expenses, the Company has implemented the requirements of “increase in efficiency, increase in wages; reduction in efficiency, reduction in wages” and “wage-performance linkage, efficiency benchmarking adjustment, wage adjustment, wage control”, ensuring that the total wage expenses are linked to economic benefits, input-output efficiency and appraisal results of operating performance. Efforts are actively made to promote medium and long-term incentives, coordinating the use of incentive tools such as equity incentives in listed companies, equity and dividend incentives in technology-based enterprises, sharing of excess profits to expand coverage and improve quality. The Company deepened reforms of internal income distribution system, solidly promoted its increase and reduction, strengthened the standardized management of allowances, subsidies, and welfare, and strictly enforced discipline in compensation distribution. The Company also promoted the development of a compensation management information system, further strengthening the informatized management of core functions such as budget management, total allocation, wage distribution, precise incentives, penetrative supervision, data inquiry and analysis, etc. The Company enriched compensation management practices, improved the efficiency of compensation management, and prevented irregular distribution practices.

Employee remuneration of the Company comprises basic salary, performance-based bonus and allowances and subsidies. In accordance with PRC laws, the Company entered into an employment contract with each of its employees. Such contracts include provisions on wages, employee vacation, benefits, training programs, health and safety, confidentiality obligations and grounds for termination. In accordance with state policies, the Company makes contributions in full to the employee aged-care insurance, medical insurance, unemployment insurance, work injury compensation insurance as well as employee housing provident fund. In addition to statutory contributions, the Company also provides voluntary benefits to employees which include enterprise annuities for employees.

The remuneration of executive directors of the Company is on an annual basis and consists of base annual salary and performance-based annual bonus. According to the Salary (Remuneration, Work Subsidy) Management Measures of Directors and Supervisors of China Railway Group Limited, the remuneration of an independent non-executive director shall be determined with reference to provisions on the board of directors’ pilot scheme of remuneration and treatment of external directors of central enterprises issued by the SASAC. For the head of central enterprises who has left the current office and serves as an independent non-executive director, the remuneration shall be determined with reference to the requirements of the SASAC on the relevant matters regarding the payment of work subsidies for the head of central enterprises who has left the current office and serves as an external director as well as the performance evaluation results. For details in connection with the remuneration of directors of the Group, please refer to note 16 and note 47 to the financial statements.

REPORT OF THE DIRECTORS

The compensation of the senior management of the Company is based on the economic performance of the Company and is organized and implemented by the Remuneration Committee of the Board of Directors. The annual performance evaluation indicators for senior management are divided into three parts: overall performance indicators, individual KPIs, and individual competency indicators, weighing 50%, 40% and 10%, respectively. The annual compensation of senior management consists of base annual salary and performance-based annual salary, with reasonable differentiation based on individual performance evaluation results. The evaluation mechanism for senior management adheres to the principle of balancing incentives and constraints, which ensures efficiency and fairness, as well as that compensation is closely linked to evaluation results and matches the risks and responsibilities undertaken. This compensation mechanism plays a vital role in motivating the senior management, thereby supporting the high-quality development of the Company.

Employee Development

In 2024, the Company focused on its central tasks, development plans, and annual key projects. Following the principles of “overall planning, hierarchical management, layered implementation, coordination and cooperation, and on-demand training,” the Company scientifically planned, coordinated, and systematically advanced employee education and training. The Company innovatively carried out online and offline integrated training to continuously enhance the effectiveness of training; when organizing training, in addition to traditional lecture-based training, continuously increased the use of emerging training methods such as case-based, seminar-based, simulation-based, experiential, and action learning to enhance the training’s pertinence, effectiveness, fun, and classroom appeal, further improve the ability and quality of the workforce, and promote high-quality development of the Company. The Company held over 2,300 training sessions, with more than 250,000 individuals receiving training opportunities. Among them, over 120,000 Chinese Communist Party members from the Company completed the rotation training on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.

In 2025, the Group will continuously implement the requirements of the Party Central Committee and the SASAC for the training of personnel, take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guide to launch targeted and time-sensitive quality training courses in respect of leadership enhancement, training of outstanding young cadres, market development, investment business, financial and tax management, whole business cycle management, party mass business, international business, legal and compliance and professional management, etc. to help cultivate professional talent teams of high quality.

REPORT OF THE DIRECTORS

Employee Composition

The personnel expenses of the Company for the year of 2024 were RMB56.852 billion. As at 31 December 2024, the number of employees hired by the Group was 297,359. The following table sets forth a breakdown of the Group's employees by professional composition as at 31 December 2024:

Professional Composition	Number of employees as at 31 December 2024
Production staff	27,635
Salesperson	12,441
Technical personnel	194,970
Financial staff	14,624
Administrative staff	47,689
Total	297,359

Education Level	Number of employees as at 31 December 2024
Doctor degree candidate	409
Master degree candidate	16,274
Undergraduate	186,344
Junior College and below	94,332
Total	297,359

Employee Retirement Benefits

Particulars of the employee retirement benefits of the Group are set out in note 40 to the Financial Statements.

Public Float

As at the date of this annual report, the Company has maintained sufficient public float, based on the information that is publicly available to the Company and within the knowledge of the directors of the Company.

REPORT OF THE DIRECTORS

Compliance with the Corporate Governance Code

For details of the Company's corporate governance practices, please refer to the Report on Corporate Governance Practices on pages 79 to 104 of this annual report.

Event After the Reporting Period

- (a) On 11 March 2025, the Company issued the first batch of Science and Technology Innovation Renewable Corporate Bonds, with an aggregate principal amount of RMB3.0 billion, which can be redeemed in 2030 (category one) and beyond. Pursuant to the terms and conditions of the renewable bonds, these renewable bonds bear the initial interest rate of 2.40% per annum (category one).
- (b) On 13 March 2025, the Proposal on the Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted Share Incentive Scheme was considered and approved at the 30th meeting of the fifth session of the Supervisory Committee and the 8th meeting of the sixth session of the Board of Directors of the Company, respectively. In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase and cancel certain restricted shares under the 2021 Restricted Share Incentive Scheme. The total number of restricted shares intended to be repurchased by the Company is 856,199 shares.
- (c) On 13 March 2025, the Proposal on the Adjustment to Matters Relating to Unlocking of Restrictions for the Second Unlocking Period under the First Grant of the Restricted Shares under the 2021 Restricted Share Incentive Scheme of China Railway was considered and approved at the 30th meeting of the fifth session of the Supervisory Committee and the 8th meeting of the sixth session of the Board of Directors of the Company, respectively. The number of participants under the first grant who are qualified for the unlocking during the second unlocking period after the adjustment is 635, the number of the restricted shares which are involved in the unlocking after the adjustment is 51,449,722 shares.

2021 Restricted Share Incentive Scheme (the "2021 Restricted Share Incentive Scheme")

As at 31 December 2024, 170,935,835 A shares were issued under the 2021 Restricted Share Incentive Scheme and the total grant price was RMB608,370,003.74 (excluding the 11,710,565 restricted shares that were repurchased and canceled by the Company as at 31 December 2024 in accordance with the terms of the 2021 Restricted Share Incentive Scheme). On 28 December 2022, the Company completed the repurchase and cancellation of 1,379,700 restricted shares and the total repurchase price was RMB4,647,304. On 11 March 2024, the Company completed the repurchase and cancellation of 1,566,166 restricted shares and the total repurchase price was RMB5,019,639.80. On 25 December 2024, the Company completed the repurchase and cancellation of 8,764,699 restricted shares and the total purchase price was RMB27,472,945.64.

For details of the 2021 Restricted Share Incentive Scheme, including the purpose of the 2021 Restricted Share Incentive Scheme, please refer to "Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof" of "Significant Events" on pages 283 to 290 of this annual report.

Implementation of Environmental Protection Measures

The details are set out in "Environmental Information" of "Environmental and Social Responsibility" on pages 316 to 319 of this annual report.

REPORT OF THE DIRECTORS

Compliance with Laws and Regulations

The details are set out in “Compliance with Laws and Regulations” of “Business Overview” on page 39 of this annual report.

Maintenance of Relationship with Stakeholders

The details are set out in the “Maintenance of Relationship with Stakeholders” of “Business Overview” on page 39 of this annual report.

Auditors

The 2024 financial statements of the Company which were prepared in accordance with the IFRS Accounting Standards were audited by Deloitte Touche Tohmatsu, and the financial statements prepared in accordance with the Chinese Accounting Standards were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

All references in this part of the annual report (Report of the Directors) to other parts, sections of or notes in the annual report, form part of the Report of the Directors.

By order of the Board of Directors

CHEN Wenjian

Chairman

Beijing, the PRC

28 March 2025

REPORT ON CORPORATE GOVERNANCE PRACTICES

Overview

During the reporting period, the Company has strictly complied with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other laws and regulations, and the various rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The directors, supervisors and senior management performed their duties diligently, responsibly and in accordance with the law. The Company's corporate mechanisms were further optimized, leading to a continuous enhancement of corporate governance standards. The Company's Board of Directors practices were selected as the "Best Board of Directors Practice Cases of Listed Companies" by China Association for Public Companies for two consecutive years, and the Board of Directors office practices were selected as the "Best Office of Directors Practice Cases of Listed Companies" by China Association for Public Companies for three consecutive years.

In 2024, the Company promoted the establishment of a scientific, rational and efficient Board of Directors, effectively leveraging its role in "setting strategies, making decisions and preventing risks". The Board of Directors revised and established corporate governance systems, including the Board authorization list and related party transactions, further improving the Company's corporate governance framework. The Board of Directors also successfully completed its term transition and elected a female director, promoting board diversity and compliance. It continued to strengthen its standardized operations, ensuring compliance in decision-making, effective coordination of meetings, strict adherence to meeting formats, and compliance in the deliberation of board resolutions. It fully utilized the advisory and recommendation functions of its specific committees, actively organized on-site research, strengthened the supervision and management of the implementation of its resolutions, and promoted scientific decision-making. It also extended efforts to enhance the governance standards of subsidiary boards, improving their ability to exercise their powers and perform their duties in accordance with the law. The Board of Directors continued to strengthen strategic leadership, completing the mid-term evaluation and revision of the 14th Fifth-Year Development Plan, guiding the Company in deepening reforms and driving innovation-based development. It firmly carried out risk prevention and control in investment, finance, debt and international operations, strengthened compliance, internal control and audit supervision, and effectively mitigated the relevant risks. The Company's Supervisory Committee continued to enhance its supervision over the Company's finance, internal control, major decisions, and key aspects of operations. The senior management duly played its role in "planning operations, strengthening management and ensuring execution", diligently organizing and implementing annual production tasks, and regularly reporting on operational performance and the implementation of resolutions to the Board of Directors. The Company's Party Committee effectively fulfilled its role in "setting direction, managing the overall situation, ensuring implementation", dynamically adjusting the list of decision-making authorities and responsibilities for major matters. All significant operational and management matters were subject to preliminary review by the Company's Party Committee.

Corporate Governance Framework

Pursuant to the requirements of the Company Law, the Securities Law, the Listing Rules and other relevant laws and regulations, the Company established a corporate governance framework comprising the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and senior management.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Compliance with the Code Provisions of the Corporate Governance Code

As a company listed on the main board of the Hong Kong Stock Exchange, the Company is committed to complying with the principles of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company has complied with all provisions of the Corporate Governance Code during the reporting period.

Diversity

The Company has always focused on diversity of Board members to enhance the efficiency in decision-making of the Board and the quality of corporate governance. In accordance with the listing rules and regulatory provisions of both Shanghai and Hong Kong, the Company has formulated and implemented the Diversity Policy of the Members of the Board. Amongst the six Directors currently on the Board of the Company, two Executive Directors have extensive experience in the construction industry and management, and four Non-Executive Directors have extensive experience in the practice and management of finance, construction engineering and legal sectors. The structure and composition of the Board are in line with the requirements of the diversity policy and also satisfy the business development needs. In the context of the diversity of Board members, the Board of the Company has actively established an atmosphere of democratic deliberation, strictly implemented the voting system for motions and made full use of the advantage of the diversity of Board members, ensuring that each Director can participate in the governance of the Company and express independent opinions and decisions on matters of importance by actively making use of his or her rich expertise and management experience. The diversity of Board members has played an important role in improving the quality of corporate governance, enhancing the scientific and effective nature of Board decisions, safeguarding the overall interests of the Company and the legitimate rights and interests of all shareholders, especially the interests of minority shareholders.

In order to achieve Board diversity, the Company has adopted the Board Diversity Policy by taking into account a number of factors including without limitation of gender, age (18 years old or above), cultural and educational background, qualifications, race, professional experience, skills, knowledge and years of service. All Board members are appointed on the basis of abilities and in order to effectively achieve Board diversity, candidates will be considered on objective conditions. The Company values gender diversity and the Board aims to gradually increase the number of female directors among the Board members. On 20 August 2024, at the 2024 first extraordinary general meeting of the Company, the Company elected Ms. SUN Lishi as Independent Non-executive Director of the Company, for a term of 3 years commencing immediately after the date of the relevant resolution passed by the extraordinary general meeting until the expiry of the term of office of the sixth session of the Board of Directors of the Company.

The Nomination Committee has been monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy. In 2024, the Nomination Committee reviewed the nomination policy and the Board Diversity Policy and considered that such policies were proper and effective.

The Board valued diversity at all levels within the Group (including gender diversity). The Group would consider multiple factors when recruiting employees, including without limitation gender, age, cultural and educational background, qualifications, race, professional experience, skills, knowledge and years of service, and the Group will ensure gender diversity across the entire workforce.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Shareholders' General Meeting

The Shareholders' General Meeting is an organ of power of the Company. In accordance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations, the Company formulated the Articles of Association and the Procedural Rules for Shareholders' General Meeting to regulate the convening, consideration and voting procedures for shareholders' general meetings.

During the reporting period, the Company convened and held two shareholders' general meetings, being the 2023 annual general meeting held on 28 June 2024 and the 2024 first extraordinary general meeting held on 20 August 2024. At the 2023 annual general meeting, a total of 14 ordinary resolutions and 1 special resolution were considered and approved, including report of the Board of Directors of the Company for the year ended 31 December 2023, the report of the supervisory committee of the Company for the year ended 31 December 2023, the work report of independent directors of the Company for the year ended 31 December 2023, 2023 A share annual report and the abstract, H share annual report and results announcement for the year of 2023 of the Company, the financial account report of the Company for the year ended 31 December 2023, the profit distribution plan of the Company for the year ended 31 December 2023, the proposal regarding the budget plan of the Company for the year of 2024, the proposal in relation to the engagement of the auditors for 2024, the proposal in relation to the appointment of internal control auditors for 2024, the proposal on the salary (remuneration, work subsidy) of directors and supervisors of the Company for the year of 2023, the proposal on the purchase of liabilities insurance for directors, supervisors and senior management of the Company for the year of 2024, the proposal in relation to the total amount of the provision of external guarantee by the Company for the second half of 2024 to the first half of 2025, the proposal regarding amendments to the Company's independent directors' management regulations, the 2024-2026 shareholder return plan, the proposal regarding amendments to related-party transactions management measures, and the proposal on the additional issuance quota for domestic and overseas debt financing instruments.

The table below sets out the details of general meetings attendance of each director during the reporting period:

Director	Number of meetings requiring attendance for the year	Number of meetings attended in person	Number of meetings attended by proxy
CHEN Wenjian	2	1	1
WANG Shiqi	2	2	0
WEN Limin	2	2	0
XIU Long	2	2	0
SUN Lishi (elected on 20 August 2024)	0	0	0
TU Haiming (elected on 20 August 2024)	0	0	0
CHEN Yun (resigned on 12 March 2025)	2	2	0
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	1	1	0
ZHANG Cheng (resigned on 20 August 2024)	1	1	0

REPORT ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors

1. Composition of the Board of Directors

During the reporting period, the members of the Board of the Company were as follows:

Name	Title
CHEN Yun (resigned on 12 March 2025)	Chairman and Executive Director
CHEN Wenjian	Executive Director and President
WANG Shiqi	Executive Director
WEN Limin	Non-executive Director
XIU Long	Independent Non-executive Director
SUN Lishi (elected on 20 August 2024)	Independent Non-executive Director
TU Haiming (elected on 20 August 2024)	Independent Non-executive Director
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	Independent Non-executive Director
ZHANG Cheng (resigned on 20 August 2024)	Independent Non-executive Director

There was no financial, business, family or other material relationship among the directors of the Company.

During the reporting period, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules which require the Company to maintain at least three independent non-executive directors and have an independent non-executive director with appropriate professional qualifications or accounting or financial management expertise.

Three-seventh of the members of the Board of Directors are independent non-executive directors, which is in compliance with Rule 3.10A of the Listing Rules which requires independent non-executive directors of the Company must represent at least one-third of the Board of Directors. The Company has received confirmation of independence from the independent non-executive directors in accordance with Rule 3.13 of the Listing Rules and the Company considered each independent non-executive director as independent.

Pursuant to the Articles of Association of the Company, the term of office of each director of the Company (including the non-executive directors and the independent non-executive directors) is three years which is renewable upon re-election and each independent non-executive director shall not serve for more than six consecutive years in order to ensure his or her independence.

REPORT ON CORPORATE GOVERNANCE PRACTICES

2. Board Meetings

In 2024, the Company held 14 Board meetings, 12 of which were on-site meetings and 2 of which were meetings held by communications. The table below sets out the details of Board meeting attendance of each director during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by communications	Number of meetings attended by proxy
CHEN Wenjian	14	12	2	2
WANG Shiqi	14	11	2	3
WEN Limin	14	13	2	1
XIU Long	14	12	2	2
SUN Lishi (elected on 20 August 2024)	6	6	1	0
TU Haiming (elected on 20 August 2024)	6	6	1	0
CHEN Yun (resigned on 12 March 2025)	14	14	2	0
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	8	6	1	2
ZHANG Cheng (resigned on 20 August 2024)	8	8	1	0

3. Responsibilities and Operation of the Board

The responsibilities of the Board of Directors are, among other things, convening shareholders' general meetings and reporting its work to shareholders at such meetings, implementing resolutions of the shareholders' general meeting, making decisions on its business strategies, business plans and major investment plans of the Company, formulating proposed annual financial budgets and final accounts, formulating profit distribution plans and (where applicable) plans for making up losses previously incurred, formulating plans relating to the increase or reduction of the Company's registered capital, the issue of corporate bonds or other securities, and (where applicable) the listing of such securities, deciding the Company's internal management scheme, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board of Directors, reviewing and monitoring the training and continuous professional development of the directors and the senior management, reviewing and monitoring the Company's policies and practices on the compliance with law and regulatory requirements, formulating, reviewing and monitoring the code of conduct and compliance manual applicable to the employees and the directors, reviewing the Company's compliance with corporate governance, and the disclosures made in the Corporate Governance Report, and exercising any other powers conferred by the shareholders' general meeting or under the Articles of Association.

There are currently five special committees established under the Board of Directors, being the Strategy and Investment Committee, the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environmental Protection Committee. Each committee has its own rules of procedures.

REPORT ON CORPORATE GOVERNANCE PRACTICES

The offices of the Chairman and President of the Company are held by different persons and division of power between the Board of Directors and the senior management strictly complying with the Articles of Association and the relevant regulations. The Board of Directors formulates the overall strategy of the Company and monitors the financial performance of the Company. The management of the Company implements the strategic plans as determined by the Board of Directors and is responsible for the daily operations and management of the Company. The Chairman is responsible for convening and presiding over Board meetings, supervising the implementation of the Board's resolutions and coordinating the operation of the Board of Directors. Pursuant to the Articles of Association, the President is delegated with the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board of Directors, carry out investment plans and formulate the basic management policies of the Company.

4. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for securities transactions by its directors and supervisors. After specific enquiries to all directors and supervisors, the Company confirms that the directors and supervisors complied with the standards set out in the Model Code during the reporting period.

5. Director's Training

Directors are encouraged to participate in various professional trainings to refresh their knowledge and skills in order to constantly improve their abilities to perform duties. In 2024, SASAC, the Beijing Branch of the China Securities Regulatory Commission, the Shanghai Stock Exchange, the China Association of Listed Companies and the Listed Companies Association of Beijing successively held training sessions on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, independent director capacity building, “The Construction of Integrity”, “Q&A on Financial Fraud Crimes”, key points and suggestions in combating fraud by independent directors, and other key topics. Directors participated in these trainings, in particular, Mr. CHEN Yun attended one training, Mr. CHEN Wenjian attended one training, Mr. WANG Shiqi attended two trainings, Mr. WEN Limin attended 7 trainings, Mr. XIU Long attended 5 trainings, Ms. SUN Lishi attended 3 trainings, Mr. TU Haiming attended 1 training, Mr. CHUNG Shui Ming Timpson attended 1 training, and ZHANG Cheng attended 1 training.

6. Committees under the Board

As at the end of 2024, the composition of the committees under the Board of Directors was as follows: Mr. CHEN Yun, Mr. CHEN Wenjian, Mr. WEN Limin, Mr. XIU Long and Mr. TU Haiming were members and Mr. CHEN Yun was the Chairman of the Strategy and Investment Committee of the Board of Directors, Mr. WEN Limin, Mr. XIU Long and Ms. SUN Lishi were members and Ms. SUN Lishi was the Chairlady of the Audit and Risk Management Committee of the Board of Directors, Mr. WEN Limin, Mr. XIU Long and Ms. SUN Lishi were members and Mr. XIU Long was the Chairman of the Remuneration Committee of the Board of Directors, Mr. CHEN Yun, Ms. SUN Lishi and Mr. TU Haiming were members and Mr. CHEN Yun was the Chairman of the Nomination Committee of the Board of Directors, and Mr. CHEN Wenjian, Mr. WANG Shiqi, Mr. WEN Limin, Mr. XIU Long and Mr. TU Haiming were members and Mr. CHEN Wenjian was the Chairman of the Safety, Health and Environmental Protection Committee of the Board of Directors.

REPORT ON CORPORATE GOVERNANCE PRACTICES

On 13 March 2025, at the eighth meeting of the sixth session of the Board of Directors of the Company, the Company considered and approved the "Proposal on the Adjustments to the Composition of the Strategy and Investment Committee and the Nomination Committee of the Board of Directors", pursuant to which the composition of the Strategy and Investment Committee was adjusted from five to four directors, with Mr. CHEN Wenjian, Mr. WEN Limin, Mr. XIU Long and Mr. TU Haiming as members and Mr. CHEN Wenjian as chairman; the composition of the Nomination Committee remained unchanged, comprising three directors with Mr. CHEN Wenjian, Ms. SUN Lishi, and Mr. TU Haiming as members and Mr. CHEN Wenjian as chairman; and the composition of other committees remained unchanged.

(a) Strategy and Investment Committee

The primary responsibilities of the Strategy and Investment Committee include, among other things, reviewing proposals and making recommendations to the Board of Directors regarding the Company's strategic development plans, annual budget, capital allocation plan, major mergers and acquisitions, major investment and financing plans, material internal reorganization and work on Environmental, Social and Corporate governance.

As at the end of 2024, the Strategy and Investment Committee comprised Mr. CHEN Yun and Mr. CHEN Wenjian, who are executive directors, Mr. WEN Limin, who is a non-executive director, Mr. XIU Long and Mr. TU Haiming, who are independent non-executive directors, and is chaired by Mr. CHEN Yun.

During the reporting period, the Strategy and Investment Committee held 10 meetings, the details of which are as follows:

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
17 January 2024	The meeting deliberated the "Proposal on the Investment and Construction of the Franchise Project from Songxian to Ruyang Section of the Yongcheng-Lingbao Expressway in Henan Province by the China Railway No.5 Engineering Group Co., Ltd."	Nil	Nil
28 March 2024	The meeting deliberated 2 proposals, including the "Proposal on China Railway 2023 Environmental, Social and Governance Report and Social Responsibility Report ", and listened to 4 reports including the "Report on China Railway's ESG Management System".	Continuously strengthen and deepen the Company's compliance management work in accordance with the standards of the pilot units adopted by world-class law-abiding enterprises.	Nil

REPORT ON CORPORATE GOVERNANCE PRACTICES

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
29 April 2024	The meeting deliberated four proposals, including the "Proposal on Amending the Measures for the Investment Management of Domestic Infrastructure Projects of China Railway Group Limited".	Attach importance to pre-investment management, move the operation management threshold forward, participate in and optimize the initial design of investment projects, and improve the overall efficiency and profitability of investment projects.	Nil
24 May 2024	The meeting deliberated the "Proposal on China Railway Investment's Participation in the Investment and Construction of Wujiao 200MW Wind Power Project in Cangzhou, Hebei Province".	Continuously pay attention to the impact of the national power system and mechanism and market-oriented transaction reform, and actively safeguard the rights and interests of the Company during the operation period and clarify the follow-up exit mechanism in the contract.	Nil
28 June 2024	The meeting deliberated three proposals, including the "Proposal on Investing in the Implementation of the Water Ecological Governance and Water Supply Construction Concession Project of Dangyangqiao Reservoir in Qingshuihe County, Hohhot City".	Compliance risk is the biggest risk of the project, and the project should be implemented on the premise of compliance with laws and regulations.	Nil
29 July 2024	The meeting deliberated four proposals, including the "Proposal on China Railway Transportation's Investment in the Construction of Changsha-Anhua Expressway Concession Project".	Strengthen the business planning of the whole life cycle of the project, effectively manage the project, and achieve management expectations.	Nil
30 August 2024	The meeting deliberated three proposals, including the "Proposal on China Railway Transportation's Investment in the Construction of Changsha-Anhua Expressway Concession Project".	Nil	Nil

REPORT ON CORPORATE GOVERNANCE PRACTICES

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
30 October 2024	The meeting deliberated two proposals, including the "Proposal on China Railway Cloud Investment's Adjusting the Investment Conditions for the New Local Railway Three Gorges Hub Maoping Port Shugang Railway Project".	Further strengthen communication with local governments and owners, strive for more commitments and guarantees, and ensure our legitimate interests.	Nil
27 November 2024	The meeting deliberated on 6 proposals, including the "Proposal on China Railway No.7 Engineering's Adjusting the Equity Structure of the PPP Project of the Guilin to Qinzhou Port Highway (Yongfu Sanhuang to Liuzhou Section)"	Nil	Nil
30 December 2024	The meeting deliberated on 3 proposals, including the "Proposal on China Railway Tunnel's Investment in the Construction of Bundle Concession Project of Fuling North Ring Section of Chongqing G5021 Shiyu Expressway and Lidu to Xinmiao Section of Fuling Ring Expressway"	Implement the source of funds and ensure that the project funds are in place on time and in full.	Nil

The table below sets out the details of meeting attendance of each member of the Strategy and Investment Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
CHEN Wenjian	10	8	2
WEN Limin (appointed as committee member on 20 August 2024)	4	3	1
XIU Long	10	9	1
TU Haiming (elected on 20 August 2024)	4	4	0
CHEN Yun (resigned on 12 March 2025)	10	10	0
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	6	5	1
ZHANG Cheng (resigned on 20 August 2024)	6	6	0

REPORT ON CORPORATE GOVERNANCE PRACTICES

(b) Audit and Risk Management Committee

The primary responsibilities of the Audit and Risk Management Committee are:

- (1) making recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (2) reviewing and overseeing the external auditors' independence and objectivity and the effectiveness of the audit process;
- (3) overseeing the integrity of the financial statements of the Company and the Company's annual report and accounts, interim report and quarterly reports, and reviewing significant financial reporting judgments contained in such reports;
- (4) overseeing the Company's financial reporting system and risk management and internal control procedures, including but not limited to, reviewing the financial control, risk management and internal control systems, deliberating on actions to be taken in respect of any findings of major investigations of risk management and internal control matters as delegated by the Board of Directors or at its own initiative and management's response thereto, and reviewing the Group's financial and accounting policies and practices; and
- (5) reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit and Risk Management Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2024, the Audit and Risk Management Committee comprised Ms. SUN Lishi, who is an independent non-executive director, Mr. WEN Limin, who is a non-executive director, and Mr. XIU Long, who is an independent non-executive director, and is chaired by Ms. SUN Lishi.

REPORT ON CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Audit and Risk Management Committee held 9 meetings, the details of which are as follows:

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
27 March 2024	The meeting deliberated 12 proposals, including the "Proposal on the 2023 Annual Report and Summary of A Shares, the Annual Report of H Shares and the 2023 Annual Results Announcement", and listened to 2 reports including the "Report on the 2023 Related Party Transactions of the Joint Stock Company".	Further optimize the asset structure, reasonably control the growth rate of asset scale, take the "two funds" pressure drop as the key work in 2024, and take targeted measures to increase the collection and settlement of arrears according to the classification and analysis of the reasons for the growth of accounts receivable, inventory and contract assets.	Nil
29 April 2024	The meeting deliberated on 4 proposals including the "Proposal on the Company's First Quarter Report of 2024".	Carry out special attacks on the "two funds" problem, carry out special actions such as the "two funds" pressure drop, clearance, and increase real estate destocking, and strive to reduce the scale of the two funds and enhance the Company's ability to resist risks.	Nil
6 May 2024	The meeting deliberated the "Proposal on Reviewing the Company's Selection of Bidding Documents for 2024 Financial Accounts and Internal Control Audit Accounting Firms".	Nil	Nil
24 May 2024	The meeting deliberated two proposals, including the "Proposal on the Hiring of the 2024 Financial Statements and Internal Control Auditors by China Railway Group Limited"	The change of the accounting firm is part of the Company's routine rotation of audit institutions, the selection and appointment work is carried out in strict accordance with the bidding documents approved by the Audit and Risk Management Committee, and the bidding procedures are in accordance with the law.	Nil
27 June 2024	The meeting voted in writing on the "Proposal on Several Measures for China Railway Group Limited to Support the High-quality Development of the National Engineering Research Center".	Nil	Nil
11 July 2024	The meeting deliberated the "Proposal on Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu to Provide Non-Assurance Services to the Company", and listened to the "Report on the Review Plan for the 2024 Interim Financial Statements (A+H shares) of China Railway Group Limited.	The management of the Company selects non-assurance intermediaries for non-assurance services that are complex and have a large amount.	Nil
29 August 2024	The meeting deliberated on 5 proposals, including the "Proposal on the 2024 A-share Interim Report and Summary, H-share Interim Report and Results Announcement", and listened to 4 reports including the "Report on the Summary of the Review of the 2024 Interim Financial Statements".	The Company's management should strengthen cost control, thoroughly implement the concept of big business management, and increase cost reduction, efficiency increase, and slimming and fitness.	Nil
29 October 2024	The meeting deliberated the "Proposal on the Third Quarterly Report of 2024".	The Company should seize the current opportunity, intensify the business development, the collection of receivables from local governments and platform companies, and strengthen the clearance of contract assets.	Nil
30 December 2024	The meeting deliberated five proposals, including the "Proposal on the Audit Work Plan of China Railway's 2024 Financial Statements".	Deloitte should fully consider the complexity of the Company's business, strengthen the staffing of key positions, and carry out audit work in accordance with laws and regulations.	Nil

REPORT ON CORPORATE GOVERNANCE PRACTICES

The table below sets out the details of meeting attendance of each member of the Audit and Risk Management Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
SUN Lishi (elected on 20 August 2024)	3	3	0
WEN Limin	9	8	1
XIU Long (appointed as committee member on 20 August 2024)	3	3	0
CHUNG Shui Ming Timpson (resigned on 20 August 2024)	6	5	1
ZHANG Cheng (resigned on 20 August 2024)	6	6	0

(c) Remuneration Committee

The primary responsibilities of the Remuneration Committee are:

- (1) making recommendations to the Board of the Directors on the Company's policy and structure for remuneration of directors and senior management and on the formulation of a formal and transparent process for developing policy on such remuneration;
- (2) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;
- (3) determining, as authorised by the Board of Directors, the specific remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of Directors in relation to the remuneration of non-executive directors;
- (4) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Company; and
- (5) ensuring that no director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2024, the Remuneration Committee comprised Mr. XIU Long, who is an independent non-executive director, Mr. WEN Limin, who is a non-executive director, and Ms. SUN Lishi, who is an independent non-executive director, and is chaired by Mr. XIU Long.

REPORT ON CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Remuneration Committee held 5 meetings, the details of which are as follows:

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
17 January 2024	The meeting deliberated the "Proposal on the Adjustment Plan for the Target Value of the Assessment Indicators for the 2023 and 2021-2023 Three-Year Terms".	Nil	Nil
28 March 2024	The meeting deliberated two proposals, including the "Proposal on the 2023 Annual Remuneration (Compensation and Work Subsidy) Standards for Directors and Supervisors of China Railway".	Nil	Nil
28 April 2024	The meeting deliberated the "Proposal on the 2023 Business Performance Assessment Results and the Remuneration Redemption Plan of the Responsible Persons and the 2023 Remuneration Redemption Plan of the Dispatched Full-time Directors and Supervisors of Secondary Units of China Railway".	Focus on the rationalization of the internal assessment indicators of the secondary units, further optimize the relevant assessment indicators, continuously improve the accuracy and effectiveness of the assessment, and better guide value creation and technological innovation through assessment.	Nil
29 August 2024	The meeting deliberated two proposals, including the "Proposal on the Unlocking of Restrictions for the First Unlocking Period under the Reserved Grant of the 2021 Restricted Share Incentive Plan of China Railway".	Nil	Nil
29 October 2024	The meeting deliberated on 5 proposals, including the "Proposal on the Unlocking of Restrictions for the Second Unlocking Period under the First Grant of the 2021 Restricted Share Incentive Plan of China Railway Group Limited".	Nil	Nil

The Remuneration Committee was responsible for preparing the incentive scheme and submitted it to the Board for consideration. The Remuneration Committee reviewed material matters relating to the 2021 Restricted Share Incentive Scheme, including the purpose of the 2021 Restricted Share Incentive Scheme and participants of the 2021 Restricted Share Incentive Scheme. For details of the 2021 Restricted Share Incentive Scheme, please refer to "Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof" of "Significant Events" on pages 283 to 290 of this annual report.

REPORT ON CORPORATE GOVERNANCE PRACTICES

The table below sets out the details of meeting attendance of each member of the Remuneration of Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
XIU Long	5	5	0
WEN Limin	5	4	1
SUN Lishi (elected on 20 August 2024)	2	2	0
ZHANG Cheng (resigned on 20 August 2024)	3	3	0

The emolument paid to directors, supervisors and members of senior management of the Company are determined in accordance with the contractual terms under their respective service contract. Details of the remuneration of directors and supervisors are set out in note 16 and note 47 to the Financial Statements.

(d) Nomination Committee

The primary responsibilities of the Nomination Committee are:

- (1) formulating the standards, procedures and methods for election of directors and senior management of the Company and submitting the same to the Board of Directors for consideration;
- (2) identifying individuals suitably qualified to become Board members, selecting and nominating individuals for directorship or make recommendations to the Board of Directors in this regard, reviewing the candidates for directors and President and making recommendations;
- (3) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually and making recommendations on any changes to the Board of Directors proposed to support the Company's corporate strategy;
- (4) assessing the independence of independent non-executive directors of the Company; and
- (5) making recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the President. The Nomination Committee's terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

As at the end of 2024, the Nomination Committee comprised Mr. CHEN Yun, who is executive director, and Ms. SUN Lishi and Mr. TU Haiming, who are independent non-executive directors, and is chaired by Mr. CHEN Yun.

REPORT ON CORPORATE GOVERNANCE PRACTICES

According to the nomination policy adopted by the Company, the Nomination Committee shall nominate director candidates for election in accordance with the formalities and procedures stipulated in the Articles of Association and the rules of procedures of the Nomination Committee, and consider candidates for directorship based on objective standards, including but not limited to education background, qualification, ability, industry related experience of the individual candidates and if the candidate is proposed to be elected as an independent non-executive director of the Company, whether or not such candidate meets the independence requirements under the Listing Rules.

According to the Articles of Association, the methods and procedures of nomination of director and supervisor candidates are as follows:

- (1) shareholders holding, individually or jointly, more than 3% in the total number of the outstanding voting shares of the Company may put forward in a written proposal to the general meeting of shareholders the candidates of non-independent directors and supervisors to be appointed from those other than the employee representatives, provided that the number of persons nominated must comply with the provisions of the Articles and be not more than the number of persons contemplated to be elected. The said proposal put forward by the shareholders to the Company shall be sent to the Company at least fourteen (14) days prior to the date of the general meeting of shareholders;
- (2) the Board of Directors and the Supervisory Committee may, within the scope of the number of persons as provided in the Articles, formulate a proposed name list of the candidates of directors and supervisors who are not employee representatives according to the number of persons contemplated to be elected, and put forward the said list in a written proposal to the general meeting of shareholders;
- (3) the Company shall separately formulate a special system for the nomination of independent directors;
- (4) the written notice concerning the intention to nominate candidates of directors and supervisors and the nominees' statement for acceptance of the nomination, as well as relevant written information of the nominees, shall be sent to the Company at least seven (7) days prior to the date the general meeting of shareholders is held. The Board of Directors and the Supervisory Committee shall provide resumes and basic information of the candidates of directors and supervisors to the shareholders;
- (5) the period given by the Company to relevant nominators and nominees to submit the aforesaid notices and documents (which is counted from the next day when the notice of general meeting of shareholders is issued) shall be at least seven (7) days;
- (6) the general meeting of shareholders shall vote on each candidate of directors and supervisors one by one, except those circumstances under which the cumulative voting system is applicable; and
- (7) in case of any interim increase or addition of directors and supervisors, the candidates shall be put forward and suggested by the Board of Directors and the Supervisory Committee for election or replacement by the general meeting of shareholders.

REPORT ON CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Nomination Committee held 5 meetings, the details of which are as follows:

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
24 May 2024	The meeting deliberated the "Proposal on the Appointment of the Safety Production Director of China Railway Group Limited."	Nil	Nil
4 July 2024	The meeting voted in writing on the "Resolution on the Appointment of MA Yonghong as the Secretary to the Board of Directors of China Railway Group Limited."	Nil	Nil
29 July 2024	The meeting deliberated four proposals, including the "Proposal on the Dismissal of LIU Baolong as Vice President of China Railway Group Limited."	Nil	Nil
20 August 2024	The meeting deliberated five proposals, including the "Proposal on the Appointment of the President of China Railway Group Limited".	Nil	Nil
30 September 2024	The meeting voted in writing on two proposals, including the "Proposal on the Dismissal of LI Xinsheng as Vice President of China Railway Group Limited".	Nil	Nil

The table below sets out the details of meeting attendance of each member of the Nomination of Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
SUN Lishi (elected on 20 August 2024)	2	2	0
TU Haiming (elected on 20 August 2024)	2	2	0
CHEN Yun (resigned on 12 March 2025)	5	5	0
XIU Long (resigned on 20 August 2024)	3	2	1
CHUNG Shui Ming Thompson (resigned on 20 August 2024)	3	3	0

REPORT ON CORPORATE GOVERNANCE PRACTICES

In order to enhance the efficiency in decision-making of the Board and the quality of corporate governance, and to achieve diversity on the Board, the Board of Directors has adopted the Board diversity policy, which sets out the approaches to achieve diversity among members of the Board of Directors and is available on the website of the Company. When selecting Board members, the Company gives full consideration to the benefits of all aspects of Board diversity, including but not limited to gender, race, age, territory, cultural and educational background, professional experience and length of service. All the members of the Board of Directors are appointed based on meritocratic principles and eventually decided by considering their strengths and contributions they can make to the Board of Directors.

For the purpose of implementation of the Board diversity policy, the following measurable objectives were adopted by the Board:

- at least one independent non-executive director must be ordinary resident in Hong Kong;
- at least one independent non-executive director has work experience in taking charge of financial affairs in a large-scale enterprise, or is an expert in corporate financial and accounting affairs;
- at least one independent non-executive director has experience in the selection, performance review and remuneration management of senior management personnel in an enterprise;
- the number of independent non-executive directors shall not be less than one third of the members of the Board, and the number of independent non-executive directors and external non-executive directors shall be more than half of the members of the Board;
- the members of the Board shall have professional background and work experience closely related to the business development of the Company, understand the industry in which the Company conducts its business, and have the knowledge or work experience in infrastructure construction, real estate, mining resources, corporate management, accounting, economics, law, finance and etc., and most of the directors shall be experienced in decision-making on the operation and management of large-scale enterprises.

For the year ended 31 December 2024, the Board has fulfilled the measurable objectives of the Board diversity policy.

(e) Safety, Health and Environmental Protection Committee

The primary responsibilities of the Safety, Health and Environmental Protection Committee include, among other things, providing guidance, inspecting and evaluating the implementation of the Company's plans on safety, health and environmental protection, making plans and recommendations to the Board of Directors regarding material matters relating to safety, health and environmental protection.

As at the end of 2024, the Safety, Health and Environmental Protection Committee comprised Mr. CHEN Wenjian and Mr. WANG Shiqi, who are executive directors, Mr. WEN Limin, who is non-executive director, and Mr. XIU Long and Mr. TU Haiming, who are independent non-executive directors, and is chaired by Mr. CHEN Wenjian.

REPORT ON CORPORATE GOVERNANCE PRACTICES

During the reporting period, the Safety, Health and Environmental Protection Committee held 2 meetings, the details of which is as follow:

Date of Meeting	Meeting Agenda	Major Advice and Recommendations	Performance of Other Duties
28 March 2024	The meeting listened to the "Report on the Safety, Quality, Occupational Health, and Environmental Protection Work of China Railway in 2023 and the Key Work Arrangements in 2024".	Necessary to further refine the report, enrich the content of the Company's ESG report, and show the Company's characteristic highlights in safety, quality, environmental protection and health to the public.	Nil
30 August 2024	The meeting listened to the report on the safety, quality, occupational health, and environmental protection work of China Railway in the first half of 2024 and the key work arrangements for the second half of 2024.	Necessary to improve the emergency rescue mechanism for safe production. The construction environment of the Company's engineering projects is very different, complex and diverse, and it is necessary to make emergency rescue plans in advance for different environments to prevent problems before they occur.	Nil

The table below sets out the details of meeting attendance of each member of the Safety, Health and Environmental Protection Committee during the reporting period.

Director	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
CHENG Wenjian	2	2	0
WANG Shiqi	2	1	1
WEN Limin	2	2	0
XIU Long	2	2	0
TU Haiming (elected on 20 August 2024)	1	1	0
ZHANG Cheng (resigned on 20 August 2024)	1	1	0

REPORT ON CORPORATE GOVERNANCE PRACTICES

Supervisory Committee

The primary responsibilities of the Supervisory Committee are:

- (1) supervising the performance of directors and senior management of their duties, and proposing removal of directors or senior management who have violated laws and regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (2) requesting directors and senior management to rectify any actions damaging the Company's interests;
- (3) examining the Company's financial matters;
- (4) making proposals to convene extraordinary general meetings of shareholders, and convene and preside over shareholders' general meetings in case the Board of Directors fails to perform its duty of convening and presiding over shareholders' general meetings under the Company Law;
- (5) making proposals for shareholders' general meetings;
- (6) making proposals to convene extraordinary meetings of the Board of Directors other than regular meetings;
- (7) supervising the establishment and implementation of internal controls by Board of Directors; and
- (8) supervising the review of, voting on, disclosure and performance of connected transactions, and providing comments in the annual report.

During the reporting period, the members of the Supervisory Committee of the Company were as follows:

Name	Title
JIA Huiping (resigned on 28 February 2025)	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
Li Xiaosheng	Employee Representative Supervisor
WANG Xinhua	Employee Representative Supervisor
WAN Ming	Employee Representative Supervisor

The Supervisory Committee has detailed rules of procedures that specify its responsibilities, ensuring that the Supervisory Committee operates in a compliant and efficient manner. The term of office for each supervisor of the Company is three years which is renewable upon re-election.

During the reporting period, the Supervisory Committee held five meetings and considered a total of 31 proposals. The convening and holding procedures of the meetings were in compliance with the provisions of the Articles of Association and the Rules of Procedure of the Supervisory Committee.

REPORT ON CORPORATE GOVERNANCE PRACTICES

The table below sets out the details of meeting attendance of each member of the Supervisory Committee during the reporting period.

Supervisor	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
JIA Huiping (resigned on 28 February 2025)	5	5	0
LI Xiaosheng	5	3	2
WANG Xinhua	5	4	1
WAN Ming	5	5	0

Joint Company Secretaries

Mr. MA Yonghong and Mr. TAM Chun Chung serve as joint company secretaries of the Company.

Mr. MA and Mr. TAM have confirmed that they had taken not less than 15 hours of relevant professional trainings during the reporting period.

Shareholders' Rights

1. Convening Extraordinary General Meeting

According to the Articles of Association, the shareholders of the Company who individually or jointly hold more than 10% of the voting shares at such proposed meeting may propose to convene an extraordinary general meeting of shareholders or a class shareholders' meeting. The procedures for shareholders to convene an extraordinary general meeting or a class shareholders' meeting are stated as below:

- (1) The proposing shareholder(s) shall execute one or several copies of written request with the same form and contents to propose to the Board of Directors to convene an extraordinary general meeting of shareholders or a class shareholders' meeting and set out the topics of the meeting. The Board of Directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders or class shareholders' meeting within ten days upon receipt of the request in accordance with laws, regulations and the Articles of Association.
- (2) If the Board of Directors agrees to convene an extraordinary general meeting or a class shareholders' meeting, a notice of the meeting shall be issued within five days after the resolution of the Board of Directors is passed.
- (3) In case the Board of Directors refuses to convene an extraordinary general meeting or a class shareholders' meeting, or does not give any response within ten days upon receipt of the request, the shareholders who individually or jointly hold more than 10% of the voting shares at such proposed meeting shall have the right to propose to the Supervisory Committee for convening of such meeting, and shall make such request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene an extraordinary general meeting or a class shareholders' meeting, a notice of the meeting shall be issued within five days upon receipt of the request. Changes made to the original request in the notice shall be approved by relevant shareholders. If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, the shareholders who either individually or jointly hold more than 10% of the Company's shares for more than ninety consecutive days may convene and preside over the meeting by themselves.

REPORT ON CORPORATE GOVERNANCE PRACTICES

- (4) When the Supervisory Committee or the shareholders decide to convene a general meeting of shareholders by themselves, they must notify the Board of Directors in writing and at the same time file the notice with the local branch of CSRC and the stock exchange where the Company is domiciled. Before the resolutions of general meeting of shareholders are publicly announced, the proportion of shares held by the convening shareholder should be not less than 10%. When issuing the notice of general meeting of shareholders and the public announcement of the resolutions of general meeting of shareholders, the convening shareholder shall submit relevant supporting materials to the local branch of CSRC and the stock exchange where the Company is domiciled.
- (5) For the general meeting of shareholders convened by the Supervisory Committee or the shareholders themselves, the Board of Directors and the Secretary to the Board of Directors shall provide cooperation. The Board of Directors shall provide the register of shareholders as at the date of record.

2. Putting Forward Proposals in the Shareholders' General Meeting

The procedures for putting forward proposals in the shareholders' general meeting are stated as below:

- (1) When the Company holds a general meeting of shareholders, shareholders who individually or jointly hold more than 3% of shares of the Company shall have the right to prepare a proposal to the Company. Shareholders who hold more than 3% of shares of the Company, either individually or jointly, may prepare an interim proposal and submit it in writing to the person(s) convening the meeting ten days before the general meeting of shareholders convenes. The person(s) convening the meeting shall issue a supplementary notice of the general meeting of shareholders within two days upon receipt of the proposal and publicly announce the contents of such proposal.
- (2) When the Company holds an annual general meeting of shareholders, it shall send a written notice to the shareholders at least twenty clear business days prior to the meeting; when holding an extraordinary general meeting of shareholders, it shall send a written notice to the shareholders at least ten clear business days or fifteen days, whichever is longer, prior to the meeting. Shareholders intending to be present in the general meeting of shareholders shall send a written reply of attendance to the Company within the time period stipulated in the notice.

3. Review of Shareholders' Communication

The Company reviewed its shareholders engagement and communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of its shareholders' communication policy.

4. Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board of Directors could email their enquiries to: ir@crec.cn.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Amendment to the Articles of Association

Taking into account the Guidelines for the Articles of Association of Listed Companies, the Rules Governing Shareholders' General Meetings of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation, the Working Rules of the Board of Directors of Central Enterprises (Trial) and other latest revisions of laws and regulations, as well as the Company's actual management needs, certain amendments to the Articles of Association were approved by the Company at the 2021 annual general meeting held on 22 June 2022.

The latest version of the Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

Relationship with the Controlling Shareholder

CREC is the Company's controlling shareholder. The Company is independent from CREC in respect of its staff, assets, finance, organisational structure and business. During the reporting period, except for Mr. CHEN Yun, Chairman and executive director of the Company, who also serves as a chairman of CREC, Mr. CHEN Wenjian, executive director of the Company, who also serves as a director and the general manager of CREC, Mr. WANG Shiqi, executive director of the Company, who also serves as an employee director of CREC, none of the other directors, supervisors or senior management of the Company held any positions of directors, supervisors or senior management with CREC or received any salary from CREC and/or its associates. Notwithstanding the fact that Mr. CHEN Yun, Mr. CHEN Wenjian and Mr. WANG Shiqi (each an "**Overlapping Director**") act as directors or senior executives of CREC and directors, supervisors or senior executives of the Company respectively, they have the capacity to commit to the daily management of the Company because there was less day-to-day management work of CREC. Moreover, each of the Overlapping Director represents a minority in the Board of Directors. During the reporting period, the Board of Directors also had three independent non-executive directors, which ensured that the interests of the Company and shareholders were protected. The Company also has its own financial management system and related personnel who are independent from CREC.

The Company entered into the Comprehensive Services Agreement and its renewal agreements with CREC in relation to the mutual provision of comprehensive services between the CREC and the Group on 23 November 2007, 1 January 2010, 28 March 2013, 30 December 2015 and 27 December 2018 respectively, with each valid for three years. Pursuant to the Comprehensive Services Agreement and its renewal agreements, CREC and/or its associates will provide social services to the Group, including health check, vaccination and preventive medical services, on-site medical services, prevention of occupational diseases and other special medical services to employees of the Group as well as training to the Group's employees. On 30 December 2021, the Company entered into another comprehensive services renewal agreement with CREC, effective from 1 January 2022 to 31 December 2024. On 30 December 2024, the Company entered into another comprehensive services renewal agreement with CREC, effective from 1 January 2025 to 31 December 2027. None of the relevant percentage ratios of the transactions under these comprehensive services renewal agreements is more than 0.1%, and is therefore exempted from all reporting, announcement and independent shareholders' approval under the Listing Rules.

REPORT ON CORPORATE GOVERNANCE PRACTICES

On 29 April 2014, China Railway Finance (a subsidiary of the Company, with 95% of its equity interest being held by the Company and 5% of its equity interest being held by CREC) entered into the Financial Services Framework Agreement with CREC, effective from 16 March 2014 to 31 December 2015. Pursuant to the Financial Services Framework Agreement, China Railway Finance agreed to provide deposit services, comprehensive credit services and miscellaneous financial services to CREC. On 29 December 2015, China Railway Finance and CREC entered into the Financial Services Framework Renewal Agreement, effective from 1 January 2016 to 31 December 2018, to renew the Financial Services Framework Agreement. On 27 December 2018, China Railway Finance and CREC entered into another financial services framework renewal agreement, effective from 1 January 2019 to 31 December 2021. On 30 December 2021, China Railway Finance and CREC entered into a new financial services framework renewal agreement, effective from 1 January 2022 to 31 December 2024, to further renew the Financial Services Framework Agreement. On 30 December 2024, China Railway Finance and CREC entered into a new financial services framework renewal agreement, effective from 1 January 2025 to 31 December 2027, to further renew the Financial Services Framework Agreement.

Auditors' Remuneration

The Company has engaged Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP (collectively the **"External Auditors"**) as the international and domestic auditors of the Company for 2024, respectively.

For the year ended 31 December 2024, fees paid to the External Auditors for the audit of the financial statements of the Group are approximately RMB28.21 million and fees paid to the External Auditors (and member firms) for the non-audit services are approximately RMB9.68 million, which mainly includes tax services and agreed-upon procedures services etc.

Risk Management and Internal Control

In accordance with the Company Law, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations as well as the relevant regulations and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, with the goal of "China Railway under the Rule of Law, China Railway in Compliance", the Company continued to improve a prevention and control system that is scientific, standardized, focused, effectively implemented, and adequately supervised to provide guarantees for comprehensively accelerating the construction of "High-Quality China Railway". Firstly, the Company improved the construction of the internal control system. In 2024, the Company continued to regard system construction as the fundamental work to improve the construction of the internal control system, with the implementation of the "Implementation Plan for China Railway to Build a World-Class Rule of Law Enterprise" as the main line, systematically sorted out and optimized various systems, and further improved the internal control system. Based on major risk assessments, the Company focused on key areas and formulated and revised special management systems such as the "Treasury Management Measures", "Overseas Infrastructure Project Investment Management Regulations", and "Domestic Real Estate Project Review Management Regulations". By improving systems and processes, the Company further filled management loopholes and optimized management processes. Secondly, the Company continued to optimize corporate governance. In accordance with securities regulatory requirements, the Company revised the "Regulations on the Management of Independent Directors" and "Regulations on the Management of Related Party Transactions". In light of changes in the internal and external environment and the actual management of the Company, the Company revised the "List of Authorizations from the Board of Directors to the Management" and "List of Rights and Responsibilities for Decision-making on Major Matters" to further clarify the boundaries of authority and responsibility between the Board of Directors and the management. In 2024, the legal compliance review rate for major decisions of the Company's Board of Directors was 100%. Thirdly, the Company strengthened major risk prevention and control. In order to implement the requirements of the SASAC on strengthening the management and control of major operational risks of central construction enterprises, the Company has established the China Railway Major Business Risk Management Committee, with the main leader of the Company acting as the head of the Committee, to provide unified leadership and promote the prevention and control of the Company's significant operational risks. Fourthly, the Company actively built a large-scale supervision and coordination mechanism. The Company attached great importance to the joint efforts of supervision, continuously strengthened the linkage and coordination of various corporate supervision mechanisms, conducted multiple joint inspections and reviews domestically and overseas each year, and gradually established a "six-in-one" large-scale supervision mechanism.

REPORT ON CORPORATE GOVERNANCE PRACTICES

In addition, the Company carefully complied with regulatory rules and prepared 2024 annual social responsibility report and appraisal report on internal control. The Company engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditor of the Company for 2024. Deloitte Touche Tohmatsu Certified Public Accountants LLP has audited the effectiveness of the Company's internal control in relation to financial report in 2024 and issued unqualified opinions in this respect.

Whistleblowing Policy

The Group has whistleblowing policy in place, which is applicable to all directors, employees and stakeholders (including investors, customers, suppliers, creditors, debtors, etc.). The purpose of the policy is to provide channels for employees and any external parties to report any improper or illegal acts of the Company, whether potential or existing, in respect of the financial reporting, internal control or otherwise on a confidential basis.

A whistleblower can report through the reporting platform of the Company's website. The disciplinary committee of the Company is responsible for the investigation of all whistleblowing cases reported in good faith. The Board of Directors of the Company will decide any further actions (if necessary) based on the investigation findings of the disciplinary committee.

The identity of the whistleblower and all concerns or irregularities raised will be considered as confidential information, and the Company is committed to ensure the whistleblower shall not be harmed or unfairly treated as well as the confidentiality of the whole reporting process.

Anti-corruption Policy

The Company issued the "Implementation Measures for the Supervision and Management of Handling of Complaints, Reports and Cases by the Disciplinary Inspection Organisations", to strictly supervise and manage the handling of complaints, reports and cases pursuant to rules, disciplines and laws. Disciplinary inspection organisations have been established in the headquarter and each level of enterprises of the Company to handle any complaints and reports on anti-corruption. Disciplinary inspection organisations at each level had records to keep track of the handling of any clues of complaints and reported issues, and handled each issue and clue strictly in accordance with the relevant regulations. The approval procedures in respect of handling of any complaints and reports have been strictly followed, and the relevant staff are required to strictly comply with the confidentiality requirements to protect the privacy and safety of whistleblowers, and those who conceal the clues or leak any secrets will be held responsible.

Accountability of the Directors in Relation to Financial Statements

The directors of the Company are responsible for overseeing the preparation of financial statements. In preparing the financial statements for the year ended 31 December 2024, the directors of the Company have selected and applied appropriate accounting policies and made prudent and reasonable judgment and estimation so as to give a true and fair view of the financial position, results and cash flow of the Group for that financial year.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Board Independence

In order to ensure that independent views and input of the independent non-executive directors are made available to the Board, the Board is committed to assess the directors' independence annually with regards to all relevant factors related to the independent non-executive directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive directors regularly without the presence of the executive directors.

All directors are entitled to seek advice from the company secretary as well as from independent professional advisors at the Company's expenses.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 105 to 110 of this annual report.

Information Disclosure

In 2024, the Company continued to strictly adhere to the information disclosure requirements for listed companies in Shanghai and Hong Kong. It promptly refined its information disclosure management system in response to revisions in regulatory requirements by the securities regulatory authorities. Guided by investors' needs, the Company consistently enriched the content of its information disclosure, ensuring compliance with legal and regulatory requirements in its disclosure. During the year, the Company published four high-quality periodic reports, detailing business segments such as strategic emerging industries and resources utilization. By incorporating charts, infographics, and other visual aids, the Company optimized the presentation and dissemination of its reports, enabling investors to understand the Company's investment value more clearly and conveniently. In light of events such as the change of the Board of Directors, quarterly operations, change of accountants, the Company published a total of 306 announcements and circulars in Chinese and English in the domestic and overseas markets (excluding bond-related announcements disclosed on the Shanghai Stock Exchange). By ensuring the comprehensive and timely disclosure, the Company has been awarded Class A rating for information disclosure by the Shanghai Stock Exchange for 11 consecutive years.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Investors Relations

In 2024, the Company continued to deepen and improve the concept system of “three-dimensional investment relations” and “major investment relations”, continuously enhanced the Company’s capabilities in value discovery, value creation and value transmission. Through comprehensive and multi-channel communication with domestic and overseas investors, the Company actively and accurately addressed various concerns of investors, promptly conveyed the dynamic practices and relentless efforts of the Company’s high-quality development to the capital market. Meanwhile, the Company proactively integrated domestic and overseas securities regulatory requirements, capital market development needs, and the demands of a broad range of investors into its corporate management, fostered positive interaction between the capital market and corporate management, and effectively promoted the improvement of corporate management concepts and capabilities, empowering the Company’s high-quality development through efficient communication. During the year, incorporating themes such as “State-owned enterprise reform”, “New Quality Productivity” and “Market Value Management” the Company stepped up its performance promotion, held a total of 8 performance briefings, organized 1 reverse roadshow under the theme “Molybdenum Arrives with Impact”, conducted 77 proactive investor visits, hosted 43 on-site research visits, and responded to 213 investor questions from the SSE E-interaction platform, established a positive image of proactive investor relations. In 2024, the Company was awarded the “Best IR Hong Kong Listed Company (A + H Shares)” by New Fortune for six consecutive years, and the 2023 annual report of China Railway was honored with the “38th International ARC Awards Honorary Prize in the Traditional Engineering Category and the Financial Data Honorary Prize in the Construction Engineering Category”.

Market Value Management

In 2024, the Board of Directors and the Strategy and Investment Committee of the Board of Directors of the Company continued to give full play to their market value management responsibilities, conducted in-depth discussions on topics such as the current industry and capital market regulatory environment faced by the Company, timely studied the new “National Nine Articles” and “1+N” policy system, in particular, the “No. 10 Guidelines for the Supervision of Listed Companies – Market Capitalization Management”, “Certain Opinions on Improving and Strengthening the Market Value Management of Listed Companies Controlled by Central Enterprises”, and put forward requirements of market value management in 2024 from the perspective of strengthening the awareness of regulation, studying the assessment of market value management and the utilization of management tools. The Company also issued the “China Railway 2024 Action Plan for Improving Quality, Increasing Efficiency and Re-Reporting” to further promote the Company to complete the closing work of the special action to improve the quality of listed companies under its control in a high-standard manner, and to promote the market value management work of the whole company to be effective on the ground.

Continuous Evolvement of Corporate Governance

The Company will continue to closely study the development of corporate governance practices of the world’s leading corporations and the requirements of the investors. We will also review and strengthen our corporate governance procedures and practices on a regular basis so as to ensure the long-term sustainable development of the Company.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA RAILWAY GROUP LIMITED

(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Railway Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 111 to 276, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition from infrastructure construction contracts</p> <p>Refer to Note 3, Note 4 and Note 5 to the consolidated financial statements.</p> <p>The Group's revenue primarily consists of infrastructure construction contracts amounting to RMB992,854 million for the year ended 31 December 2024. The Group's revenue from infrastructure construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, depending on the nature of the contract, and is measured mainly by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs of that contract. Management estimates the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management regularly reviews and revises the estimates of total contract revenue and total contract costs if circumstances change, such as variations in contract work, claims and incentive payments. The increases or decreases in estimated total contract revenue or total contract costs resulted in the adjustments to the extent of progress toward completion and revenue recognised in the period in which the circumstances that give rise to the revision becomes known by management.</p> <p>We identified the revenue recognition from infrastructure construction contracts as a key audit matter because of the significant management estimation and judgement required in determining total contract revenue and total contract costs.</p>	<p>Our procedures in relation to revenue recognition from infrastructure construction contracts mainly included:</p> <ol style="list-style-type: none"> (1) Testing and evaluating the design and operating effectiveness of the key internal controls relevant to determination and revision of total contract revenue and total contract costs and revenue recognition of infrastructure construction contracts; (2) Checking on a sample basis by reference to infrastructure construction contracts ledger, whether the estimated total contract revenue and total contract costs are consistent with the project contracts and cost budget that they base on; (3) Performing recalculation of performance progress of infrastructure construction contracts on a sample basis by reference to infrastructure construction contracts ledger; (4) Checking construction costs incurred during the year by tracing to supporting documents on a sample basis, and performing cut-off tests on construction costs; (5) Assessing the reasonableness of the performance progress by visiting the selected samples of sites of construction projects, observing the progress of the construction work, discussing with the site project managers the extent to which the construction work was completed and comparing with performance progress in record; (6) Performing gross margin analysis by segment of infrastructure construction contracts.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key audit matter (continued)	How our audit addressed the key audit matter (continued)
<p>Expected credit losses of trade receivables and contract assets</p> <p>Refer to Note 3, Note 4, Note 29 and Note 30 to the consolidated financial statements.</p> <p>As at 31 December 2024, the carrying amounts of trade receivables and contract assets amounted to RMB246,194 million and RMB597,456 million, respectively, with loss allowances amounted to RMB17,564 million and RMB6,638 million, respectively that are significant to the consolidated financial statements.</p> <p>The Group recognises lifetime expected credit losses for trade receivables and contract assets. For trade receivables and contract assets which are impaired, the Group assesses individually and provides for credit losses allowance. For other trade receivables and contract assets, they are grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past and adjusts by taking into consideration current conditions and forward-looking information.</p> <p>We identified the expected credit losses of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements and its involvement of significant management estimation and judgement.</p>	<p>Our procedures in relation to the expected credit losses of trade receivables and contract assets mainly included:</p> <ol style="list-style-type: none"> (1) Testing and evaluating the design and operating effectiveness of the key internal controls relevant to expected credit losses of trade receivables and contract assets; (2) Reviewing the relevant consideration and objective evidence 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 documents and assessing the reasonableness of the provision determined by the management based on the financial position and creditworthiness of customers, historical payment and settlement records, and forecasted future economic conditions on a sample basis; (4) For trade receivables and contract assets assessed collectively by reference to the credit risk characteristics for expected credit losses, assessing the reasonableness of grouping classification and provision rates of each grouping determined by the management, including recalculation of historical actual loss rates used by the management in the provision matrix, and involving our internal valuation specialists to evaluate the appropriateness of measurement method of expected credit loss model and management's assessment of forward-looking information. Meanwhile, assessing the appropriateness of classification of trade receivables and contract assets by reference to the credit risk characteristics for expected credit losses on a sample basis.

INDEPENDENT AUDITOR'S REPORT

Other Matter

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yam Siu Man.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	5	1,160,311	1,263,412
Cost of sales and services	12	(1,050,080)	(1,140,726)
Gross profit		110,231	122,686
Other income	6	4,018	3,439
Other expenses	6	(847)	(1,243)
Net impairment losses on financial assets and contract assets	7	(6,798)	(7,147)
Other gains and losses, net	8	754	383
Losses from derecognition of financial assets at amortised cost	9	(5,145)	(5,139)
Selling and marketing expenses	12	(6,944)	(6,850)
Administrative expenses	12	(25,495)	(28,958)
Research and development expenditures	12	(26,632)	(30,000)
Operating profit		43,142	47,171
Finance income	10	7,875	8,712
Finance costs	10	(12,814)	(11,893)
Share of post-tax losses of joint ventures		(724)	(1,075)
Share of post-tax profits of associates		3,134	4,666
Profit before income tax		40,613	47,581
Income tax expense	11	(9,855)	(9,944)
Profit for the year		30,758	37,637
Profit attributable to:			
– Owners of the Company		27,887	33,483
– Non-controlling interests		2,871	4,154
		30,758	37,637
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	15	1.085	1.294
– Diluted	15	1.084	1.292

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Profit for the year	30,758	37,637
Other comprehensive (expense)/income, net of income tax		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of retirement and other supplemental benefit obligations	(104)	13
Income tax relating to remeasurement of retirement and other supplemental benefit obligations	16	(1)
Changes in the fair value of equity investments at fair value through other comprehensive income	253	(184)
Income tax relating to changes in the fair value of equity investments at fair value through other comprehensive income	(53)	46
	112	(126)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(51)	(98)
Share of other comprehensive income of joint ventures and associates	77	156
	26	58
Other comprehensive income/(expense) for the year, net of tax	138	(68)
Total comprehensive income for the year	30,896	37,569
Total comprehensive income for the year attributable to:		
– Owners of the Company	28,026	33,398
– Non-controlling interests	2,870	4,171
	30,896	37,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	31/12/2024 RMB million	31/12/2023 RMB million
ASSETS			
Non-current Assets			
Property, plant and equipment	17	145,360	136,392
Right-of-use assets	18	16,401	14,240
Deposits for acquisition of property, plant and equipment		600	872
Investment properties	19	18,959	17,082
Intangible assets	20	232,245	183,484
Mining assets	21	7,671	3,206
Contract assets	30	264,336	242,534
Investments in joint ventures	23	57,020	60,322
Investments in associates	23	69,690	63,305
Goodwill	24	1,558	1,676
Financial assets at fair value through other comprehensive income	25	20,971	18,267
Other financial assets at amortised cost	26	24,774	26,277
Financial assets at fair value through profit or loss	31	17,965	18,929
Deferred tax assets	41	15,216	13,166
Other prepayments		645	645
Trade and other receivables	29	98,762	23,198
		992,173	823,595
Current Assets			
Properties held for sale	27	55,019	54,613
Properties under development for sale	27	118,324	107,595
Inventories	28	72,372	57,153
Financial assets at fair value through other comprehensive income	25	752	1,078
Trade and other receivables	29	388,827	293,750
Contract assets	30	333,120	234,191
Current income tax recoverable		5,036	4,611
Other financial assets at amortised cost	26	27,737	8,487
Financial assets at fair value through profit or loss	31	12,155	9,015
Restricted cash and term deposit with maturity over three months	32	50,577	38,363
Cash and cash equivalents	33	199,485	196,150
Assets classified as held for sale		689	689
		1,264,093	1,005,695
Total Assets		2,256,266	1,829,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	31/12/2024 RMB million	31/12/2023 RMB million
EQUITY			
Equity attributable to owners of the Company			
Share capital	34	24,742	24,752
Shares held for 2021			
Restricted Share Incentive Scheme	35	(333)	(576)
Share premium and reserves	36	279,868	258,498
Perpetual notes	37	50,290	49,712
		354,567	332,386
Non-controlling interests		155,425	127,368
Total Equity		509,992	459,754
LIABILITIES			
Non-current Liabilities			
Trade and other payables	38	84,322	33,803
Borrowings	39	373,736	316,647
Lease liabilities		3,015	1,135
Retirement and other supplemental benefit obligations	40	1,654	1,787
Provisions		1,709	1,061
Deferred government grants and income		929	968
Deferred tax liabilities	41	4,712	3,494
		470,077	358,895
Current Liabilities			
Trade and other payables	38	958,911	750,610
Contract liabilities	30	161,139	135,708
Current income tax liabilities		9,075	9,435
Borrowings	39	144,231	113,316
Lease liabilities		1,137	1,009
Retirement and other supplemental benefit obligations	40	234	262
Financial liabilities at fair value through profit or loss	31	665	292
Provisions		805	9
		1,276,197	1,010,641
Total Liabilities		1,746,274	1,369,536
Total Equity and Liabilities		2,256,266	1,829,290

The consolidated financial statements on pages 111 to 276 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Chen Wenjian
DIRECTOR

Wang Shiqi
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital RMB million	Share premium RMB million	Shares held for 2021 Restricted Share Incentive Scheme RMB million	Capital reserve RMB million	Statutory reserve RMB million	Foreign currency translation reserve RMB million	Investment revaluation reserve RMB million	Perpetual notes RMB million	Retained earnings RMB million	Subtotal RMB million	Non-controlling interests RMB million	Total RMB million
At 1 January 2024	24,752	52,631	(576)	3,565	21,401	(958)	690	49,712	181,169	332,386	127,368	459,754
Profit for the year	-	-	-	-	-	-	-	-	27,887	27,887	2,871	30,758
Other comprehensive (expense)/income	-	-	-	(86)	-	(54)	279	-	-	139	(1)	138
Total comprehensive (expense)/income for the year	-	-	-	(86)	-	(54)	279	-	27,887	28,026	2,870	30,896
Repurchase and cancel restricted stock	(10)	(26)	32	-	-	-	-	-	4	-	-	-
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	-	-	-	(28)	-	-	-	-	-	(28)	-	(28)
Unlock restricted stock	-	142	189	(142)	-	-	-	-	-	189	-	189
Capital contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	26,408	26,408
Transaction with non-controlling interests	-	(104)	-	-	-	-	-	-	(148)	(252)	127	(125)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,106	1,106
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(66)	(66)
Transfer of fair value losses of equity investment in other comprehensive income upon disposal	-	-	-	-	-	-	5	-	(5)	-	-	-
Issuance of perpetual notes (Note 37)	-	-	-	-	-	-	-	11,000	-	11,000	-	11,000
Redemption of perpetual notes (Note 37)	-	(15)	-	-	-	-	-	(10,091)	-	(10,106)	-	(10,106)
Dividends declared to shareholders	-	-	22	-	-	-	-	-	(5,185)	(5,163)	-	(5,163)
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,456)	(1,456)
Dividends declared to perpetual notes holders	-	-	-	-	-	-	-	(331)	(1,157)	(1,488)	(932)	(2,420)
Transfer to reserves	-	-	-	-	1,523	-	-	-	(1,523)	-	-	-
Others	-	-	-	3	-	-	-	-	-	3	-	3
At 31 December 2024	24,742	52,628	(333)	3,312	22,924	(1,012)	974	50,290	201,042	354,567	155,425	509,992

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital RMB million	Share premium RMB million	Shares held for 2021 Restricted Share Incentive Scheme RMB million	Capital reserve RMB million	Statutory reserve RMB million	Foreign currency translation reserve RMB million	Investment revaluation reserve RMB million	Perpetual notes RMB million	Retained earnings RMB million	Subtotal RMB million	Non-controlling interests RMB million	Total RMB million
At 1 January 2023	24,752	52,615	(612)	3,431	19,827	(849)	678	45,621	155,594	301,057	121,812	422,869
Profit for the year	–	–	–	–	–	–	–	1,661	31,822	33,483	4,154	37,637
Other comprehensive income/(expense)	–	–	–	12	–	(109)	12	–	–	(85)	17	(68)
Total comprehensive income/(expense) for the year	–	–	–	12	–	(109)	12	1,661	31,822	33,398	4,171	37,569
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	–	–	–	149	–	–	–	–	–	149	4	153
Capital contributions from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	4,716	4,716
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	–	38	–	(25)	–	–	–	–	–	13	67	80
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	(83)	(83)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(207)	(207)
Transfer of fair value gains of equity investment in other comprehensive income upon disposal	–	–	–	(2)	–	–	–	–	277	275	–	275
Issuance of perpetual notes	–	(6)	–	–	–	–	–	29,900	–	29,894	3,149	33,043
Redemption of perpetual notes	–	(16)	–	–	–	–	–	(25,884)	–	(25,900)	(3,199)	(29,099)
Dividends declared to shareholders	–	–	36	–	–	–	–	–	(4,950)	(4,914)	–	(4,914)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(2,170)	(2,170)
Dividends declared to perpetual notes holders	–	–	–	–	–	–	–	(1,586)	–	(1,586)	(892)	(2,478)
Transfer to reserves	–	–	–	–	1,574	–	–	–	(1,574)	–	–	–
At 31 December 2023	24,752	52,631	(576)	3,565	21,401	(958)	690	49,712	181,169	332,386	127,368	459,754

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Operating activities			
Cash generated from operations	42	39,712	48,106
Income taxes paid		(11,661)	(9,742)
Net cash from operating activities		28,051	38,364
Investing activities			
Payments for property, plant and equipment		(23,133)	(25,917)
Proceeds from disposal of property, plant and equipment		2,466	1,033
Payments for lease prepayments		(390)	58
Proceeds from disposal of lease prepayments		7	–
Payments for investment properties		(567)	(1,068)
Proceeds from disposal of investment properties		147	378
Payments for intangible assets		(32,571)	(30,975)
Proceeds from disposal of intangible assets		(2)	(27)
Payments for mining assets		(1,342)	–
Payments for acquisition of subsidiaries, net of cash acquired		(322)	(1,322)
Net proceeds from disposal of subsidiaries		10	793
Payments for investments in associates		(7,404)	(9,437)
Payments for investments in joint ventures		(1,194)	(6,406)
Proceeds from disposal of associates		1,311	2,399
Proceeds from disposal of joint ventures		1,568	194
Payments for financial assets at fair value through profit or loss		(13,868)	(13,946)
Proceeds from disposal of financial assets at fair value through profit or loss		12,070	12,004
Payments for financial assets at fair value through other comprehensive income		(4,216)	(3,544)
Proceeds from disposal of financial assets at fair value through other comprehensive income		–	629
Net flow in respect of other financial assets at amortised cost		(4,266)	(1,836)
Interest received		828	909
Dividends received		3,133	1,980
Decrease of term deposits with initial term of over three months		5,072	1,070
Increase of term deposits with initial term of over three months		(19,380)	(1,897)
Other investing cash flows		(246)	288
Net cash used in investing activities		(82,289)	(74,640)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Financing activities		
Capital contributions from non-controlling shareholders of subsidiaries	26,408	9,184
Transaction with non-controlling interests resulting from acquisition of equity interests of certain subsidiaries	(77)	(4,412)
Proceeds from debentures	18,270	8,669
Repayment of debentures	(16,300)	(12,971)
Proceeds from issuance of perpetual notes	11,000	29,894
Redemption of perpetual notes	(10,100)	(25,900)
Proceeds from bank borrowings	239,489	202,499
Repayments of bank borrowings	(175,952)	(161,439)
Proceeds from other borrowings	2,504	15,174
Repayment of other borrowings and other payables	(7,634)	(7,049)
Interest paid	(16,789)	(16,455)
Dividends paid to non-controlling shareholders of subsidiaries	(2,388)	(2,660)
Dividends paid to owners of the Company	(5,185)	(4,950)
Dividends paid to holders of perpetual notes	(1,657)	(1,737)
Repayments of lease liabilities	(2,944)	(1,839)
Other financing cash flows	(1,250)	1,123
Net cash from financing activities	57,395	27,131
Net increase/(decrease) in cash and cash equivalents	3,157	(9,145)
Cash and cash equivalents at 1 January	196,150	204,987
Effect of foreign exchange rate changes	178	308
Total cash and cash equivalents at 31 December	199,485	196,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. General Information

China Railway Group Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 12 September 2007 as a joint stock company with limited liability, as part of the group reorganisation of China Railway Engineering Group Company Limited (“CREC”) in preparation for the listing of the Company’s A shares on Shanghai Stock Exchange and H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”) and by the Hong Kong Companies Ordinance.

The address of the Company’s registered office is 918, Block 1, No.128 South 4th Ring Road West, Fengtai District, Beijing, the PRC. The Company’s ultimate holding company is CREC, established in the PRC.

The Company and its subsidiaries (together, the “Group”) are principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors (the “Directors”) on 28 March 2025.

2. Application of New and Amendments to IFRS Accounting Standards

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. Application of New and Amendments to IFRS Accounting Standards (Continued)

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in note 42(d).

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2025

³ Effective for annual periods beginning on or after January 1, 2026

⁴ Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. Application of New and Amendments to IFRS Accounting Standards (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB12,104 million. Considering the Group's sources of liquidity and the unutilised bank facilities as at 31 December 2024, the Directors believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements to enable the Group to continue in operational existence for the foreseeable future when preparing these consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Business combinations

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. The acquired processes are considered substantive 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 cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Business combinations (Continued)

Business combinations (Continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Business combinations (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

The consolidated statement of profit or loss includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

Changes in the Group's interests in associates and joint ventures (Continued)

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Revenue is measured at the transaction price agreed under the contract. Revenue is shown, net of discounts and after eliminating sales within the Group. The Group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer to determine the transaction price.

Revenues are recognised when or as the control of the asset is transferred to the customer and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from infrastructure construction contracts and bridge steel structure manufacturing and installation services

Revenue from infrastructure construction contracts and bridge steel structure manufacturing and installation services is recognised when or as the constructions projects and bridge steel structure products and related installation services are transferred to the customer. The Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

(b) *Services rendered*

Revenue for services rendered including surveying, design, consulting, research and development, feasibility study, compliance certification services with respect to infrastructure projects, is recognised over the period of services by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; (b) stage of completion of the specific transactions and when it is probable that the economic benefits associated with the transaction will flow to the entity.

For (a) and (b) above, estimates of total contract revenue, total contract costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated total contract revenue or total contract costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

(c) *Revenue from properties development*

Revenue from sale of properties is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

Some of the Group's primary land development recognised revenue over time, and the progress of implementation is based on the proportion of the cost incurred over the budgeted cost by the end of the reporting period. Some recognised revenue at a point in time.

(d) *Sales of goods*

Sales of goods are recognised when an entity has transferred the products to the customer, and the customer has obtained control of the products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

(e) *Recognition of revenue from Public-Private Partnership ("PPP")*

PPP project contracts refers to the contract established by the Group and the government for PPP project cooperation in accordance with laws and regulations, and the contract shall meet the following features at the same time (hereinafter referred to as "double features"):

- (1) The Group provides public products and services on behalf of the government by using PPP project assets during the contractually agreed operation period;
- (2) The Group is compensated for the public goods and services it provides for the period agreed in the contract.

The following conditions shall be met at the same time (hereinafter referred to as "double controls"):

- (1) The government controls or regulates the type, object and price of public goods and services that the Group must provide in the use of PPP project assets;
- (2) When the PPP project contract is terminated, the government party controls the significant residual interests of the PPP project assets through ownership, income rights or other forms of control.

The Group provides multiple service base on PPP contract, recognises revenues and costs of construction service in accordance with construction contract. Revenue from construction service is measured by consideration collected or entitled to charge and recognise contract assets at the same time.

In accordance with the PPP contract, during the operation of PPP project, the Group is entitled to collect cash flows from parties who received public products and services with uncertain amount, and such right doesn't constitute an unconditional right to collect cash. The Group should recognise the consideration or the revenue recognised from construction activity of PPP assets as intangible assets.

In accordance with the PPP contract, during the operation of PPP project, the Group, entitled to collect certain cash flows (or other financial assets), should recognise revenue and receivables simultaneously when the Group has the right to collect such consideration (a right is only determined by the passage of time).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Borrowing costs (Continued)

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve which included in capital reserve in the consolidated statements of changes in equity.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital/share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Buildings, machinery and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised using traffic flow method or straight-line method under the intangible asset model over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Service concession arrangements

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised using traffic flow method or straight-line method under the intangible asset model. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- 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;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than Goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than Goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the first-in-first-out, weighted average or specific identification method for inventories with a different nature or use. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development/properties for sale

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Contingent liabilities (Continued)

Contingent liabilities (Continued)

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments/receivables. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the other gains and losses line item in profit or loss. Dividends and interests are included in the other income line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including financial assets at amortised cost, financial assets at FVTOCI, lease receivables, contract assets and financial guarantee contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower 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 borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of 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.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Measurement and recognition of ECL (Continued)

Except for investments in debt instruments/receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments/receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments/receivables. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

Asset securitisation

The Group has securitised a portion of receivables ("underlying assets") where underlying assets are sold and transferred to a special purpose entity ("SPE"). The SPE issues senior and subordinate assets-backed securities to investors. The Group acts as an asset service provider to provide services such as asset management and collection, contract revision and other services. The cash received from the underlying assets during the periods of collection, after paying SPE taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining cash after paying the principal and interests in full is treated as income from subordinate assets-backed securities.

When determining whether the securitisation of underlying assets constitutes a transfer of financial assets, if the Group retains the contractual right to receive cash flows from financial assets but assumes the contractual obligation to pay the received cash flows to one or more ultimate recipients, the securitisation of underlying assets meets the conditions for a transfer of financial assets only if the following three conditions are satisfied simultaneously: the Group is obliged to pay the ultimate recipient only when it receives the equivalent cash flows from the financial assets; the transfer contract prohibits the Group from selling or mortgaging the financial assets, but the Group may use it as a guarantee of its obligation to pay cash flows to the ultimate recipient; the Group is obligated to promptly transfer all cash flows received on behalf of the ultimate recipient to the ultimate recipient without significant delay.

When applying the accounting policy of securitisation of financial assets, the Group 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Asset securitisation (Continued)

- (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 securitises part of the construction quality assurance deposits, sells and transfers the construction quality assurance deposits to the SPE on the condition that the performance obligations related to the project construction have been completed and the contractor has committed to complete the performance obligations related to defect liability, with reference to the application of the above-mentioned securitised financial asset accounting policy.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument/receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of control over structured entities

The Group invested in several structured entities which were mainly engaged in infrastructure investment activities or acted as manager to a number of structured entities and also carries interests in these entities. Determining whether the Group controls these structured entities usually focuses on the assessment of the power of the Group, its variable returns (including but not limited to any carried interests and commission income or management fees earned) and the ability to exercise its power to influence the variable returns from these structured entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Determination of control over structured entities (Continued)

Management considers a number of factors to assess if the Group has control over these structured entities, including the Group acts as a principal or an agent through analysis of the scope of the decision-making authority of the Group, its remuneration entitlement, other interests the Group held, and the rights held by other parties. Based on the assessment following the accounting policies set out in Notes 3.2, the Group consolidates certain structured entities that it has control, accounts for as joint ventures or associates when it has joint control or significant influence over the structured entities. For those that the Group has neither control, joint control nor significant influence, the Group accounts for as financial assets. Judgement is involved when performing the assessment. Should those joint ventures, associates and financial assets be consolidated, net assets, revenue and profit of the Group could be affected.

Further disclosure in respect of unconsolidated structured entities in which the Group has an interest has been set out in Note 22(d).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue and cost recognition from infrastructure construction contracts

Revenue from infrastructure construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, depending on the nature of the contract, is measured mainly by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract. Management estimates the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management regularly reviews and revises the estimates of contract revenue and contract costs if circumstances change, such as variations in contract work, claims and incentive payments. The increases or decreases in estimated total contract revenue or total contract costs resulted in the adjustments to the extent of progress toward completion and revenue recognised in the period in which the circumstances that give rise to the revision becomes known by management.

Expected credit losses of trade receivables and contract assets

The Group recognises lifetime expected credit losses for trade receivables and contract assets. For trade receivables and contract assets which are impaired, the Group assesses individually and provides for credit losses allowance. For other trade receivables and contract assets, they are grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past and adjusts by taking into consideration current conditions and forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Expected credit losses of debt investments at amortised cost and FVTOCI

The Group assesses on a forward looking basis the expected credit losses associated with its debt investments at amortised cost and FVTOCI using the risk parameters including exposure at default and expected credit loss rate, which is determined based on probabilities of default and default rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors.

In assessing forward-looking information, the Group adopted the method consistent with expected credit losses of trade receivables and contract assets.

To assess whether there is a significant increase in credit risks the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- past due information
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- internal and external credit rating
- actual or expected significant changes in the operating results of the borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Impairment of properties under development/properties for sale

The Group measures properties under development/properties for sale at the lower of cost and net realisable value on the balance sheet date. The net realisable value calculation requires the use of assumptions and estimates on the selling price and the costs and expenses that will be incurred until completion. Where the expectation is different from the original estimate, such differences will have an impact on the net realisable value calculation and the provision for inventory impairment in the periods in which such estimate is changed.

Fair value of financial instruments

The fair value of financial instruments that are traded in an active market is measured at quoted price. If the market for a financial instrument is not active, the Group determines fair value by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each end of the reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 46(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination are made.

Certain subsidiaries of the Group are qualified as high-tech enterprises and are entitled to the preferential income tax rate of 15%. The qualification is valid 3 years, and upon expiry the subsidiaries are required to submit the application to relevant government authorities to certify the high-tech qualification. If the subsidiaries disqualified from the high-tech certification, they cannot enjoy the preferential income tax, and the change in tax rate will affect the current and deferred income taxes in the period in which the change takes place.

Deferred income tax assets relating to tax losses are recognised as management considers it is probable that future taxable profit will be available against which the tax losses can be utilised. Future taxable profit includes the profit from operating results and taxable profits of future periods reversed of taxable temporary differences. Estimates and judgement are required in determining the timing and amount of future taxable profit generated. In case where the actual future taxable profit generated are less than expected, or change in facts and circumstances which result in revision of future taxable profit estimation, a material reversal or further recognition of deferred tax assets may arise, which will be recognised in the consolidated income statement in the period in which such a reversal or further recognition takes place.

Amortisation of service concession arrangements in relation to toll highways

Amortisation of service concession arrangements in relation to the toll highways operations are calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll highways, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll highways as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants. Appropriate adjustment will be made should there be any material change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments

The Directors are the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Directors that are used to allocate resources to the segments and assess their performance. The reports reviewed by the Directors are prepared in accordance with the relevant PRC accounting standards, which resulted in the difference in the basis of measurement of segment results, segment assets and segment liabilities, the details of which are shown as reconciling items.

The Directors consider the business from the service and product perspective. Management assesses the performance of the following five operating segments:

- (a) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("Infrastructure construction");
- (b) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("Design and consulting services");
- (c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering equipment, component manufacturing and materials ("Equipment and manufacturing");
- (d) Development, sale and management of residential and commercial properties ("Property development"); and
- (e) Mining, financial business, operation of service concession arrangements, merchandise trading and other ancillary business ("Other businesses").

Revenue between segments is carried out at actual transaction prices.

The segment information regarding the Group's reportable and operating segments is presented below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	For the year ended 31 December 2024						
	Infrastructure construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Eliminations RMB million	Total RMB million
External revenue	992,854	17,418	24,813	48,280	66,837	–	1,150,202
Inter-segment revenue	22,365	790	9,419	–	31,000	(63,574)	–
Other revenue	4,121	315	1,666	590	3,417	–	10,109
Inter-segment other revenue	1,193	–	–	–	955	(2,148)	–
Segment revenue	1,020,533	18,523	35,898	48,870	102,209	(65,722)	1,160,311
Segment results							
Profit (loss) before tax	34,439	1,460	1,974	(2,402)	7,084	(3,684)	38,871
Segment results included:							
Share of post-tax (losses)/ profits of joint ventures	(522)	–	43	(67)	(161)	(17)	(724)
Share of post-tax profits/ (losses) of associates	1,094	7	30	(31)	2,228	(194)	3,134
Interest income	1,946	111	85	171	6,500	(938)	7,875
Interest expenses	(5,473)	(43)	(98)	(1,605)	(8,074)	2,750	(12,543)
Losses from derecognition of financial assets at amortised cost	(4,912)	(39)	(83)	–	(111)	–	(5,145)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Segment revenues and results (Continued)

	For the year ended 31 December 2023						
	Infrastructure	Design and	Equipment	Property	Other	Eliminations	Total
	construction	consulting	manufacturing	development	businesses		
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
External revenue	1,087,584	18,256	27,377	50,914	68,743	–	1,252,874
Inter-segment revenue	38,084	805	8,113	–	37,132	(84,134)	–
Other revenue	5,866	208	488	649	3,327	–	10,538
Inter-segment other revenue	1,543	–	–	–	583	(2,126)	–
Segment revenue	1,133,077	19,269	35,978	51,563	109,785	(86,260)	1,263,412
Segment results							
Profit (loss) before tax	40,748	1,323	2,037	(840)	7,469	(4,667)	46,070
Segment results included:							
Share of (losses)/profits of joint ventures	(859)	(8)	43	18	(269)	–	(1,075)
Share of profits of associates	1,133	13	16	363	3,141	–	4,666
Interest income	2,338	100	117	226	6,816	(885)	8,712
Interest expenses	(5,223)	(47)	(73)	(1,694)	(7,981)	3,334	(11,684)
Losses from derecognition of financial assets at amortised cost	(4,774)	(7)	(143)	–	(215)	–	(5,139)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Segment revenues and results (Continued)

A reconciliation of the amounts presented for reportable segments to the consolidated financial statements is as follows:

	Year ended	
	31/12/2024	31/12/2023
	RMB million	RMB million
(i) Segment interest expenses, before inter-segment elimination	15,293	15,018
Inter-segment elimination	(2,750)	(3,334)
Reconciling item:		
Imputed interest expenses on retention payables (Note 10)	271	209
Total consolidated finance costs, as reported	12,814	11,893
(ii) Segment results, before inter-segment elimination	42,555	50,737
Inter-segment elimination	(3,684)	(4,667)
	38,871	46,070
Reconciling item:		
Land appreciation tax ("LAT") (a) (Note 11)	1,742	1,511
Total consolidated profit before income tax, as reported	40,613	47,581

- (a) LAT is included as charge to segment results under segment reporting and is classified as income tax expense in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Segment revenues and results (Continued)

The following is an analysis of the Group's assets and liabilities by reportable segments:

	31/12/2024 RMB million	31/12/2023 RMB million
Segment assets		
Infrastructure construction	1,379,342	1,136,878
Design and consulting	31,960	29,679
Equipment manufacturing	80,094	70,821
Property development	284,889	278,456
Other businesses	841,500	755,813
Inter-segment elimination	(380,088)	(458,330)
Unallocated assets	18,569	15,973
Total assets	2,256,266	1,829,290

	31/12/2024 RMB million	31/12/2023 RMB million
Segment liabilities		
Infrastructure construction	1,192,314	1,010,248
Design and consulting	16,074	15,141
Equipment manufacturing	49,833	41,983
Property development	235,371	222,417
Other businesses	620,911	525,752
Inter-segment elimination	(378,299)	(454,755)
Unallocated liabilities	10,070	8,750
Total liabilities	1,746,274	1,369,536

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets and current income tax recoverable excluding prepaid LAT which is allocated to operating segments; and
- all liabilities are allocated to operating segments other than deferred tax liabilities and current income tax liabilities excluding LAT payable which is allocated to operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Segment revenues and results (Continued)

A reconciliation of the amounts presented for reportable segments to the consolidated financial statements is as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Segment assets, before inter-segment elimination	2,617,785	2,271,647
Inter-segment elimination	(380,088)	(458,330)
	2,237,697	1,813,317
Reconciling items:		
Deferred tax assets	15,216	13,166
Non-tradable shares reform of subsidiaries (a)	(148)	(148)
Current income tax recoverable	5,036	4,611
Prepaid LAT included in current income tax recoverable	(1,535)	(1,656)
	18,569	15,973
Total consolidated assets, as reported	2,256,266	1,829,290
Segment liabilities, before inter-segment elimination	2,114,503	1,815,541
Inter-segment elimination	(378,299)	(454,755)
	1,736,204	1,360,786
Reconciling items:		
Deferred tax liabilities	4,712	3,494
Current income tax liabilities	9,075	9,435
LAT payable included in current income tax liabilities	(3,717)	(4,179)
	10,070	8,750
Total consolidated liabilities, as reported	1,746,274	1,369,536

- (a) Losses on non-tradable shares reform of subsidiaries are recorded in segment assets in segment reporting according to PRC accounting standards and were adjusted to other gains and losses in profit or loss under IFRS Accounting Standards in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Other segment information

	For the year ended 31 December 2024					
	Infrastructure Construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Capital expenditure:						
Property, plant and equipment	17,898	252	1,452	750	3,163	23,515
Investment properties	32	–	–	311	224	567
Intangible assets	14,092	33	62	9	22,897	37,093
Mining assets	2	–	–	–	4,640	4,642
Right-of-use assets	4,492	43	134	246	305	5,220
Total	36,516	328	1,648	1,316	31,229	71,037
Depreciation and amortisation:						
Property, plant and equipment	6,078	305	739	320	2,476	9,918
Investment properties	189	41	15	284	130	659
Intangible assets	334	29	53	15	1,203	1,634
Mining assets	55	–	–	–	100	155
Right-of-use assets	2,376	56	149	112	261	2,954
Other prepayments	43	5	14	6	119	187
Total	9,075	436	970	737	4,289	15,507
(Gains)/losses on disposal and/or write-off of property, plant and equipment	(257)	1	1	–	32	(223)
Gain on disposal of others	–	–	–	(245)	–	(245)
Increase in foreseeable losses on contracts	216	–	–	–	–	216
Impairment loss/(reversal of impairment) on trade and other receivables	2,938	151	84	1,185	(178)	4,180
Impairment loss/(reversal of impairment) on other financial assets at amortised cost	274	(10)	–	31	553	848
Impairment loss/(gain) on contract assets	1,707	6	12	(16)	61	1,770
Impairment loss on property, plant and equipment	–	23	2	33	6	64
Impairment loss on investment properties	38	–	–	–	–	38
Impairment loss on goodwill	199	–	–	–	–	199
Impairment loss on mining assets	22	–	–	–	–	22
Impairment loss on inventories, properties under development for sale and properties held for sale	32	–	2	1,237	3	1,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Other segment information (Continued)

	For the year ended 31 December 2023					
	Infrastructure Construction RMB million	Design and consulting RMB million	Equipment manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Capital expenditure:						
Property, plant and equipment	24,674	513	1,528	1,844	1,008	29,567
Investment properties	172	271	–	507	498	1,448
Intangible assets	187	25	92	11	41,066	41,381
Right-of-use assets	1,564	35	74	396	546	2,615
Total	26,597	844	1,694	2,758	43,118	75,011
Depreciation and amortisation:						
Property, plant and equipment	5,543	308	732	303	2,302	9,188
Investment properties	13	20	9	383	81	506
Intangible assets	211	30	52	14	1,392	1,699
Mining assets	88	–	–	–	82	170
Right-of-use assets	1,251	55	79	122	277	1,784
Other prepayments	86	–	11	8	108	213
Total	7,192	413	883	830	4,242	13,560
(Gains)/losses on disposal and/or write-off of property, plant and equipment	(110)	2	(9)	–	44	(73)
Gain on disposal of right-of-use assets	(404)	–	–	–	–	(404)
Increase in foreseeable losses on contracts	186	–	–	–	–	186
Impairment loss/(reversal of impairment) on trade and other receivables	5,197	6	179	457	(95)	5,744
Impairment loss/(reversal of impairment) on other financial assets at amortised cost	119	36	–	(12)	225	368
Impairment loss on contract assets	1,035	–	–	–	–	1,035
Impairment loss on property, plant and equipment	–	–	3	–	27	30
Impairment loss on investment properties	2	–	–	–	–	2
Impairment loss on goodwill	125	–	–	–	–	125
(Reversal)/impairment loss on inventories, properties under development for sale and properties held for sale	–	–	(10)	844	17	851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Other segment information (Continued)

Disaggregation of revenue from contracts with customers

Type of services and products	For the year ended 31 December 2024					
	Infrastructure construction	Design and consulting	Equipment manufacturing	Property development	Other businesses	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Infrastructure construction contracts	992,854	–	–	–	–	992,854
Manufacturing and sales of equipment	–	–	24,813	–	–	24,813
Rendering of services	–	17,418	–	–	6,595	24,013
Sales of properties	–	–	–	48,280	–	48,280
Sales of goods and others	4,121	315	1,666	590	63,659	70,351
Total revenue	996,975	17,733	26,479	48,870	70,254	1,160,311
Timing of revenue recognition:						
– At a point of time	4,122	315	15,918	47,250	67,673	135,278
– Over time	992,853	17,418	10,385	1,620	–	1,022,276
Revenue from contracts with customers	996,975	17,733	26,303	48,870	67,673	1,157,554
Rental income	–	–	176	–	2,581	2,757
Total revenue	996,975	17,733	26,479	48,870	70,254	1,160,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Other segment information (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Type of services and products	For the year ended 31 December 2023					Total RMB million
	Infrastructure construction	Design and consulting	Equipment manufacturing	Property development	Other businesses	
	RMB million	RMB million	RMB million	RMB million	RMB million	
Infrastructure construction contracts	1,087,584	–	–	–	–	1,087,584
Manufacturing and sales of equipment	–	–	27,377	–	–	27,377
Rendering of services	–	18,256	–	–	6,765	25,021
Sales of properties	–	–	–	50,914	–	50,914
Sales of goods and others	5,866	208	488	649	65,305	72,516
Total revenue	1,093,450	18,464	27,865	51,563	72,070	1,263,412
Timing of revenue recognition:						
– At a point of time	5,866	208	17,177	50,232	70,893	144,376
– Over time	1,087,584	18,256	10,685	1,331	–	1,117,856
Revenue from contracts with customers	1,093,450	18,464	27,862	51,563	70,893	1,262,232
Rental income	–	–	3	–	1,177	1,180
Total revenue	1,093,450	18,464	27,865	51,563	72,070	1,263,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. Operating Segments (Continued)

Other segment information (Continued)

Revenue from external customers in the Mainland China and other regions is as follows:

	Revenue from external customers	
	Year ended	
	31/12/2024	31/12/2023
	RMB million	RMB million
Mainland China	1,091,667	1,201,156
Other regions (including Hong Kong and Macau)	68,644	62,256
	1,160,311	1,263,412

Non-current assets other than trade and other receivables, financial instruments and deferred tax assets located in the Mainland China and other regions are as follows:

	Non-current assets	
	31/12/2024	31/12/2023
	RMB million	RMB million
Mainland China	795,759	704,416
Other regions (including Hong Kong and Macau)	18,726	19,342
	814,485	723,758

Other regions primarily include countries and regions in Africa, South America, South East Asia and Oceania.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

6. Other Income and Expenses

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Other income from:		
Government subsidies (a)	1,074	1,412
Interest income from other financial assets at amortised cost	918	1,131
Compensation and claims	657	261
Interest income from financial assets at FVTPL	254	149
Dividends from financial assets at FVTOCI	80	76
Relocation compensation	24	16
Others	1,011	394
	4,018	3,439
Other expenses on:		
Compensation expenditure	163	400
Penalty cost	208	203
Lawsuit expenditure	57	193
Others	419	447
	847	1,243

- (a) Government subsidies relating to income include various government subsidies received by the group entities from the relevant government bodies in connection with enterprise expansion, technology advancement, environmental protection measures enhancement, product development, etc. All subsidies were recognised at the time when the Group fulfilled the relevant criteria and the related expenses were incurred.

Government subsidies relating to assets include government subsidies obtained by the group entities in relation to the acquisition of property, plant and equipment, which were included in the consolidated statement of financial position as deferred government grants and credited to profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. Net Impairment Losses on Financial Assets and Contract Assets

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Trade and other receivables (excluding advance to suppliers)	4,180	5,744
Contract assets	1,770	1,035
Other financial assets at amortised cost (Note 26(a))	848	368
	6,798	7,147

8. Other Gains and Losses, Net

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Gains on disposal and/or write-off of		
– property, plant and equipment	223	73
– right of use assets	–	404
– others	245	–
Losses on disposal of financial assets/liabilities at FVTPL	(39)	(109)
Losses arising on change in fair value of financial assets/liabilities at FVTPL (Note 31(c))	(418)	(246)
Foreign exchange gains/(losses), net	97	(132)
Others	646	393
	754	383

9. Losses From Derecognition of Financial Assets at Amortised Cost

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Asset-backed notes (“ABN”) and asset-backed securities (“ABS”)	4,383	4,463
Factoring expenses	544	543
Bills receivables discounted expenses	218	133
	5,145	5,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

10. Finance Income and Costs

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Finance income from:		
Trade receivables and contract assets	6,247	7,241
Cash and cash equivalents and restricted cash	1,628	1,471
Total finance income	7,875	8,712
Interest expenses on:		
Bank borrowings	13,121	12,645
Long-term debentures	1,585	1,699
Other long-term borrowings	1,277	909
Other short-term borrowings	850	588
Total borrowing costs	16,833	15,841
Less: amount capitalised	(5,592)	(5,243)
	11,241	10,598
Lease interest expenses (Note 18)	223	48
Imputed interest expenses on retention payables	271	209
Imputed interest expenses on defined benefit obligations (Note 40)	48	60
Others	1,031	978
Total finance costs	12,814	11,893

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. Borrowing costs of RMB5,592 million (2023: RMB5,243 million) were capitalised in the year ended 31 December 2024, of which approximately RMB3,005 million was charged to properties under development for sale, approximately RMB687 million was included in cost of property, plant and equipment and approximately RMB1,900 million was included in the cost of intangible assets (2023: approximately RMB3,352 million was charged to properties under development for sale, approximately RMB608 million was included in cost of property, plant and equipment and approximately RMB1,283 million was included in the cost of intangible assets). In 2024, a general capitalisation rate of 2.27%-5.10% per annum (2023: 2.65%-5.10%) was used, representing the costs of the borrowings used to finance the qualifying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. Income Tax Expense

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Current income tax		
– Enterprise income tax (“EIT”)	9,181	9,008
– LAT	1,742	1,511
– Over provision in prior years	(47)	(5)
Deferred income tax	(1,021)	(570)
Income tax expense	9,855	9,944

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (2023: 25%) is applied to the Group except for certain subsidiaries which were mainly either exempted from EIT or entitled to the preferential tax rate of 20% and 15% (2023: 20% and 15%) for the year ended 31 December 2024.

Certain of the Group’s overseas entities are located in Republic of Singapore, The Lao People’s Democratic Republic, Malaysia, Democratic Republic of the Congo, Republic of Indonesia, People’s Republic of Bangladesh, United Republic of Tanzania and Federal Democratic Republic of Ethiopia. Pursuant to the relevant laws and regulations of these jurisdictions, the EIT rates of 17%, 24%, 24%, 30%, 20%, 25%, 30% and 30% (2023: 17%, 24%, 24%, 30%, 20%, 35%, 30% and 30%) are applied to these entities respectively.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. Income Tax Expense (Continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Profit before income tax	40,613	47,581
Tax at PRC EIT rate of 25% (2023: 25%)	10,153	11,895
Tax effect of:		
Non-deductible expenses	186	274
Share of losses of joint ventures	181	269
Share of profits of associates	(784)	(1,166)
Tax losses/other deductible temporary differences not recognised as deferred tax assets	2,829	2,837
Utilisation of tax losses/other deductible temporary differences previously not recognised as deferred tax assets	(656)	(608)
Preferential tax rates on income of group entities and other income tax credits	(2,176)	(2,899)
Research and development tax credit	(1,214)	(1,430)
LAT	1,742	1,511
Tax effect of LAT	(436)	(378)
Over provision in prior years	(47)	(5)
Deductible dividends on perpetual notes	(526)	(434)
Others	603	78
Income tax expense for the year	9,855	9,944

The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. Expenses by Nature

The additional information of cost of sales and services, selling and marketing expenses, administrative expenses, and research and development expenditures is as follows:

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Employee benefit expenses & subcontracting costs	494,457	528,627
Raw materials and consumables used	402,689	464,177
Equipment usage costs	44,478	45,362
Cost of property development	41,309	43,524
Cost of production safety	24,850	24,752
Depreciation of property, plant and equipment (Note 17)	9,918	9,188
Taxes and surcharges	4,301	4,681
Transportation costs	2,554	2,539
Amortisation of intangible assets (Note 20)	1,634	1,699
Advertising and publication costs	1,680	1,452
Depreciation of right-of-use assets (Note 18)	2,954	1,784
Depreciation of investment properties (Note 19)	659	506
Amortization of other prepayment	187	213
Amortisation of mining assets (Note 21)	155	170
Auditors' remuneration	28	43

13. Employee Benefit Expenses

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Salaries, wages and bonuses	56,852	57,472
Welfare, medical and other expenses	23,541	25,217
Pension costs – defined contribution plans (i)	10,000	9,979
Housing benefits	5,764	5,532
Share-based payment	(27)	134
	96,130	98,334

- (i) The Group did not have any forfeited contribution for the year ended 31 December 2024 in connection with the defined contribution plan operated by local governments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

14. Dividends

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Proposed final dividend of RMB0.178 per ordinary share (2023: RMB0.210)	4,404	5,198

The dividends proposed in 2024 were RMB4,404 million (RMB0.178 per ordinary share) and paid in 2023 were RMB5,198 million (RMB0.210 per ordinary share) respectively.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2024 of RMB0.178 per ordinary share (approximately RMB4,404 million in aggregate for ordinary shares) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

15. Earnings Per Share

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

For those financial instruments classified as equity, if the distributions are cumulative, the undeclared amount of the cumulative distributions were deducted in arriving at earnings for the purposes of the EPS calculation. On the other hand, if the distributions are non-cumulative, only the amount of dividends declared in respect of the year should be deducted in arriving at the profit attributable to ordinary shareholders.

	Year ended 31/12/2024	Year ended 31/12/2023
Profit attributable to owners of the Company (RMB million)	27,887	33,483
Less:		
– dividends attributable to the perpetual notes (RMB million) (Note (i))	1,157	1,661
– the effect of 2021 Restricted Share Incentive Scheme (RMB million)	22	36
Profit used to determine basic earnings per share (RMB million)	26,708	31,786
Weighted average number of ordinary shares to determine basic earnings per share (in million)	24,619	24,571
Basic earnings per share (RMB per share)	1.085	1.294

- (i) The perpetual notes issued by the Company were classified as equity instruments with deferrable cumulative interest distribution and payment. The perpetual notes interests, which was generated and attributable to the year ended 31 December 2024, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

15. Earnings Per Share (Continued)

(b) Diluted

Diluted earnings per share was calculated by dividing the adjusted profit attributable to ordinary equity holders of the Company based on the diluted potential ordinary shares by the weighted average number of shares in issue during the period. For the year of 2024, the Company's 2021 Restricted Share Incentive Scheme has diluted effect on earnings per share, therefore, the diluted earnings per share did not equal basic earnings per share.

Diluted earnings per share are calculated as follows:

	Year ended 31/12/2024	Year ended 31/12/2023
Earnings		
Profit used to determine basic earnings per share (RMB million)	26,708	31,786
Add:		
– the effect of 2021 Restricted Share Incentive Scheme (RMB million)	22	23
Profit used to determine diluted earnings per share (RMB million)	26,730	31,809
Shares		
Weighted average number of ordinary shares to determine basic earnings per share (in million)	24,619	24,571
Dilution effect		
– the effect of 2021 Restricted Share Incentive Scheme (in million)	44	45
Weighted average number of ordinary shares to determine diluted earnings per share (in million)	24,663	24,616
Diluted earnings per share (RMB per share)	1.084	1.292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Emoluments of Directors, Chief Executive, Supervisors and Employees

a. Directors', chief executives and supervisors' emoluments

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Directors, chief executives and supervisors		
– Basis salaries, housing allowances and other allowances	3,224	3,585
– Fees	213	260
– Contributions to pension plans	462	489
– Discretionary bonuses (note)	3,684	4,496
	7,583	8,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

a. Directors', chief executives and supervisors' emoluments (Continued)

The emoluments of every director and supervisor for the year ended 31 December 2024 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Fees RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000 (note)	Total RMB'000
Executive directors					
Chen Yun (Retired on 12 March 2025)	416	–	66	598	1,080
Chen Wenjian	413	–	66	598	1,077
Wang Shiqi	391	–	66	538	995
Independent directors					
Chung Shui Ming Timpson (Resigned on 20 August 2024)	–	66	–	61	127
Xiu Long	–	60	–	–	60
Zhang Cheng	–	40	–	–	40
Tu Haiming (Appointed on 30 July 2024)	–	27	–	27	54
Sun Lishi (Appointed on 30 July 2024)	–	20	–	–	20
Non-executive director					
Wen Limin	–	–	–	–	–
Directors' remunerations	1,220	213	198	1,822	3,453
Supervisors					
Jia Huiping	384	–	66	481	931
Li Xiaosheng	541	–	66	474	1,081
Wang Xinhua	539	–	66	454	1,059
Wan Ming	540	–	66	453	1,059
Supervisors' remunerations	2,004	–	264	1,862	4,130
Total	3,224	213	462	3,684	7,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

a. Directors', chief executives and supervisors' emoluments (Continued)

The emoluments of every director and supervisor for the year ended 31 December 2023 are set out below:

Name	Basis salaries, housing allowances and other allowances RMB'000	Fees RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000 (note)	Total RMB'000
Executive directors					
Chen Yun	404	–	63	707	1,174
Chen Wenjian	401	–	63	707	1,171
Wang Shiqi	381	–	63	631	1,075
Independent directors					
Chung Shui Ming Timpson	–	100	–	69	169
Zhang Cheng	–	80	–	–	80
Xiu Long	–	80	–	–	80
Non-executive director					
Wen Limin	–	–	–	–	–
Directors' remunerations	1,186	260	189	2,114	3,749
Supervisors					
Jia Huiping	381	–	63	606	1,050
Li Xiaosheng	540	–	63	473	1,076
Wang Xinhua	538	–	63	428	1,029
Wan Ming	538	–	63	443	1,044
Yuan Baoyin (Retired on 20 October 2023)	402	–	48	432	882
Supervisors' remunerations	2,399	–	300	2,382	5,081
Total	3,585	260	489	4,496	8,830

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Emoluments of Directors, Chief Executive, Supervisors and Employees (Continued)

b. Five highest paid individuals

None of the directors and supervisors was amongst the five highest paid individuals during both years. The emoluments of the five highest paid individuals in the Group during the year are as follows:

	Year ended 31/12/2024 RMB'000	Year ended 31/12/2023 RMB'000
Basic salaries, housing allowances, and other allowances and benefits in kind	5,730	7,661
Contributions to pension plans	232	214
Discretionary bonuses (<i>note</i>)	7,942	9,028
	13,904	16,903

The emoluments of the above individuals fall within the following bands:

	2024 No. of individuals	2023 No. of individuals
HKD2,499,999 to HKD2,999,999 (equivalent to approximately RMB2,315,099 to RMB2,778,119)	3	1
HKD3,000,000 to HKD3,500,000 (equivalent to approximately RMB2,778,120 to RMB3,241,140)	2	2
HKD3,500,001 to HKD4,000,000 (equivalent to approximately RMB3,241,141 to RMB3,704,160)	–	–
HKD4,000,001 to HKD4,500,000 (equivalent to approximately RMB3,704,161 to RMB4,167,180)	–	1
HKD4,500,001 to HKD5,000,000 (equivalent to approximately RMB4,167,181 to RMB4,630,200)	–	–
HKD5,000,001 to HKD5,500,000 (equivalent to approximately RMB4,630,201 to RMB5,093,220)	–	1
	5	5

Note: The discretionary bonus is determined by the remuneration committee in accordance with the relevant human resources policies.

No emoluments had been paid by the Group to any of the directors or chief executive officer or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Property, Plant and Equipment

	Buildings RMB million	Infrastructure construction equipment RMB million	Transportation equipment RMB million	Manufacturing equipment RMB million	Testing equipment and instruments RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
Cost								
At 1 January 2023	48,257	52,518	15,599	12,255	4,641	8,194	51,230	192,694
Additions	3,287	4,695	1,579	629	413	1,426	17,474	29,503
Transfers	3,109	619	104	251	12	71	(4,166)	-
Transfer from investment properties (Note 19)	310	-	-	-	-	-	-	310
Acquisition of subsidiaries	67	-	3	5	-	16	-	91
Disposal of subsidiaries	(4)	-	(3)	(57)	-	(7)	-	(71)
Disposals	(534)	(3,594)	(750)	(319)	(179)	(412)	(636)	(6,424)
Transfer to assets classified as held for sale	(236)	-	-	(158)	-	(12)	-	(406)
Transfer to investment properties (Note 19)	(463)	-	-	-	-	-	(5)	(468)
Exchange differences	39	12	26	41	2	3	1	124
At 31 December 2023	53,832	54,250	16,558	12,647	4,889	9,279	63,898	215,353
Additions	678	6,391	947	578	389	655	13,877	23,515
Transfers	5,303	1,685	103	306	11	146	(7,554)	-
Transfer from investment properties (Note 19)	140	-	-	-	-	-	-	140
Transfer from right-of-use assets	-	147	-	-	-	-	-	147
Transfer from properties held for sale (Note 27)	212	-	-	-	-	-	-	212
Acquisition of subsidiaries	-	-	4	34	2	2	236	278
Disposal of subsidiaries	-	-	(1)	-	-	-	-	(1)
Disposals	(370)	(5,488)	(684)	(369)	(151)	(407)	(1,248)	(8,717)
Transfer to investment properties (Note 19)	(2,098)	-	-	-	-	-	-	(2,098)
Exchange differences	33	(54)	(16)	31	-	2	-	(4)
Others	(193)	(443)	(9)	(3)	-	(1)	398	(251)
At 31 December 2024	57,537	56,488	16,902	13,224	5,140	9,676	69,607	228,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Property, Plant and Equipment (Continued)

	Buildings RMB million	Infrastructure construction equipment RMB million	Transportation equipment RMB million	Manufacturing equipment RMB million	Testing equipment and instruments RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
Depreciation and impairment								
At 1 January 2023	(13,635)	(32,664)	(11,448)	(7,237)	(3,388)	(5,506)	(566)	(74,444)
Depreciation charge (Note 12)	(1,929)	(3,472)	(1,513)	(1,065)	(384)	(825)	–	(9,188)
Impairment losses recognised	–	–	–	(3)	–	–	(27)	(30)
Transfer from investment properties (Note 19)	(170)	–	–	–	–	–	–	(170)
Acquisition of subsidiaries	(9)	–	(3)	–	–	(15)	–	(27)
Disposal of subsidiaries	4	–	3	57	–	1	–	65
Disposals	155	3,055	671	278	160	251	–	4,570
Transfer to assets classified as held for sale	99	–	–	134	–	5	–	238
Transfer to investment properties (Note 19)	113	–	–	–	–	–	–	113
Exchange differences	(31)	(1)	(21)	(30)	(2)	(2)	(1)	(88)
At 31 December 2023	(15,403)	(33,082)	(12,311)	(7,866)	(3,614)	(6,091)	(594)	(78,961)
Depreciation charge (Note 12)	(1,889)	(4,532)	(1,222)	(1,035)	(397)	(843)	–	(9,918)
Impairment losses recognised	(38)	–	–	(2)	–	–	(24)	(64)
Transfers	(29)	–	–	–	–	–	29	–
Transfer from investment properties (Note 19)	(25)	–	–	–	–	–	–	(25)
Transfer from right-of-use assets	–	(78)	–	–	–	–	–	(78)
Disposal of subsidiaries	–	–	1	–	–	–	–	1
Disposals	194	3,832	627	283	139	261	–	5,336
Transfer to investment properties (Note 19)	260	–	–	–	–	–	–	260
Exchange differences	(31)	33	6	(23)	–	(1)	–	(16)
Others	34	208	6	2	–	1	–	251
At 31 December 2024	(16,927)	(33,619)	(12,893)	(8,641)	(3,872)	(6,673)	(589)	(83,214)
Carrying values								
At 31 December 2024	40,610	22,869	4,009	4,583	1,268	3,003	69,018	145,360
At 31 December 2023	38,429	21,168	4,247	4,781	1,275	3,188	63,304	136,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. Property, Plant and Equipment (Continued)

Depreciation is calculated using the straight-line method and the units of production method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	15-50 years
– Infrastructure construction equipment	8-15 years
	Units of production method
– Transportation equipment	4-12 years
– Manufacturing equipment	5-18 years
– Testing equipment and instruments	5-10 years
– Other equipment	3-10 years

- (a) Depreciation of the Group's property, plant and equipment of RMB8,589 million (2023: RMB7,431 million) has been charged to cost of sales, RMB242 million (2023: RMB254 million) to research and development expenditures, RMB1,020 million (2023: RMB1,444 million) to administrative expenses, and RMB67 million (2023: RMB59 million) to selling and marketing expenses.
- (b) As at 31 December 2024, bank borrowings amounting to RMB2,065 million (2023: RMB1,497 million) are secured by certain property, plant and equipment with an aggregate book carrying amount of approximately RMB5,885 million (2023: RMB4,171 million) (Note 39(c)).
- (c) Property, plant and equipment with an aggregate book carrying amount of approximately RMB861 million (31 December 2023: RMB940 million) and right of land use (Note 18(a)) with an aggregate book carrying amount of approximately RMB170 million (31 December 2023: RMB179 million) have been pledged to secure certain trade and other payables to RMB1,128 million (31 December 2023: RMB1,173 million) granted to the Group.
- (d) As at 31 December 2024, the Group is in the process of applying for registration of the ownership certificates for certain of its properties with an aggregate book carrying amount of approximately RMB2,226 million (2023: RMB2,092 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.
- (e) The category of infrastructure construction equipment, transportation equipment, manufacturing equipment, testing equipment and instruments and other equipment leased by the Group to third parties under operating leases with the following carrying amounts:

	31/12/2024 RMB million	31/12/2023 RMB million
Cost	4,097	3,237
Accumulated depreciation	(760)	(701)
Net book amount	3,337	2,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

18. Right-of-Use Assets

Right-of-use assets	31/12/2024 RMB million	31/12/2023 RMB million
Buildings	1,316	1,065
Right of land use	11,979	11,965
Infrastructure construction equipment	2,715	930
Transportation equipment	151	91
Manufacturing equipment	7	9
Other equipment	233	180
Total	16,401	14,240

Additions to the right-of-use assets during the year ended 31 December 2024 were RMB5,220 million (2023: RMB2,614 million). Maturity and modification to the lease leading the cost of right-of-use assets during the year ended 31 December 2024 decreased by RMB888 million (2023: RMB1,066 million).

Depreciation	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Buildings	522	445
Right of land use	376	415
Infrastructure construction equipment	1,892	816
Transportation equipment	59	46
Manufacturing equipment	2	3
Other equipment	103	59
Total (Note 12)	2,954	1,784

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Interest expenses (included in finance cost) (Note 10)	223	48
Expense relating to leases of low-value assets and short-term leases (included in cost of sales and services and administrative expenses)	29,795	25,804

The total cash outflow for leases in the year ended 31 December 2024 was RMB32,739 million (31 December 2023: RMB19,604 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

18. Right-of-Use Assets (Continued)

- (a) Property, plant and equipment (Note 17(c)) with an aggregate book carrying amount of approximately RMB861 million (31 December 2023: RMB940 million) and right of land use with an aggregate book carrying amount of approximately RMB170 million (31 December 2023: RMB179 million) have been pledged to secure certain trade and other payables to RMB1,128 million (31 December 2023: RMB1,173 million) granted to the Group.

(b) The Group's leasing activities and how these are accounted for

The Group leases buildings, infrastructure construction equipment, transportation equipment, manufacturing equipment and other equipment. Rental contracts are made for fixed periods, but may have extension options as described in (c) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. Investment Properties

	RMB million
Cost	
At 1 January 2023	18,222
Exchange difference	(17)
Additions	894
Acquisition of subsidiaries	380
Transfer from property, plant and equipment (Note 17)	468
Transfer from right-of-use assets	174
Transfer from properties held for sale (Note 27(b))	1,133
Transfer to property, plant and equipment (Note 17)	(310)
Transfer to right-of-use assets	(58)
Disposals	(449)
	<hr/>
At 31 December 2023	20,437
Exchange difference	15
Additions	567
Acquisition of subsidiaries	67
Transfer from property, plant and equipment (Note 17)	2,098
Transfer from right-of-use assets	6
Transfer from properties held for sale (Note 27(b))	434
Transfer to property, plant and equipment (Note 17)	(140)
Transfer to right-of-use assets	(8)
Transfer to properties held for sale (Note 27(b))	(97)
Disposals	(175)
	<hr/>
At 31 December 2024	23,204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. Investment Properties (Continued)

	RMB million
Depreciation and impairment	
At 1 January 2023	(2,998)
Exchange difference	5
Depreciation charge (Note 12)	(506)
Impairment losses recognised	(2)
Transfer from property, plant and equipment (Note 17)	(113)
Transfer to property, plant and equipment (Note 17)	170
Transfer to right-of-use assets	18
Disposals	71
At 31 December 2023	(3,355)
Exchange difference	6
Depreciation charge (Note 12)	(659)
Impairment losses recognised	(38)
Transfer from property, plant and equipment (Note 17)	(260)
Transfer from right-of-use assets	(2)
Transfer to property, plant and equipment (Note 17)	25
Transfer to right-of-use assets	3
Transfer to properties held for sale (Note (27(b)))	18
Disposals	17
At 31 December 2024	(4,245)
Carrying values	
At 31 December 2024	18,959
At 31 December 2023	17,082

- (a) As at 31 December 2024, the fair value of the Group's investment properties is based on valuations performed by China United Assets Appraisal Group Co., Ltd., a firm of independent and professionally qualified valuers. The investment properties, mainly located in the Mainland China, are valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate, or by the comparison approach by making reference to comparable market transactions, which rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The fair value falls into the category of fair value measurements using significant unobservable inputs (level 3) including future rental cash inflows, capitalisation rate and current prices in an active market for similar properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. Investment Properties (Continued)

- (b) Rental income and depreciation of the Group's investment properties of RMB888 million and RMB659 million (2023: RMB922 million and RMB506 million), respectively, was recognised as "revenue" and "cost of sales and services" in the consolidated statement of profit or loss for the year ended 31 December 2024.
- (c) As at 31 December 2024, the Group had no unprovided contractual obligations for future repairs and maintenance (2023: nil).
- (d) The Group is in the process of applying for the title certificates for certain of its investment properties with an aggregate carrying value of RMB1,965 million as at 31 December 2024 (2023: RMB2,339 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use these investment properties.
- (e) Minimum lease payments receivable on leases of investment properties are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Within 1 year	300	374
Between 1 and 2 years	165	221
Between 2 and 3 years	126	180
Between 3 and 4 years	74	129
Between 4 and 5 years	38	114
Later than 5 years	185	310
	888	1,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

20. Intangible Assets

	Service concession arrangements RMB million	Non-patented technologies RMB million	Patents RMB million	Computer software RMB million	Others RMB million	Total RMB million
Cost						
At 1 January 2023	154,952	771	25	1,732	908	158,388
Additions	41,106	–	33	228	11	41,378
Transfer to assets classified as held for sale	–	–	–	–	(436)	(436)
Disposals	(6,746)	–	–	(15)	–	(6,761)
Exchange differences	(40)	–	–	–	–	(40)
Others	(4,186)	–	(1)	–	–	(4,187)
At 31 December 2023	185,086	771	57	1,945	483	188,342
Additions	36,636	–	3	392	62	37,093
Acquisition of subsidiaries	14,458	–	–	1	4	14,463
Disposals	–	–	–	(9)	–	(9)
Exchange differences	38	–	–	1	–	39
Others	(1,379)	–	–	(8)	(1)	(1,388)
At 31 December 2024	234,839	771	60	2,322	548	238,540
Amortisation and impairment						
At 1 January 2023	(1,668)	(386)	(8)	(829)	(345)	(3,236)
Amortisation charge (Note 12)	(1,415)	(56)	(4)	(201)	(23)	(1,699)
Transfer to assets classified as held for sale	–	–	–	–	12	12
Exchange differences	4	–	–	–	–	4
Others	47	–	–	14	–	61
At 31 December 2023	(3,032)	(442)	(12)	(1,016)	(356)	(4,858)
Amortisation charge (Note 12)	(1,318)	(65)	(6)	(219)	(26)	(1,634)
Exchange differences	(6)	–	–	(1)	–	(7)
Others	192	–	–	11	1	204
At 31 December 2024	(4,164)	(507)	(18)	(1,225)	(381)	(6,295)
Carrying values						
At 31 December 2024	230,675	264	42	1,097	167	232,245
At 31 December 2023	182,054	329	45	929	127	183,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

20. Intangible Assets (Continued)

- (a) The Group has entered into a number of service concession arrangements with certain government authorities in the PRC in respect of its toll road operations, sewage plants and other constructions in exchange for a right for the Group to operate the asset. The assets are classified as intangible assets if the operator receives a right to charge users of the public service and this right is not an unconditional contractual right to receive cash. Pursuant to the service concession arrangement contracts, the Group is responsible for the construction of toll roads, sewage plants and other constructions, and the acquisition of the related facilities and equipment, and is entitled to operate the toll roads, the sewage plants and other construction upon completion for a specified remaining concession period from 12 to 40 years (2023: from 12 to 40 years) by charging users of the public service, which amounts are contingent on the extent that the public uses the service. The Group will not hold any residual interest in the toll roads, the sewage plants and other constructions upon expiration of the concession period. As such, the service concession arrangement contracts are accounted for as service concession arrangements and an intangible asset was recognised at an amount equals to the fair value of the consideration for provision of construction service upon initial recognition.
- (b) As at 31 December 2024, the cost of service concession arrangements have been put into operations amounted to RMB172,825 million (2023: RMB86,116 million). The cost of service concession arrangements where the related projects were under construction amounted to RMB62,014 million (2023: RMB98,970 million).
- (c) Amortisation of the Group's intangible assets of RMB1,475 million (2023: RMB1,537 million) has been charged to cost of sales and services, and RMB159 million (2023: RMB162 million) to administrative expenses.
- (d) As at 31 December 2024, bank borrowings amounting to RMB93,476 million (2023: RMB78,950 million) are secured by concession assets with carrying amount of approximately RMB146,304 million (2023: RMB106,796 million) (Note 39(c)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

21. Mining Assets

	Mining rights RMB million	Exploration and evaluation assets RMB million	Total RMB million
Cost			
At 1 January 2023	5,264	134	5,398
At 31 December 2023	5,264	134	5,398
Additions	4,642	–	4,642
Disposals	(7)	–	(7)
At 31 December 2024	9,899	134	10,033
Amortisation and impairment			
At 1 January 2023	(1,901)	(121)	(2,022)
Amortisation charge (Note 12)	(170)	–	(170)
At 31 December 2023	(2,071)	(121)	(2,192)
Amortisation charge (Note 12)	(155)	–	(155)
Impairment charge	(9)	(13)	(22)
Others	7	–	7
At 31 December 2024	(2,228)	(134)	(2,362)
Carrying values			
At 31 December 2024	7,671	–	7,671
At 31 December 2023	3,193	13	3,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries

(a) Details of the principal subsidiaries as at 31 December 2024 are shown in Note 48.

(b) **Material non-controlling interests**

(i) The table below shows the details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests.

Name of subsidiary	中鐵雲南建設投資有限公司 China Railway Yunnan Construction Investment Co., Ltd.
Principal activities	Project construction, asset management, water conservancy administration
Country/place of establishment and operation	PRC

	31/12/2024 RMB million	31/12/2023 RMB million
Particulars of paid in capital	38,693	38,693
Proportion of interest and voting power held by non-controlling interests	29.49%	29.49%
Accumulated non-controlling interests	47,860	41,255
Total comprehensive income allocated to non-controlling interests	54	575

Name of subsidiary	中鐵高新工業股份有限公司 China Railway Industry
Principal activities	Engineering Equipment and Component Manufacturing
Country/place of establishment and operation	PRC

	31/12/2024 RMB million	31/12/2023 RMB million
Particulars of paid in capital	2,222	2,222
Proportion of interest and voting power held by non-controlling interests	50.88%	50.88%
Accumulated non-controlling interests	15,261	14,425
Total comprehensive income allocated to non-controlling interests	866	969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

- (i) The table below shows the details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests. (Continued)

Financial information on subsidiaries with material non-controlling interests

Set out below is summarized financial information for China Railway Yunnan Construction Investment Co., Ltd. in which there is non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised consolidated statement of financial position	31/12/2024 RMB million	31/12/2023 RMB million
Current		
Assets	36,363	38,458
Liabilities	27,883	31,563
Total current net assets	8,480	6,895
Non-current		
Assets	129,800	121,116
Liabilities	57,531	54,187
Total non-current net assets	72,269	66,929
Net assets	80,749	73,824

Summarised consolidated statement of profit or loss and other comprehensive income	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	12,986	20,134
Profit for the year attributable to owners of the Company	180	2,247
Total comprehensive income attributable to owners of the Company	180	2,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

- (i) The table below shows the details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests. (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated statement of cash flows	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Net cash generated from operating activities	2,759	6,688
Net cash used in investing activities	(10,063)	(19,566)
Net cash generated from financing activities	6,682	8,888
Net decrease in cash and cash equivalents	(622)	(3,990)

Set out below is summarised financial information for China Railway Industry in which there is non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised consolidated statement of financial position	31/12/2024 RMB million	31/12/2023 RMB million
Current		
Assets	50,597	44,668
Liabilities	35,883	31,133
Total current net assets	14,714	13,535
Non-current		
Assets	13,360	13,001
Liabilities	736	724
Total non-current net assets	12,624	12,277
Net assets	27,338	25,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

- (i) The table below shows the details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests. (Continued)

Financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated statement of profit or loss and other comprehensive income	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	29,003	30,067
Profit for the year attributable to owners of the Company	1,770	1,744
Other comprehensive (expense)/income attributable to owners of Company	(2)	14
Total comprehensive income attributable to owners of the Company	1,768	1,758
Total comprehensive income attributable to non-controlling interests	866	969
Dividends paid to non-controlling interests	126	287

Summarised consolidated statement of cash flows	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Net cash generated from operating activities	645	636
Net cash used in investing activities	(288)	(489)
Net cash used in financing activities	(244)	(766)
Effect of foreign exchange rate changes	3	–
Net increase/(decrease) in cash and cash equivalents	116	(619)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries (Continued)

(c) Consolidation of the structured entities

To determine whether to consolidate the structured entities (mainly the unlisted entrust products) or not, the main factor considered by the Group is the ability to control these structured entities. For those structured entities managed and invested by China Railway Trust Co., Ltd. ("China Railway Trust"), the directly owned subsidiary of the Company, the Group consolidated those structured entities when the Group is exposed to significant variable returns and has the ability to affect the variable returns, including the returns of its interests in these structured entities as investor and trust commission fee earned from these structured entities as manager.

As at 31 December 2024, the total assets of the consolidated structured entities amounted to RMB10,127 million (31 December 2023: RMB10,514 million), and the interests of other investors in these structured entities amounted to RMB4,503 million (31 December 2023: RMB3,348 million).

As at 31 December 2024 and 2023, there was no contractual liquidity arrangements, guarantees or other commitments between the Group and the consolidated structured entities.

(d) Interests in unconsolidated structured entities

- (i) China Railway Trust serves as manager of unconsolidated structured entities (mainly the unlisted entrust products) and earns trust commission fee. In the opinion of the Directors, the Group did not consolidate these structured entities that it has no control over these structured entities.

As at 31 December 2024, the scale of the unconsolidated structured entities established with interest held by the Group amounted to RMB46,814 million (31 December 2023: RMB40,461 million). As at 31 December 2024, the maximum exposure to the loss of the Group's investments and the amount recognised as financial assets at fair value through profit or loss in the consolidated financial statements over these unconsolidated structured entities which the Group has interests in amounted to RMB914 million (31 December 2023: RMB1,054 million).

As at 31 December 2024, the scale of the unconsolidated structured entities established with no interest held by the Group amounted to RMB687,420 million (31 December 2023: RMB530,825 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. Subsidiaries (Continued)

(d) Interests in unconsolidated structured entities (Continued)

- (ii) The Group and several unlisted entrust products (“Investee Entrust Products”), which the Group has interests in, invested in certain limited liability partnership funds (the “Funds”). The Funds are mainly engaged in infrastructure activities. A number of Investee Entrust Products acted as limited partners of the Funds to finance the operation activities of the Funds.

The Directors are of the opinion that the Group did not have control over Investee Entrust Products and the Funds and therefore, these Investee Entrust Products and the Funds were deemed as structured entities and were not consolidated by the Group.

As at 31 December 2024, the scale of these unconsolidated structured entities amounted to RMB28,149 million (31 December 2023: RMB24,042 million).

The maximum exposure to the loss of the Group’s investments in the unconsolidated structured entities as at 31 December 2024 is disclosed in the following table.

	31/12/2024 RMB million	31/12/2023 RMB million
Investments in joint ventures	8,957	9,716
Financial assets at fair value through profit or loss	559	799
	9,516	10,515

As at 31 December 2024 and 2023, there was no contractual liquidity arrangements, guarantees or other commitments between the Group and the unconsolidated structured entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method

The amounts recognised in the consolidated statement of financial position are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Associates	69,690	63,305
Joint ventures	57,020	60,322
	126,710	123,627

The amounts recognised in the consolidated statement of profit or loss are as follows:

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Associates	3,134	4,666
Joint ventures	(724)	(1,075)
	2,410	3,591

(a) Investments in associates

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
At 1 January	63,305	54,611
Additions	4,309	9,186
Disposals	(2,754)	(2,401)
Transfer to subsidiaries	(15)	(183)
Transfer to joint ventures	4,716	–
Share of profit or loss, net	3,134	4,788
Dividend distribution	(2,980)	(2,619)
Impairment losses recognised	–	(14)
Share of other comprehensive income of associates	(10)	156
Share of other reserves of associates	(15)	(219)
At 31 December	69,690	63,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

- (i) All of the associates of the Group are unlisted and there is no quoted market price available for their shares.
- (ii) In 2024, the Group acts as the guarantors for various external borrowings made by certain associates amounted to RMB730 million (2023: RMB852 million) (Note 47(c)).
- (iii) Details of Group's material associates as at 31 December 2024 and 2023 are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	2024	2023	
華剛礦業股份有限公司 LA Sino-Congolaise Des Mines S.A. ("SICOMINGS S.A.")	Democratic Republic of the Congo	Democratic Republic of the Congo	41.72%	41.72%	41.72%	41.72%	Mining
中鐵京西(北京)高速公路 發展有限公司 China Railway Jingxi (Beijing) Expressway Development Co., Ltd. ("Jingxi Expressway")	PRC	PRC	45.00%	45.00%	45.00%	45.00%	Expressway construction management
招商中鐵控股有限公司 China Merchants Railway Co., Ltd. (Formerly "Guangxi China Railway Expressway Management Co., Ltd.") (a)	PRC	PRC	49.00%	49.00%	49.00%	49.00%	Build-operate-transfer service concession arrangement

- (a) China Railway Communications Investment Group Co., Ltd., a subsidiary of the Company, holds 49% equity interest in China Merchants Railway Co., Ltd. (referred to as "CMCR"). The shareholding of China Merchants Expressway Network & Technology Holdings Co., Ltd. (another shareholder of CMCR, referred to as "CMET") increased to 51% by acquiring 2% equity interest in CMCR held by ICBC Financial Assets Investment Limited. According to the amended articles of association of CMCR, it is controlled by CMET. Therefore, CMCR was accounted for as an associate of China Railway Communications Investment Group Co., Ltd., as it has significant influence over CMCR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRS Accounting Standards.

All of these associates are accounted for using the equity method in these consolidated financial statements.

SICOMINGS S.A.

	31/12/2024 RMB million	31/12/2023 RMB million
Current assets	14,151	18,783
Non-current assets	55,273	27,438
Current liabilities	13,109	8,953
Non-current liabilities	34,938	12,743

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	15,056	13,801
Profit for the year	3,957	6,459
Other comprehensive income for the year	134	397
Total comprehensive income for the year	4,091	6,856
Dividends received from the associate during the year	1,901	2,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

Summarised financial information of material associates (Continued)

SICOMINGS S.A. (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31/12/2024 RMB million	31/12/2023 RMB million
Net assets attributable to the owners of the Company	21,378	24,525
Proportion of the Group's ownership in associates	41.72%	41.72%
Other adjustments	(429)	(1,538)
Carrying amount of the Group's interest in associates	8,490	8,694

Jingxi Expressway

	31/12/2024 RMB million	31/12/2023 RMB million
Current assets	1,888	2,194
Non-current assets	18,887	16,344
Current liabilities	229	360
Non-current liabilities	9,564	7,200

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	11	—
Loss for the year	(11)	(17)
Total comprehensive expense for the year	(11)	(17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

Summarised financial information of material associates (Continued)

Jingxi Expressway (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31/12/2024 RMB million	31/12/2023 RMB million
Net assets attributable to the owners of the Company	10,982	10,978
Proportion of the Group's ownership in associates	45.00%	45.00%
Other adjustments	(6)	1
Carrying amount of the Group's interest in associates	4,936	4,941

China Merchants Railway Co., Ltd.

	31/12/2024 RMB million	31/12/2023 RMB million
Current assets	774	1,380
Non-current assets	35,795	35,835
Current liabilities	3,182	2,740
Non-current liabilities	21,693	22,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

Summarised financial information of material associates (Continued)

China Merchants Railway Co., Ltd. (Continued)

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	3,586	3,589
Loss for the year	(8)	(87)
Total comprehensive expense for the year	(8)	(87)
Dividends received from China Merchants Railway Co., Ltd. during the year	247	245

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Merchants Railway Co., Ltd. recognised in the consolidated financial statements:

	31/12/2024 RMB million	31/12/2023 RMB million
Net assets of China Merchants Railway Co., Ltd.	9,112	9,624
Proportion of the Group's ownership interest in China Merchants Railway Co., Ltd.	49.00%	49.00%
Carrying amount of the Group's interest in China Merchants Railway Co., Ltd.	4,465	4,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(a) Investments in associates (Continued)

Summarised financial information of material associates (Continued)

Aggregate information of associates that are not individually material

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
The Group's share of profit from continuing operations	1,493	2,101
The Group's share of other comprehensive income	(67)	(9)
The Group's share of total comprehensive income	1,426	2,092
Aggregate carrying amount of the Group's interests in these associates	51,799	49,670

(b) Investments in joint ventures

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
At 1 January	60,322	55,122
Additions	6,008	6,975
Disposals	(3,478)	(184)
Transfer to subsidiaries	(246)	(11)
Transfer to associates	(4,716)	–
Share of profit or loss, net	(724)	(1,075)
Dividend distribution	(159)	(480)
Share of other comprehensive income of associates	87	–
Share of other reserves of joint ventures	(74)	(25)
At 31 December	57,020	60,322

- (i) All of the joint ventures of the Group are unlisted and there is no quoted market price available for their shares.
- (ii) In 2024, the Group acts as the guarantor for external borrowing made by certain joint ventures amounted to RMB5,771 million (2023: RMB5,417 million) (Note 47(c)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(b) Investments in joint ventures (Continued)

(iii) Details of Group's material joint ventures as at 31 December 2024 and 2023 are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	2024	2023	
昆明轨道交通四號線土建 項目建設管理有限公司 Kunming Rail Transit Line 4 Construction Management Co., Ltd. ("Kunming Line 4")	PRC	PRC	75.73%	75.73%	75.73%	75.73%	Subway construction management

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Accounting Standards.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Kunming Line 4

	31/12/2024 RMB million	31/12/2023 RMB million
Current assets	4,031	3,062
Non-current assets	14,001	14,836
Current liabilities	615	625
Non-current liabilities	11,056	10,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. Investments Accounted for Using the Equity Method (Continued)

(b) Investments in joint ventures (Continued)

Summarised financial information of material joint ventures (Continued)

Kunming Line 4 (Continued)

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Revenue	1,531	437
Profit for the year	66	60
Total comprehensive income for the year	66	60

Reconciliation of the above summarised financial information to the carrying amount of the interest in Kunming Line 4 recognised in the consolidated financial statements:

	31/12/2024 RMB million	31/12/2023 RMB million
Net assets of Kunming Line 4	6,361	6,295
Proportion of the Group's ownership interest in Kunming Line 4	75.73%	75.73%
Carrying amount of the Group's interest in Kunming Line 4	4,817	4,767

Aggregate information of joint ventures that are not individually material

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
The Group's share of loss from continuing operations	(773)	(1,077)
The Group's share of other comprehensive income	87	–
The Group's share of total comprehensive expense	(686)	(1,077)
Aggregate carrying amount of the Group's interests in these joint ventures	52,203	50,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. Goodwill

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
COST		
At beginning of year	1,829	1,799
Addition	81	30
At end of year	1,910	1829
IMPAIRMENT		
At beginning of year	(153)	(28)
Impairment loss recognised	(199)	(125)
At end of year	(352)	(153)
CARRYING VALUES		
At beginning of year	1,676	1,771
At end of year	1,558	1,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. Goodwill (Continued)

The carrying amount of goodwill at the end of the reporting period is attributable to acquisition of subsidiaries in the following subsidiaries (whose principal activities are disclosed in Note 48) and sub-groups headed by these subsidiaries:

	31/12/2024 RMB million	31/12/2023 RMB million
China Railway No.1 Engineering Group Co., Ltd.	64	64
China Railway No.2 Construction Co., Ltd.	33	26
China Railway No.2 Engineering Group Co., Ltd.	–	77
China Railway No.3 Engineering Group Co., Ltd.	51	51
China Railway No.4 Engineering Group Co., Ltd.	195	195
China Railway No.5 Engineering Group Co., Ltd.	82	82
China Railway No.6 Engineering Group Co., Ltd.	12	12
China Railway No.8 Engineering Group Co., Ltd.	26	26
China Railway No.9 Engineering Group Co., Ltd.	48	48
China Railway No.10 Engineering Group Co., Ltd.	26	26
China Railway Major Bridge Engineering Group Co., Ltd.	28	28
China Railway Electrification Engineering Group Co., Ltd.	76	100
China Railway Construction Group Co., Ltd.	321	426
China Railway Tunnel Group Co., Ltd.	19	19
China Railway Trust	206	206
China Railway No.6 Survey and Design Institute Group Co., Ltd.	24	24
China Railway Changjiang Transport Design Group Co., Ltd.	40	40
China Railway Water Conservancy & Hydropower Planning and Design Group Co.,Ltd.	5	5
China Railway Yunnan Construction Investment Co., Ltd.	203	203
Other Subsidiaries	99	18
Total	1,558	1,676

The basis of determining the recoverable amounts of the above subsidiaries and their major underlying assumptions are summarised below:

China Railway Trust, which is included in other businesses of the Group, is principally engaged in financial trust management. The recoverable amount in respect of this subsidiary has been determined based on fair value less costs of disposal. The key assumptions in determining the fair value is the publicly disclosed value ratio of comparable transactions and estimated costs of disposal. Management believes that any reasonably possible change in the assumptions would not cause the carrying amount of this subsidiary (including goodwill) to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

24. Goodwill (Continued)

The recoverable amounts in respect of subsidiaries, which are principally engaged in infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, other than China Railway Trust, have been determined based on a value in use calculation. That calculation uses cash flow projections based on the most recent financial budgets of five years approved by management and an extrapolated financial budget for the following five years, and a discount rate of 10% (2023: 10%). One of the key assumptions in preparing cash flow projections is annual growth rates in revenue which vary among different subsidiaries for the most recent financial budgets period and a nil growth rate for the extrapolation period. The growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Another key assumption for the cash flow projections is the stable budgeted gross margin, which is determined based on the subsidiaries' past performance. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the subsidiaries (including goodwill) to exceed its recoverable amounts.

25. Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at FVTOCI comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.
- Bills receivables where the contractual cash flows are achieved both by collecting contractual cash flows and selling financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. Financial Assets at Fair Value through Other Comprehensive Income (Continued)

(a) Financial assets at FVTOCI include the following:

	31/12/2024 RMB million	31/12/2023 RMB million
Non-current assets		
Unlisted equity investments	20,568	17,969
Listed equity securities		
– Mainland China	8	8
– Hong Kong	395	290
	20,971	18,267
Current asset		
Bills receivables	752	1,078

On disposal of these equity instruments, any related balance within the investment revaluation reserve is reclassified to retained earnings.

In 2024, the Group disposed certain listed equity securities and unlisted equity investments at a fair value of RMB74 million (2023: RMB853 million). The Group realised a loss of RMB5 million in 2024 (2023: the Group realised a gain of RMB350 million), which had already been included in other comprehensive income before disposal. The loss (gain) has been transferred to retained earnings.

(b) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised in profit or loss and other comprehensive income:

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Gains recognised in other comprehensive income	253	166
Losses/(gains) reclassified from other comprehensive income to retained earnings upon disposal of equity investments at FVTOCI	5	(350)
Dividends from equity instruments held at FVTOCI recognised in profit or loss in other income (Note 6):		
– Related to instruments held at the end of the year	81	49
– Related to instruments derecognised during the year	5	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. Financial Assets at Fair Value through Other Comprehensive Income (Continued)

(c) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.2.

The loss allowance for debt instruments at FVTOCI as a result of applying the expected credit risk model is immaterial.

Financial assets at FVTOCI are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	21,328	19,055
HKD	395	290
Total	21,723	19,345

26. Other Financial Assets at Amortised Cost

	31/12/2024 RMB million	31/12/2023 RMB million
Debt investments		
– Short-term	28,972	9,700
– Long-term	29,086	30,276
	58,058	39,976
Less: credit loss allowance for debt investments (a)	(5,547)	(5,212)
Total other financial assets at amortised cost	52,511	34,764
Less: amount due within one year included in current assets	(27,737)	(8,487)
Amount due after one year	24,774	26,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. Other Financial Assets at Amortised Cost (Continued)

- (a) Movements in impairment on debt instruments are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
At 31 December in prior year	5,212	6,033
Impairment losses recognised during the year (Note 7)	848	368
Write off	(513)	(270)
Others	–	(919)
At 31 December	5,547	5,212

- (b) The other financial assets at amortised cost carry fixed-rate interests within a range of 1.75% to 24.00% (31 December 2023: 2.46% to 24.00%) per annum.
- (c) As at 31 December 2024, other financial assets at amortised cost amounting to RMB6,437 million (31 December 2023: RMB4,863 million) are secured by property, plant and equipment, investment properties or guaranteed by a third party.
- (d) Other financial assets at amortised cost are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	51,940	34,311
USD	571	453
	52,511	34,764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. Properties Held for Sale/Properties Under Development for Sale

(a) Properties under development for sale

	31/12/2024 RMB million	31/12/2023 RMB million
As at 1 January	109,066	103,873
Additions	42,719	49,083
Acquisition of subsidiaries	14,125	–
Properties completed during the year	(46,283)	(43,869)
Disposal of subsidiaries	–	(21)
Others	(167)	–
	119,460	109,066
Less: provision for impairment	(1,136)	(1,471)
As at 31 December	118,324	107,595

	31/12/2024 RMB million	31/12/2023 RMB million
Properties under development for sale comprise:		
Land use rights	100,243	98,537
Construction cost	12,587	2,876
Borrowing costs capitalised	6,630	7,653
	119,460	109,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

27. Properties Held for Sale/Properties Under Development for Sale (Continued)

(b) Properties held for sale

	31/12/2024 RMB million	31/12/2023 RMB million
As at 1 January	59,413	62,775
Additions	46,283	43,869
Transfer from investment properties (Note 19)	79	–
Acquisition of subsidiaries	632	1,423
Properties sold during the year	(45,384)	(47,521)
Transfer to investment properties (Note 19)	(434)	(1,133)
Transfer to property, plant and equipment (Note 17)	(212)	–
Disposal of subsidiaries	(183)	–
	60,194	59,413
Less: provision for impairment	(5,175)	(4,800)
As at 31 December	55,019	54,613

Properties under development for sale amounting to RMB6,939 million (31 December 2023: RMB7,697 million) have been pledged to secure bank borrowings amounting to RMB5,444 million (31 December 2023: RMB4,710 million) granted to the Group (Note 39(c)).

Properties under development for sale amounting to RMB1,635million (31 December 2023: RMB1,579million) have been pledged to secure trade and other payables to RMB267 million (31 December 2023: RMB800 million) granted to the Group.

All of the properties under development are expected to be completed within the Group's normal operating cycle and are included under current assets.

The Group's properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. Inventories

	31/12/2024 RMB million	31/12/2023 RMB million
Raw materials and consumables	49,910	37,532
Work in progress	11,964	11,568
Finished goods	10,498	8,053
	72,372	57,153

29. Trade and Other Receivables

	31/12/2024 RMB million	31/12/2023 RMB million
Trade and bills receivables	359,446	193,674
Less: loss allowance	(21,265)	(18,859)
Trade and bills receivables – net	338,181	174,815
Other receivables (net of impairment)	109,154	96,548
Advance to suppliers (net of impairment)	40,254	45,585
Total trade and other receivables	487,589	316,948
Less: amount due after one year included in non-current assets	(98,762)	(23,198)
Amount due within one year included in current assets	388,827	293,750
Including: Trade receivables	263,758	172,497
Less: credit loss allowance	(17,564)	(15,645)
Trade receivables – net	246,194	156,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

29. Trade and Other Receivables (Continued)

- (a) Ageing analysis of trade and bills receivables, based on invoice date, is as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Less than 1 year	297,064	142,215
1 year to 2 years	24,032	21,833
2 years to 3 years	13,509	9,816
3 years to 4 years	7,323	4,463
4 years to 5 years	3,036	4,969
More than 5 years	14,482	10,378
Total	359,446	193,674

Majority of the Group's revenues are generated through infrastructure construction, survey, design and consulting, engineering equipment and component manufacturing contracts. The settlements are made in accordance with the terms specified in the contracts governing the relevant transactions.

- (b) Trade and bills receivables of RMB555 million (31 December 2023: RMB317 million) were pledged to secure borrowings amounting to RMB445 million (31 December 2023: RMB185 million) (Note 39(c)).
- (c) As at 31 December 2024, trade receivables of RMB89,480 million (31 December 2023: RMB67,619 million) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB17,036 million (31 December 2023: RMB14,765 million) had been transferred to financial institutions in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.
- (d) As at 31 December 2024, bills receivables – bank acceptance and commercial acceptance notes of RMB1,122 million (31 December 2023: RMB442 million) were endorsed to suppliers, and RMB10 million (31 December 2023: RMB7 million) were discounted with banks. In the opinion of the Directors, as the counter party bears higher credit risk, such transactions did not qualify for derecognition. In addition, as at 31 December 2024, bills receivables – bank acceptance notes of RMB994 million (31 December 2023: RMB860 million) were endorsed to suppliers, and RMB1 million (31 December 2023: RMB151 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

29. Trade and Other Receivables (Continued)

- (e) As at 31 December 2024, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Central-governmental enterprises		
Less than 1 year	16,233	11,485
1 year to 2 years	2,102	1,955
2 years to 3 years	485	618
3 years to 4 years	214	286
4 years to 5 years	85	103
More than 5 years	103	123
Total	19,222	14,570

	31/12/2024 RMB million	31/12/2023 RMB million
Locally-administrated state-owned enterprises		
Less than 1 year	132,784	71,961
1 year to 2 years	12,973	8,814
2 years to 3 years	4,671	4,423
3 years to 4 years	3,398	2,164
4 years to 5 years	1,447	996
More than 5 years	1,635	1,276
Total	156,908	89,634

	31/12/2024 RMB million	31/12/2023 RMB million
China State Railway Group Co.,Ltd.		
Less than 1 year	17,200	10,664
1 year to 2 years	1,241	1,539
2 years to 3 years	447	350
3 years to 4 years	171	240
4 years to 5 years	222	193
More than 5 years	178	218
Total	19,459	13,204

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FOR THE YEAR ENDED 31 DECEMBER 2024

29. Trade and Other Receivables (Continued)

- (e) As at 31 December 2024, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows: (Continued)

	31/12/2024 RMB million	31/12/2023 RMB million
Overseas enterprises		
Less than 1 year	4,174	2,213
1 year to 2 years	256	26
2 years to 3 years	10	56
3 years to 4 years	12	5
4 years to 5 years	1	–
Total	4,453	2,300

	31/12/2024 RMB million	31/12/2023 RMB million
Other entities		
Less than 1 year	33,357	24,598
1 year to 2 years	3,591	3,521
2 years to 3 years	1,354	1,674
3 years to 4 years	752	565
4 years to 5 years	387	331
More than 5 years	621	588
Total	40,062	31,277

As at 31 December 2024, the amount of individually impaired trade receivables was RMB15,777 million (31 December 2023: RMB15,325 million) with the provision for loss allowance of RMB9,687 million (31 December 2023: RMB9,459 million).

As at 31 December 2024, bills receivables – bank acceptance notes of RMB782 million (31 December 2023: RMB928 million) were not impaired. Commercial acceptance notes, which were collectively assessed for impairment, were RMB1,087 million (31 December 2023: RMB954 million) with the provision for credit loss allowance of RMB3 million (31 December 2023: RMB5 million).

As at 31 December 2024, the amount of collectively impaired long-term trade receivables was RMB90,288 million (31 December 2023: RMB15,549 million) with the provision for loss allowance of RMB689 million (31 December 2023: RMB74 million). The amount of individually impaired long-term trade receivables was RMB3,530 million (31 December 2023: RMB3,747 million) with the provision for loss allowance of RMB3,008 million (31 December 2023: RMB3,135 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

29. Trade and Other Receivables (Continued)

- (f) Movements on loss allowance of trade and other receivables are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
At 31 December in prior year	33,060	28,752
Increase in loss allowance recognised in profit or loss during the year	7,617	8,386
Amount reversed	(3,437)	(2,642)
Receivables written off during the year as non-collectible	(204)	(221)
Others	293	(1,215)
At 31 December	37,329	33,060

The increase and reversal in loss allowance of trade and other receivables have been included in net impairment losses on financial assets in the consolidated statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

- (g) The carrying amount of trade and other receivables are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	477,999	305,287
USD	6,533	7,294
West African CFA Franc	164	184
Ethiopian Birr	7	139
HKD	365	100
EUR	15	239
Other currencies	2,506	3,705
	487,589	316,948

As at 31 December 2024, other currencies mainly comprised of Bangladesh Taka, Malaysian Ringgit and South African Rand.

- (h) The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

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FOR THE YEAR ENDED 31 DECEMBER 2024

30. Assets and Liabilities related to Contracts with Customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	31/12/2024 RMB million	31/12/2023 RMB million
Contract assets		
– Amounts due from contract customers for contract work and retentions	431,419	315,387
– Financial assets under concession arrangements (a)	162,495	154,545
– Primary land development	10,180	11,993
	604,094	481,925
Less: loss allowance (b)	(6,638)	(5,200)
Less: amount due after one year included in non-current assets	(264,336)	(242,534)
Amount due within one year included in current assets	333,120	234,191
Contract liabilities		
– Sale of properties	38,492	45,445
– Infrastructure construction and engineering contracts	66,897	44,927
– Amounts due to contract customers for contract work	32,762	27,467
– Sales of manufacturing products	10,072	7,446
– Design and consulting services	6,889	5,672
– Sales of materials	1,908	2,154
– Others	4,119	2,597
Total current contract liabilities	161,139	135,708

- (a) Financial assets under concession arrangements represent the contract assets recognised when the related projects were under construction or have been put into operations before the Group has an unconditional contractual right to receive cash from or at the direction of the granting authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

30. Assets and Liabilities related to Contracts with Customers (Continued)

The Group has recognised the following assets and liabilities related to contracts with customers: (Continued)

- (b) As at 31 December 2024, the impairment of contract assets, which were collectively assessed, is determined as follows:

Contract assets	Expected loss rate	Gross carrying amount RMB million	Loss allowance RMB million
Amounts due from customers for contract work	1.02%	307,811	3,145
Retentions	0.54%	119,609	641
Financial assets under concession arrangements	0.50%	162,496	812
Total		589,916	4,598

The amount of individually impaired contract assets was RMB14,178 million (31 December 2023: RMB16,406 million) with the provision of RMB2,040 million (31 December 2023: RMB1,772 million).

- (c) As at 31 December 2024, borrowings amounting to RMB45,128 million (31 December 2023: RMB59,054 million) are secured by contract assets with carrying amount of approximately RMB77,928 million (31 December 2023: RMB88,039 million) (Note 39(c)).
- (d) Contract liabilities of the Group are mainly contract liabilities associated with infrastructure construction contracts and advances for the sale of properties. The contract liabilities related to infrastructure construction contracts are generated when the customer's payments or the work performed billed exceed the revenue recognized based on the performance progress, and will be recognized as revenue according to the performance progress during the future performance period of the corresponding infrastructure construction contracts. Advance for the sale of properties are recognized as contract liabilities when the control of the property has not yet been transferred to the customer, and will be recognized as revenue when the control of the related property is transferred to the customer in the future.

31. Financial Assets/(liabilities) at Fair Value through Profit or Loss

The Group classifies the following financial assets at FVTPL:

- Debt investments that do not qualify for measurement at either amortised cost or FVTOCI (Note 25);
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

31. Financial Assets/(liabilities) at Fair Value through Profit or Loss (Continued)

(a) Financial assets at FVTPL include the following:

	31/12/2024 RMB million	31/12/2023 RMB million
Non-current assets		
Equity instruments		
Unlisted equity investments	8,542	9,490
	8,542	9,490
Debt instruments		
Unlisted entrusted products	5,695	5,987
Unlisted open-end equity funds	2,907	2,481
Others	821	971
	9,423	9,439
	17,965	18,929
	31/12/2024 RMB million	31/12/2023 RMB million
Current assets		
Equity instrument		
Listed equity securities		
– Mainland China	867	813
Debt instruments		
Money-market securities investment funds	8,015	5,231
Unlisted open-end equity funds	1,883	1,238
Unlisted entrusted products	68	261
Others	1,192	1,337
	11,158	8,067
Derivative financial instrument		
– Option contract	130	135
	12,155	9,015
Total	30,120	27,944

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FOR THE YEAR ENDED 31 DECEMBER 2024

31. Financial Assets/(liabilities) at Fair Value through Profit or Loss (Continued)

(b) Financial liabilities at FVTPL include the following:

	31/12/2024 RMB million	31/12/2023 RMB million
Current liability		
Unlisted open-end equity funds	665	292

(c) Amounts recognised in profit or loss

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Fair value losses on financial assets at FVTPL	(143)	(42)
Fair value losses on financial liabilities at FVTPL	(275)	(204)
	(418)	(246)

(d) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in Note 46(a).

For information about the methods and assumptions used in determining fair value refer to Note 46(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. Restricted Cash and Term Deposit with Maturity Over Three Months

	31/12/2024 RMB million	31/12/2023 RMB million
Restricted bank deposits	32,984	35,077
Term deposits with initial term of over three months	17,593	3,286
	50,577	38,363

As at 31 December 2024, restricted bank deposits mainly included deposits for issuance of bank acceptance notes, performance bonds, letters of credit to customers, and mandatory reserve deposits placed with People's Bank of China.

Term deposits with initial term of over three months are excluded from cash and cash equivalents, as management are of the opinion that these term deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

The carrying amount of restricted cash are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	47,266	38,332
USD	3,273	1
Other currencies	38	30
	50,577	38,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. Cash and Cash Equivalents

	31/12/2024 RMB million	31/12/2023 RMB million
Cash on hand	28	28
Bank deposits	199,457	196,122
Cash and cash equivalents	199,485	196,150

The maximum exposure to credit risk approximates the carrying amounts of the Group's cash and cash equivalents at the end of the reporting period.

The weighted average effective interest rate on bank deposits was 0.67% per annum as at 31 December 2024 (31 December 2023: 0.63% per annum).

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	181,894	175,627
USD	13,051	17,190
Others	4,540	3,333
	199,485	196,150

The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC Government.

As at 31 December 2024, the cash and cash equivalents balances denominated in currencies other than RMB was amounted to RMB1,761 million (31 December 2023: RMB2,171 million) deposited in banks in certain countries which are subject to foreign exchange control and the currencies are not freely convertible into other currencies or remitted out of those countries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. Share Capital and Premium

	Number of shares		Nominal value	
	2024 '000	2023 '000	2024 RMB million	2023 RMB million
A shares of RMB1.00 each				
At beginning of year	20,544,806	20,544,806	20,545	20,545
Registered, issued and fully paid	(10,331)	–	(10)	–
At end of year	20,534,475	20,544,806	20,535	20,545
H shares of RMB1.00 each				
At beginning and end of year	4,207,390	4,207,390	4,207	4,207
	24,741,865	24,752,196	24,742	24,752

As at 31 December 2024, the A Shares (20,534,475 thousands shares) and H Shares (4,207,390 thousands shares) issued are the ordinary shares in the share capital of the Company. All cash dividends in respect of the H Shares are to be declared in RMB and paid by the Company in Hong Kong dollars whereas all cash dividends in respect of A Shares are to be paid by the Company in RMB.

In addition, A Shares and H Shares are regarded as different classes of shares under the Company's Articles of Association. The differences between the two classes of shares, including provisions on class rights, the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different branches of the registers of shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Company's Articles of Association.

A Shares and H Shares however rank pari passu with each other in all other respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. Shares Held for 2021 Restricted Share Incentive Scheme

	Nominal value	
	2024 RMB million	2023 RMB million
At beginning of year	576	612
Amount recorded in		
– Dividends paid during the year	(22)	(36)
– Repurchase of restricted shares	(32)	–
– Impact of restricted shares unlocking	(189)	–
At end of year	333	576

In accordance with the 2021 Restricted Share Incentive Scheme, the Company is responsible to purchase the restricted shares if certain service and performance conditions are not met. Therefore, the Company recognised the shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB606 million with 170,724,400 restricted shares registered for grant on 23 February 2022, and RMB44 million with 11,922,000 restricted shares registered for grant on 30 November 2022.

On 28 October 2022, the Directors approved the repurchase and cancellation of 1,379,700 restricted shares in total which were granted but not yet unlocked, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB5 million. The repurchase and cancellation were completed on 28 December 2022.

On 29 December 2023, the Directors approved the repurchase and cancellation of 1,566,166 restricted shares in total which were granted but not yet unlocked. On 11 March 2024, the Company implemented the repurchase, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB5 million.

On 23 February 2024, the 2021 Restricted Share Incentive Scheme participants unlocked 55,910,838 restricted shares, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB176 million.

On 30 August 2024, the Directors approved the repurchase and cancellation of 7,384,576 restricted shares in total which were granted but not yet unlocked. On 25 December 2024, the Company implemented the repurchase, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB23 million.

On 30 October 2023, the Directors approved the repurchase and cancellation of 1,380,123 restricted shares in total which were granted but not yet unlocked. On 25 December 2024, the Company implemented the repurchase, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. Shares Held for 2021 Restricted Share Incentive Scheme (Continued)

On 2 December 2024, the 2021 Restricted Share Incentive Scheme participants unlocked 3,958,098 restricted shares, resulting in the reduction of shares held for 2021 Restricted Share Incentive Scheme repurchase obligation of RMB13 million.

On 31 December 2024, pursuant to the resolution of the 2023 annual general meeting of shareholders, the 2021 Restricted Share Incentive Scheme participants received cash dividends, resulting in the reduction of shares held for restricted share incentive scheme repurchase obligation of RMB22 million (on 31 December 2023, RMB36 million).

	Number of Shares thousands
As at 1 January 2024	181,267
Repurchased and cancelled during the period	(10,331)
Unlocked during the period	(59,869)
As at 31 December 2024	111,067

36. Statutory Reserves

The statutory reserves comprise the statutory surplus reserve, trust compensation reserve and general risk reserve.

According to the PRC Company Law and the Company's article of association, the Company is required to make an appropriation at 10 percent of the profit for the year as shown in the PRC statutory financial statements, prepared in accordance with the relevant PRC accounting standards, to the statutory surplus reserve fund until the balance reached 50 percent of the registered capital of the Company. The statutory surplus reserve can only make up losses or use to increase the registered capital of the Company and is not distributable.

According to the relevant laws and regulations for financial institutions and trust management entities in the PRC, certain subsidiaries of the Company are required to set aside certain amounts to trust compensation reserve and general risk reserve to address unidentified potential impairment risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

37. Perpetual Notes

	31/12/2023 RMB million	Additions RMB million	Redemption/ Declaration RMB million	31/12/2024 RMB million
Public medium notes (a)	629	1,000	(629)	1,000
Public renewable corporate bonds (b)	48,752	10,008	(9,470)	49,290
Dividends (c)	331	–	(331)	–
Total	49,712	11,008	(10,430)	50,290

- (a) In November 2024, the Company issued one tranche of Medium Notes with an aggregate principal amount of RMB1 billion. Pursuant to the terms and conditions of the Medium Notes, the Medium Notes bear the initial interest rate of 2.33% per annum, and has no maturity date. The interest rate will be reset every five years from issuance date. The interest is payable annually in arrears. As long as the compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Medium Notes are subject to redemption in whole, at the option of the Company, five years after the issue date, at their principal amount together with accrued interest. The Directors are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Medium Notes, the Medium Notes should be classified as equity.

In November 2024, the Company redeemed the public medium notes ("Medium Notes") issued on 21 November 2019, in cash consideration of RMB0.6 billion.

- (b) In May and June 2024, the Company redeemed two tranches the public renewable corporate bonds ("Renewable Bonds") (category one) issued on 2 June 2021 and 17 June 2021, in cash consideration of RMB2.6 billion and RMB2 billion, respectively.

In November and December 2024, the Company redeemed three tranches Renewable Bonds (category one) issued on 9 November 2021, 23 November 2021 and 15 November 2022, in cash consideration of RMB2 billion, RMB1 billion and RMB1.9 billion, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

37. Perpetual Notes (Continued)

(b) (Continued)

From July 2024 to September 2024, the Company issued four tranches of Renewable Bonds with an aggregate principal amount of RMB2 billion, RMB3 billion, RMB3 billion and RMB2 billion respectively. The Renewable Bonds are unsecured or unguaranteed and listed on the Shanghai Stock Exchange by way of bond issues to qualified investors. Pursuant to the terms and conditions of the Renewable Bonds, the Renewable Bonds bear the initial interest rates of 2.29%, 2.26%, 2.23% and 2.26% per annum (category one), respectively, and 2.54%, 2.247%, 2.43% and 2.49% per annum (category two), respectively, and has no maturity date. The interest rate will be reset every five years (category one) and every ten years (category two), respectively from the issuance date. The interest is payable annually in arrears. Provided that no compulsory interest payment events have not occurred, the Company may, at its sole discretion, elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The Renewable Bonds are subject to redemption in whole, at the option of the Company, five years (category one) and ten years (category two), respectively, after the issue date, at their principal amount together with accrued interest. The Directors are of the opinion that the Group has no contractual obligation to repay the principal or to pay the distribution for the Renewable Bonds, the Renewable Bonds should be classified as equity.

- (c) For the year ended 31 December 2024, as a consequence of the compulsory interest payment event, i.e. the final dividend declared to the shareholders of the Company, the Company declared dividends to perpetual notes holders totalling RMB1,488 million, including the interest of RMB1,157 million which was generated during the period was deducted from retained earnings, and RMB331 million represented the accrued interest in the balance of perpetual notes as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Trade and Other Payables

	31/12/2024 RMB million	31/12/2023 RMB million
Trade and bills payables (a)	773,169	588,737
Dividend payables	947	950
Accrued payroll and welfare	6,540	5,580
Other taxes	5,626	5,956
Deposits received in advance	1,443	1,205
Deposits (b)	7,627	3,869
Advance from customers for rental	2,219	1,179
Other payables	245,662	176,937
	1,043,233	784,413
Analysed for reporting purposes as:		
Non-current	84,322	33,803
Current	958,911	750,610
	1,043,233	784,413

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB39,110 million (31 December 2023: RMB17,921 million). Retention payables are interest-free and payable at the end of the retention period of the respective infrastructure construction and products manufacturing and installation contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

38. Trade and Other Payables (Continued)

The balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

- (a) The ageing analysis of trade and bills payables (including amounts due to related parties of trading nature), based on invoice date, is as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Less than 1 year	724,349	544,622
1 year to 2 years	26,926	23,035
2 years to 3 years	8,907	10,204
More than 3 years	12,987	10,876
	773,169	588,737

- (b) China Railway Finance Co., Ltd. ("CREC Finance"), a subsidiary of the Company, accepted deposits from related parties and third parties. As at 31 December 2024, these deposits were due within one year with average annual interest rate of 1.265%.

- (c) The carrying amount of trade and other payables are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	1,033,189	768,063
USD	5,943	11,524
Other currencies	4,101	4,826
	1,043,233	784,413

At 31 December 2024, other currencies mainly consist of West African Franc, Ethiopian Birr, and HKD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Borrowings

	31/12/2024 RMB million	31/12/2023 RMB million
Bank borrowings:		
– Secured	145,510	142,981
– Unsecured	297,425	221,184
	442,935	364,165
Long-term debentures, unsecured (a)	50,907	48,968
Other borrowings:		
– Secured	1,048	1,415
– Unsecured	23,077	15,415
	24,125	16,830
	517,967	429,963
Analysed for reporting purposes:		
Non-current	373,736	316,647
Current	144,231	113,316
	517,967	429,963

- (a) On 15 May 2024, the Company issued the first tranche of the medium-term note with a principal amount of RMB2,500 million, including RMB1,500 million for category 1 and RMB1,000 million for category 2, with a maturity date of 15 May 2029 and 15 May 2034. The interest rates are 2.45% (category 1) and 2.69% (category 2) per annum, payable annually in arrears.

On 23 May 2024, the Company issued the first tranche of the corporate bond, including 5-year corporate bond in a principal amount of RMB1,000 million (category 1), with a maturity date of 23 May 2029, and 10-year corporate bond in a principal amount of RMB2,000 million (category 2), with a maturity date of 23 May 2034. The interest rates are 2.40% (category 1) and 2.71% (category 2) per annum, payable annually in arrears.

On 11 June 2024, the Company issued the second tranche of the corporate bond, including 5-year corporate bond in a principal amount of RMB2,000 million (category 1), with a maturity date of 11 June 2029, and 10-year corporate bond in a principal amount of RMB1,000 million (category 2), with a maturity date of 11 June 2034. The interest rates are 2.33% (category 1) and 2.60% (category 2) per annum, payable annually in arrears.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Borrowings (Continued)

(a) (Continued)

On 19 June 2024, the Company issued the second tranche of the medium-term note with a principal amount of RMB3,000 million, including RMB1,500 million for category 1 and RMB1,500 million for category 2, with a maturity date of 19 June 2029 and 19 June 2034. The interest rates are 2.30% (category 1) and 2.53% (category 2) per annum, payable annually in arrears.

On 12 September 2024, the Company issued the third tranche of the corporate bond, including 5-year corporate bond in a principal amount of RMB2,500 million (category 1), with a maturity date of 12 September 2029, and 10-year corporate bond in a principal amount of RMB500 million (category 2), with a maturity date of 12 September 2034. The interest rates are 2.18% (category 1) and 2.35% (category 2) per annum, payable annually in arrears.

On 25 September 2024, the Company issued the fourth tranche of the corporate bond in a principal amount of RMB2,000 million (category 1), with a maturity date of 25 September 2029. The interest rates are 2.24% per annum, payable annually in arrears.

On 25 April 2024, a subsidiary issued one medium-term note with a principal amount of RMB770 million, with maturity date of 25 April 2026. The note bear interest at a coupon rate of 2.80% per annum respectively, all payable annually in arrears.

On 28 October 2024, a subsidiary issued one medium-term note with a principal amount of RMB1,000 million, with maturity date of 28 October 2029. The note bear interest at a coupon rate of 2.49% per annum respectively, all payable annually in arrears.

- (b) Bank borrowings carry interest at rates ranging from 0.50% to 11.20% (31 December 2023: 0.50% to 10.88%) per annum.

Long-term debentures were issued at fixed rates ranging from 2.18% to 4.80% (31 December 2023: 2.58% to 4.80%) per annum.

Other borrowings carry interest at rates ranging from 2.65% to 4.80% (31 December 2023: 3.06% to 4.43%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Borrowings (Continued)

(c) The details of secured borrowings are set out below:

	31/12/2024		31/12/2023	
	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights	Secured borrowings	Carrying amount of pledged assets and contract value of certain rights
	RMB million	RMB million	RMB million	RMB million
Property, plant and equipment (Note 17)	2,065	5,885	1,497	4,171
Intangible assets (Note 20)	93,476	146,304	78,950	106,796
Properties under development for sale (Note 27)	5,444	6,939	4,710	7,697
Trade and bills receivables (Note 29)	445	555	185	317
Contract assets (Note 30)	45,128	77,928	59,054	88,039
	146,558	237,611	144,396	207,020

(d) The exposure of the Group's variable rate bank borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
6 months or less	28,858	27,734
6 -12 months	258,140	214,102
1-5 years	15,798	11,882
	302,796	253,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Borrowings (Continued)

(e) The Group's borrowings were repayable as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Within 1 year	144,231	113,316
Between 1 and 2 years	51,914	52,248
Between 2 and 5 years	88,745	77,439
Over 5 years	233,077	186,960
	517,967	429,963

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	31/12/2024 RMB million	31/12/2023 RMB million
RMB	508,459	420,609
USD	9,330	9,178
EUR	–	6
Others	178	170
	517,967	429,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

39. Borrowings (Continued)

- (g) The carrying amounts of current portion of long-term borrowings and short-term borrowings approximate their fair values, as the impact of discounting is not significant.

The carrying amounts and fair values of the non-current borrowings are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Carrying amount		
– Bank borrowings	325,646	279,719
– Long-term debentures	37,760	31,836
– Other borrowings	10,330	5,092
	373,736	316,647
Fair value		
Level 3		
– Bank borrowings	326,209	286,148
– Long-term debentures	37,809	32,009
– Other borrowings	10,330	5,092
	374,348	323,249

40. Retirement Benefit Obligations

(a) State-managed retirement plans and supplementary defined contribution retirement schemes

The employees of the group entities established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These PRC companies are required to contribute a certain percentage of payroll costs, depending on the applicable local regulations to the state-managed retirement plans. The Group also participates in supplementary defined contribution retirement schemes. The only obligation of these PRC companies with respect to the state-managed retirement plans and supplementary defined contribution retirement schemes is to make the specified contributions. The total costs charged to profit or loss during the year were RMB7,965 million and RMB2,035 million respectively (2023: RMB7,668 million and RMB2,311 million respectively).

As at 31 December 2024, the amounts due in respect of the reporting period not yet paid to the state-managed retirement plans and supplementary defined contribution retirement schemes, and included in trade and other payables were RMB267 million and RMB117 million respectively (31 December 2023: RMB159 million and RMB107 million respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations

The Group paid supplementary pension subsidies and other post-employment medical benefits to its retired employees in the PRC. In addition, the Group was committed to make periodic benefits payments to certain former employees who were terminated or early retired and the dependents of deceased employees in accordance with various employee benefit schemes adopted by the Group.

The plan exposes the Group to actuarial risks such as interest rate risk, benefit risk and average medical expense risk.

Interest rate risk

The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. A decrease in the bond interest rate will increase the plan liability.

Benefit risk

The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.

Average medical cost risk

The present value of the defined benefit plan obligations is calculated by reference to the future average medical cost of plan participants. As such, an increase in the average medical cost of the plan participants will increase the plan liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligations as at 31 December 2024 were carried out by an independent firm of actuaries, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Discount rate	1.50%	2.50%
Early-retiree's salary and supplemental benefit inflation rate	4.50%	4.50%
Average medical cost growth rate	8.00%	8.00%

Amounts recognised in the consolidated statement of profit or loss and consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

	2024 RMB million	2023 RMB million
Net finance costs (Note 10)	48	60
Service costs	(53)	—
Components of defined benefit costs recognised in profit or loss	(5)	60
Remeasurement on the net defined benefit obligations: Actuarial losses/(gains) arising from experience adjustments	104	(13)
Components of defined benefit recognised in other comprehensive income	104	(13)
Total	99	47

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2024 RMB million	2023 RMB million
Present value of unfunded defined benefit obligations	1,888	2,049
Net liability arising from defined benefit obligations	1,888	2,049
Less: amount due within one year	(234)	(262)
Amount due after one year	1,654	1,787

Movements in the present value of the retirement and other supplemental benefit obligations in the current year were as follows:

	2024 RMB million	2023 RMB million
Opening defined benefit obligations	2,049	2,325
Finance costs	48	60
Service costs	(53)	–
Remeasurement losses:		
Actuarial (gains)/losses arising from experience adjustments	104	(13)
Benefits paid	(260)	(323)
Closing defined benefit obligations	1,888	2,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

40. Retirement Benefit Obligations (Continued)

(b) Retirement and other supplemental benefit obligations (Continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, benefit inflation rate and the average medical cost growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate on benefit obligation increases or decreases by 0.25 percentage point, the defined benefit obligation would have been decreased by RMB33 million or increased by RMB34 million (2023: decreased by RMB34 million or increased by RMB35 million).
- If the benefit inflation rate increases or decreases by 1 percentage point, the defined benefit obligation would have been increased by RMB74 million or decreased by RMB64 million (2023: increased by RMB74 million or decreased by RMB64 million).
- If the average medical cost growth rate increases or decreases by 1 percentage point, the defined benefit obligation would have been increased by RMB3 million or decreased by RMB2 million (2023: increased by RMB3 million or decreased by RMB3 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average expected future lifetime of the defined benefit obligation as at 31 December 2024 is 9.0 years (2023: 9.2 years). This number can be analysed as follows:

- civil retirees: 2.7 years (2023: 3.2 years);
- retired members: 8.8 years (2023: 9.2 years); and
- beneficiaries: 9.7 years (2023: 10.1 years).

The duration of the defined benefit obligation as at 31 December 2024 is 7.1 years (2023: 6.7 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. Deferred Taxation

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024		2023	
	Deferred tax assets RMB million	Deferred tax liabilities RMB million	Deferred tax assets RMB million	Deferred tax liabilities RMB million
The balances before offsetting	17,841	(7,337)	14,874	(5,202)
Offsetting	(2,625)	2,625	(1,708)	1,708
	15,216	(4,712)	13,166	(3,494)

(b) The gross movements on the deferred income tax account is as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
At 31 December in prior year	9,672	9,049
Recognised in the income statement (Note 11)	1,008	569
Recognised in other comprehensive income	(36)	45
Effect of change in tax rate charged to profit or loss (Note 11)	13	1
Acquisition of subsidiaries	5	1
Disposal of subsidiaries	(155)	7
Exchange differences	(3)	–
At 31 December	10,504	9,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. Deferred Taxation (Continued)

- (c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Liabilities

	Financial assets/ liabilities measured at fair value RMB million	Unrealised losses from intercompany transactions RMB million	Depreciation and amortisation RMB million	Acquisition of subsidiaries RMB million	Right-of-use assets RMB million	Others RMB million	Total RMBmillion
At 1 January 2023	(703)	(22)	(272)	(906)	(313)	(2,004)	(4,220)
Credited/(charged) to the consolidated statement of profit or loss	9	8	56	98	9	(1,218)	(1,038)
Credited to other comprehensive income	46	–	–	–	–	–	46
Disposal of subsidiaries	–	–	–	–	–	7	7
Effect of change in tax rate credited to profit or loss	–	–	–	–	1	–	1
Exchange differences	–	–	2	–	–	–	2
At 31 December 2023	(648)	(14)	(214)	(808)	(303)	(3,215)	(5,202)
At 1 January 2024	(648)	(14)	(214)	(808)	(303)	(3,215)	(5,202)
Credited/(charged) to the consolidated statement of profit or loss	13	(6)	(11)	14	(502)	(1,210)	(1,702)
(Charged)/credit to other comprehensive income	(35)	–	–	–	–	54	19
Acquisition of subsidiaries	233	–	–	(55)	(8)	(762)	(592)
Disposal of subsidiaries	–	–	(11)	25	–	185	199
Effect of change in tax rate charged to profit or loss	–	–	–	–	(2)	(1)	(3)
Exchange differences	–	–	–	–	–	(56)	(56)
At 31 December 2024	(437)	(20)	(236)	(824)	(815)	(5,005)	(7,337)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. Deferred Taxation (Continued)

- (c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows: (Continued)

Deferred Tax Assets:

	Provision for impairment of assets RMB million	Financial assets/ liabilities measured at fair value RMB million	Provision for employee benefits RMB million	Lease liabilities RMB million	Tax losses RMB million	Unrealised profit from intercompany transactions RMB million	Others RMB million	Total RMB million
At 1 January 2023	4,596	555	365	272	3,283	3,069	1,129	13,269
Credited/(charged) to the consolidated statement of profit or loss	740	19	(49)	16	471	74	336	1,607
Charged to other comprehensive income	–	–	(1)	–	–	–	–	(1)
Acquisition of subsidiaries	1	–	–	–	–	–	–	1
Effect of change in tax rate credited/ (charged) to profit or loss	–	–	1	(1)	–	–	–	–
Exchange differences	1	–	–	–	–	(3)	–	(2)
At 31 December 2023	5,338	574	316	287	3,754	3,140	1,465	14,874
At 1 January 2024	5,338	574	316	287	3,754	3,140	1,465	14,874
Credited/(charged) to the consolidated statement of profit or loss	1,214	160	(33)	505	737	61	66	2,710
(Charged)/credited to other comprehensive income	–	(63)	16	–	–	–	(8)	(55)
Acquisition of subsidiaries	208	(84)	54	3	79	(123)	460	597
Disposal of subsidiaries	(115)	–	–	–	(202)	–	(37)	(354)
Effect of change in tax rate credited to profit or loss	6	–	9	1	–	–	–	16
Exchange differences	–	–	–	–	–	–	53	53
At 31 December 2024	6,651	587	362	796	4,368	3,078	1,999	17,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

41. Deferred Taxation (Continued)

- (d) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2024, the Group did not recognise deferred tax assets in respect of tax losses amounting to RMB27,851 million (31 December 2023: RMB20,185 million) as the Directors believes it is more likely than not that such tax losses would not be utilised before they expire.

As at 31 December 2024, the tax losses with no deferred tax assets recognised carried forward are as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
2024	–	590
2025	1,530	2,855
2026	3,396	3,534
2027	5,198	5,342
2028	7,839	7,864
2029-2033	9,888	–
	27,851	20,185

- (e) As at 31 December 2024, the Group did not recognise deferred tax assets in respect of deductible temporary differences amounting to RMB30,450 million (31 December 2023: RMB31,643 million) as the Directors believe it is not probable that such deductible temporary differences would be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. Cash Flow Information

(a) Cash generated from operations

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Profit for the year	30,758	37,637
Adjustments for:		
– Income tax expense	9,855	9,944
– Interest income	(6,247)	(7,241)
– Interest income from other financial assets at amortised cost	(918)	–
– Dividends from financial assets at FVTPL	(254)	(149)
– Dividends from financial assets at FVTOCI	(80)	(76)
– (Gains)/losses on disposal and/or write-off of:		
Property, plant and equipment	(223)	(73)
Others	(245)	–
Lease prepayments	–	(404)
Interests in associates	21	(26)
Interests in subsidiaries	(661)	32
Interests in joint ventures	(44)	(9)
Financial assets/liabilities at FVTPL	39	109
– Foreign exchange losses/(gains), net	(97)	132
– Fair value losses on financial assets/liabilities at FVTPL	418	246
– Gains on debt restructuring	–	(326)
– Net impairment losses recognised on:		
Trade and other receivables (excluding advance to suppliers)	4,180	5,744
Other financial assets at amortised cost	848	368
Contract assets	1,770	1,035
– Impairment losses recognised on:		
Property, plant and equipment	64	30
Inventories	65	7
Properties held for sale	1,209	844
Goodwill	199	125
Mining assets	22	–
Joint ventures and associates	–	14
Advance to suppliers	8	2
Investment properties	38	2
– Increase in provision	216	186
– Interest expenses	12,766	11,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. Cash Flow Information (Continued)

(a) Cash generated from operations (Continued)

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
– Losses from derecognition of financial assets at amortised cost	5,145	5,139
– Share of losses of joint ventures	724	1,075
– Share of profits of associates	(3,134)	(4,666)
– Charge to retirement benefit obligations	48	60
– Government subsidies	–	1,131
– Depreciation and amortisation	15,507	13,560
Operating cash flows before movements in working capital	71,997	76,285
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Increase in other prepayments	(384)	(12)
– Decrease in properties held for sale	489	389
– Decrease/(increase) in properties under development for sale	2,176	(2,242)
– (Increase)/decrease in inventories	(14,040)	10,931
– Increase in trade and other receivables	(163,953)	(58,095)
– Decrease in retirement and other supplemental benefit obligations	(288)	(323)
– Increase in trade and other payables	245,441	131,047
– Decrease in other financial assets at amortised cost	387	5,639
– Increase/(decrease) in payables arising from consolidated structured entities	1,156	(692)
– Increase in contract assets	(114,599)	(104,966)
– Increase/(decrease) in contract liabilities	22,547	(1,247)
– Increase in provisions	524	284
– Increase in government grants	207	216
– Increase in financial assets at FVTPL	(422)	(901)
– Increase in deposits in CREC Finance	(13,619)	(4,268)
– Decrease/(increase) in restricted bank deposits	2,093	(3,939)
Cash generated from operations	39,712	48,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. Cash Flow Information (Continued)

(b) Significant non-cash investing and financing activities

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Bills receivables paid for purchase	2,228	3,011
Additions of right-of-use assets	4,818	2,130
Non-cash asset settlement of debt	219	1,277
Total	7,265	6,418

(c) Net debt reconciliation

This section sets out an analysis of net debts for the year presented.

	31/12/2024 RMB million	31/12/2023 RMB million
Cash and cash equivalents (<i>Note 33</i>)	199,485	196,150
Restricted cash and term deposit with maturity over three months (<i>Note 32</i>)	50,577	38,363
Financial assets at FVTPL – current (<i>Note 31</i>)	12,155	9,015
Borrowings – repayable within one year (<i>Note 39</i>)	(144,231)	(113,316)
Borrowings – repayable after one year (<i>Note 39</i>)	(373,736)	(316,647)
Net debt	(255,750)	(186,435)
Cash and financial assets at FVTPL	262,217	243,528
Gross debt – fixed interest rates	(215,171)	(176,245)
Gross debt – variable interest rates	(302,796)	(253,718)
Net debt	(255,750)	(186,435)

No change in financial assets are included in cash flows of financing activities during the year of 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. Cash Flow Information (Continued)

(c) Net debt reconciliation (Continued)

The table below details changes in the Group's (i) other assets and liabilities and (ii) liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings RMB million	Long-term debentures RMB million	Other borrowings RMB million	Trade and other payables RMB million	Lease liabilities RMB million	Perpetual notes RMB million	Total RMB million
At 31 December 2023	364,165	48,968	16,830	5,000	2,144	49,712	486,819
Financing cash flows	63,537	1,970	(130)	(5,000)	(2,944)	900	58,333
Acquisition of a subsidiary	21,493	–	–	–	–	–	21,493
Disposal of a subsidiary	(1,632)	–	–	–	–	–	(1,632)
New leases entered	–	–	–	–	4,818	–	4,818
Other changes	(4,628)	(31)	7,425	–	134	(322)	2,578
At 31 December 2024	442,935	50,907	24,125	–	4,152	50,290	572,409

(d) Information of supplier finance arrangements

	31/12/2024 RMB million	31/12/2023 RMB million	01/01/2023 RMB million
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Trade and other payables"	126,986	99,852	N/A
– Of which suppliers have already received payment from the finance provider	75,560	N/A	N/A
Presented as part of "Borrowings" (Note 39)	7,803	6,097	N/A
– Of which suppliers have already received payment from the finance provider	7,803	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. Cash Flow Information (Continued)

(d) Information of supplier finance arrangements (Continued)

	31/12/2024 Days	31/12/2023 Days	01/01/2023 Days
Range of payment due dates For liabilities presented as part of "Trade and other payables"			
– Liabilities that are part of supplier finance arrangements	180-360	N/A	N/A
– Comparable trade payables that are not part of supplier finance arrangements	180-360	N/A	N/A
For liabilities presented as part of "Borrowings":			
– Liabilities that are part of supplier finance arrangements	360-1,080	N/A	N/A
– Comparable trade payables that are not part of supplier finance arrangements	180-360	N/A	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the year, borrowings under supplier finance arrangement of RMB7,803 million (2023: RMB6,097 million) represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.

43. Contingent Liabilities

	31/12/2024 RMB million	31/12/2023 RMB million
Pending lawsuits (<i>Note 1</i>)		
– arising in the ordinary course of business	2,576	4,327

Notes:

- The Group has been involved in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when the management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for those pending lawsuits where the management considered that the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The aggregate sum of those unprovided claims is disclosed in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

44. Commitments

(a) Capital expenditure

Significant capital expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
Property, plant and equipment	172	892

(b) Investment commitment

According to relevant agreements, the Group has the following commitments:

	31/12/2024 RMB million	31/12/2023 RMB million
Investment commitment to associates, joint ventures and others	38,012	45,187

It includes the Group's investment in certain mining projects (including development and construction expenditures) of an associate in the Democratic Republic of the Congo pursuant to co-operation agreements signed between the co-operation partners. Since the signing of relevant co-operation agreements, the co-operation partners have carried out continuous negotiation on the details of the cooperation and gradually promoted the mining development and infrastructure construction. The amount of investment commitment disclosed above was based on the latest situation of the mining projects which is subject to change based on the projects progress in the future. In March 2024, a supplemental agreement has been signed by the co-operation partners on the amount of development and construction capital expenditure and time of payment, therefore the capital expenditure was recognised as liability.

(c) Operating Lease Commitments – as lessor

As the lessor, the Group's undiscounted amount of lease receivables after the balance sheet date are summarized as follows:

	31/12/2024 RMB million	31/12/2023 RMB million
No later than 1 year	1,677	892
Later than 1 year and no later than 5 years	3,137	1,285
Later than 5 years	194	371
	5,008	2,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

45. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets. The Group aims to maintain the asset-liability ratio at a reasonable level.

	31/12/2024 RMB million	31/12/2023 RMB million
Total liabilities	1,746,274	1,369,536
Total assets	2,256,266	1,829,290
Asset-liability ratio	77.40%	74.87%

46. Financial Instruments

a. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group identifies, evaluates and uses derivative financial instruments to hedge certain risk exposures.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The functional currency of majority of the entities within the Group is RMB. Most of the Group's transactions are based and settled in RMB. Foreign currencies are used to settle the Group's revenue from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers, and certain expenses.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC Government.

Details of the Group's other financial assets at amortised cost, trade and other receivables, restricted cash and term deposit with maturity over three months, cash and cash equivalents, trade and other payables and borrowings as at 31 December 2024, denominated in foreign currencies, mainly United States Dollars ("USD"), are disclosed in Notes 26, 29, 32, 33, 38 and 39 respectively.

The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

As at 31 December 2024, if RMB had strengthened/weakened by 1% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB68 million lower/higher (2023: 2%, RMB57 million lower/higher), mainly as a result of foreign exchange gains/losses on translation of USD-denominated cash and cash equivalents, trade and other receivables, other financial assets at amortised cost, restricted cash, borrowings, and trade and other payables.

Value at Risk (VaR) analysis

(i) Interest rate risk

The fair value interest rate risk relates primarily to the Group's fixed-rate borrowings and other financial assets at amortised cost. The cash flow interest rate risk of the Group relates primarily to floating-rate bank borrowing and unlisted debt related entrusted products classified in the balance sheet at FVTPL. The management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the fixed rate deposits are short-term. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in RMB and USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Value at Risk (VaR) analysis (Continued)

(i) Interest rate risk (Continued)

The Group's sensitivity to interest rate risk is prepared assuming the amount of floating-rate borrowings at the end of the reporting period were outstanding and the amount of unlisted debt related entrusted products classified in the balance sheet at FVTPL at the end of the reporting period retained for the whole year. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

	Year ended 31/12/2024	Year ended 31/12/2023
Increase/decrease in interest rate	25 basis points	25 basis points

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
(Decrease)/increase in post-tax profit for the year		
– as a result of increase in interest rate	(548)	(457)
– as a result of decrease in interest rate	548	457

(ii) Other price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as at FVPL or at FVOCI and measured by reference to quoted prices.

The Group currently does not have a policy to hedge the securities price risk. However, the management closely monitors such risk by maintaining a diversified portfolio of investments with different risks.

The Group's sensitivity to equity price risk on the financial assets and liabilities at FVTPL and at FVTOCI at the end of the reporting period while all other variables were held constant is as follows:

	Year ended 31/12/2024	Year ended 31/12/2023
Increase/(decrease) in quoted price in open markets	14%	4%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Value at Risk (VaR) analysis (Continued)

(ii) Other price risk (Continued)

	Year ended 31/12/2024 RMB million	Year ended 31/12/2023 RMB million
Increase/(decrease) in post-tax profit for the year		
– as a result of increase in equity price	91	24
– as a result of decrease in equity price	(91)	(24)
Increase/(decrease) in other comprehensive income		
– as a result of increase in equity price	42	9
– as a result of decrease in equity price	(42)	(9)

Credit risk and impairment assessment

Credit risk arises from cash and bank balances, trade and other receivables except for prepayments, contract assets, debt investments carried at amortised cost and FVTOCI, and the nominal value of the guarantees provided on liabilities.

In order to minimise the credit risk, the management of the Group has delegated the teams responsible for assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors and determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover long aged debts. In addition, the Group reviews the recoverable amount of each material individual debt at the end of the reporting period to ensure that adequate expected credit losses are made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(i) Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- trade and other receivables
- contract assets
- debt investments carried at amortised cost, and
- debt investments carried at FVTOCI.

The Group holds substantially all of bank deposits in major financial institutions located in the PRC and certain overseas banks with proper credit ratings. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

For trade receivables and contract assets which have impaired, the Group assessed individually and provided for credit losses allowance. For other trade receivables and contract assets, the trade receivables and contract assets were grouped by reference to the credit risk characteristics and assessed for credit losses allowance through exposure at default and the lifetime expected credit loss rates. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors. In assessing forward-looking information, the Group considers factors mainly including macroeconomic indicators, economic scenarios and weights.

Debt investments

The Group assesses the loss allowance for debt investments at amortised costs and FVTOCI based on expected credit loss model. The management assesses whether the credit risk of debt investments have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit loss. For debt investments classified into stages 1 for which credit risk has not increased significantly since initial recognition, the management assesses loss allowance at an amount equal to 12-month expected credit loss. For debt investments classified into stages 2 for which credit risk has increased significantly since initial recognition but that are not credit-impaired, and debt investments classified into stages 3 that are credit-impaired since initial recognition, the management assesses loss allowance at an amount equal to lifetime expected credit loss. When measuring expected credit loss, the Group considers its own credit loss incurred in the past, and adjusts by taking into consideration current conditions and forward looking factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Financial guarantees and shortfall payments

The Group has provided guarantees to banks in respect of banking facilities utilised by certain related companies and third parties.

The Company has provided shortfall payments given to the senior tranches in respect of ABN & ABS issued by the subsidiaries of the Company.

The maximum exposure of these financial guarantees and shortfall payments to the Group is as follows:

	2024		2023	
	RMB million	Expiry period	RMB million	Expiry period
Guarantees given to banks in respect of banking facilities to:				
Joint ventures	5,771	2025-2039	5,417	2024-2039
Associates	730	2025-2045	852	2024-2045
Government-related entities	–	–	397	2024-2027
Property purchasers	27,641	2025-2030	34,861	2023-2030
Shortfall payments given to the senior tranches in respect of ABN & ABS	49,470	2025-2036	91,848	2024-2036
	83,612		133,375	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities to meet obligations when due. Due to capital intensive nature of the Group's business, the Group ensures that it maintains flexibility through keeping sufficient cash and cash equivalents and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

The table below analyses the Group's non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of cash flows into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The spot rate as at the end of the reporting period is used for the cash flow calculation in relation to the amounts settled with foreign currencies. The amounts disclosed in the table are the contractual undiscounted cash flows. To the extent that interest cash flows are floating-rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	On demand or Less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	>5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31/12/2024 RMB million
2024						
Trade and other payables (excluding statutory and non-financial liabilities) (Note 38)	901,219	47,637	23,044	15,212	987,112	985,321
Borrowings (Note 39)	157,569	63,041	115,652	326,786	663,048	517,967
Leases liabilities	1,323	1,201	1,624	162	4,310	4,152
Financial guarantee contracts and shortfall payments	83,612	–	–	–	83,612	–
Financial liabilities at FVTPL (Note 31)	665	–	–	–	665	665
	1,144,388	111,879	140,320	342,160	1,738,747	1,508,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	On demand or Less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	>5 years RMB million	Total undiscounted cash flows RMB million	Carrying amount at 31/12/2023 RMB million
2023						
Trade and other payables (excluding statutory and non-financial liabilities) (Note 38)	698,924	10,965	9,643	14,185	733,717	732,515
Borrowings (Note 39)	125,447	63,252	102,606	286,760	578,065	429,963
Leases liabilities	1,055	330	564	241	2,190	2,144
Financial guarantee contracts and shortfall payments	133,375	–	–	–	133,375	–
Financial liabilities at FVTPL (Note 31)	292	–	–	–	292	292
	959,093	74,547	112,813	301,186	1,447,639	1,164,914

Note: The difference between total undiscounted cash flows and the carrying amount of trade and other payables represents the imputed interest expenses on interest-free retention payables.

As at 31 December 2024, there is no bank borrowing that contains a repayment on demand clause (2023: nil).

The amounts included above for financial guarantee contracts and shortfall payment agreements are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee or shortfall payment which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, unlisted open-end equity funds, unlisted entrusted products, and other financial assets at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/ financial liabilities		Fair value as at (RMB million)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
		31 December 2024		31 December 2023		
1)	Derivative financial instrument	Assets/Liabilities	Amount	Assets/Liabilities	Amount	
		Assets	130	Assets	135	Level 3
						Option pricing model
						Risk-free interest, Volatility
2)	Listed equity securities and money – market securities investment funds at FVTPL	Held-for-trading financial assets in Mainland China:		Held-for-trading financial assets in Mainland China:		
		Industry	Amount	Industry	Amount	
		Finance	8,834	Finance	5,996	
		Manufacturing	44	Manufacturing	44	
		Transportation	1	Transportation	1	
		Others	3	Others	3	
		Total	8,882	Total	6,044	Level 1
						Quoted bid prices in active markets.
						N/A
3)	Listed equity securities at FVTOCI	Listed equity securities in Mainland China:		Listed equity securities in Mainland China:		
		Industry	Amount	Industry	Amount	
		Finance	–	Finance	–	
		Transportation	8	Transportation	8	
			8		8	Level 1
						Quoted bid prices in active markets.
						N/A
		Listed equity securities in Hong Kong:		Listed equity securities in Hong Kong:		
		Industry	Amount	Industry	Amount	
		Manufacturing	395	Manufacturing	290	Level 1
						Quoted bid prices in active markets.
						N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/ financial liabilities		Fair value as at (RMB million)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
		31 December 2024		31 December 2023		
4) Unlisted open-end equity funds at FVTPL	Unlisted open-end equity funds in Mainland China:		Unlisted open-end equity funds in Mainland China:			
	Assets	Industry	Amount	Assets	Industry	Amount
	Finance		1,883	Finance		1,203
						Level 1
						Quoted bid prices in active markets.
						N/A
						Discounted cash flow.
						Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.
						Expected future cash flow, Discount rates that correspond to the expected risk level.
		Finance	2,907	Finance		2,516
					Level 3	
	Total	4,790	Total		3,719	
	Liabilities	Industry	Amount	Liabilities	Industry	Amount
						Discounted cash flow.
						Future cash flows are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.
						Expected future cash flow, Discount rates that correspond to the expected risk level.
	Finance	28	Finance		23	Level 3
5) Unlisted entrusted products and other financial assets at FVTPL	Unlisted entrusted products in Mainland China:		Unlisted entrusted products in Mainland China:			
	Industry	Amount	Industry		Amount	
	Real estate	3,911	Real estate		4,652	
	Construction	81	Construction		531	
	Finance	3,198	Finance		3,088	
	Others	586	Others		285	
						Discounted cash flow.
						Future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.
						Expected future cash flow, Discount rates that correspond to the expected risk level.
		Total	7,776	Total		8,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

Financial assets/ financial liabilities	Fair value as at (RMB million)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2024	31 December 2023			
6) Unlisted equity investments at FVTOCI	Unlisted equity investments in Mainland China:				
	Industry	Amount	Industry	Amount	
	Construction	13,282	Construction	12,322	Market valuation method by reference to P/B ratio, P/S ratio, P/E ratio, discount rate that reflects the liquidity level; and cost method by reference to the original investment cost.
	Finance	1,710	Finance	1,479	
	Manufacturing	156	Manufacturing	140	
	Real estate	208	Real estate	18	
	Mining	–	Mining	5	
	Others	5,212	Others	4,005	
	Total	20,568	Total	17,969	Level 3
7) Unlisted equity investments at FVTPL	Unlisted equity investments in Mainland China:				
	Industry	Amount	Industry	Amount	
	Finance	8,542	Finance	9,490	Level 3
8) Bills receivables at FVTOCI	Bills receivables in Mainland China:				
	Industry	Amount	Industry	Amount	
	Construction	752	Construction	1,078	Level 3

There were no transfer between Level 1 and 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Unlisted entrusted products RMB million	Unlisted open-end funds RMB million	Unlisted equity investments RMB million	Others RMB million	Total RMB million
At 1 January 2023	4,631	2,072	21,084	2,459	30,246
Acquisitions	3,069	509	7,124	1,558	12,260
(Losses)/gains recognised in profit or loss	(165)	(18)	(42)	156	(69)
Gains recognised in other comprehensive income	–	–	43	–	43
Disposals	(1,287)	(70)	(750)	(652)	(2,759)
At 31 December 2023	6,248	2,493	27,459	3,521	39,721
Acquisitions	1,014	408	3,256	351	5,029
(Losses)/gains recognised in profit or loss	(241)	19	63	(10)	(169)
Gains recognised in other comprehensive income	–	–	148	–	148
Disposals	(1,258)	(41)	(1,817)	(966)	(4,082)
At 31 December 2024	5,763	2,879	29,109	2,896	40,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

46. Financial Instruments (Continued)

b. Fair value measurements of financial instruments (Continued)

Fair value of financial assets and liabilities measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31/12/2024		31/12/2023	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial asset				
Other financial assets at amortised cost – fixed rate	34,491	35,783	30,363	31,696
Financial liabilities				
Long-term bank borrowings – fixed rate	64,001	65,692	52,718	53,461
Long-term debentures – fixed rate	50,907	50,956	48,968	49,141
Other long-term borrowings – fixed rate	5,850	6,148	5,028	5,057

The fair values hierarchy of the fair value of fixed rate other financial assets at amortised cost, long-term bank borrowings, long-term debentures and other long-term borrowings are included in level 3. The fair values have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties or the issuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

47. Related-Party Transactions

The Company is controlled by the following entity:

Name	Relationship	Place of incorporation and operation	Ownership interest as at	
			2024	2023
CREC	Parent and ultimate holding company	PRC	46.98%	46.96%

The Company is controlled by CREC, the parent company and a state-owned enterprise established in the PRC. CREC is controlled by the PRC government (CREC and its subsidiaries other than the Group are referred to as the “CREC Group”). The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or under significant influence by the PRC government (“Government-related entities”).

During the year, the Group had transactions with government-related entities including, but not limited to, the provision of infrastructure construction services, survey, design and consulting services and sales of goods. The Directors consider that the transactions with these government-related entities are activities in the ordinary course of the Group’s business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for services and products, and such pricing policies do not depend on whether or not the customers are government-related entities. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

The following is a summary of significant related party transactions between the Group and its related parties during the year and balances arising from related party transactions at the end of the reporting period.

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

47. Related-Party Transactions (Continued)

(a) Significant related party transactions

Relationships	Nature of transactions	For the year ended	For the year ended
		31/12/2024 RMB million	31/12/2023 RMB million
the CREC Group	Revenue from construction contracts	27	43
	Service expenses	56	52
	Rental income	80	–
	Rental expense	24	21
	Interest income	15	12
	Interest expense	15	24
	Provision of borrowings	2,100	–
	Repayment of borrowings	–	1,100
Joint ventures	Revenue from construction contracts	12,742	17,980
	Revenue from sales of goods	341	256
	Purchases	412	1,633
	Rental income	9	2
	Rental expense	3	17
	Interest income	154	310
	Interest expense	3	5
	Lending funds	870	2,951
Associates	Revenue from construction contracts	25,373	28,462
	Revenue from sales of goods	2,104	2,161
	Purchases	16,425	14,277
	Rental expense	3	1
	Interest income	208	115
	Interest expense	1	2
	Lending funds	–	43
	Repayment of borrowings	581	744

These transactions are carried out on terms agreed with the counter parties in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

47. Related-Party Transactions (Continued)

(b) Balances with related parties

Relationships	Nature of balances	As at 31/12/2024 RMB million	As at 31/12/2023 RMB million
the CREC Group	Trade and bills receivables	3	1
	Other receivables	2	–
	Trade payables	7	7
	Other payables	479	240
	Advance from customers	209	–
	Deposits	234	649
	Right-of-use assets	–	1
	Lease liabilities	–	1
Joint ventures	Trade and bills receivables	3,203	3,047
	Other receivables	2,393	1,248
	Advance to suppliers	110	125
	Other financial assets at amortised cost	3,244	6,210
	Contract assets-amounts due from from contact customers for retentions	5	26
	Trade payables	194	772
	Other payables	41	492
	Contract liabilities-advance from customers	1,004	258
	Advance from customers	26	4
	Deposits	3,840	1,147
Associates	Trade and bills receivables	7,299	8,919
	Other receivables	627	433
	Other financial assets at amortised cost	6,563	2,422
	Contract assets-amounts due from from contact customers for retentions	112	234
	Advance to suppliers	171	39
	Trade payables	3,612	4,910
	Other payables	377	358
	Contract liabilities-advance from customers	3,587	493
	Advance from customers	2	2
	Deposits	915	133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

47. Related-Party Transactions (Continued)

(c) Guarantees

	31/12/2024 RMB million	31/12/2023 RMB million
Outstanding loan guarantees provided by the Group to		
– Joint ventures	5,771	5,417
– Associates	730	852
– Government-related entities	–	397
Outstanding debentures guarantees provided by CREC to the Group	3,500	3,500

(d) Key management compensation

The remuneration of directors and other members of key management during the year was as follows:

	For the years ended	
	31/12/2024 RMB'000	31/12/2023 RMB'000
Basic salaries, housing allowances and other allowances	4,826	4,587
Fees	213	260
Contributions to pension plans	813	762
Share-based payment	1,002	2,568
Others	6,902	7,926
	13,756	16,103

Key management represents the directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the remuneration committee having regard to the performance of the respective individuals and the market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company

48.1 General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital RMB'000	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non- controlling interests		Principal activities
			2024	2023	2024	2023	
			%	%	%	%	
Listed-							
中鐵高新工業股份有限公司 China Railway Industry	PRC	2,221,552	49.12	49.12	50.88	50.88	Engineering Equipment and Component Manufacturing
Unlisted-							
中鐵一局集團有限公司 China Railway No.1 Engineering Group Co., Ltd.	PRC	6,366,011	100	100	–	–	Infrastructure construction
中鐵二局集團有限公司 China Railway No.2 Engineering Group Co., Ltd.	PRC	7,692,920	100	100	–	–	Infrastructure construction
中鐵三局集團有限公司 China Railway No.3 Engineering Group Co., Ltd.	PRC	5,213,991	100	100	–	–	Infrastructure construction
中鐵四局集團有限公司 China Railway No.4 Engineering Group Co., Ltd.	PRC	8,272,699	100	100	–	–	Infrastructure construction
中鐵五局集團有限公司 China Railway No.5 Engineering Group Co., Ltd.	PRC	7,615,152	100	100	–	–	Infrastructure construction
中鐵六局集團有限公司 China Railway No.6 Engineering Group Co., Ltd.	PRC	2,200,000	100	100	–	–	Infrastructure construction
中鐵七局集團有限公司 China Railway No.7 Engineering Group Co., Ltd.	PRC	2,611,810	100	100	–	–	Infrastructure construction
中鐵八局集團有限公司 China Railway No.8 Engineering Group Co., Ltd.	PRC	5,906,056	100	100	–	–	Infrastructure construction
中鐵九局集團有限公司 China Railway No.9 Engineering Group Co., Ltd.	PRC	2,500,000	100	100	–	–	Infrastructure construction
中鐵十局集團有限公司 China Railway No.10 Engineering Group Co., Ltd.	PRC	3,836,510	100	100	–	–	Infrastructure construction
中鐵大橋局集團有限公司 China Railway Major Bridge Engineering Group Co., Ltd.	PRC	4,278,453	100	100	–	–	Infrastructure construction
中鐵電氣化局集團有限公司 China Railway Electrification Engineering Group Co., Ltd.	PRC	4,409,280	100	100	–	–	Infrastructure construction
中鐵建工集團有限公司 China Railway Construction Group Co., Ltd.	PRC	10,391,430	100	100	–	–	Infrastructure construction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company (Continued)

48.1 General information of subsidiaries (Continued)

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. (Continued)

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital RMB'000	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non- controlling interests		Principal activities
			2024 %	2023 %	2024 %	2023 %	
中鐵隧道局集團有限公司 China Railway Tunnel Group Co., Ltd.	PRC	4,000,000	100	100	–	–	Infrastructure construction
中鐵國際集團有限公司 China Railway International Group Co., Ltd.	PRC	2,500,000	100	100	–	–	Infrastructure construction
中鐵二局建設有限公司 China Railway No.2 Construction Co., Ltd.	PRC	8,263,820	100	100	–	–	Infrastructure construction
中鐵二院工程集團有限責任公司 China Railway Eryuan Engineering Group Co. Ltd.	PRC	1,246,138	100	100	–	–	Survey and design
中鐵北京工程局集團有限公司 China Railway Beijing Engineering Group Co. Ltd.	PRC	3,200,000	100	100	–	–	Infrastructure construction
中鐵信託有限責任公司 China Railway Trust (i)	PRC	5,000,000	93	93	7	7	Financial trust management
中鐵財務有限責任公司 CREC Finance	PRC	9,000,000	95	95	5	5	Comprehensive financial service
中鐵資本有限公司 China Railway Capital Co., Ltd.	PRC	3,760,410	100	100	–	–	Asset Management
中鐵物貿集團有限公司 China Railway Material Trade Co., Ltd.	PRC	3,000,000	100	100	–	–	Trade
中鐵第六勘察設計院集團有限公司 China Railway Liuyuan Group Co., Ltd.	PRC	600,000	100	100	–	–	Survey and design
中鐵工程設計諮詢集團有限公司 China Railway Engineering Consulting Group Co., Ltd.	PRC	730,818	70	70	30	30	Survey and design
中鐵大橋勘測設計院集團有限公司 China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. (i)	PRC	148,337	100	100	–	–	Survey and design
中鐵科學研究院有限公司 China Railway Academy Co., Ltd.	PRC	800,000	100	100	–	–	Survey and design
中鐵華鐵工程設計集團有限公司 China Railway Huatie Engineering Designing Group Co., Ltd.	PRC	217,084	100	100	–	–	Survey and design
中鐵人才交流諮詢有限責任公司 China Railway Talent Exchange Consulting Co., Ltd.	PRC	500	100	100	–	–	Talent information network service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company (Continued)

48.1 General information of subsidiaries (Continued)

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. (Continued)

Name of subsidiary	Country/ place of establishment and operation	Issued and paid in capital RMB'000	Proportion of interest and voting power held by the Group		Proportional of ordinary shares held by non- controlling interests		Principal activities
			2024 %	2023 %	2024 %	2023 %	
鐵工(香港)財資管理有限公司 CR (Hong Kong) Treasury Management Co., Ltd.	Hongkong	69	100	100	–	–	Asset management
中鐵(廣州)投資發展有限公司 China Railway (Guangzhou) Investment Development Co., Ltd.	PRC	780,000	100	100	–	–	Infrastructure construction
中鐵武漢電氣化局集團有限公司 China Railway Wuhan Electrification Bureau Group Co., Ltd.	PRC	902,960	100	100	–	–	Infrastructure construction
中鐵雲網信息科技有限公司 China Railway Cloud Network Information Technology Co., Ltd.	PRC	200,000	100	100	–	–	Software and information technology services
中國鐵工投資建設集團有限公司 China Tiegong Investment and Construction Co., Ltd.	PRC	5,000,000	100	100	–	–	Infrastructure construction
中國中鐵匈牙利有限責任公司 China Railway Hungary Co., Ltd.	Hungary	–	100	100	–	–	Infrastructure construction
中鐵水利水電規劃設計集團有限公司 China Railway Water Conservancy & Hydropower Planning and Design Group Co., Ltd.	PRC	300,000	65	65	35	35	Research, design and construction of water conservancy and hydropower
中鐵長江交通設計集團有限公司 China Railway Changjiang Transport Design Group Co., Ltd.	PRC	147,059	66	66	34	34	Survey, design and management of communications
中國海外工程有限責任公司 China Overseas Engineering Group Co., Ltd.	PRC	2,000,000	100	100	–	–	Infrastructure construction
中鐵雲南建設投資有限公司 China Railway Yunnan Construction Investment Co., Ltd.	PRC	38,692,528	70.51	70.51	29.49	29.49	Infrastructure construction and asset management
中國鐵路工程(馬來西亞)有限公司 China Railway Engineering (Malaysia) Co., Ltd.	Malaysia	150,631	100	100	–	–	Infrastructure construction and real estate development
中鐵資本控股(北京)有限公司 China Railway Capital Holdings (Beijing) Co., Ltd.	PRC	4,313,370	100	–	–	–	Capital investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company (Continued)

48.1 General information of subsidiaries (Continued)

Most of the subsidiaries above were established as limited liability companies in the PRC, which have similar characteristics of limited liability company incorporated under the Hong Kong Companies Ordinance.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

- (i) Unless otherwise stated, above subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company.
 - (a) At 31 December 2024, 14% (2023: 14%) of ordinary shares of China Railway Trust is indirectly held by the Company.
 - (b) At 31 December 2024, 35% (2023: 35%) of ordinary shares of China Railway Major Bridge Reconnaissance & Design Institute Co., Ltd. is indirectly held by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company (Continued)

48.2 Information of debt securities

As at 31 December 2024, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB million	Maturity date
China Railway Group Limited	3,500	19/10/2025
	2,120	28/1/2026
	800	22/7/2026
	2,000	11/1/2025
	1,000	11/1/2027
	1,100	8/6/2025
	600	8/6/2027
	3,000	2/8/2025
	2,500	19/6/2028
	3,000	28/6/2026
	1,000	16/5/2034
	1,500	16/5/2029
	2,000	23/5/2034
	1,000	23/5/2029
	1,000	11/6/2034
	2,000	11/6/2029
	1,500	20/6/2034
	1,500	20/6/2029
	500	13/9/2034
	2,500	13/9/2029
China Railway Xunjie Co. Limited	2,000	26/9/2029
	3,482	28/7/2026
Guangdong China Railway Xijiang High-tech Investment Co.Limited	3,482	6/7/2027
	500	21/1/2037
China Tiegong Investment & Construction Group Limited	500	11/4/2037
	1,000	26/9/2025
China Railway Real Estate Group Co.,Ltd.	1,000	29/10/2029
	870	23/11/2025
China Railway Development & Investment Group Co., Ltd.	800	25/5/2026
	770	25/4/2026
	1,500	6/12/2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

48. Particulars of Principal Subsidiaries of the Company (Continued)

48.2 Information of debt securities (Continued)

As at 31 December 2023, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB million	Maturity date
China Railway Group Limited	3,500	19/10/2025
	2,120	28/01/2026
	1,000	19/01/2022
	500	18/06/2024
	1,100	16/07/2024
	3,000	27/04/2024
	2,500	28/05/2024
	3,000	13/07/2024
	2,200	23/07/2024
	800	23/07/2026
	3,000	17/08/2024
	2,000	12/01/2025
	1,000	12/01/2027
	1,100	14/06/2025
	600	14/06/2027
	3,000	03/08/2025
	2,500	20/06/2028
	3,000	29/06/2026
China Railway Xunjie Co. Limited	3,488	28/07/2026
	3,482	06/07/2027
Guangdong China Railway Xijiang High-tech Investment Co.Limited	500	21/01/2025
	500	11/04/2025
China Tiegong Investment & Construction Group Limited	1,000	27/09/2025
China Railway Real Estate Group Co.,Ltd.	800	29/05/2026
	870	26/11/2025
China Railway Development & Investment Group Co., Ltd.	1,500	08/12/2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

49. Events After the Reporting Period

Subsequent to 31 December 2024, the following significant events took place:

- (a) On 11 March 2025, the Company issued the first batch of Science and Technology Innovation Renewable Corporate Bonds, with an aggregate principal amount of RMB3.0 billion, which can be redeemed in 2030 (category one) and beyond. Pursuant to the terms and conditions of the Renewable Bonds, these Renewable Bonds bear the initial interest rate of 2.40% per annum (category one).
- (b) On 13 March 2025, the Proposal on the Repurchase and Cancellation of Certain Restricted Shares under the 2021 Incentive Scheme was considered and approved at the 30th meeting of the fifth session of the Supervisory Committee and the 8th meeting of the sixth session of the Board of Directors of the Company, respectively. In accordance with the 2021 Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase and cancel certain restricted shares under the 2021 Incentive Scheme. The total number of restricted shares intended to be repurchased by the Company is 856,199 shares.
- (c) On 13 March 2025, the Proposal on the Adjustment of the Unlocking Conditions for the Second Unlocking Period under the First Grant of the Restricted Shares under the 2021 Incentive Scheme was considered and approved at the 30th meeting of the fifth session of the Supervisory Committee and the 8th meeting of the sixth session of the Board of Directors of the Company, respectively. There are 635 participants under the first grant eligible for unlocking, including 633 participants on a 100% basis and 2 participants on an 80% basis, and the number of restricted shares which are involved in the unlocking is 51,449,722 shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

50. Statement of Financial Position and Reserves of the Company

	31/12/2024 RMB million	31/12/2023 RMB million
ASSETS		
Non-current Assets		
Other non-current assets	76,599	76,748
Investments in subsidiaries	326,865	325,504
	403,464	402,252
Current Assets		
Amounts due from subsidiaries	42,249	50,236
Other current assets	14,525	10,686
Bank balances and cash	37,383	35,212
	94,157	96,134
Total assets	497,621	498,386
Share capital	24,742	24,752
Perpetual notes	50,290	49,712
Share premium and reserves	181,294	175,189
Total equity	256,326	249,653
LIABILITIES		
Non-current Liabilities		
Borrowings	38,816	35,219
Other non-current liabilities	3,923	14,532
	42,739	49,751
Current Liabilities		
Amounts due to subsidiaries	159,824	145,667
Other current liabilities	38,732	53,315
	198,556	198,982
Total liabilities	241,295	248,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

50. Statement of Financial Position and Reserves of the Company (Continued)

Movement in the Company's reserves

	Share premium RMB million	Capital reserves RMB million	Statutory reserve RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2023	53,058	7,637	15,189	91,722	167,606
Profit and total comprehensive income for the year	–	20	–	14,007	14,027
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	–	153	–	–	153
Redemption of perpetual notes	(16)	–	–	–	(16)
Issuance of perpetual notes	(6)	–	–	–	(6)
Transfer to reserves	–	–	1,435	(1,435)	–
Dividends recognised as Distribution	–	–	–	(4,914)	(4,914)
Dividends declared to perpetual notes holders	–	–	–	(1,661)	(1,661)
At 31 December 2023	53,036	7,810	16,624	97,719	175,189
Profit and total comprehensive income for the year	–	85	–	12,184	12,269
Unlocked restricted stock	–	189	–	–	189
Repurchase and cancel unlocked restricted stock	–	6	–	4	10
Amount recorded in shareholders' equity arising from 2021 Restricted Share Incentive Scheme	–	(28)	–	–	(28)
Issuance and redemption of perpetual notes	(15)	–	–	–	(15)
Transfer to reserves	–	–	1,244	(1,244)	–
Dividends recognised as distribution	–	22	–	(5,185)	(5,163)
Dividends declared to perpetual notes holders	–	–	–	(1,157)	(1,157)
At 31 December 2024	53,021	8,084	17,868	102,321	181,294

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves

1. Formulation, implementation or adjustment of the cash dividend policy

(1) Specific policies for profit distribution

According to the Articles of Association of the Company, the specific policies for profit distribution of the Company are as follows:

- (i) Form of profit distribution: The Company distributes profits in cash, share or a combination of cash and share. The Company can make interim profit distributions when conditions permit.
- (ii) Specific conditions, proportion and interval of the Company's cash dividends: Under the premise of ensuring the Company's continuous operation and long-term development, if the Company is profitable in the year and the accumulated undistributed profit is positive and there are no major investment plans or other major cash expenditures, the Company will distribute the profits in cash after appropriation to the statutory reserves and other reserves in full. In any three consecutive years, the Company's accumulated profits distributed in cash shall not be less than 30% of the annual average distributable profits realized in the three years; the annual profits distributed in cash shall generally not be less than 10% of the distributable profits realized in the year. The Company may not distribute cash dividends under the following special circumstances:
 - ① The auditors issue a non-standard unqualified audit report on the Company's financial report for the year.
 - ② The operating net cash flow is negative in the year.

If the abovementioned conditions for cash dividends are met, the Company in principle shall distribute cash dividends once a year, and the Company's Board of Directors can propose the Company to make interim cash dividends based on the Company's profitability and capital demand.

- (iii) Specific conditions for the Company to issue share dividends:

The Company can propose a share dividend distribution plan when the Company is in good operating condition, and the Board of Directors believes that the Company's share price does not match the Company's share capital and that issuing share dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the abovementioned conditions for cash dividends are met.

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(2) Implementation of the cash dividend policy during the reporting period

Profits are distributed in cash under the 2023 profit distribution plan of the Company. Pursuant to the profit distribution plan considered and approved at the 2023 annual general meeting convened on 28 June 2024, a cash dividend of RMB0.21 (tax inclusive) per share, based on the total share capital of 24,750,629,817 shares before the implementation of the profit distribution plan, was declared by the Company, totaling RMB5,197,632,261.57 (tax inclusive) and approximately 15.52% of net profit attributable to the shareholders of the listed company under the consolidated financial statements for the year of 2023 of the Company. The announcement on the profit distribution of H shares was published on 5 July 2024 on the website of Hong Kong Stock Exchange and the website of the Company. The announcement on the profit distribution of A shares was published on 20 July 2024 on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of Shanghai Stock Exchange. As of 8 August 2024, the implementation of the profit distribution plan of the Company for 2023 has been completed.

(3) Profit distribution plan for 2024

Pursuant to the relevant provisions of the Company Law and the Articles of Association, taking into account factors such as shareholder returns and the capital requirements of the Company for its business development, and in accordance with the "Resolution on the Profit Distribution Plan for 2024 of the Company" which was considered and approved at the 9th meeting of the sixth session of the Board, the details of the profit distribution plan are set out below: the retained profits of the parent at the beginning of 2024 were RMB100,019,536,183.04 based on the audited financial report of the Company for 2024. After taking into account the added net profit realized by the parent of RMB12,439,517,947.28 during the year and deducting the cash dividends and interest payments on perpetual notes for 2024 amounting to RMB6,338,107,166.22, and after deducting the statutory surplus reserve of RMB1,243,951,794.72 which was calculated at 10% of the net profit of the parent, the distributable profit of the parent to shareholders amounted to RMB104,876,993,169.38 as of 31 December 2024. It is proposed to distribute a cash dividend of RMB1.78 per 10 shares (tax inclusive), and as of 28 March 2025, the Company's total share capital was 24,741,865,118 shares, after deducting 856,199 shares to be repurchased and cancelled, the Company's total share capital was 24,741,008,919 shares and calculated on this basis, the total amount of such dividend is RMB4,403,899,587.58 (tax inclusive), representing 15.79% of net profit attributable to the shareholders of the listed company under the consolidated financial statements for the current year of the Company. Upon the distribution, the remaining retained profit of the parent amounted to RMB100,473,093,581.80 will be carried forward to the next year. The profit distribution will be based on the total share capital on the record date for payment of the cash dividend. In the event of change in total share capital of the Company before the record date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. The Company will make a further announcement on the details of the adjustment.

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(4) Information on the profit distribution for 2024

In 2024, the Company intends to make a cash dividend at 15.79% of net profit attributable to the shareholders of the listed company under the consolidated financial statements for the current year of the Company, where dividend payout ratio is less than 30% of net profit attributable to the shareholders of the listed company for the current year, reasons of which are mainly as follows:

(i) *Situation and characteristics of the industry of the Company*

In 2024, the construction industry showed the characteristics of high slowdown, structural adjustment, rational development and intensified differentiation. The demand for infrastructure construction was generally stable, but the niche sectors were differentiated and unbalanced. The incremental space in the traditional construction field was narrowing, the construction projects and new infrastructures in “two heavy industries” was accelerating, and local debts and corporate payment collection still existed. The construction industry in which the Company operates is full of competition, the market competition is fierce, the profit margin is generally low in the industry, the gearing ratio of the industry is relatively high, and the amount of accounts receivable and contract assets is relatively high. The construction projects have the industry characteristics of multiple points, wide coverage, large single volume and long production cycle, and capital needs for maintaining daily business operation are relatively high.

(ii) *Listed company's development stage and its own business model*

The Company has deeply integrated itself into national strategies, continuously optimized its regional layout, comprehensively promoted deepening reforms, consistently adhered to high-quality development, and steadily enhanced its global competitiveness and brand influence. The Company will continue to pursue diversified and collaborative development, fully exert the synergies of business segments, intensify efforts in structural adjustment and transformation and upgrading, continuously strengthen the construction of a modern industrial system, and comprehensively accelerate the building a “high-quality China Railway”. Additionally, in order to maintain the market competitiveness, the Company has to constantly invest in technology research and development, equipment updating, talent cultivation and other aspects so as to enhance the Company's competitiveness. and lay down a solid foundation for achieving sustainable development and long-term strategic objectives.

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(4) Information on the profit distribution for 2024 (Continued)

(iii) Profitability level and demands on the funds of the Company

In recent years, the Company has maintained a relatively stable profitability and generated a continuing stable returns on investment for its shareholders. Firstly, sufficient funds should be maintained to meet the liquidity demands of daily operation in order to ensure the smooth advancement of projects and the Company's stable operation. Secondly, as the Company strengthens structural adjustment and transformation and upgrading, actively develops emerging industries and initiatively expands develops the "second curve" in growth, it requires a lot of financial support. Lastly, in view of the current downturn in the world economy and the cyclical and structural challenges of domestic economy, the external environment of the Company is extremely complex, and therefore, a certain proportion of retained earnings shall be retained to enhance the Company's ability to cope with risks.

(iv) Reasons for the listed company's low level of cash dividends

On one hand, the global economy remains sluggish, while the domestic economy faces both cyclical and structural challenges, and the construction industry has entered the deep adjustment period, creating a complex external environment for businesses. It is objectively necessary to retain earnings to enhance the Company's risk resilience. On the other hand, in order to meet the funding needs of daily operations, project investment and emerging business expansion of the Company, it is necessary for the Company to retain sufficient fund reserves to ensure its sustained production and operation capabilities.

(v) Exact purpose of the listed company's retained undistributed profits and estimated earnings

The Company's retained undistributed profits will be used for the Company to seize development opportunities, continue to deepen the Company's strategic transformation, enhance structural adjustment, and seek new growth points. On the basis of consolidating the advantages of traditional business, the Company will actively cultivate emerging business according to the main businesses and market demand, increase capital investment, promote the optimization and upgrading of business structure, enhance the profitability, and provide shareholders with long-term and stable return.

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

1. Formulation, implementation or adjustment of the cash dividend policy (Continued)

(5) Arrangement of 2025 interim dividend plan

In order to implement relevant requirements of the Certain Opinions on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》) issued by the State Council, the Certain Opinions on Improving and Strengthening the Management of Market Value of Listed Companies Controlled by Central Enterprises (《關於改進和加強中央企業控股上市公司市值管理工作的若干意見》) issued by the SASAC of the State Council and the Listed Companies Regulatory Guidance No. 10 – Market Value Management (《上市公司監管指引第10號 — 市值管理》) on encouraging listed companies to increase frequency of dividend distribution and optimizing dividend distribution tempo, and to further stabilize investors' dividend distribution expectation, share the Company's operating performance with investors in a timely manner and enhance investors' confidence of long-term shareholding, the Company proposes to make one more interim dividend distribution during the disclosure of interim report of 2025. The Board of Directors of the Company proposed to general meeting of shareholders to authorize the Board of Directors to formulate and implement the interim dividend distribution plan of 2025 once satisfying the profit distribution conditions. Detailed arrangement is as follows:

- (1) Conditions for interim dividends: ① the Company will record continuous profit-making in the first half of 2025; ② cash flows can meet the Company's daily operations and capital expenditures and other capital needs; ③ it will not affect the normal operation and sustainable development of the Company.
- (2) Cap of interim dividends: the total dividends shall not exceed 20% of net profit of the Company attributable to ordinary shareholders of listed company in the first half of 2025.
- (3) Authorization arrangement: in order to simplify the dividend distribution procedure, it will propose the general meeting to authorize the Board of Directors to formulate and implement a specific interim dividend distribution plan within the scope of the above-mentioned interim dividend distribution plan.

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

2. Special explanation of the cash dividend policy

Was it in compliance with the provisions of the Articles of Association and the resolutions of the general meeting?	√ Yes <input type="checkbox"/> No
Were the dividend distribution criteria and proportion well-defined and clear?	√ Yes <input type="checkbox"/> No
Were the related decision-making process and mechanism in place?	√ Yes <input type="checkbox"/> No
Did independent directors fulfill their duties and play their role?	√ Yes <input type="checkbox"/> No
Were the minority shareholders given opportunities to sufficiently voice their opinion and make requests and were the legal interests of the minority shareholders fully protected?	√ Yes <input type="checkbox"/> No

3. If profits for the reporting period and the distributable profit of the parent Company to ordinary shareholders are positive and no profit distribution plan in cash for the ordinary shares is proposed, the Company should disclose the reasons as well as the use and intended use of the retained profits in details

Not applicable

4. Proposed profit distribution and conversion of capital reserve into share capital plan during the reporting period

Unit: Yuan Currency: RMB

Number of bonus shares for every 10 shares (share)	0
Dividend amount per 10 shares (RMB) (tax inclusive)	1.78
Number of shares capitalised for every 10 shares (share)	0
Amount of cash dividends (tax inclusive)	4,403,899,587.58
Net profit attributable to ordinary shareholders of the Company as reflected in the consolidated financial statements	27,886,745,330.13
Percentage of amount of cash dividends in net profit attributable to ordinary shareholders of the Company as reflected in the consolidated financial statements (%)	15.79
Repurchase of shares for cash included in cash dividends	0
Total amount of cash dividends (tax inclusive)	4,403,899,587.58
Percentage of total amount of cash dividends in net profit attributable to ordinary shareholders of the Company as reflected in the consolidated financial statements (%)	15.79

SIGNIFICANT EVENTS

I. The Plan for Profit Distribution on Ordinary Shares or Capitalization of Capital Reserves (Continued)

5. Cash dividends for the latest three accounting years

Unit: Yuan Currency: RMB

Cumulative cash dividends for the last three accounting years (tax inclusive) (1)	14,551,971,045.75
Cumulative amount of repurchases and cancellation for the last three accounting years (2)	0
Cumulative amount of cash dividends and repurchases and cancellation for the last three accounting years (3)=(1)+(2)	14,551,971,045.75
Average annual net profit for the last three accounting years (4)	30,880,801,383.17
Percentage of cash dividends for the last three accounting years (%) (5)=(3)/(4)	47.12
Net profit attributable to ordinary shareholders of the Company as reflected in the consolidated financial statements for the last accounting year	27,886,745,330.13
Undistributed profit at the end of the year as reflected in the financial statements of the parent company for the last accounting year	104,876,993,169.38

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof

As of 31 December 2022, the 2021 Restricted Share Incentive Scheme of the Company was implemented completely, including the initial grant of 170.7244 million restricted shares on 17 January 2022 and the grant of 11.9220 million reserved restricted shares on 2 November 2022. Among the 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Restricted Share Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company repurchased and cancelled 1,379,700 restricted shares that had been granted to the above 5 participants but not yet unlocked on 28 December 2022.

On 23 February 2024, the number of restricted shares unlocked and listed under the first unlocking period under the first grant of the 2021 Restricted Share Incentive Scheme of the Company was 55,910,838 shares.

The Company completed the repurchase and cancellation of 1,566,166 restricted shares that had been granted to 7 other participants but not yet unlocked on 11 March 2024. Among the above mentioned 7 participants, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 1 participant died, 1 participant offered to resign during the term of the labor contract, 2 participants violated laws and regulations, and 2 participants were found to be competent in the individual performance appraisal in 2022 (80% of the restricted shares was unlocked during the current period, and the remaining 20% of the restricted shares not yet unlocked was repurchased and cancelled by the Company).

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

On 2 December 2024, the number of restricted shares unlocked and listed under the first unlocking period under the reserved grant of the 2021 Restricted Share Incentive Scheme of the Company was 3,958,098 shares.

In addition, the Company completed the repurchase and cancellation of 7,384,576 restricted shares that had been granted to 43 participants but not yet unlocked on 25 December 2024. Among the participants under the first grant, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 36 participants retired normally as the legal retirement age was reached and the time of retirement was more than 6 months before the selling restrictions are unlocked, 2 participants resigned from the Company during the employment contract period, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc.; among the participants under the reserved grant, 1 participant received a fair performance rating in the 2022 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). The Company completed the repurchase and cancellation of 1,380,123 restricted shares that had been granted to 14 other participants under the first grant but not yet unlocked on 25 December 2024. Among the above mentioned 14 participants, 1 participant became unable to hold restricted shares of the Company after becoming a management leader of the State-owned Assets Supervision and Administration Commission of the State Council, 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was more than 6 months before the selling restrictions for the second batch are unlocked, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc., 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, 6 participants retired normally as the legal retirement age was reached and the time of retirement was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, and 2 participants received a competent performance rating in the 2023 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company).

On 13 March 2025, among the participants under the first grant of the 2021 Restricted Share Incentive Scheme of the Company, 2 participants became unable to hold restricted shares of the Company and thus were disqualified from the 2021 Restricted Share Incentive Scheme; 3 participants were disqualified from the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc. Pursuant to the requirements of the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company decided to repurchase and cancel part of restricted shares under the 2021 Restricted Share Incentive Scheme. The total number of restricted shares proposed to be repurchased by the Company are 856,199 shares.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the 2021 Restricted Share Incentive Scheme

Purpose of the 2021 Restricted Share Incentive Scheme

In order to further promote the establishment and improvement of the long-term incentive mechanism of the Company, attract and retain talents, fully incentivize the senior management personnel, middle management personnel and core personnel of the Group, effectively align the interests of the Shareholders, the Company with the individual interests of the operators to focus on and work collectively for the long-term development of the Company, the 2021 Restricted Share Incentive Scheme was formulated in accordance with the relevant requirements under the Securities Law, the Company Law, the Articles of Association and other relevant laws and regulations as well as in conjunction with the current management systems such as the remuneration system and performance appraisal system of the Company.

Participants of the 2021 Restricted Share Incentive Scheme

The participants include 1. senior management of the Group; 2. middle management of the Group; and 3. core key personnel of the Group.

Total number of restricted shares available for issue under the incentive scheme and their percentage in the total shares issued as at the date of this annual report

The number of restricted shares to be granted under the 2021 Restricted Share Incentive Scheme is not more than 200,000,000 A shares, of which 180,000,000 A shares are to be initially granted and 20,000,000 A shares are reserved. As at 31 December 2024, the 2021 Restricted Share Incentive Scheme was implemented completely. The Company granted 170,935,835 A shares under the 2021 Restricted Share Incentive Scheme (excluding the 11,710,565 restricted shares that were repurchased and canceled by the Company as of 31 December 2024), and the number of restricted shares issued accounting for approximately 0.83% of the total A share capital and 0.69% of the total share capital of the Company as of the date of this annual report.

Cap of restricted shares available for grant to each participant in the 2021 Restricted Share Incentive Scheme

The total number of the Company's Shares granted under the 2021 Restricted Share Incentive Scheme to any of the participants shall not exceed 1% of the total A share capital of the Company at the time when the 2021 Restricted Share Incentive Scheme was submitted for approval at the general meetings. The value of the entitlements granted to senior management shall be determined at no more than 40% of the total remuneration level (including the value of interests granted) at the time of grant, and the value of the interests granted to other participants such as the core members in management, technology and business shall be determined reasonably by the Board.

The period within which the option may be exercised by the grantee under the 2021 Restricted Share Incentive Scheme

No option which may be exercised was granted under the 2021 Restricted Share Incentive Scheme.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the 2021 Restricted Share Incentive Scheme (Continued)

Vesting period and lock-up period of restricted shares granted under the 2021 Restricted Share Incentive Scheme

The restricted shares granted under the 2021 Restricted Share Incentive Scheme do not have any vesting period per as they were all vested with the participants at the same time as they were granted. The restricted shares have lock-up period. Lock-up period of the restricted shares granted under the 2021 Restricted Share Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three unlocking periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked. The restricted shares granted to the incentive recipients under the 2021 Restricted Share Incentive Scheme shall not be transferred, used for guarantee or debt repayment until the sales restrictions are released.

Amount (if any) payable for the acceptance of restricted shares and the term for payment or notification of payment

The amount payable for the acceptance of restricted shares is the grant price multiplied by the number of restricted shares granted. As of 31 December 2024, the total grant price was RMB608,370,003.74 (excluding the 11,710,565 restricted shares that were repurchased and canceled by the Company as of 31 December 2024). The participants of the restricted shares of the first grant remitted the payment into the Company's fund-raising special account before the payment deadline of 28 January 2022, and the participants of the grant of the reserved restricted shares remitted the payment into the Company's fund-raising special account before the payment deadline of 16 November 2022.

Basis of determining the grant price

The grant price of the restricted shares under the first grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the underlying A shares of the Company on the last trading day immediately preceding the date of the relevant announcement of the first grant (the total transaction value for the last trading day/total volume of the shares of the Company traded for the last trading day); or 2. any of the average trading price of the underlying A shares of the Company for the last 20 trading days, 60 trading days and 120 trading days immediately preceding the date of the relevant announcement.

The grant of the restricted shares under the reserved grant is subject to the consideration and passing of related resolutions by the Board and the disclosure of related information. The grant price of the restricted shares under the reserved grant shall not be less than the nominal value of the shares, and shall not be lower than 60% of the fair market value. The fair market value shall be the higher of the following prices: 1. the average trading price of the A shares on the last trading day immediately preceding the date of the announcement of Board resolutions on the reserved grant; 2. any of the average trading price of the A shares for the last 20 trading days, 60 trading days or 120 trading days immediately preceding the date of the announcement of Board resolutions on the reserved grant.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the 2021 Restricted Share Incentive Scheme (Continued)

Remaining life of the 2021 Restricted Share Incentive Scheme

The term of the 2021 Restricted Share Incentive Scheme commenced from the completion date of registration of the restricted shares under the first grant and will end on the date when all the restricted shares granted to the participants have been unlocked or repurchased and cancelled, the maximum period of which shall not exceed 72 months. Therefore, the validity period of the 2021 Restricted Share Incentive Scheme is from 23 February 2022 (the date when the registration of the restricted shares of the first grant was completed) to 30 November 2026 (the date when all reserved restricted shares are unlocked).

Agreement on the granting of restricted shares

The Company entered into an agreement on the granting of restricted shares with the participants in order to determine their respective rights and obligations pursuant to the 2021 Restricted Share Incentive Scheme.

Conditions of grant of the restricted shares

The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied.

1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC.
2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the Shanghai Stock Exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material non-compliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of a company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC.
3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value added performance targets set by SASAC in 2020 is achieved.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(1) Summary of the 2021 Restricted Share Incentive Scheme (Continued)

Conditions of grant of the restricted shares (Continued)

4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.

(2) Details of the restricted shares granted under the 2021 Restricted Share Incentive Scheme

Except for the 2021 Restricted Share Incentive Scheme which was implemented completely during the financial year ended 31 December 2024, the Company did not have any other share scheme which is applicable for the disclosure requirements of Chapter 17 of the Hong Kong Listing Rules during the report period. The following table sets forth the details of restricted shares granted during the 2024 financial year.

Category of grantees	Particulars of outstanding options and unvested awards at the beginning and at the end of 2024	Number of shares with selling restrictions at the beginning of 2024	Number of shares released from selling restrictions during 2024	Number of shares with selling restrictions granted during 2024	Number of shares with selling restrictions at the end of 2024	Date of grant	Vesting period	Exercise period	Date of releasing selling restrictions Note 4	Price of grant (RMB)	Closing price immediately prior to the date of grant (RMB)	Reasons for selling restrictions	Fair value of share-based payment (RMB)	Weighted average closing price (RMB)	Weighted average number of shares of the relevant class in issue for 2024	The restricted shares which lapsed during 2024
633 participants (employees) ^{Note 1} (excluding 64 participants whose restricted shares have been repurchased and cancelled, and the restricted shares of 4 participants the 20% restricted shares of whom have been repurchased and cancelled ^{Note 3})	Not applicable ^{Note 2}	159,029,762 ^{Note 4}	55,910,838	0	103,118,924	17 January 2022	Not applicable ^{Note 5}	Not applicable ^{Note 6}	24 months, 36 months, 48 months ^{Note 7}	3.55/share	5.94/share	2021 Restricted Share Incentive Scheme	414.9 million ^{Note 8}	5.88/share ^{Note 9}	0.69% ^{Note 10}	Not applicable ^{Note 11}
50 participants (employees) ^{Note 1} (excluding the restricted shares of 1 participant the 20% restricted shares of whom have been repurchased and cancelled ^{Note 3})		11,906,073 ^{Note 4}	3,958,098	0	7,947,975	2 November 2022			24 months, 36 months, 48 months ^{Note 7}	3.68/share	5.06/share	2021 Restricted Share Incentive Scheme	16.3 million ^{Note 8}			

Notes:

- The participants of the 2021 Restricted Share Incentive Scheme are the employees of the Group, including (1) senior management of the Group; (2) middle management of the Group; and (3) core key personnel of the Group. The participants do not include (i) each of the directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) each participant with options and awards granted and to be granted in excess of 1% individual limit; or (iii) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.
- Regarding 5 participants of the initial grant, 2 participants were transferred from the Company and ceased to take office in the Company due to organisational arrangements, 3 participants were disqualified from the 2021 Incentive Scheme due to incompetence in the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc.. The Company completed the repurchase and cancellation of 1,379,700 restricted shares that had been granted to the above five participants but not yet unlocked on 28 December 2022. The 1,379,700 restricted shares were granted to the participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 3 participants was RMB3.354 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.354 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(2) Details of the restricted shares granted under the 2021 Restricted Share Incentive Scheme (Continued)

Notes: (Continued)

2. (Continued)

In addition, the Company completed the repurchase and cancellation of 1,566,166 restricted shares that had been granted to 7 other participants but not yet unlocked on 11 March 2024. Among the above mentioned 7 participants, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 1 participant died, 1 participant offered to resign during the term of the labor contract, 2 participants violated laws and regulations, and 2 participants were found to be competent in the individual performance appraisal in 2022 (80% of the restricted shares was unlocked during the current period, and the remaining 20% of the restricted shares not yet unlocked was repurchased and cancelled by the Company). The 1,566,166 restricted shares were granted to the participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 5 participants was RMB3.154 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB3.154 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.

The Company completed the repurchase and cancellation of 7,384,576 restricted shares that had been granted to 43 participants but not yet unlocked on 25 December 2024. Among the participants under the first grant, 1 participant was transferred from the Company and ceased to take office in the Company due to organisational arrangements, 36 participants retired normally as the legal retirement age was reached and the time of retirement was more than 6 months before the selling restrictions are unlocked, 2 participants resigned from the Company during the employment contract period, 3 participants were disqualified for the 2021 Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc.; among the participants under the reserved grant, 1 participant received a fair performance rating in the 2022 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). Among the 7,384,576 restricted shares, a part of which were granted to the participants on 17 January 2022 at the price of grant of RMB3.55 per share under the first grant, and the others were granted to the participants on 1 November 2022 at the price of grant of RMB3.68 per share under the reserved grant. The repurchase price of the restricted shares repurchased from 37 participants was RMB2.944 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period; the repurchase price of the restricted shares repurchased from 5 participants was RMB2.944 per share; and the repurchase price of the restricted shares repurchased from 1 participant was RMB3.27 per share. The Company completed the repurchase and cancellation of 1,380,123 restricted shares that had been granted to 14 other participants under the first grant but not yet unlocked on 25 December 2025. Among the above mentioned 14 participants, 1 participant became unable to hold restricted shares of the Company after becoming a management leader of the State-owned Assets Supervision and Administration Commission of the State Council, 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was more than 6 months before the selling restrictions for the second batch are unlocked, 3 participants were disqualified for the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc., 1 participant was transferred from the Company due to organizational arrangements and the time of transfer was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, 6 participants retired normally as the legal retirement age was reached and the time of retirement was less than 6 months before the selling restrictions for the second batch are unlocked but more than 6 months before the selling restrictions for the third batch are unlocked, and 2 participants received a competent performance rating in the 2023 annual individual performance appraisal (80% of the restricted shares are unlocked in the current period, while the remaining 20% of the restricted shares would be repurchased and canceled by the Company). The 1,380,123 restricted shares were granted to the participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 9 participants was RMB2.944 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period; and the repurchase price of the restricted shares repurchased from 5 participants was RMB2.944 per share.

On 13 March 2025, among the participants under the first grant of the 2021 Restricted Share Incentive Scheme of the Company, 2 participants became unable to hold restricted shares of the Company and thus were disqualified from the 2021 Restricted Share Incentive Scheme; 3 participants were disqualified from the 2021 Restricted Share Incentive Scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws and regulations, etc. Pursuant to the requirements of the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company decided to repurchase and cancel part of restricted shares under the 2021 Restricted Share Incentive Scheme. The total number of restricted shares proposed to be repurchased by the Company are 856,199 shares. The 856,199 restricted shares were granted to the participants on 17 January 2022 at the price of grant of RMB3.55 per share. The repurchase price of the restricted shares repurchased from 2 participants was RMB2.944 per share, plus interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period; and the repurchase price of the restricted shares repurchased from 3 participants was RMB2.944 per share.

SIGNIFICANT EVENTS

II. Share Incentive Scheme, Employee Stock Ownership Plan or Other Incentive Measures and the Impacts Thereof (Continued)

(2) Details of the restricted shares granted under the 2021 Restricted Share Incentive Scheme (Continued)

Notes: (Continued)

3. Under the 2021 Restricted Share Incentive Scheme, the restricted shares were granted to the participants directly, and it did not involve the grant of any options or awards in respect of which shares may be issued. Therefore, particulars of the outstanding options and unvested awards at the beginning and at the end of 2024 are inapplicable. The number of restricted shares granted under the 2021 Restricted Share Incentive Scheme is not more than 200,000,000 A shares and 181,266,700 A shares have been granted by the Company in fiscal year 2022 and the 2021 Restricted Share Incentive Scheme was implemented completely (which means that no shares were available for grant under the 2021 Restricted Share Incentive Scheme as at the end of 2024).
4. Conditions of grant of the restricted shares: The Company granted restricted shares to the participants upon satisfaction of all of the following conditions of grant, and no restricted shares would be granted to the participants if any of the following conditions of grant has not been satisfied. 1. None of the following events with respect to the Company has occurred: i. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial and accounting report of the Company for the latest accounting year; ii. issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for the latest accounting year; iii. failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing; iv. prohibition from implementation of a share incentive scheme by laws and regulations; v. other circumstance as determined by the CSRC. 2. None of the following events with respect to the participant has occurred: i. he or she has been determined by the stock exchange as an ineligible person in the past 12 months; ii. he or she has been determined by the CSRC or any of its delegated agencies as an ineligible person in the past 12 months; iii. he or she has been imposed with administrative penalties or measures prohibiting access into the securities market by the CSRC or any of its delegated agencies due to material noncompliance of laws and regulations in the past 12 months; iv. he or she is prohibited from being a director or senior management of the Company under the Company Law; v. he or she is prohibited from participating in any share incentive scheme of listed companies as required by laws and regulations; vi. he or she falls under any other circumstances as determined by the CSRC. 3. The Company is deemed to have achieved the performance target if all of the following conditions are satisfied: i. the average growth rate of the net profit for 2018 to 2020 shall not be less than 11.75%; ii. the average return on net assets for 2018 to 2020 shall not be less than 9.86%; iii. the economic value-added performance targets set by SASAC in 2020 is achieved. 4. The individual performance appraisal of the participants: the individual performance appraisal result of the participants in 2020 is competent or above.
5. The restricted shares granted under the 2021 Restricted Share Incentive Scheme do not have any vesting period as they were all vested with the participants at the same time as they were granted.
6. No options which may be exercised were granted under the 2021 Restricted Share Incentive Scheme.
7. Lock-up period of the restricted shares granted under the 2021 Restricted Share Incentive Scheme shall be 24 months, 36 months and 48 months from the relevant completion date of registration of the restricted shares under the corresponding grant. After the expiry of each of the three unlocking periods, 1/3 of the restricted shares granted under the first grant and the grant of the reserved shares will be unlocked.
8. In accordance with the relevant requirements of the "Accounting Standards for Enterprises No.11 – Share-based Payment" of the PRC, the Company shall measure the fair value of the restricted shares based on the market prices of the shares. On the measurement date, the fair value of share-based payment per restricted share shall equal the market price of the shares of the Company minus the grant price. Based on the data on 17 January 2022, the total amount of the fair value of share-based payment of the restricted shares first granted by the Company to the participants was RMB414.9 million. The accounting treatment of the reserved restricted shares granted to the participants subsequently is the same as that of the restricted shares under the above-mentioned first grant. Based on the data on 2 November 2022, the total amount of the fair value of share-based payment of the reserved restricted shares granted by the Company to the participants was RMB16.3 million.
9. As of the respective dates of grants of restricted shares, the weighted average closing price immediately before the dates on which the restricted shares were granted is RMB5.88 per share.
10. The total number of restricted shares granted under the 2021 Restricted Share Incentive Scheme by the Company represents 0.69% of the weighted average number of A shares of the Company in issue during 2024.
11. Under the 2021 Restricted Share Incentive Scheme, the restricted shares were granted to the participants directly, and except for the restricted shares canceled, it did not involve the grant of any options or awards which could lapse.

SIGNIFICANT EVENTS

III. Performance Status of Undertakings

1. Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period

Undertaking background	Type of undertaking	Undertaking party	Content of the undertaking	Timing and duration of undertaking	Whether there is a deadline for performance	Whether duly complied	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
IPO-related undertakings	Non-competition	CREC	Upon the establishment of China Railway in accordance with the law, CREC and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CREC or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the core businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and undertakes that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CREC or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CREC warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	None	No	Yes	/	/
Undertakings related to refinancing	Other undertakings	CREC	If China Railway is subject to administrative penalties or currently under formal investigation due to any undisclosed violation of laws and regulations in respect of the delay in developing acquired land, land speculation, hoarding of properties and driving up of property prices by price-rigging, which cause losses to China Railway and its investors, CREC shall bear the liability for compensation according to the requirements of the relevant laws and administrative regulations and as required by the securities regulatory authorities.	Long term	No	Yes	/	/

SIGNIFICANT EVENTS

III. Performance Status of Undertakings (Continued)

1. Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period (Continued)

Note 1: For details of the relevant undertakings made by the Company and CREC during the material asset restructuring of China Railway Erju Co., Ltd. (renamed as China Railway Hi-Tech Industry Co., Ltd. in March 2017, stock code: 600528.SH), a subsidiary of the Company, please refer to the Report on the Material Asset Swap and Share Issuance for Asset Acquisition, Fundraising and Related Party Transaction of China Railway Erju Co., Ltd. (Revision) disclosed on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 21 September 2016. The Company and CREC are currently duly complying with all the undertakings.

Note 2: The Company issued the Letter of CREC on Changing Undertakings on Certain Contingencies on 25 November 2020, pursuant to which, the performance term of the original undertaking in relation to apply for ownership certificates for defective real estate was changed to long-term undertaking. The Letter was considered and approved by the 2020 first extraordinary general meeting of China Railway Hi-tech Industry Corporation Limited (CRHIC) on 25 December 2020. For details, please refer to the Announcement of CRHIC on Changing the Performance Term of Undertakings on Certain Contingencies by the Controlling Shareholder of the Company disclosed at the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 8 December 2020. The Company is currently duly complying with the relevant undertaking.

Note 3: For details of the relevant undertakings made by the Company and CREC during the share issuance for asset acquisition, please refer to the Report on the Share Issuance for Asset Acquisition of China Railway Group Limited (Revision) published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 31 May 2019. The Company and CREC are currently duly complying with all the undertakings.

Note 4: In the course of acquiring the control over China Railway Prefabricated Construction, the Company and CREC issued the Letter of Undertaking to Avoid Horizontal Competition with Beijing Hengtong Innovation Luxwood Technology Co., Ltd., Letter of Undertaking to Regulate Related Party Transactions with Beijing Hengtong Innovation Luxwood Technology Co., Ltd., and Letter of Undertaking to Safeguard the Independence of Beijing Hengtong Innovation Luxwood Technology Co., Ltd. Respectively. The above undertakings are continuously effective during the period in which the Company has control over Beijing Hengtong Innovation Luxwood Technology Co., Ltd. The Company and CREC are currently duly complying with the undertakings.

Note 5: In the course of spinning off CRHEEC to go listing on the STAR Market, the Company and CREC issued the Letter of Undertaking to Avoid Horizontal Competition, Letter of Undertaking to Reduce and Regulate Related Party Transactions, Letter of Undertaking to Make up for Diluted Immediate Returns, and other letters of undertakings. For details, please refer to the Plan for China Railway Group Limited on the Spin-off of Its Subsidiary China Railway High-speed Electrification Equipment Corporation Limited to Go Listing on the STAR Market (Revision) disclosed on the website of the Shanghai Stock Exchange on 30 September 2020. The Company and CREC are currently duly complying with all the undertakings.

2. If the Company has made a profit forecast to its assets or projects, and the profit estimate period is within the reporting period, the Company's explanation on whether its assets or projects would meet its profit forecast and the reasons thereof

Not applicable

3. Fulfillment of undertakings and its impact on goodwill impairment test

Not applicable

SIGNIFICANT EVENTS

IV. Non-operating Appropriation of Funds by the Controlling Shareholder and Other Related Parties during the reporting period

Not applicable

V. Illegal Guarantee

Not applicable

VI. Explanation of the Company on the “Modified Audit Report” from Auditors

Not applicable

VII. Analysis and Explanation of the Company on the Reasons for and Impacts of the Changes in Accounting Policies or Accounting Estimates or Correction of Material Accounting Errors

1. Analysis and explanation of the Company on the reasons for and impacts of the changes in accounting policies or accounting estimates

Details of the changes in accounting policies are set out in note 2 to the financial statements on page 119 to page 121 of this annual report.

2. Analysis and explanation of the Company on the reasons for and impacts of the correction of material accounting errors

Not applicable

3. Communications with former auditors

Not applicable

4. Others

Not applicable

SIGNIFICANT EVENTS

VIII. Appointment and Removal of Auditors

Unit: '0,000 Currency: RMB

	Prior engagement	Current engagement
Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	3,310	2,180
Term of domestic accounting firm	7 years	1 year
Names of the certified public accountants of the domestic accounting firm	/	Ma Yanmei Yin Lili
The continuous period providing audit services by the certified public accountants of the domestic accounting firm	/	Ma Yanmei (1 year) Yin Lili (1 year)
Name of international accounting firm	PricewaterhouseCoopers	Deloitte Touche Tohmatsu
Remuneration of international accounting firm	220	160
Term of international accounting firm	7 years	1 year

	Name	Remuneration
Accounting firm for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	160
Financial advisor	/	/
Sponsor	/	/

Explanation on the appointment and removal of auditors

Resolution on the Appointment of Auditors for the Financial Statements and Internal Control of China Railway Group Limited for 2024 was considered and passed at the 40th meeting of the fifth session of the Board of Directors of the Company held on 24 May 2024. For details of the appointment of auditors, please see the Announcement of China Railway Group Limited on the Change of Auditors published on the website of the Shanghai Stock Exchange on 25 May 2024. These resolutions were then considered and passed at the 2023 annual general meeting of the Company on 28 June 2024. The Company has engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the auditors of the Company for 2024 and engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditor for 2024. For details, please refer to the Announcement of China Railway Group Limited on Resolutions of Annual General Meeting of 2023 disclosed by the Company on the website of the Shanghai Stock Exchange on 29 June 2024.

SIGNIFICANT EVENTS

VIII. Appointment and Removal of Auditors (Continued)

Explanation on the decrease in audit fees by more than 20% (including 20%) over the last year

The audit service fees of the Company in 2024 are determined according to the audit workload and the principle of fairness and reasonableness and through invitation bidding. In 2024, the audit and interim review fees of domestic and international financial statements were RMB23.40 million (tax inclusive), and the audit fee of internal control was RMB1.60 million (tax inclusive), totaling RMB25.00 million (tax inclusive). The audit fees of financial statements and internal control both decreased as compared with 2023. The main reason for the decrease in the audit and interim review fees of financial statements for the year 2024 as compared with that for the year 2023 is as follows: the audit fees of financial statements for the year 2024 only include the audit fee of the Company but exclude the audit fees of financial statements of subsidiaries due to the adjustment of the scope of audit services and therefore such fees decreased as compared with 2023.

IX. Risk of Suspension of Listing

1. Reason for Suspension of Listing

Not applicable

2. Response Measures to be Adopted by the Company

Not applicable

3. Delisting and the Reasons Thereof

Not applicable

X. Matters Relating to Insolvency or Restructuring

Not applicable

XI. Material Litigation and Arbitration

The Company had no material litigation or arbitration during the year.

XII. Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Ultimate Controller and Acquirer

Not applicable

XIII. Integrity of the Company and its Controlling Shareholders and Ultimate Controllers during the reporting period

During the reporting period, the Company and its controlling shareholder and ultimate controller operated legally by strictly following the provisions of the laws and regulations and normative documents, such as the Company Law and the Securities Law, and duly fulfilled all the undertakings without committing any default.

SIGNIFICANT EVENTS

XIV. Significant Related Party Transactions

1. Related party transactions in ordinary course of business

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Unit: '000 Currency: RMB

Related party	Related relationship	Type of related party transaction	Particulars of related party transaction	Pricing method of related party transaction	Price of related party transaction	Amount of related party transaction	Percentage of transaction value to the same type of transactions (%)
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Leasing services	Lease of office premises, etc.	Contract price	24,434	24,434	Less than 1%
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Receipt of labor services	Receipt of comprehensive services	Contract price	56,025	56,025	Less than 1%
Total					80,459	80,459	

Description of related party transactions

The above two transactions resulted from the implementation during the reporting period of the Premises Leasing Agreement and Comprehensive Services Agreement renewed by the Company and CREC on 30 December 2021. The terms of both agreements are three years. The total transaction amount involved was within the decision-making authority of the Board and was considered and approved at the 18th meeting of the fourth session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the Premises Leasing Agreement and the Comprehensive Services Agreement were exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Hong Kong Listing Rules.

SIGNIFICANT EVENTS

XIV. Significant Related Party Transactions (Continued)

2. Related party transactions in relation to acquisition and disposal of assets

- (1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

- (2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

- (3) Matters undisclosed in announcement

Not applicable

- (4) If agreement upon performance is involved, the performance achievements during the reporting period shall be disclosed

Not applicable

3. Significant related party transactions in relation to joint external investment

- (1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

- (2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

- (3) Matters undisclosed in announcement

Not applicable

4. Amounts due from/to related parties

- (1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

- (2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

- (3) Matters undisclosed in announcement

Not applicable

SIGNIFICANT EVENTS

XIV. Significant Related Party Transactions (Continued)

5. The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties

China Railway Finance Co., Ltd. provides financial services to the Company's controlling shareholder, CREC and its subsidiaries, which enables the Company to use part of its financing funds to improve the efficiency of capital utilization and increase the benefits through the net interest and service fees earned by China Railway Finance Co., Ltd. The Proposal on the Related Party Transactions of Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Group Co., Ltd. was considered and adopted at the 12th meeting of the fifth session of the Board convened by the Company on 22 December 2021, in which it was agreed that China Railway Finance Co., Ltd., a majority-owned subsidiary of the Company, would renew the Financial Services Framework Agreement (the agreement expired on 31 December 2024) with CREC, the controlling shareholder of the Company, and provide deposits, loans and other financial services to CREC and its subsidiaries pursuant to the agreement. For details, please refer to the relevant announcement of the Company dated 31 December 2021 disclosed on the website of the Shanghai Stock Exchange. During the reporting period, the daily deposit balance (including interest accrued) of CREC and its subsidiaries with China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; the maximum daily loan balance (including interest accrued) obtained by CREC and its subsidiaries from China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; and the service fee collected by China Railway Finance Co., Ltd. from CREC and its subsidiaries for other financial services did not exceed the maximum amount stipulated in the Financial Services Framework Agreement.

(1) Deposit business

Unit: '000 Currency: RMB

Related party	Related relationship	Maximum daily deposit limit	Range of deposit interest rate	Amount for the current period			Closing balance
				Opening balance	Total deposits for the current period	Total withdrawals for the current period	
CREC	Parent company		1.265%	613,862	8,304,624	8,754,027	164,459
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiaries of the parent company	20,000,000	1.265%	20,217	2,699,319	2,675,409	44,127
Party school of China Railway Engineering Group Co., Ltd.	Wholly-owned subsidiaries of the parent company		1.265%	14,511	471,030	459,901	25,640
Total				648,590	11,474,973	11,889,337	234,226

SIGNIFICANT EVENTS

XIV. Significant Related Party Transactions (Continued)

5. The financial business between the Company and its related financial company, and between the financial company held by the Company and its related parties (Continued)

(2) Loan business

Unit: '000 Currency: RMB

Related party	Related relationship	Line of credit	Range of loan interest rate	Opening balance	Amount for the current period		Closing balance
					Total loans for the current period	Total repayments for the current period	
CREC	Parent company	3,500,000	2.35%-2.60%	0	2,100,000	0	2,100,000

(3) Credit business or other financial business

Unit: '000 Currency: RMB

Related party	Related relationship	Business type	Total	Amount incurred
CREC	Parent company	Comprehensive credit granting	3,500,000	2,100,000

(4) Others

Unit: '000 Currency: RMB

Item	Related party	Amount for the current period	Amount of the corresponding period last year
Interest income	CREC	14,755	12,478
Interest expense	CREC	13,681	23,614
Interest expense	China Railway State Assets Management Co., Ltd.	422	595
Interest expense	Party school of China Railway Engineering Group Co., Ltd.	674	259

Note: The interest income represents the interest receivable by China Railway Finance Co., Ltd., a major-owned subsidiary of the Company, from CREC for the loans to CREC. The interest expenses represent the interest payable by China Railway Finance Co., Ltd. to CREC and China Railway State Assets Management Co., Ltd. and party school of China Railway Engineering Group Co., Ltd. for deposit-taking.

SIGNIFICANT EVENTS

XIV. Significant Related Party Transactions (Continued)

6. Others

Related party guarantees

Unit: '000 Currency: RMB

Guarantor	Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
CREC	China Railway	3,500,000	October 2010	April 2026	No

Note: These guarantees are unconditional and irrevocable joint and several liability guarantees provided by CREC for the entire amount of the 15-year 2010 Corporate Bonds (Tranche 2) issued by the Company in October 2010. In accordance with the agreement on the guarantee period in the "Prospectus for Public Offering of Corporate Bonds" of the Company, the guarantor shall assume the guarantee liability during the period from the first day of issuance of the bonds to six months after the maturity date of the bonds. As of 31 December 2024, the guarantee liability undertaken by CREC as the guarantor of the 15-year 2010 Corporate Bonds (Tranche 2) of the Company has not expired. As at 31 December 2024, the remaining payable amount of the above-mentioned bonds was RMB3,529,629 thousand (31 December 2023: RMB3,527,937 thousand).

XV. Material Contracts and Their Performance

1. Trusteeship, Contracting and Leasing

(1) Trusteeship

Not applicable

(2) Contracting

Not applicable

(3) Leasing

Not applicable

SIGNIFICANT EVENTS

XV. Material Contracts and Their Performance (Continued)

2. Guarantees

Unit: '0,000 Currency: RMB

Guarantor	Relationship between guarantor and the listed company		Guarantee amount	Commencement date of guarantee			Type of guarantee	Main debt condition	Collateral (if any)	Whether the guarantee has been fulfilled		Whether the counter guarantee is provided to related party		Related relationship
	company	Secured party		(date of the agreement)	date of guarantee	Expiry date of guarantee				Overdue amount	Counter guarantee available	related party		
China Railway No. 4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Xuzhou Yingbin Expressway Construction Co., Ltd.	119,000.00	22 October 2018	30 October 2018	29 October 2028	Joint and several liability guarantee	Normal performance	Equity pledge	No	/ None	No		/
China Railway No. 5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Qinghai Minmetals China Railway Expressway Construction Management Co., Ltd.	14,850.00	14 January 2020	14 January 2020	30 December 2045	Joint and several liability guarantee	Normal performance	Equity pledge	No	/ None	No		/
China Railway No. 5 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Jiangxi Chengke Yunchuang Real Estate Co., Ltd.	2,885.66	22 September 2021	22 September 2021	21 September 2029	Joint and several liability guarantee	Normal performance	No	No	/ None	No		/
China Railway No. 10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Chongqing CREC Renzhi Pension Industry Co., Ltd.	50,000.00	12 January 2017	12 January 2017	28 February 2025	Joint and several liability guarantee	Normal performance	No	No	/ None	No		/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Yangsigang Bridge Co., Ltd.	55,320.76	30 May 2016	30 May 2016	30 December 2025	Joint and several liability guarantee	Normal performance	No	No	/ None	No		/
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	8,745.71	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	/ None	No		/
China Railway Shanghai Engineering Group Co., Ltd.	Wholly-owned subsidiary	Fangchenggang China Railway Diluyuan Investment Development Co., Ltd.	500.00	8 May 2019	8 May 2019	31 December 2030	Joint and several liability guarantee	Normal performance	Equity pledge	No	/ None	No		/
China Railway International Group Co., Ltd.	Wholly-owned subsidiary	MontagProp Proprietary Limited	6,126.00	3 July 2015	3 July 2015	30 June 2025	Joint and several liability guarantee	Normal performance	No	No	/ None	No		/

SIGNIFICANT EVENTS

XV. Material Contracts and Their Performance (Continued)

2. Guarantees (Continued)

Guarantor	Relationship between guarantor and the listed company		Guarantee amount	Commencement date of guarantee	Commencement		Type of guarantee	Main debt condition	Collateral (if any)	Whether the guarantee has been fulfilled		Counter	Whether the guarantee is provided to related party	Related relationship
				(date of the agreement)	date of guarantee	Expiry date of guarantee				Overdue	amount available			
China Railway South Investment Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	392,682.82	14 November 2019	14 November 2019	23 August 2039	Joint and several liability guarantee	Normal performance	Equity pledge	No	/	None	No	/

Total amount of guarantees incurred during the reporting period (excluding the guarantees provided to subsidiaries) -16,549.40

Total balance of guarantee as at the end of the reporting period (A) (excluding the guarantees provided for subsidiaries) 650,110.95

Guarantees provided by the Company and its subsidiaries to its subsidiaries

Total amount of guarantees provided to subsidiaries during the reporting period -5,108,656.34

Total balance of guarantee provided to subsidiaries as at the end of the reporting period (B) 9,675,217.63

Total amount of guarantees (A+B) 10,325,328.58

Total guaranteed amount as a percentage of net assets of the Company (%) 20.24

Of which:

Amount of guarantees provided to shareholders, de facto controller and their related parties (C) 0

Amount of debt guarantees directly or indirectly provided to the secured parties with the gearing ratio exceeding 70% (D) 8,651,700.73

Excess amount of aggregate guarantee over 50% of net assets (E) 0

Total amount of the above three types of guarantees (C+D+E) 8,651,700.73

Statement on the contingent joint and several liability in connection with unexpired guarantee Not applicable

Explanations on guarantees

1. The aggregate guarantee included the commitment to make up the difference of RMB49,469.7461 million provided to its subsidiaries;

2. As of 31 December 2024, the aggregate guarantee of China Railway Group Limited (consolidated) in relation to real estate mortgage was RMB27,640.7380 million.

SIGNIFICANT EVENTS

XV. Material Contracts and Their Performance (Continued)

3. Management of Cash Assets Entrusted to Third Parties

(1) Entrusted wealth management

(i) Overview of entrusted wealth management
Not applicable

(ii) Breakdown of entrusted wealth management
Not applicable

(iii) Provision for impairment of entrusted wealth management
Not applicable

(2) Entrusted loans

(i) Overview of entrusted loans

Unit: '0,000 Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Entrusted loans	Self-owned funds	46,582.35	377,935.30	0.00

SIGNIFICANT EVENTS

XV. Material Contracts and Their Performance (Continued)

3. Management of Cash Assets Entrusted to Third Parties (Continued)

(2) Entrusted loans (Continued)

(ii) Breakdown of entrusted loans

Unit: 0'000 Currency: RMB

Trustee	Type of entrusted loan	Entrusted loan amount	Commencement date	Termination date	Source of funds	Target of funds	Determination of returns	Annualized yield rate (%)	Expected gains (if any)	Actual gain or loss for the year	Actual recovery for the year	Going through legal procedures or not	Whether there will be any entrusted loan plan in the future	Amount of impairment provision (if any)
Beijingxi Railway Station Branch, ICBC	Entrusted loan	124,000.00	1 April 2021	30 December 2041	Self-owned funds	Inner Mongolia Jitong Railway (Group) Co., Ltd.	By agreement	2.35	60,526.91	0.00	0.00	Yes	No	4,158.49
China Railway Finance Co., Ltd.	Entrusted loan	0.00	8 March 2021	7 March 2024	Self-owned funds	Payment of principal and interest by Dianjiang-Zhongxian Expressway	By agreement	4.79	0.00	262.62	27,200.00	Yes	No	0.00
China Railway Finance Co., Ltd.	Entrusted loan	4,323.53	9 March 2023	8 March 2026	Self-owned funds	Payment of principal and interest by Cenxi-Cangwu Expressway	By agreement	4.75	811.95	327.92	2,882.35	Yes	No	214.35
China Railway Finance Co., Ltd.	Entrusted loan	0.00	9 March 2023	8 January 2024	Self-owned funds	Payment of principal and interest by Yulin-Shenmu Expressway	By agreement	4.75	0.00	36.97	16,500.00	Yes	No	0.00
China Railway Finance Co., Ltd.	Entrusted loan	20,849.02	9 March 2023	8 March 2026	Self-owned funds	Payment of principal and interest by Pingyu-Zhengyang Expressway	By agreement	4.75	2,802.82	949.84	0.00	Yes	No	691.26
China Railway Finance Co., Ltd.	Entrusted loan	64,372.55	9 March 2023	8 March 2026	Self-owned funds	Payment of principal and interest by Mianyang-Suining Expressway	By agreement	4.75	8,653.86	2,932.70	0.00	Yes	No	3,191.49
China Railway Finance Co., Ltd.	Entrusted loan	19,350.00	9 March 2023	8 March 2026	Self-owned funds	Payment by Guangxi Expressway for the acquisition of Yulin-Shenmu Expressway	By agreement	4.75	2,601.30	881.55	0.00	Yes	No	727.61
China Railway Finance Co., Ltd.	Entrusted loan	145,040.20	9 March 2023	8 March 2026	Self-owned funds	Gap of capital dividends from Guangxi Expressway	By agreement	5.23	21,448.16	7,268.55	0.00	Yes	No	5,453.88

(iii) Provision of impairment of entrusted loans

Not applicable

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors

1. Material Contracts Signed During the Reporting Period

(1) Engineering construction business

No.	Signatory	Name of contract	Date of winning the bidding/ contract signing date	Contract sum (RMB'0,000)	Construction period
Railways					
1	China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 9 Engineering, China Railway No. 10 Engineering, China Railway Major Bridge Engineering, China Railway Shanghai Engineering	Sections YYZQ-03SG, YYZQ-04SG, YYZQ-08SG, YYZQ-09SG, YYZQ-10SG and YYZQ-11SG for the construction of the civil engineering and auxiliary projects of the Yancheng-Taizhou-Wuxi-Changzhou-Yixing Railway	December 2024	2,027,495	2,007 calendar days
2	China Railway No. 2 Engineering, China Railway No. 5 Engineering, China Railway No. 7 Engineering, China Railway Guangzhou Engineering, China Railway Beijing Engineering	General contracting of sections TYZQ-5, TYZQ-6, TYZQ-9, TYZQ-10 and TYZQ-11 for the construction of the civil engineering and auxiliary projects and the relevant project (excluding sections previously commenced) of the newly built Nantong – Ningbo High-speed Railway	July 2024	1,606,686	1,267 calendar days
3	China Railway No. 1 Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway Major Bridge Engineering	Sections 2, 4, 6 and 8 for the construction of the civil engineering and auxiliary projects of the newly built Yichang-Fuling High-speed Railway	December 2024	1,023,951	2,191 calendar days

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(1) Engineering construction business (Continued)

No.	Signatory	Name of contract	Date of winning the bidding/contract signing date	Contract sum (RMB'0,000)	Construction period
Highway					
1	China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 7 Engineering, China Railway No. 9 Engineering, China Railway Tunnel, China Railway Construction, China Railway Guangzhou Engineering, China Railway Shanghai Engineering, China Southern Railway Construction Investment	Sections TJ01, TJ02, TJ03 and TJ04 for the civil construction of Nanhai-Xinhui Expressway Project	December 2024	725,463	1,095 calendar days
2	China Railway No. 4 Engineering	Contracting section No. 3 of main works construction of the reconstruction and expansion project of He'ao-Shenzhen Airport Section of Shenyang – Haikou National Expressway	July 2024	275,951	54 months
3	China Railway Major Bridge Engineering	Section HNQL-4 for the construction of the main bridge of Hannan Yangtze River Bridge and connection project Yangtze River Bridge of Wuhan Metropolitan Ring Expressway	July 2024	218,380	1,248 calendar days

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(1) Engineering construction business (Continued)

No.	Signatory	Name of contract	Date of winning the bidding/contract signing date	Contract sum (RMB'0,000)	Construction period
Municipal works					
1	China Railway Investment, China Railway No. 1 Engineering, China Railway No. 2 Engineering, China Railway No. 4 Engineering, China Railway No. 6 Engineering, China Railway No. 9 Engineering, China Railway Electrification Engineering, China Railway Eryuan Engineering, China Railway Consulting and other parties	General contracting of Shenyang Wangjiawan Ice Sports Center Project	November 2024	450,008	1,079 calendar days
2	China Railway No. 4 Engineering, China Railway Tunnel	Construction of Hexian side of the Ma'anshan Hubei Road River Cross Tunnel Project	December 2024	433,921	1,620 calendar days
3	China Railway Tunnel, China Southern Railway Construction Investment	Construction of section 1 of the Shenzhen Luosha Road Reconstruction and Expansion Project	December 2024	243,649	2,189 calendar days
Urban rails					
1	China Railway Group, China Railway (Guangzhou) Investment, China Railway No. 2 Engineering, China Railway Major Bridge Engineering, China Railway Tunnel	General contracting of section GHGT-1 for the construction of Baiyun Airport T3-Jiangcun West Section of Guangzhou-Heyuan High-speed Railway	January 2024	311,859	60 months
2	China Railway No. 6 Engineering, China Railway Tunnel	Sections 01 and 05 of the civil construction of Changzhou Urban Rail Transit Line 5 Project	August 2024 November 2024	267,071	1,462 calendar days 1,573 calendar days
3	China Railway No. 5 Engineering, China Railway Electrification Engineering	Equipment System Integration Project of Shenyang Metro Line 6 Phase I Project	December 2024	243,768	729 calendar days

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(2) Design and consulting business

No.	Signatory	Name of contract	Contract signing date	Contract sum (RMB'0,000)	Construction period
1	China Railway Consulting	Survey and design of railway construction project of Wuping-Meizhou section (Guangdong section) of the newly built Longyan-Longchuan Railway	October 2024	23,780	Until completion and acceptance
2	China Railway Consulting	Survey and design of Hubei section (Yichang-Wufeng) of the newly built Yichang-Fuling High-speed Railway	December 2024	22,700	Until completion and acceptance
3	China Railway Consulting and other parties	Comprehensive transportation hub project of civil engineering and auxiliary projects of Suzhou North Station of the newly built Nantong-Ningbo High-speed Railway	December 2024	17,164	Until completion and acceptance

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(3) Equipment manufacturing business

No.	Signatory	Name of contract	Contract signing date	Contract sum (RMB'0,000)	Construction period (months)
Steel structures					
1	China Railway Baoji Bridge	Section G3 for bridge steel structure manufacturing and transportation of the Third East Passage Project of Xiamen	December 2024	127,454	26 months
2	China Railway Jiujiang Bridge Engineering	Contracting for section G1 construction of bridge steel structure manufacturing and transportation of the Third East Passage Project of Xiamen	December 2024	124,643	26 months
3	China Railway Baoji Bridge	Section GXL01 for steel box girder of Liheng Highway Bridge Phase II Project at Zhoushan Port in Ningbo, Zhejiang Province	July 2024	60,504	283 calendar days
Turnout					
1	China Railway Baoji Bridge	Turnout project of the newly built Shenyang-Baihe High-speed Railway	February 2024	19,889	From March 2024 to the completion of the project
2	China Railway Baoji Bridge	Material Supply Agreement of XRPDLS for the newly built Xi'an-Ankang High-speed Railway and newly built Xi'an-Shiyan High-speed Railway (Shaanxi section) (expressway turnout and accessories)	July 2024	19,538	From August 2024 to the completion of the project
3	China Railway Baoji Bridge	Assembly frog procurement project contract	June 2024	9,735	Actual supply is subject to the material requirement plan of construction units

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(3) Equipment manufacturing business (Continued)

No.	Signatory	Name of contract	Contract signing date	Contract sum (RMB'0,000)	Construction period (months)
Engineering machinery (including track equipment and shields)					
1	China Railway Engineering Equipment	Procurement contract of Tunnel Boring Machine (TBM) equipment for river diversion project from Jingjiang River to Hanjiang River by Sinohydro Bureau 8 (水电八局) under POWERCHINA (中国电建)	March 2024	21,881	As required by Party A
2	China Railway Engineering Equipment	Procurement contract of single shield TBM for civil construction of river diversion project from Jingjiang River to Hanjiang River and section 6 of hydropower electromechanical installation project	March 2024	20,845	As required by Party A
3	China Railway Engineering Equipment	Sale and purchase contract for composite dual-channel slurry balance shield machine (model CTS11550E-3500)	July 2024	14,900	As required by Party A

(4) Property development business

No.	Project name	Project location	Project type	Planned area (0'000 square meters)
1	Development project of joint property housing built on Guangzhou Dalang Train Servicing Subdivision	Guangzhou	Secondary development	34.36
2	Gumei North Community Project in Qibao Town, Minhang District, Shanghai	Shanghai	Secondary development	6.30
3	Yanming Lake Real Estate Project in Qujiang East, Xi'an	Xi'an	Secondary development	28.4

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(5) Assets operation business

(i) Material infrastructure investment projects signed during the reporting period

No.	Name of contract	Signatory	Contract sum (RMB '00 million)	Shareholding of the project company	Construction period (years)	Concession period (years)	Signing date
1	Zhongchuan to Heqiao section of G341 Huangdao-Haiyan Highway and Heqiao to Haishiwan section of S01 Lanzhou Economic Circle Ring Expressway project	China Railway City Investment and Development Group	167.69	China Railway holding 90%, Gansu Wuhuan holding 7%, Hualong Transportation holding 2.9%, CCCC Highway Consultants holding 0.02%, and CCCC First Highway Consultants holding 0.08%	4.5	35	November 2024
2	Huitong (Hunan-Guizhou boundary) to Tianzhu section of Dongkou-Sansui National Expressway and Zhexiang to Hongshui River (Guizhou-Guangxi boundary) section of Guizhou Luodian-Wangmo Expressway project	China Railway Yunnan Construction Investment	91.59	China Railway holding 58.91%, Guizhou Transportation Planning Survey & Design Academe holding 0.05%, and Guizhou Expressway holding 41.04%	3	40	December 2024
3	Qagaanders-Bayanhaote Railway project	China Railway No. 3 Engineering	72.65	Alxa League Transportation Investment holding 10%, China Railway No. 3 Engineering holding 54.8%, China Railway Consulting holding 0.1%, China Railway First Institute holding 0.1%, and Mengcheng No. 1 holding 35%	2	40	November 2024

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

1. Material Contracts Signed During the Reporting Period (Continued)

(5) Assets operation business (Continued)

(ii) Material infrastructure investment projects operated during the reporting period

No.	Name of contract	Signatory	Contract sum (RMB '00 million)	Signing date	Operation period (years)	Time of entering the operation period
1	PPP project of Dalian Metro Line 5	China Railway Group Limited and other parties	182.7	March 2017	19.5	March 2023
2	PPP project of Phase I Urban Metro Line 1 of Hohhot City	China Railway Group Limited and other parties	146.79	September 2016	25	December 2019
3	PPP project of the Beijing-Xiongan Expressway (Beijing section)	China Railway Group Limited and other parties	122.1	January 2021	25	December 2023

(6) Emerging business

No.	Signatory	Project name	Contract signing date	Contract sum (RMB'0,000)	Construction period
1	China Southern Railway Construction Investment	Offshore Wind Power Demonstration Project at East Guangdong Offshore Deepwater Site 3	October 2024	571,547	As required by Party A
2	China Railway Construction, China Railway Beijing Engineering	General contracting for the construction of Terminal 2 (south section) of Kunming Changshui International Airport Reconstruction and Expansion Project	May 2024	330,644	As required by Party A
3	Tiegong Investment, China Railway No. 5 Engineering	Huatanzi Reservoir Project in Tongren City, Guizhou Province	July 2024	321,682	As required by Party A

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

2. Strategic Framework Agreements Signed During the Reporting Period

No.	Signing date	Name of agreement	Investment amount agreed (if any)	Main contents of the agreement
1	May 2024	Strategic cooperation framework agreement between Xinxing Cathay International Group Co., Ltd. and China Railway Group Limited	—	Both parties will carry out strategic cooperation in various fields, such as infrastructure construction, new energy and new energy storage, emergency rescue, modern supply chain logistics, scientific and technological innovation, asset operation management, personal protection products and service cooperation.
2	May 2024	Strategic cooperation framework agreement between the Harbin Municipal People's Government and China Railway Group Limited	—	Both parties will carry out strategic cooperation in various fields, such as major infrastructure, urban village reconstruction, urban renewal and urban operation, urban rail transit, food security strategy and cultural tourism, water and environmental protection and new energy.
3	June 2024	Strategic cooperation agreement between the People's Government of Changshou District, Chongqing and China Railway Group Limited	—	Both parties will carry out strategic cooperation in various fields, such as urban renewal, highway construction, cultural tourism and health care and educational infrastructure.
4	July 2024	Business Cooperation Agreement between China Southern Power Grid Company Limited and China Railway Group Limited	—	Both parties will carry out strategic cooperation in various fields, such as pumped storage power plant construction, industrial infrastructure, green energy applications and technological innovation.

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

3. Particulars of Material Properties

(1) Property held for development

Unit: 0'000 square meters

Name of building or project	Address	Current land use	Land area	Floor area	State of completion	Expected completion date	Interests of the Company and its subsidiaries
Jinan China Railway City	South of Jingshi East Road, north of Guangfu Avenue and west of Panlong Road, Licheng District, Jinan City, Shandong Province	Commercial housing land, commercial land	58.81	106.58	Under construction	2030	100%
Nuode Yijing Community	Huangcun Town, Daxing District, Beijing	Public service facilities, underground garage, underground storage, residential, commercial	4.64	19.79	Under construction	2025	65%
Yuelong Garden	North of Jiangfu Road and west of Guanghua Road, Jianggao Town, Baiyun District, Guangzhou City, Guangdong Province	Urban residential land	11.70	35.00	Under construction	2025	100%
Changchun Northeast Asia International Expo Center	No. 6888 Yongchun Street, Yongchun Town, Chaoyang District, Changchun City, Jilin Province	Urban residential land, other land for commercial and service use, land for cultural facilities	232.63	447.16	Under construction	2032	99%
Yuezhen Mansion	No. 151 Luotian Road, Haibin Community, Xin'an Subdistrict, Bao'an District, Shenzhen City, Guangdong Province	Ordinary residential and shops	1.52	11.19	Under construction	2025	51%

SIGNIFICANT EVENTS

XVI. Description of Other Significant Matters That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors (Continued)

3. Particulars of Material Properties (Continued)

(2) Property held for investment

Unit: 0'000 square meters

Name	Location	Use	Tenure	Interests of the Company and its subsidiaries
China Railway Headquarters Base (Shunyi) Park	Courtyard No. 2, Zhengyuan Street, Shunyi District, Beijing	Commercial	July 2061	100%
Beijing Nuode Center Phase III	Courtyards No. 1 and No. 4, Yuren South Road, Fengtai District, Beijing	Commercial	November 2064	100%
Tianjin Nuode Center Phase II	No. 50 Lvwei Road, Hebei District, Tianjin City	Commercial	January 2054	100%
Shops on 1-8/F, Zone E1, Guiyang Huaguoyuan	Buildings 1 and 2, Block E1, Pengjiawan Dilapidated Housing and Shantytown Reconstruction Project, Huaguoyuan, Guiyang	Commercial	April 2052	100%
Financial City Plaza	Lot AT090904, Qibu Area, Financial City, Huangpu Avenue, Tianhe District, Guangzhou City, Guangdong Province	Commercial	December 2068	100%

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Environmental Information

Whether the environmental protection related mechanism is established	Yes
Funds invested in environmental protection during the reporting period (Unit: RMB ten-thousand)	365,145

(1) Description of environmental protection efforts of the highly polluting companies and their important subsidiaries as announced by the environmental protection authorities

Not applicable

(2) Description of environmental protection efforts of companies other than highly polluting companies

(i) Administrative penalties due to environmental issues

In 2024, certain projects under the Company's subsidiaries were subject to administrative penalties by local environmental protection regulatory authorities in the course of construction due to dust, sewage discharge and land use violations. The total penalty was approximately RMB2.685 million, involving 5 engineering projects. At present, all the penalties have been rectified and accepted by local regulatory authorities. The Company will further strengthen ecological environmental protection work, and strengthen the control over the risk sources and emissions of ecological and environmental pollution during production through identifying and evaluating environmental factors of the construction in progress and working place, to effectively protect and improve the living and ecological environment.

(ii) Disclosure of other environmental information with reference to highly polluting companies

Not applicable

(iii) Reasons for not disclosing other environmental information

Not applicable

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Environmental Information (Continued)

(3) Information on ecological protection, pollution prevention and fulfillment of environmental responsibilities

Energy/resource type	Indicators	Year-on-year increase or decrease		
		2024		2023
Direct energy consumption	Gasoline (ten-thousand tons)	50.2	-6.2%	53.5
	Gasoline (ton/RMB ten-thousand)	0.0045	0	0.0045
	Diesel (ten-thousand tons)	158.5	-10.3%	176.66
	Diesel (ton/RMB ten-thousand)	0.01431	0.8%	0.01420
	Natural gas (ten-thousand standard m ³)	3,450	-5.5%	3,650
	Natural gas (m ³ /RMB ten-thousand)	0.58	5.5%	0.55
Indirect energy consumption	Electricity (ten-thousand kwh)	1,019,900	-9.8%	1,130,796
	Electricity (ten-thousand kwh/RMB ten-thousand)	0.01	0	0.01
Comprehensive energy consumption	Comprehensive energy consumption (ten-thousand tons of standard coal)	456.3704	-10.09%	507.557
	Comprehensive energy consumption (tons of standard coal/RMB ten-thousand income)	0.0401	-3.4%	0.0415
	Comprehensive energy consumption (ten-thousand kwh)	3,610,875	-12.6%	4,129,874
	Comprehensive energy consumption (kwh/RMB ten-thousand income)	330	-0.6%	332
Water	Total new water consumption (ten-thousand tons)	42,015.75	-7.89%	45,615.65

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Environmental Information (Continued)

(4) Measures taken to reduce carbon emissions during the reporting period and their effects

Whether to adopt carbon reduction measures	Yes
Reduction in CO ₂ equivalent emissions (unit: ton)	1,709,889
Types of carbon reduction measures (e.g. using clean energy to generate electricity, using carbon reduction technologies in production, researching and developing new products that can help reduce carbon, etc.)	Strengthening the research and development of energy-saving and low-carbon technologies, increasing the use of clean energy, and promoting the low-carbon transformation of the energy structure

Description of specific situation:

1. Green and low-carbon demonstrations lead the green development of the enterprise. In 2024, the Company applied for two green technology projects of the National Development and Reform Commission and seven environmental protection projects under the state-owned capital operation budget, and the "high-efficiency shield-structure waste soil processing technology" was included in the Green Technology Promotion Catalogue (2024 Edition) of the National Development and Reform Commission; the Company continued to conduct enterprise-level energy-saving and low-carbon technology appraisal, and appraised and selected a total of 41 energy-saving and low-carbon technologies of China Railway; the Company organized the appraisal of "Green Construction Technology Demonstration Projects of China Railway", appraised and selected 100 green projects of China Railway in 2024; and the Company actively applied for the "Green Construction Star Rating" of the industry association and participated in the "Green Competition" activity.
2. Green and low-carbon concept is embedded throughout the full lifecycle of projects. The Company fully utilized roofs and idle land in transportation, construction and other scenarios to build a distributed "photovoltaic storage charging replacement" comprehensive energy service system; built green station buildings for rail transit, near-zero-carbon and zero-carbon service areas for highways, and zero-carbon green buildings; developed a comprehensive energy-saving plan for tunnels and adopted new technologies such as energy storage luminescent coatings to reduce lighting energy consumption; increased the proportion of green electricity in the electricity for procurement of facilities and equipment; and actively expanded its business in the treatment of pollutants such as urban, traffic atmosphere, wastewater and sludge.
3. Promoting green and low-carbon transformation and upgrading based on new energy. The Company actively promoted the application of renewable energy such as photovoltaic, wind energy, air source heat pump and ground source heat pump in engineering projects and transportation infrastructure, and promoted the construction of low-carbon transportation projects; promoted the application of technologies such as "building energy electrification" and "photovoltaic, energy storage, direct current and flexibility" in construction projects, and promoted the construction of near-zero carbon and zero-carbon projects; and prioritized the use of green electricity in factories and mines. The use of clean energy in construction projects has increased year by year, and the structure of new energy use has been comprehensively constructed.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

1. Environmental Information (Continued)

(4) Measures taken to reduce carbon emissions during the reporting period and their effects (Continued)

Indicators	2024	Year-on-year increase or decrease	2023
Total amount of CO ₂ emission (ten-thousand tons)	1,556.7222	-9.89%	1,727.7111
CO ₂ emission density (ton/RMB ten-thousand)	0.1405	-3.3%	0.1453
NO _x emission (ton)	9.63	3.3%	9.32
Smoke (dust) emission (ton)	50.46	-4.6%	52.87
VOC emission (ton)	23.53	-16%	27.93
SO ₂ (ton)	0.33	6.5%	0.31
Total amount of hazardous waste (ton)	1,280	-8.6%	1,400
Hazardous waste emission per RMB ten-thousand (kg/RMB ten-thousand)	0.011	0	0.011
Total amount of non-hazardous waste (ten-thousand tons)	5,105,000	-0.97%	5,155,000
Non-hazardous waste emission per RMB ten-thousand (kg/RMB ten-thousand)	0.046	12.2%	0.041

Specific Description

1. The Company is a construction enterprise, and the carbon dioxide emissions are indirect greenhouse gas emissions from energy.
2. Emissions of nitrogen oxides, sulfur dioxide, smoke (dust) and volatile organic compounds are calculated based on the emissions permits for industrial sectors.
3. In 2024, China Railway Baoji Bridge and China Railway Jiujiang Bridge Engineering under China Railway Industry, a subsidiary of the Company, added the environmental protection treatment equipment using regenerative thermal oxidizer (natural gas as fuel) RTO method, which resulted in the increase in nitrogen oxides and sulfur dioxide emissions. The nitrogen oxides emission density disclosed in 2023 is the lowest value for quarterly monitoring, and it should be 9.32 tons for 2023 after amendment.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. Social Responsibility Commitments

(1) Whether social responsibility reports, sustainability reports or ESG reports are disclosed separately

As a leader in the construction industry, the Company never forgets its mission of becoming a practitioner, promoter and pioneer of corporate social responsibility. The Company started to construct a scientific, standardized, systematic and effective management system of corporate social responsibilities since 2008, planning social responsibilities in ten aspects, i.e. governance in accordance with the law, quality services, efficiency creation, employee development, safety supervision, scientific and technological progress, environmental protection, public welfare undertakings, win-win cooperation and overseas responsibility, and rolling out a series of social responsibility management activities covering its headquarters and subsidiaries in order to achieve social responsibility goals of comprehensive coverage, down-to-earth implementation, steady perfection and industrial leading, and make continuous and irreplaceable contributions to the society.

The Company has formulated the Guidelines for China Railway to Fulfill Social Responsibility (ESG) with High Standards in the New Era, and continuously promoted the full integration of the concepts of social responsibility and ESG into corporate strategy, major decisions and corporate culture construction. The Company formulated and released its 17th ESG report and social responsibility report, which was highly praised by the capital markets of Shanghai and Hong Kong, and was recognised as an outstanding report by the China Association of Communications Enterprise Management. In 2024, the Company was awarded the Hong Kong Stock ESG Value Election Award of “China Listed Companies Yinghua Demonstration Case” by China Fund News and the “ESG Best Practice Award” by the China Association for Public Companies, and has been selected as the best practice case for sustainable development by the China Association for Public Companies for three consecutive years, marking a further increase in the capital market value of the Company. Two cases of the Company were respectively selected in the Central Enterprises Social Responsibility Blue Book and the Central Enterprises Overseas ESG Blue Book, fully demonstrating the due responsibility and market recognition of the enterprise to actively practice social responsibility and promote sustainable and high-quality development.

For details of the Company’s fulfillment of social responsibilities, please refer to the 2024 Environmental, Social and Governance Report and Social Responsibility Report of China Railway Group Limited published by the Company on the website of Shanghai Stock Exchange.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. Social Responsibility Commitments (Continued)

(2) Social responsibility commitments

External donations, public welfare projects	Quantity/Content	Description
Total investment (RMB ten-thousand)	9,434.20	Mainly including an investment of RMB5 million in Rucheng County to support the development of the Baimao tea industry and an investment of RMB15 million to build the Shazhou Agricultural Products Cold Chain Logistics & Trading Center; an investment of RMB20 million to build the demonstration base for "cold-water rice characteristic industry" in Guidong County; an investment of RMB20 million to develop high-standard farmland; and an investment of RMB20 million to build beautiful and livable countryside in Mozhong Village, Shagong Township, Karuo District, Chamdo City.
Of which: Funds (RMB ten-thousand)	9,434.20	/
Materials equivalent (RMB ten-thousand)	0.00	/
Number of beneficiaries (persons)	315,100	/

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

2. Social Responsibility Commitments (Continued)

(2) Social responsibility commitments (Continued)

Specific description

In 2024, China Railway has always minded the country's most fundamental interests, and focused on promoting the overall rural revitalization to scientific plan and strive for efficiency and success. The Company fully completed the annual assistance task in three targeted counties including Rucheng and Guidong in Hunan, and Baode in Shanxi, and the counterpart support task in Karuo District, Chamdo, Tibet. The Company selected the targeted assistance projects, invested RMB5 million for the third consecutive year to support the development of the Baimao tea industry in Rucheng County, expanding the planting area and promoting industrial upgrading; invested RMB15 million to build the Shazhou Agricultural Products Cold Chain Logistics & Trading Center, promoting the expansion and upgrading of characteristic fruit industry in Rucheng County; invested RMB20 million in Guidong County to upgrade and renovate 2,500 mu of scattered rice fields, creating a concentrated and contiguous demonstration base for the "cold-water rice characteristic industry"; and invested RMB20 million in Baode County to support the local construction of 20,000 mu of high standard farmland. The Company focused on promoting employment and conducting training and empowerment, continued to uphold the brand of "everyone has skills" in Rucheng County, and conducted 11 special skill trainings such as scientific special commissioners of bamboo industry and ginger planting throughout the year, training and cultivating 951 skilled personnel of various types. The Company continued to promote the "Baode Good Driver" training in Baode County, completing 8 training courses and personalized "one-on-one" teaching for more than 160 times throughout the year. Leveraging corporate strengths, the Company provided employment opportunities for more than 1,400 people within the Company and assisted 606 people to get employed through transfer of employment throughout the year. The Company seriously planned and organized assistance through consumption, actively organized special activities such as the "Spring Action" and "Agricultural Revitalization Week" for poverty alleviation through consumption by central enterprises, issued documents, set goals and actively mobilized. The two special actions purchased and helped sell agricultural products amounting to RMB17.4633 million in aggregate. The Company gave full play to its advantage of having engineering projects spread across the country, organized participating units to purchase agricultural products from the supported regions. Focusing on improving people's livelihoods, temporary cadres actively carried out the renovation and upgrading of gerocomiums and schools, and improved the conditions for elderly care and enrollment of eligible students; implemented centralized management of rural roads, hardened 1,260 meters of village roads, cleared 192 cubic meters of road collapses and solved the traffic safety problems of more than 1,200 villagers; actively carried out the "Fulfillment of Little Wish" and invested RMB150,000 to support 40 high school students from difficult families; and completed the construction of three canteens for the elderly, the elderly-oriented renovation of 90 households with difficult elderly people and the accessibility renovation of 80 households with difficult disabilities. In the targeted assistance and pairing support work, China Railway always takes supporting and benefiting farmers as the purpose with all tasks being conducted for supporting local masses in increasing income and getting rich.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Work of Consolidating and Expanding Poverty Alleviation Results and Rural Revitalization

Poverty alleviation and rural revitalization projects	Quantity/Content	Description
Total investment (RMB ten-thousand)	8,660	Among them, RMB5 million was invested to support the development of Baimao tea industry in Rucheng County, and RMB15 million was invested in the construction of the Shazhou Agricultural Products Cold Chain Logistics & Trading Center; RMB20 million was invested in the construction of the demonstration base for "cold-water rice characteristic industry" in Guidong County; RMB20 million was invested to develop high-standard farmland in Baode County; and RMB20 million was invested in the construction of beautiful and livable countryside in Mozhong Village, Shagong Township, Karuo District, Chamdo City.
Of which: Funds (RMB ten thousand)	8,660	
Materials equivalent (RMB ten thousand)	0	
Forms of assistance (such as industrial assistance, employment assistance, education assistance)	Industrial assistance, employment assistance, education assistance, etc.	The Company organized the fourth training course of China Railway for grassroots cadres of targeted poverty alleviation, training 55 people. A total of 43,933 grassroots cadres were trained in each supported county throughout the year. The Company also purchased and helped sell agricultural products amounting to RMB60.2386 million.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Work of Consolidating and Expanding Poverty Alleviation Results and Rural Revitalization (Continued)

Specific description

In 2024, China Railway followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studied General Secretary Xi Jinping's important exposition on "Three Rural Issues" and rural revitalization, fully implemented the spirit of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee, conscientiously implemented the decision-making and deployment of the Central Committee of the CPC and the State Council as well as work requirements of the SASAC. The Company strengthened its commitment and performed its duties, aligned efforts to consolidate and expand the achievements in poverty alleviation with efforts to promote rural revitalization, and demonstrated the good image of China Railway and the responsibility of the central enterprise with new achievements in targeted assistance. The Company invested RMB86.6 million in targeted poverty alleviation and pairing support funds without compensation throughout the year, trained 43,933 grassroots cadres and talents, and purchased and helped sell agricultural products amounting to RMB60.2386 million. The results of targeted poverty alleviation and pairing support efforts were remarkable. The experience exchange of the Building Characteristic "Three Good" Brands to Assist Baode Rural Revitalization (《打造特色「三好」品牌 助力保德鄉村振興》) was held at the working meeting of central enterprise supporting rural revitalization. The case of the "Good Property" Supporting Employment Expansion (《「好物業」助力擴就業》) was selected in the Blue Book of Central Enterprise Assisting Rural Revitalization (《中央企業助力鄉村振興藍皮書》), and the "Dreaming of Girls in Mountain (深山女孩圓夢記)" was selected in the "Seventh Outstanding Story of Central Enterprises".

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Work of Consolidating and Expanding Poverty Alleviation Results and Rural Revitalization (Continued)

Specific description (Continued)

Firstly, strengthening poverty alleviation through characteristic industries. The Company continued to build advantageous industries. The Company has invested RMB5 million to support the development of the Baimao tea industry in Rucheng County for three consecutive years, and established a wild resource conservation zone and a parent field, expanding the planting area and promoting further development of the Baimao tea industry. The Company innovatively cultivated characteristic industries. The Company invested RMB20 million in Baode County to support the local construction of 20,000 mu of high standard farmland and build a contiguous demonstration zone of high-quality farmland; invested RMB20 million in Guidong County to upgrade and renovate 2,500 mu of scattered rice fields and create a concentrated and contiguous demonstration base for the "cold-water rice characteristic industry"; and invested RMB15 million in Rucheng County to build the Shazhou Cold Chain Logistics & Trading Center of Agricultural Products and promote the expansion and upgrading of the characteristic fruit industry in surrounding towns. Secondly, strengthening poverty alleviation through education and employment. The Company actively participated in the action of central enterprise of talent cultivation to promote revitalization, and held the fourth training course for grassroots cadres of targeted poverty alleviation, empowering 55 cadres from counties and villages through training; strengthened employment skills training for local people and trained 14,800 technical personnel of various types throughout the year; and leveraged its corporate advantages to provide quality employment positions for local residents, as result of which more than 1,400 people were employed within the Company, and 606 people were assisted get employed through transfer of employment. Thirdly, strengthening agricultural poverty alleviation through consumption. The Company actively organized special activities such as the "Spring Action" and "Agricultural Revitalization Week" for poverty alleviation through consumption by central enterprises, issued documents, set goals and actively mobilized. The two special actions purchased and helped sell agricultural products amounting to RMB17.4633 million in aggregate. The Company took advantage of its nationwide engineering projects to organize participating units to purchase agricultural products in supported areas. The participating units of the Sichuan-Tibet Railway purchased agricultural products of RMB37.7663 million in Karuo District, Chamdo City, Tibet, which was supported by the Company. Fourthly, strengthening poverty alleviation through infrastructure reconstruction. The Company closely focused on "urgent difficulties and worries", improved the living environment, and built beautiful countryside. Assistance cadres of each county applied for special funds to renovate and upgrade facilities such as geracomiums and schools, and improved the conditions for elderly care and enrollment of eligible students; and implemented centralized management of rural roads, hardened 1,260 meters of village roads, cleared 192 cubic meters of road collapses and solved the traffic safety problems of more than 1,200 villagers. Fifthly, strengthening the leading and guaranteeing role of Party building. The Company guided its subsidiaries and supported areas to carry out Party co-building, signed pairing and co-building agreements, and guided the grassroots Party building work. China Railway No. 2 Engineering, China Railway Construction, China Railway Guangzhou Engineering and other units organized training courses such as "Youth Practical Learning" and "Young Marxist Class" at the red education bases in Rucheng and Guidong, to guide young cadres to experience red culture, inherit revolutionary spirit and build up ideals and beliefs.

DEFINITION AND GLOSSARY OF THE TECHNICAL TERMS

1	Articles of Association	Articles of Association of China Railway Group Limited
2	Company, China Railway	China Railway Group Limited
3	Construction Method	taking the project as the object and the construction process as the core, applying the principles of systems engineering and integrating advanced technology with scientific management, and forming a comprehensive and well-coordinated construction method through practical engineering experience
4	CREC	China Railway Engineering Group Company Limited, formerly known as China Railway Engineering Corporation
5	Five Roles of China Railway	shouldering the responsibility of a great power, pioneer in leading infrastructure construction, leader in industrial chain with green development, multinational company with brand influence, and modern enterprise with social respect
6	Four-Network Integration	the integration of trunk railway, inter-city railway, urban (suburban) railway and urban rail transit
7	Group	the Company and its subsidiaries
8	Ministry of Emergency Management	Ministry of Emergency Management of the People's Republic of China
9	One Belt, One Road	the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road"
10	SASAC	The State-owned Assets Supervision and Administration Commission of the State Council
11	shield machine	a kind of special construction machinery for tunnel excavation. It is a full-section tunnel boring machine for soft soil or water-rich strata construction
12	TBM	Tunnel Boring Machine
13	Three Transformations	on May 10, 2014, General Secretary Xi Jinping proposed the "three transformations" when he visited China Railway Engineering Equipment Group in Henan, namely, promoting the transformation from "made in China" to "created in China", the transformation from Chinese speed-oriented to Chinese quality-oriented and the transformation from Chinese product to Chinese brand
14	turnout	a component used for changing the route of a train where a single track splits into two tracks. Turnout is applied in railway tracks

COMPANY INFORMATION

Directors

Executive directors

Mr. CHEN Wenjian (*Chairman*)
Mr. WANG Shiqi

Non-executive director

Mr. WEN Limin

Independent non-executive directors

Mr. XIU Long
Ms. SUN Lishi
Mr. TU Haiming

Supervisors

Mr. LI Xiaosheng
Mr. WANG Xinhua
Mr. WAN Ming

Joint company secretaries

Mr. MA Yonghong
Mr. TAM Chun Chung *CPA, FCCA*

Authorized representatives

Mr. WANG Shiqi
Mr. TAM Chun Chung *CPA, FCCA*

Audit and Risk Management Committee

Ms. SUN Lishi (*Chairlady*)
Mr. WEN Limin
Mr. XIU Long

Remuneration Committee

Mr. XIU Long (*Chairman*)
Mr. WEN Limin
Ms. SUN Lishi

Strategy and Investment Committee

Mr. CHEN Wenjian (*Chairman*)
Mr. WEN Limin
Mr. XIU Long
Mr. TU Haiming

Nomination Committee

Mr. CHEN Wenjian (*Chairman*)
Ms. SUN Lishi
Mr. TU Haiming

Safety, Health and Environmental Protection Committee

Mr. CHEN Wenjian (*Chairman*)
Mr. WANG Shiqi
Mr. WEN Limin
Mr. XIU Long
Mr. TU Haiming

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Stock name: China Railway
Stock code: 601390

H Shares

Place of listing: The Stock Exchange of Hong Kong Limited
Stock name: China Railway
Stock code: 390

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Agricultural Bank of China
Bank of China
Bank of Communications
China Minsheng Bank
China Merchants Bank
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