中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
H Share Stock Code: 1800

ANNUAL REPORT 2024 (H SHARE)

CONTENTS

CORPORATE PROFILE

The Company was incorporated on 8 October 2006 and was initiated and founded by CCCG (a state-owned enterprise under the SASAC) through restructuring as approved by the State Council. Its H shares were listed on the Main Board of the Hong Kong Stock Exchange with stock code of 01800.HK on 15 December 2006. It is the first ultra large state-owned infrastructure enterprise entering the overseas capital market. The Company's A shares were listed on the Shanghai Stock Exchange with stock code of 601800.SH on 9 March 2012, representing a leap-and-bound advance taken by the Company in the course of its development.

As a leading transportation infrastructure enterprise in the PRC, the Company is the industry leader in each of its core businesses, namely infrastructure construction, infrastructure design and dredging. Leveraging on its extensive operating experience, expertise and know-how accumulated from projects undertaken across a wide range of areas over the years, the Company is capable of providing integrated solutions throughout each stage of infrastructure projects for its customers. The Company is the world's largest port, road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor and highway investor in China; and the Company also owns the largest engineering fleet in the world. The Company currently has 34 principal wholly-owned or controlled subsidiaries. The Company operates its businesses in all provinces, cities, and autonomous regions of China, including Hong Kong and Macau Special Administrative Regions, and has established its global presence in 139 countries and regions.

During the "14th Five-Year Plan" period, the Company made plans to firmly implement the new development concept, insisted on innovation as the first driving force, grasped the direction of digitalization and smart development in the infrastructure industry, and accelerated the industrial transformation and upgrading. In recent years, the contract value of agriculture, forestry, animal husbandry, fishery and onshore new energy has increased significantly, and the energy conservation and environmental protection, and new materials have become the main force of the strategic emerging industries. The Company ranked the first among central enterprises in the assessment of the SASAC for "promoting the transformation and upgrading of traditional industries through digitalization, intelligence and greening".

The Company places great emphasis on technological innovation which would improve the Company's competency and guidance in operation. Following the direction of "making innovations and leapfrog advances in key areas, supporting development and thus creating a better future", the Company continues to optimize the structure and layout of innovative platforms and determines to establish a "three-level and four-type" innovative platform system with key laboratories, R&D centres, enterprise technology centres and field observation stations (bases) at national, provincial and group levels as the core, to achieve the objectives to establish four types of scientifically innovative platform by carry out fundamental research on application at key laboratories, engineering and industrial R&D at R&D centres, supporting production and operation at enterprise technology centres and supporting fundamental research and fundamental research on applications by scientific observation data obtained by field observation stations (bases). The Company has a total of 177 innovation platforms of "three levels and four categories", including 16 innovation platforms at national level, 127 innovation platforms at provincial level and 34 innovation platforms at group level. This forms a group of innovation platforms that covers each session within the innovation chain and assembles the characteristics of fundamental support and guaranteed condition, fundamental research on applications, technology research and development, achievement transformation, and industrialization. The Company has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a nurturing model of a "three-in-one" professional team of scientific calibers with its resources on talents, teams and platforms.

The Company has been accumulatively awarded with 43 National Science and Technology Advancement Awards, 5 Technological Invention Awards, 130 Luban Awards, 400 National Quality Project Awards (including 46 golden awards), 126 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 39 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 196 national standards and 572 industry standards that have been promulgated, and had a total of 37,175 authorized patents.

CORPORATE PROFILE

The Company owns a diverse range of specialised equipment, including modern dredging vessels, various equipment for marine and onshore engineering, as well as various state-of-the-art machinery and equipment for investigation, design and research, which gives the Group competitive advantages to win and perform contracts for challenging large-scale complex projects.

As an important holding subsidiary of CCCG, the Company played a decisive role in the business performance of CCCG. CCCG has been rated as a Grade A enterprise in the Operating Results Assessment of State-owned Enterprises conducted by the SASAC for nineteen consecutive years, and it has been rated as a Grade A enterprise in the Party Building Accountability Assessment conducted by the SASAC in consecutive years. CCCG has ranked the first among Chinese enterprises in ENR's Top International Contractors for eighteen consecutive years. Meanwhile, CCCG ranked the 63rd in the Fortune Global 500.

By insisting on the vision of "making the world more expedite, making the city more habitable, making life more beautiful", adhering to the corporate mission "fostering sustainable development with firm foundation and good morality", and persisting on the corporate spirit of "communicating with the world and constructing without boundaries", the Company will spare no efforts to become a globally competitive world-class enterprise with technology, management and quality and start a new journey of high-quality development in the new era.

PERFORMANCE HIGHLIGHTS

RMB million (except per share data)	For the year ended 31 December 2024	2023	Change (%)
Revenue	**768,243**	755,687	1.7
Gross Profit	**92,603**	94,549	-2.1
Operating Profit	**39,307**	38,974	0.9
Profit attributable to owners of the Company	**23,854**	24,739	-3.6
Basic earnings per share (RMB) (Note 1)	**1.40**	1.45	-3.4
Annual dividend distribution	**4,911**	4,762	3.1
Annual dividend payout ratio (Note 2)	**21%**	20%	1 percentage point

RMB million	As at 31 December 2024	2023	Change (%)
Total assets	**1,858,272**	1,684,412	10.3
Total liabilities	**1,390,457**	1,225,212	13.5
Total equity	**467,815**	459,200	1.9
Capital and reserves attributable to owners of the Company	**313,425**	301,767	3.9

	For the year ended 31 December			
	2024		2023	
Value of New Contracts RMB million	Number of Projects	Value of Contracts	Value of Contracts	Change (%)
Infrastructure Construction Business	**7,141**	**1,700,582**	1,558,482	9.1
— Port Construction	**375**	**87,634**	84,523	3.7
— Road and Bridge Construction	**667**	**275,188**	349,005	-21.2
— Railway Construction	**14**	**16,260**	36,919	-56.0
— Urban Construction, etc.	**5,704**	**976,856**	792,908	23.2
— Overseas Projects	**381**	**344,644**	295,126	16.8
Infrastructure Design Business	**8,024**	**52,646**	55,972	-5.9
Dredging Business	**1,323**	**116,017**	119,193	-2.7
Other Businesses	**N/A**	**11,940**	19,568	-39.0
Total	**N/A**	**1,881,185**	1,753,215	7.3

	As at 31 December			
	2024		2023	
Backlog RMB million	Number of Projects	Value of Contracts	Number of Projects	Value of Contracts
Infrastructure Construction Business	**8,630**	**2,947,341**	6,969	2,987,922
Infrastructure Design Business	**21,839**	**179,220**	15,666	154,256
Dredging Business	**2,097**	**328,626**	1,577	278,577
Other Businesses	**N/A**	**31,586**	N/A	29,904
Total	**N/A**	**3,486,773**	N/A	3,450,659

Note 1: In calculating the amount of basic earnings per share, the interest of perpetual securities with an aggregate amount of approximately RMB1,231 million and the dividends relating to Incentive Scheme with an aggregate amount of approximately RMB47 million shall be excluded from profits.

Note 2: For details, please refer to the section headed "DIVIDENDS" in the "REPORT OF THE BOARD OF DIRECTORS".

The Shenzhen-Zhongshan Bridge, a world-class integrated cross-sea project integrating "tunnel, island, bridge, and underwater interchange" into one complex system, has officially commenced trial operation.

As one of the most technically challenging integrated cross-sea construction project in the world today, it has set numerous "firsts" and "records" in the field of cross-sea passage construction, both in China and globally.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of CCCC, I am honored to present the 2024 annual report to Shareholders and thank you for your concern and support for the development of the Company.

In 2024, facing severe and complex challenges both domestically and internationally, the Company adhered to the main theme of "Year of Improvement in High-quality Development". Despite market pressures, we focused on strengthening operations, advancing Party building, stabilising growth, promoting reforms, driving innovation, and controlling risks. As a result, the Group maintained a steady development. During the year, the revenue of the Group amounted to RMB768,243 million, with net profit attributable to the Shareholders of RMB23,854 million and earnings per Share of RMB1.40. The value of new contracts reached RMB1,881,185 million, representing a year-on-year growth of 7.3%, among which, the value of new contracts from emerging business sectors amounted to RMB705,347 million, representing a year-on-year growth of 46.4%. As at the end of 2024, the backlog of the Group amounted to RMB3,486,773 million. As a major controlling subsidiary of CCCG, the Company played a pivotal role in sustaining CCCG's 19-year streak of achieving Level A in the business performance appraisal of state-owned enterprises (organised by the SASAC), as well as securing its 18th consecutive year as the top Chinese contractor on ENR's list of the Top International Contractors.

2025 marks the concluding year of the 14th Five-Year Plan. We will adopt a broader perspective and demonstrate stronger commitment, aligning our thoughts and actions with the decisions and deployments of the CPC Central Committee and the State Council. We will fully implement the SASAC's requirements to enhance the "Five Major Values" and achieve "Stable Profitability with Continuous Optimization of Five Ratios". Centered on the main theme of "Year of Breakthrough in High-Quality Development", we will focus on six key areas of work:

Firstly, embracing the country's most fundamental interests with a strong sense of responsibility to achieve new breakthroughs in implementing national strategies. We will consciously align our development with the broader context of national strategies, comprehensively enhancing our initiative, systematic approach and innovation in serving national strategies. This will also serve as a key component in the formulation of the 15th Five-Year Plan. We will deeply engage in major national strategies such as building a strong transportation network, a strong maritime nation and a beautiful China. By leveraging the exemplary impact of major strategic projects like the Pinglu Canal (平陸運河) and national reserve bases, we will take on greater responsibilities in the co-construction of the Belt and Road Initiative in high quality through the "Company Internationalisation 3.0", steadfastly fulfilling our functional mission as a central state-owned enterprise in the construction sector.

Secondly, focusing on core responsibilities and main business to create value and achieve new breakthroughs in high-quality and stable growth. We will resolutely shoulder the responsibility of serving the high-quality development of the national economy as a central state-owned enterprise. We will actively contribute to practicing the new development philosophy and building a new development pattern. By continuously scaling up projects, strengthening investments, solidifying assets, and optimizing capital, we will closely monitor key performance indicators such as the debt-to-asset ratio, operating cash flow ratio, proportion of the "inventories and receivables (兩金)" and return on equity. We will reduce assets scale, cut debt, lower leverage, and enhance quality and efficiency, ensuring that both qualitative improvements and quantitative growth are integrated into the entire process of high-quality development. We are committed to making the Group stronger, more competitive, and larger.

Thirdly, unwaveringly promoting "strengthening the foundation through technology" to achieve new breakthroughs in innovation-driven development. With a spirit of seizing every moment, we will comprehensively advance high-level self-reliance and self-strengthening in science and technology. We will adhere to a trinity approach that integrates technological innovation, industrial innovation and institutional innovation. We will strengthen the development of original technology sources, creating unique and superior technologies and high-end equipment that set us apart from others. We will accelerate the forward-looking layout of strategic emerging industries such as energy conservation, environmental protection, and new materials as well as future industries like deep-sea and deep-earth exploration. Anchored in the direction of high-end, intelligent and green development, we will drive the iterative upgrading of traditional businesses. We will persist in the engineering and industrialisation of technological innovation, strengthen demand guidance and scenario traction, and increase the promotion and application of first-set, first-batch and first-edition technologies. Through technological innovation, we will spur industrial innovation, injecting new momentum into high-quality development.

Fourthly, adhering to a problem-oriented approach to achieve new breakthroughs in comprehensive deepening of reforms. We will focus on the "Three Concentrations" and shoulder the responsibility of being a pilot state-owned capital investment company. Through "streamlining institutions, optimizing personnel and refining management", we will systematically enhance the comprehensive deepening of reforms. We will optimize our governance structure, continuously empower the Board to play a substantive role, and ensure standardised operations and scientific decision-making in corporate governance. We will intensify professional integration, leveraging the "chemical reactions" generated through such integration to extend, supplement, and strengthen the industrial chain. We will elevate market-oriented practices, refine incentive and penalty mechanisms, and tilt wage allocation towards scientific and technological talents as well as frontline production staff, ensuring the high-quality completion of all tasks in the deepening and enhancement of state-owned enterprise reforms.

Fifthly, balancing high-quality development with high-level security to achieve new breakthroughs in risk prevention and resolution. We will refine the comprehensive, multi-level and penetrating regulatory system, ensuring that control requirements permeate all levels and are implemented in every project, thereby using "clear visibility" to underpin "effective management". We will firmly uphold a "comprehensive security perspective (大安全觀)", strengthen the construction of a "comprehensive compliance" management system, and reinforce the primary responsibility of safety production at all levels within the Group, as well as continuously enhance overall safety management effectiveness. We will implement a major special project mechanism to firmly hold the bottom line of preventing systemic risks, providing strong safeguards for the stable and healthy development of the Company.

Sixthly, continuously strengthening our roots and soul to achieve new breakthroughs in high-quality development led and safeguarded by high-quality Party building. We will consciously shoulder the political mission of being a Party-building liaison point for state-owned enterprises, ensuring that the Company's development direction is highly aligned with the line, principles, and policies of the CPC Central Committee. Through high-quality Party building, we will gather powerful momentum to achieve new breakthroughs in the Company's high-quality development.

CHAIRMAN'S STATEMENT

Dear Shareholders, in 2025, the Company will unite even more closely around the CPC Central Committee with the General Secretary Xi Jinping at its core. With unwavering confidence, a spirit of seizing every moment, and unyielding perseverance, we will strive to successfully conclude the "14th Five-Year Plan" and lay a solid foundation for the start of the "15th Five-Year Plan". Through tangible achievements in high-quality development, we will make new and greater contributions to the construction of a strong nation and the great cause of national rejuvenation!

I would like to thank all Shareholders and friends for their continuous support and help!

Wang Tongzhou
Chairman

Beijing, the PRC
27 March 2025

The Tianshan Shengli Tunnel, the world's longest highway tunnel, has achieved full breakthrough.

Upon completion, the Urumqi-Yuli Highway will connect the "Northern Xinjiang Urban Belt" with the "Southern Xinjiang Urban Cluster," while also linking vital corridors such as the New Eurasian Land Bridge Economic Corridor and the China-Pakistan Economic Corridor. This project is set to inject robust momentum into regional economic development.

BUSINESS OVERVIEW

I. MAIN BUSINESS

The Company is a leading transportation infrastructure enterprise in the PRC focusing on "big transportation" and "big city" and its core businesses are infrastructure construction, infrastructure design and dredging, respectively. Its scope of business mainly consists of the investment, design, construction, operation and management of port, waterway, road and bridge, railway, urban rail transit, municipal infrastructure, land reclamation, river basin management, water conservancy, construction and environmental protection and related projects at home and abroad. The Company is engaged in providing customers with integrated solutions services for each stage of the infrastructure projects leveraging on its extensive operating experience, expertise and known-how accumulated from projects undertaken in a wide range of areas over the decades.

II. BUSINESS MODEL

The business operation process of the Company mainly includes collecting project information, pre-qualification, bidding, executing projects, and delivering projects to customers after completion. The Company has formulated a comprehensive project management system that covers the entire contract process, including the preparation of tenders, bidding price, project organization planning, budget management, contract management, contract performance, project supervision, contract changes, and project completion and delivery. In particular, the Company's infrastructure construction, infrastructure design and dredging business all fall within the scope of the construction industry, and the main project operation process is basically consistent with the above description.

When the Company prepares the project quotation, it carries out a detailed study on the proposed bidding project, including technical and commercial conditions and requirements of the tender followed by a site visit. The Company also invites quotations from suppliers and sub-contractors for various items or activities in respect of the tender. The Company analyses and collects the above information to calculate the costs of each item in the project lists and then marks up gross profit to be obtained according to a certain percentage to calculate the bidding price to the client.

After the project is awarded and the contract is signed, the Company usually collects prepayment at 10% to 30% of the total contract amount before the project commences, and then settles the payment on a monthly or regular basis according to the progress. Payments from customers are usually settled within 1 to 3 months. In recent years, the unstable and unbalanced recovery of the domestic economy has resulted in varying degrees of lag in customer payment schedules, consequently stretching out the project timelines and the payment cycles.

At the same time as the above business was carried out, the Company has begun to develop infrastructure and other investment projects since 2007 to obtain investment profits apart from reasonable design and construction. After years of development, in keeping with changes in the market environment, policy situation, and industry demand, the Company has always strictly controlled the key points in the investment process, and continuously promoted the deepening and implementation of the commitment to "value-oriented investments". For details, please refer to the section headed "Management's Discussion and Analysis".

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Enhance the Strength and Expertise of the Main Responsibility and Principal Business, and Forge the Integrated Advantages of the Full Industry Chain

The Company is the world's largest port, road and bridge design and construction company, and the world's largest dredging company; it is also the largest international contractor and highway investor and operator in China; and the Company also owns the largest engineering fleet in the world. The Company has 34 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong and Macau and 139 countries and regions across the world.

Continuously expanding the contracting projects and enhancing the ability to generate cash from operations. The Company carries out high-end business activities frequently with remarkable results, insists on strengthening and consolidating its position as the market entity of sub-subsidiaries, creates more third-tier project companies with market competitiveness, and strengthens the specialized development of key enterprises. During the reporting period, the Company's port, shipping and dredging business continued to play the leading role, with a coastal market share of over 60%, while the highway business maintained its position as the "King of Highways" against the challenging environment. The contracting projects of housing construction business increased by 36% year-on-year, making it the largest professional sector.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(I) Enhance the Strength and Expertise of the Main Responsibility and Principal Business, and Forge the Integrated Advantages of the Full Industry Chain (continued)

Continuously landing major projects to practice national strategies. The Company has promoted the landing of major projects through high-end connections, with consecutive bids winning for a series of lake and reservoir desilting projects such as Taihu Lake, and the brand of "lakes and reservoirs ecological desilting (湖庫生態清淤)" gradually becoming more and more prominent. The Company has successively won bids for coastal ports and high-grade inland waterways, including North Xiaoyangshan, Tangshan Coal Storage and Transportation Base and Huxi Waterway of Beijing — Hangzhou Canal. The long and large bridge and tunnel projects, including Wuhu Taishan Road Yangtze River Bridge, Xiangshan Shipu Port Submarine Tunnel and Changle Airport Intercity Railway Tunnel, continued to take the lead. The three major projects and large-scale single public building projects, including Qingpu Old City Renovation, Binhai Suburban Warehouse and Yuncheng People's Hospital, have received a lot of positive news. The major national water network projects, including Xiangyang Reservoir Water Resources Project, Guangxi Water Resources Allocation Project in the Beibu Gulf Rim and the First Phase of Nenjiang River-to-Baicheng Water Diversion Expansion have achieved breakthroughs.

Continuously strengthening investment projects and enhancing profitability. The Company has closely followed the requirements of "controlling the total investment, optimizing the incremental investment and improving the quality". Firstly, strengthening the rigid restriction of the investment budget. During the year, the value of new contracts of the domestic projects investment amounted to RMB129,047 million, representing a year-on-year decrease of 33.8%, with effective control in the investment scale and high-quality selection of key projects. Secondly, continuously optimizing the business structure. The proportion of medium- and short-term projects and light-asset projects increased, while the proportion of long-term projects decreased, and the proportion of projects investment in key regional continued to rise. We have promoted the research in offshore floating wind power, cold chain, port operation, intelligent computing centre and other projects, and led industrial upgrades through innovation, with the investments in Rucawi Hydropower Station in Chile, the Centralized Photovoltaic Project in Botswana and the First Phase of the Dandong Marine Ranch demonstrating our entry into the fields of water conservancy and clean energy. Thirdly, continuously improving the quality and efficiency of investment. The cash flow of project investment was under control, basically achieving a balanced revenue and expenditure during the year. Fourthly, insisting on "value-oriented investments". We have further strengthened the separation of investment and engineering to enhance the profitability of pure investment business. Fifthly, actively promoting the debt resolution through PPP business. We have continued to pay attention to and research local measures for resolving hidden debts, and adopted one policy per region and one policy per project to speed up the debt resolution and stock revitalization.

Fully implementing a high-quality project management system, and continuously deepening the integration management of the "three chains". The project management system has been fully carried out. Firstly, taken ESG management as a guide, we have applied ESG concepts to the practice of high-quality project management, and strengthened the "synergy of interests" between project management and the central enterprise brand, social responsibility, partners, employees, the ecological environment and etc., thereby realizing the coordination among corporate development, society and the environment. Secondly, we have reinforced the main responsibility of the "legal person in charge of the project", maximised the supporting role of the resource allocation system, and focused on legal performance, planning and management, project team formation, operational monitoring and performance appraisal. Thirdly, we have promoted the "digitization" of project and enterprise collaboration, to achieve seamless integration with 18 unified systems, including production and operation data and financial cloud and etc. We have also built a smart construction site platform to realise the "online" management of project supervision, resource scheduling and emergency safety management. Fourthly, we have achieved the coordinated allocation of management resources, with the transaction concentration of first-tier centralized procurement partners reaching 82.91%, and the comprehensive procurement cost reduced by approximately 2.3%, effectively supporting cost reduction and efficiency enhancement.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(II) Fully Implement "Company Internationalization 2.0" and Continue to Upgrade Overseas Business

The Company adhered to a **general goal**. It ensured its absolute leading advantage of the top international contractor in the PRC and Asia, and by 2025, continued to increase the Company's overseas comprehensive contribution, with its net asset returns higher than the Company's average. **The Company proactively implemented the national strategy.** It deeply engaged in the "Belt and Road" Initiative, and built a series of landmark projects. The General Secretary Xi Jinping witnessed the opening of the Chancay Port in Peru, the Premier Li Qiang attended the groundbreaking ceremony for the Gombak Station of the East Coast Rail Link in Malaysia, and the Secretary Li Xi of the Central Commission for Discipline Inspection inspected Mombasa-Nairobi Railway, giving high recognition to the Company's overseas projects and affirming the Company's active role in Sino-foreign cooperation. By coordinating with nine national standards committees, including Kenya and Algeria, it helped our country successfully obtain the leading national qualification for the "Port Terminal Standards Technical Committee". **High-end activities led market development.** The Company's officers planned to meet with foreign leaders on 28 occasions and conducted more than 100 bilateral meetings at ministerial level or above. It actively served the overall situation of national economic and diplomatic affairs by fully participating in 18 major foreign affairs events, including the Global Sustainable Transport Forum, the APEC CEO Summit, the 7th China-Kazakhstan Entrepreneurs' Committee and the Global Business and Law Conference. Among them, at the Beijing Summit of the Forum on China-Africa Cooperation, a total of 47 cooperation achievements were made, involving a total contract value of USD12,400 million. **The Company continued to upgrade the "company internationalization" strategy.** The Company advanced the implementation of the "Deepening Reform Implementation Plan of the 'Company Internationalization'(2023-2025)" to optimize the "1+4+N" main overseas operations structure and the "1+4+O+P" four-tire overseas management structure and promote the "O" construction of country-specific organizations, thus enhancing the intensive management level of overseas organizations, forming a "four-wheel drive" pattern for overseas market entities, supporting "leading" overseas sub-subsidiaries, and promoting the full operation of the 62 national country-specific organizations. **The Company has thoroughly studied the trend of global value chain restructuring.** It extended the layout of upstream and downstream of the global industrial chain of the Company, accelerated the layout of new fields and new tracks, and promoted the "going global" of China's standards and technologies in the advantageous fields of highways, bridges, railways, ports and other areas, so as to provide a solid foundation for the enhancement of the Company's competitiveness in overseas markets. **The Company proactively addressed overseas risks.** It enhanced the awareness of business risk prevention, and comprehensively considered and managed non-market risks and market risks as a whole. The Company vigilantly guarded against political risks, and strictly controlled safety risks, integrity risks and operational risks.

During the reporting period, the value of new overseas contracts of the Company amounted to RMB359,726 million, representing a year-on-year increase of 12.5%. Categorized by project type, the value of new contracts for roads and bridges, port construction, railway construction, building construction, urban rail transit, municipal engineering, dredging, water conservancy, comprehensive urban development, infrastructure design and others accounted for 22%, 15%, 14%, 13%, 9%, 8%, 3%, 2%, 2%, 1% and 11% of that of the overseas projects, respectively. Categorized by project location, the value of new contracts for Africa, Asia (excluding Hong Kong, Macau and Taiwan), Oceania, Europe, Latin America, as well as Hong Kong, Macau and Taiwan and other regions accounted for 39%, 27%, 13%, 6%, 6% and 9% of that of the overseas projects, respectively.

During the reporting period, the value of new contracts of the Company with countries participating in the joint construction of the "Belt and Road" Initiative was USD38,460 million, accounting for 75% of the value of new contracts from overseas markets. Wherein, the value of new contracts for the Middle East region amounted to USD5,300 million. Since the proposal of jointly building the "Belt and Road" Initiative, the value of new contracts of the Company accumulated to USD273,218 million. In terms of "big transportation", the Company won the bids for large-scale projects, including the Second Ring Road of Riyadh South, Saudi Arabia and the Trams in Yarra, Melbourne, Australia. In terms of "big city", the Company won the bids for a series of projects, including the Hong Kong Trunk Road T4 and related works and Condominium Residences in Singapore's Media Circle. In terms of "rivers, lakes and seas", the Company signed large-scale projects, including Ndayane New Port in Senegal, Oxagon Port in NEOM, Saudi Arabia and the Expansion Project of the Mining Terminal at the Port of Annaba in Algeria. In terms of strategic emerging business, the Company made breakthroughs in "small and outstanding" livelihood projects, including photovoltaic projects in Botswana and Nicaragua, and signed Hong Kong MTR project.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(III) Accelerate the High-end, Intelligent and Green Upgrades, and Empower Traditional Industries with Technological Innovation

During the reporting period, the Company drove the transformation and upgrading of traditional industries through digitization, intelligence and greening, seized the favorable opportunities of the national advancement of "two renewals" and implementation of "two major", made good use of large-scale equipment renewal policies, and continuously extended traditional industries into high-tech and high value-added fields, demonstrating its strong technical and innovation capabilities in the field of "smart+". The Company continued to optimize its promotion and application of the CCCC Urban Industry Big Data Platform throughout the entire Company, making full and effective use of industrial resources to provide integrated solutions for policy interpretation, urban analysis and industry introduction. It ranked the first among central enterprises in the assessment of the SASAC for "promoting the transformation and upgrading of traditional industries through digitalization, intelligence and greening".

During the reporting period, **in terms of smart highways**, the Company conducted projects such as the optimization of highway video monitoring and the construction of a digital mechanical and electrical operation and maintenance platform. The implementation of the pilot smart highway project has enhanced the monitoring and emergency response capability of highways, and optimized the operation and maintenance management of mechanical and electrical equipment, significantly reducing operating costs and improving highway management efficiency. **In terms of smart ports**, the Company conducted projects such as the First Phase of Dongjiakou Container Terminal Project of Qingdao Port and the Second Phase of Guoneng (Tianjin) Port Project of Nanjiang Port Area of Tianjin Port. Based on AI technology, such projects have achieved automation of finite element modelling, automatic reinforcement and drawing of BIM components, which have significantly improved the efficiency and quality of the design, enhanced the efficiency of loading and unloading in ports, reduced the operating costs, and promoted the intelligence and green development of ports, providing the industry with a replicable solution. **In terms of smart cities + energy**, the Company conducted smart gas supervision and comprehensive urban management platform construction projects in Liaoning, Hubei and other places. Based on BIM, GIS, AI and other technologies, such projects have constructed a three-dimensional model of urban infrastructure and a visualized supervision platform to enhance the level of intelligence in urban management. The Company has developed the smart gas supervision system to realize digital management and risk warning for the whole process of gas operation. The implementation of smart city construction projects has significantly enhanced the efficiency of urban management, optimized the allocation of urban resources, and strengthened the security and intelligence of urban infrastructure, providing strong support for sustainable urban development. **In terms of smart cities + water management**, the Company has newly signed projects, including the Surface Water Environmental Supervision Capacity Construction in the Fuxian Lake Basin and the Regional Smart Water Management in Zhaoqing, Guangdong. which were based on AI large models to construct water quality prediction and pollution source traceability systems, improving the scientificity and accuracy of water environment supervision. Through the Internet of Things and big data technology, it achieved real-time collection and analysis of water quality monitoring data to optimize water environment management strategies. The implementation of the smart water management project has significantly enhanced the efficiency of water environment monitoring, reduced operating costs, and optimized resource allocation, providing an efficient solution for water environment management.

(IV) Cultivate a "Second Growth Curve" and Develop New Quality Productive Forces through Scientific and Technological Innovation

During the reporting period, the value of new contract of the Company in the emerging business fields amounted to RMB705,347 million, representing a year-on-year increase of 46.4%. The Company seized the policy opportunities in the development of strategic emerging industries, compiled a directory of guidelines for the development of strategic emerging industries, clearly defined 8 key fields and 25 sub-divisions in strategic emerging industry development, selected sub-divisions such as offshore wind power and application of Beidou technology, which are currently the focus of our efforts, formed a package of support policies and specific measures for major investments, mergers and acquisitions of industries, technological research and development and standard formulation. The "three new" businesses of the Company mainly involve new-generation information technology, high-end equipment manufacturing, new materials, new energy, energy conservation and environmental protection, related service industries and other strategic emerging industry sectors, as well as new business forms and models.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Cultivate a "Second Growth Curve" and Develop New Quality Productive Forces through Scientific and Technological Innovation (continued)

The green energy segment focuses on the application scenario of "big transportation and big city", and makes every effort to create a new development mode of "integration of transportation and energy". The construction technology segment has been promoting its businesses in different areas, such as sand and gravel aggregates, solid waste treatment and assembled buildings, and constructing a synergistic development model for multiple businesses. Cold chain logistics segment plans to cooperate with leading cold chain operators. The digital intelligence segment aims to "strengthen the industry chain" of the traditional core industry, with a priority focusing on the strategic layout in three niche areas: smart urban parking operations, vehicle-to-road cooperation, and intelligent port and shipping logistics. We facilitated the integration and development of the "three new" businesses of the Company, initiated the establishment of the specialized and new science and technology innovation fund, building national strength in transportation fund and the pre-REITs fund, and accelerated the Company's layout of the strategic emerging industries through the fund's outward investment and served the Company's industrial transformation and upgrading.

During the reporting period, the Company has developed and put into use the "Taihu Star", the world's first intelligent integrated platform vessel for ecological desilting with fully independent intellectual property rights, which has opened up a new track for rivers, lakes and reservoirs desilting to expand the advantages of the main business of "rivers, lakes and seas". The Company has independently developed a number of high-end equipment such as "New Sea Sturgeon", the world's largest and the first LNG dual-fuel power system rake suction vessel in China, and made forward-looking deployments in the deep-earth and deep-sea fields. Its "complete set of technologies and equipment for safe and efficient development of offshore wind power and industrialization" won the first prize of the National Science and Technology Advancement Award. The contract value of agriculture, forestry, animal husbandry, fishery and onshore new energy has increased significantly, and the energy conservation and environmental protection, new materials and high-end equipment manufacturing have become the main force of the strategic emerging industries. The Company has been approved to build a green and low-carbon original technology hub for transportation infrastructure, promoting the construction and operation of the deep-sea engineering technology and equipment research and development center, and building new quality productive forces with CCCC characteristics.

(V) Serve National Strategy with Technologic Innovation and Advance towards a World's Leading "Sci-Tech" Enterprise

Focusing on its main responsibility and principal business, the Company attached great importance to the key and core technologies as well as bottleneck problems. It followed the guidance of pilot projects of building national strength in transportation to continuously improve the technological innovation system, strengthen efforts to achieve breakthroughs in core technologies and build a cradle for original technology. It was committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation driven development and staying determined to advance towards a world's leading "Sci-Tech" enterprise by technological innovation.

Guided by the national strategic needs and industrial upgrading needs, the Company conducted technology research and the "National Key Laboratory of Green and Long-life Road Engineering in Extreme Environment (極端環境綠色長壽道路工程全國重點實驗室)" and the "National Key Laboratory of Safe and Long-life, Healthy Operation and Maintenance of Long Bridges (長大橋樑安全長壽與健康運維全國重點實驗室)" had been recognised by the Ministry of Science and Technology. The Company became the only central construction enterprise with two national engineering research centres upon selection of its Long Bridge Engineering Research Centre (長大橋工程研究中心) and Dredging Technology and Equipment Research Centre (疏浚技術裝備研究中心) into the National Science and Technology Innovation Bases (國家科技創新基地), leading infrastructure construction to a new high end and making great strides on the road of strengthening the country with science and technology. The Company established the general research institute for strategy and innovation, which undertakes 15 key technological tasks for future industries. Furthermore, the Company has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a "three-in-one" model integrating talents, teams and platforms to nurture scientific and technological talents team. Zhang Xigang (張喜剛), an academician of the Chinese Academy of Engineering, won the Bridge Award of the Mao Yisheng Science and Technology Award and the title of "100 Excellent Engineers by China Highway & Transportation Society", and Lin Ming (林鳴), an academician of the Chinese Academy of Engineering, won the Science and Technology Achievement Award of Ho Leung Ho Lee Foundation.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(V) Serve National Strategy with Technologic Innovation and Advance towards a World's Leading "Sci-Tech" Enterprise (continued)

Over the years, the Company has been accumulatively awarded with 43 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 130 Luban Awards, 400 National Quality Project Awards (including 46 golden awards), 126 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 39 Chinese Outstanding Patent Awards. The Company has accumulatively led or participated in the compilation of 196 national standards and 572 industry standards that have been promulgated. It has a total of 37,175 granted patents.[1]

During the reporting period, the Company's R&D cost was RMB26,393 million, accounting for 3% of the revenue, and a number of "bottleneck" technologies have achieved breakthroughs. The Group took the lead role in the construction of a number of iconic projects such as a marine engineering technology innovation consortium, a green and low-carbon original technology hub for transportation infrastructure, the hydraulic cylinders for 5000t pile-driving vessels and the software foundation platform of dredging control, realising the localised substitution for key core components. In the context of the construction of major projects, the Group continued to seek breakthrough in key core technologies in the fields of ports, bridges and tunnels, and acquired a series of key core technology achievements, including "Key Technologies and Core Equipment for Steel Shell Concrete Immersed Tube Prefabrication" (鋼殼混凝土沉管預製關鍵技術及核心裝備), "Key Technologies and Core Equipment for Immersed Tube Floating and Installation" (沉管浮運安裝關鍵技術及核心裝備), "Key Technologies for Precise Rock Breaking and Excavation Construction in Deep Water and Deep Trench Hard Rock" (深水深槽硬岩精準破岩開挖施工關鍵技術), "Key Technologies and Equipment for Industrialised Construction of Concrete Cable Towers" (混凝土索塔工業化建造關鍵技術及裝備), "A Complete Set of Key Technologies and Equipment for Design, Construction and Operation of 20km-class Highway Mountain Tunnels" (20公里級公路山嶺隧道設計建造運維成套關鍵技術及裝備), "Key Technologies and Equipment for Port Construction under Conditions of Strong Surge, Dense Strata and Frequent Earthquakes" (強湧浪極密地層及地震頻發條件下港口建設關鍵技術和裝備), and "Static and Dynamic Comprehensive Vibration Reduction and Energy Dissipation System for Three-Tower Cable-Stayed Bridges" (三塔斜拉橋靜動力綜合減振耗能體系), strongly supporting the construction of major projects such as the Shenzhen-Zhongshan Bridge, the Chancay Port in Peru, the Tianshan Shengli Tunnel and the Huangmaohai Sea-crossing Channel, providing significant support for the rapid economic development of the local areas.

Looking ahead, the Company will **systematically deploy the technological development plan of the "15th Five-year Plan"**. It will clearly practise the iconic achievements such as material technological products, material technological projects and major innovation platforms, increase its R&D investment in the fields of deep earth and deep sea, wave energy utilisation, floating wind power, BIM industry chain, artificial intelligence, and industrial software, aiming to try its best efforts to break through original and cutting-edge technologies that lead industry development. **Accelerating the transformation of technological achievements.** The Company will optimize its technological innovation system, increase its proportion of R&D investment in strategic emerging industries, effectively improve the efficiency of R&D input and output. The national innovation platforms of the Company will proactively undertake national strategic tasks as well as deep earth, deep sea and other future industries, and seek technology innovation for strategic projects such as Qinghai-Tibet Expressway and the Three Gorges New Channel. Additionally, it will enhance the research and development of common technologies around digital infrastructure, AI empowerment, and BIM centre, to support and empower design institutes, engineering departments and major projects. **Accelerating the construction of original technology hub.** Focusing on the original hubs of green and low-carbon transportation infrastructure, long bridges and tunnels, road engineering, dredging, and automated terminal, the Company will seek improvement of six capabilities including technological R&D, talent cultivation, platform construction, R&D investment, collaborative innovation and transformation of achievements. Besides, it will deploy resources for the original hubs of strategic emerging industries such as marine reefs, offshore wind power, water treatment and future transportation, collaborate with external resources to cultivate original innovation capabilities in deep earth and deep sea as well as marine energy that lead the future development.

1 Statistics from the awards received by CCCC and its subsidiaries.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Continuously Make New Achievements in Business Qualifications and Accelerate the Accumulation of Water Conservancy Business Qualifications

The Company obtains several extra-grade, grade A and comprehensive grade A qualifications for the main businesses.

The Company has obtained a total of 63 extra-grade qualifications, including 18 extra-grade qualifications for general contracting of port and waterway engineering construction, 39 extra-grade qualifications for general contracting of highway project construction, 4 extra-grade qualifications for general contracting of architectural engineering construction and 2 extra-grade qualifications for general contracting of municipal utilities project construction. The Company now has obtained more than 1,800 qualifications for major engineering construction, and nearly 300 qualifications for engineering consulting, survey and design.

During the reporting period, the Company obtained a total of 9 grade A and extra-grade qualifications, including 1 extra-grade qualification for general contracting of port and waterway engineering construction, 1 extra-grade qualification for general contracting of highway project construction. Sub-subsidiaries obtained 5 qualifications, significantly enhancing their market competitiveness. The Company successfully obtained 1 first-grade general contracting qualification for water conservancy and hydropower construction, including which, a new pattern of 12 first-grade general contracting qualifications for water conservancy and hydropower construction, 1 grade A qualification for water conservancy and hydropower engineering design and 8 grade A integrated qualifications was formed, achieving the full-chain and full-lifecycle serving capabilities for water conservancy industry from front-end planning and design to subsequent construction and operation.

(VII) Keep Strengthening the Market Value Management Initiatives and Continuously Enhance Its Own Investment Value

During the reporting period, the Company persisted in optimizing its capital, scientifically expanded financing channels, increased the proportion of direct financing, established interconnected circulation paths for capital, resources, and industries, and improved a service system that integrates industry and finance, and promotes industrial development through financing. Through comprehensive application of various methods including cash dividends, mergers and acquisitions and reorganization, the Company integrated high-quality industries within and outside of the Company, enhanced the linkage between industry and finance, actively acquired high-quality assets involving new quality productive forces, drove the value improvement of listed companies by capital operations, to enhance the core competitiveness of listed companies and realise the high-quality development.

The first was to actively strengthen the market value management system to improve the quality of listed companies. Pursuant to the requirement of the Certain Opinions on Improving and Strengthening the Management of Market Value of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission (《國資委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》) and the CSRC Regulatory Guidance for Listed Companies No.10 — Management of Market Value (《證監會上市公司監管指引第10號－市值管理》), the Company regulated its market value management practices to promote the enhancement of its investment value and the increase in investor's return, and to protect the interests of investors. The formulation of the CCCC Management Measures on Market Capitalisation (《中國交建市值管理辦法》), and the CCCC Valuation Enhancement Plan and Market Value Management Program (《中國交建估值提升計劃及市值管理方案》) had been considered and approved at the 45th meeting of the fifth session of the Board on 27 March 2025.

The second was to take concrete steps to carry out special action of "Improving Quality, Increasing Efficiency and Enhancing Returns". The Company had prepared and released the "2024 Action Plan of Improving Quality, Increasing Efficiency and Enhancing Returns (2024年提質增效重回報行動方案)", and achieved positive results in various aspects, such as continuing to focus on its main responsibilities and principal businesses and significantly improving the modernisation level of its industrial system; accelerating the forward-looking layout of strategic emerging industries and future industries, and continuing to increase the percentage of revenue and value added of strategic emerging industries; taking various measures to solidify the Company's assets, and comprehensively pushing forward the enhancement of quality and increase in efficiency; establishing a firm sense of return to Shareholders, and actively exploring to enhance market value management capabilities through the implementation of measures including multiple cash dividends and controlling Shareholder's increase in shareholding of the Company. The Company had stepped up its research on the intrinsic link between cash dividends and share prices, and assessed the impact of cash dividend ratio and dividend yield on the market value management of listed companies.

III. CORE COMPETITIVENESS DURING THE REPORTING PERIOD (CONTINUED)

(VII) Keep Strengthening the Market Value Management Initiatives and Continuously Enhance Its Own Investment Value (continued)

The third was to distribute an interim dividend for the first time and enhance the predictability of dividend distribution. The Company had issued the "Announcement in Relation to the Receipt of the Proposal from the Controlling Shareholder for the Distribution of Interim Dividend and the Implementation of the 2024 Action Plan of 'Improving Quality, Increasing Efficiency and Enhancing Returns' (關於收到控股股東提議實施中期分紅暨落實2024年度「提質增效重回報」行動方案的公告)", and had formulated and implemented the 2024 Interim Dividend Distribution Plan in accordance with the conditions for profit distribution. In accordance with the latest work spirits of the SASAC and the CSRC, and upon comprehensively considering the characteristics of its industry, competitive landscape, business model, the stage of development, profitability, capital needs and assessment and other factors, the Company had overcome the macro-environment and industry pressures, considered to boost the market's confidence in the Company's Share price and increase the investors' sense of gain through the interim dividend, and formed a specific proposal in light of the actual situation, which was considered and approved by the first extraordinary general meeting of 2024 held on 29 November 2024, and the distribution was implemented accordingly.

The fourth was to effectively "solidify the value of assets" to create space for the development of core business. The Company formulated the "2024 Special Work Plan for Optimization and Increase of Assets and Funds (2024年資產資金優化提升專項工作方案)" to **continuously promote the optimization of asset and debt structure**, strengthen the disposal of non-operating assets, sunk assets and inefficient and ineffective assets under operating assets, as well as the cancellation of "non-major and non-advantaged business (兩非)" and the reduction of "receivables and inventories (兩金)", to seize the local debt restructuring opportunities and enhance its communication and collection efforts, so as to improve cash flows. The Company comprehensively sorted out its capital structure, promoted the re-organisation and mergers and acquisitions, and also strengthened its capital operations and market value management. It carried out special rectification of financial business risks by strengthening the control of existing financial assets and promoting the rectification and reduction of funds and debt-to-equity conversion businesses.

The fifth was to carry out financial innovation to activate existing assets, and initially complete the establishment of multi-level REITs system. During the reporting period, the Anjiang Expressway Real Estate ABS was successfully listed on the Shanghai Stock Exchange with an issuance size of RMB4,956 million, which is currently the first expressway real estate ABS for holding with largest issuance size in the market, representing the latest achievement in activating existing assets through financial innovation after the Jiatong Expressway REITs, the first expressway public REITs of state-owned enterprises, and the Qingyuan Bridge ABS, the first real estate ABS for holding in the market. The Jiuyong Expressway Real Estate ABS was successfully listed on the Shanghai Stock Exchange with an issuance size of RMB2,200 million, which is the first real estate ABS for holding issued through book-building and with a clear expansion mechanism in the market. The **Wuhan-Shenzhen Expressway Jiayu North Section Quasi-REITs** was successfully listed on the Shanghai Stock Exchange with an issuance size of RMB4,188 million. The Company had successively launched various products such as public REITs, Quasi-REITs, and Pre-REITs funds, and had initially completed the establishment of multi-level REITs system, accumulating rich experience in asset activation. In the future, it will continue to open up channels for activating existing assets through financial innovation, providing new examples for the high-quality development of central enterprises.

The sixth was to actively expand diversified fund business and promote the upgrading of strategic emerging industries. The Company actively expanded diversified fund business, cooperating with banks, insurance companies and other organisations to set up funds, and accelerate the fund business layout. Existing fund business mainly invested in traditional infrastructure projects. The Company is promoting the construction of various types of funds for strategic emerging industry segments, helping the development of infrastructure industry and the transformation and upgrading of emerging industries.

IV. BUSINESS PLAN AND PROSPECT

In 2024, according to statistics, the value of new contracts of the Group reached RMB1,881,185 million, indicating 95% of the annual target has been realized and meeting expectations. The revenue amounted to RMB768,243 million, indicating 94% of the annual target has been realized and meeting expectations.

The Group plans to achieve a year-on-year growth rate of not less than 7.1% in the value of new contracts for the year of 2025, and the planned year-on-year growth rate of revenue is not less than 5.0%.

From a domestic perspective, China's economy has shifted from the stage of high-speed growth to high-quality development, despite that triple pressures of demand contraction, supply shocks, and weakening expectations still exist, China's economy has a stable foundation, multiple advantages, strong resilience, and great potential, and the supportive conditions and underlying trend for long-term improvement have not changed. In September 2024, the Political Bureau of the Central Committee meeting deployed a package of incremental policies to increase the issuance of ultra-long-term special treasury bonds, intensify the counter-cyclical adjustment of macro policies, give play to the extra space of fiscal deficits, replace the local stock of hidden debt, and strengthen the support for the policies of the "two major" and "two emerging" areas, to accelerate the full implementation of a series of major strategic tasks and projects, which provided a relaxed policy environment for the construction of transportation infrastructure. In particular, the important areas and major projects along the coast and along the border, in accordance with the requirements of the strategy of building a comprehensive transportation infrastructure for a strong transportation country, there are still many opportunities in the breakpoints and congestion, along the coast and in the old, young and poor areas.

From the industry situation, modern infrastructure construction is developing in the direction of low-carbon, innovation, digital intelligence, convergence, security and resilience integration, and the construction industry and traditional manufacturing industry are accelerating their transformation to smart construction and smart manufacturing, so there is a huge potential for new infrastructure. **The port and waterway dredging "contains new opportunities".** Port terminal level upgrading, and intelligent transformation have become the focus of demand, inland water transport has become the main direction of investment, and reasoning of large-scale canal projects have been initiated with the total investment in many provinces may be close to RMB1 trillion. **Highway industry "accelerates integration".** Multimodal transport, vehicle and road coordination, the construction of important logistics hubs and nodes, rural passenger transport network optimization and other integration field have become the focus of construction. "Road to rail" and "road to waterway" have become an important direction of the green and low-carbon transformation of the transport of large quantities of goods. **Rail transportation "remains stable".** Mainline railroads, intercity railroads, urban (suburban) railroads, and urban rail transit "four network integration" have become the focus of direction. The construction of rail-waterway intermodal transportation focusing on major ports, key parks and railroad freight stations is expected to speed up. **Water conservancy market is "promising".** A number of national water network backbone projects are being accelerated, with flood control, drainage, water ecological protection, and water network intelligence becoming key focuses. It is estimated that by 2025, the investment in national water conservancy construction will reach RMB1.5 trillion, maintaining the scale of water conservancy construction. **The airport industry is "ushering in new growth".** The low-altitude economy has become a new engine for growth, and by 2030, the general aviation industry is expected to reach a market size of trillions.

From an overseas perspective, the world is experiencing profound and rapid changes, and the changes to the world, to our times and to history are taking place in an unprecedented way. The superpower games have led to the accelerated evolution of international relations, increasing political and economic risks. The competition in the global infrastructure market is becoming increasingly fierce, with product competition gradually escalating into competition over supply chains and industry ecosystems, thereby forcing enterprises to accelerate their transformation and upgrading. As developed countries transform and upgrade, and developing countries march towards industrialization, opportunities are provided to infrastructure enterprises. In emerging economies and some countries (regions), based on people's rigid demand for public facilities and services, infrastructure investment will be gradually released along with the economic recovery, and the outsourcing business will usher in a new round of development opportunities. Opportunities for mutually beneficial cooperation have increased in drinking water safety, water environment protection, environmental health, poverty alleviation, food safety, solid waste disposal and other "small, outstanding and beneficial" livelihood projects. The business prospects for deep-sea pipeline deployment and decommissioning, and the construction, operation and maintenance of floating production storage and offloading units (FPSOs) are vast. The demand for new energy businesses, including offshore wind energy, continues to grow. As digitization and de-carbonization technologies rapidly advance, technological innovation and self-evolution become decisive factors for business success.

IV. BUSINESS PLAN AND PROSPECT (CONTINUED)

In 2025, with a comprehensive, dialectical and long-term perspective, the Company will navigate opportunities and challenges by embracing the new prospects of industrial transformation and bolstering its bottom-line thinking and awareness of unexpected development, to strive to overcome various risks and challenges. The Company will continue to take advantage of the traditional main business of "big transportation", become a standard enterprise focusing on "big city", and keep as a leader of international development. It will seek to expand international influence by further expanding domestic and foreign markets and adjusting the business layout, thereby fully promoting the high-quality development of the Company.

Firstly, the Company will follow the national strategic advantage layout and exert the demonstration effect of major projects. As for the "big transportation" business, the Company will seize the development opportunity of accelerating the construction and upgrading the quality of the integrated and multi-dimensional transportation networks, strengthen the traction role of design and consultation in providing overall solutions and integration of new processes and technologies, and accelerate the green and low-carbon transformation; it will also pay high attention to future growth poles, such as big transportation hubs, and actively enter into the smart highways, "highway+" and other new business forms and modes, to grasp the development opportunities. The Company will proactively pursue growth by embracing innovation and refining its business models, and constantly strengthen business model innovation in response to the challenges and opportunities brought by the new PPP mechanism. It will also promote technological innovation, pay more attention to the supporting and driving role of scientific and technological innovation in market operation, rely on scientific and technological innovation to reduce technology costs and improve bidding efficiency, and depend on core equipment and core technology to enhance the core competitiveness of market development. **In the field of road and bridge**, the Company will seize the development opportunity of accelerating the construction and upgrading the quality of the integrated and multi-dimensional transportation networks, enhance the front-end leadership and green, low-carbon transformation, and sort out key projects such as the municipal transformation of expressways through the cities, upgrading and expansion of busy road sections, trunk line corridors and river-crossing and sea-crossing projects by districts, to maintain an absolute lead in major transportation strategic project contracting, high-end project operation, and spot market share. **In the field of railway**, the Company will seize the opportunity of CSRG's policy on further unifying and opening up the railroad construction market, further optimize the rail operation layout, and seek for opportunities in channeled and valuable freight railway projects. New breakthrough has been realized by exerting the demonstration effect of major projects.

Secondly, as for "big city" business, the Company will upgrade its capacity and provide services for urban renewal initiatives. As for "big city" business, the Company will seize the market opportunity of urban development changing from large-scale incremental construction to the simultaneous improvement of the quality of stock and incremental structural adjustment, focus on expanding national key city clusters and metropolitan areas, establish a high-end and design-oriented renewal mechanism, overcome the barriers of quality, performance and talents, to craft a lifestyle of excellence for the residents of both cities and countryside. **In the field of municipal utilities project**, the Company will focus on the construction of the government-subsidized housing, and dual-use (for peacetime and emergencies) public infrastructure in ultra-large metropolitan areas, focus on smart cities and sponge cities, give full play to the leading role of design front-end, and vigorously explore the plant, schools, hospitals, and other public building projects. The Company will pay great attention to renovation field of a large number of old communities. Guided by demand and driven by projects, the Company aims to create differentiated competitive advantage to closely monitor the underground pipeline networks, utility tunnels, and urban lifeline projects, which are included in the "two major" areas of national funding support. **In the field of building construction**, the Company will be highly concerned about the demand for government-subsidized housing construction in 35 cities with a resident population over 3 million, strengthen the development of high-quality clients, and focus on tracking and planning to participate in the construction of campus and institutional area in megacities, as well as the super-high-rise and large-scale public construction projects. **In the field of comprehensive urban development**, the Company will focus on urban renewal and urban village renovation projects in megacities. From the perspective of urban partners, the Company will update and enhance project planning, industrial integration, and commercial operation capabilities. The Company will improve the level of digitalization, networking and intelligence in accordance with the requirements of "new city construction", so as to provide CCCC's solutions for urban development.

IV. BUSINESS PLAN AND PROSPECT (CONTINUED)

Thirdly, the Company will optimize the structure of "rivers, lakes and seas", and highlight the advantages of the waterside business. The Company will promote the transformation and upgrading of traditional port and shipping industries, and build new advantages for incremental development in marine and environmental protection sectors. The Company will accelerate the integration of resources in the deep and remote ocean engineering, equipment and technology and other fields, to enhance the core competitiveness of the "deep and remote ocean" field. The cultivation of ocean strategic emerging industries such as ocean engineering equipment manufacturing industry, comprehensive seawater utilization industry, ocean new energy industry and modern ocean service industry will be accelerated, while offshore wind power, marine pasture, desalination of seawater, ocean engineering equipment and other subdivisions are ushering in the incremental development space. **In the field of port and waterway dredging**, the Company will continue to consolidate its leading position, give full play to its advantages of entire industry chains in planning and consultation, survey and design, construction, intelligent port and shipping, extend and expand the derivative market of mechanical and electrical installation and pipeline transportation. The Company will focus on inland waterways, actively participate in the construction of "one map" of electronic waterways, closely follow the development direction of waterway shortcomings and multimodal transportation, and innovate operation methods and business models in combination with the characteristics of 17 provinces and cities along the inland waterways, so as to do a good job in operating strategies for major projects such as the New Waterway of Three Gorges, the Jiangxi-Guangdong Canal, and the Dongjiang Waterway. **In the field of ecological and environmental protection**, the Company will seize the opportunity of a new round of development of urban and rural water supply and drainage network facilities, deepen the development concept of "environmental protection complex", and explore integrated solutions for sewage treatment and resource utilization, solid waste disposal and new energy sources, so as to seize the commanding heights of industry development. The Company will continuously build the brand of ecological management of lakes, and improve the adaptability of equipment and technology for different application scenarios. The Company will promote the integrated protection and restoration of mountains, water, forests, fields, lakes, grasses and sands, accelerate the acquisition of mine qualifications and the improvement of specialized licenses, and actively lay out the development of green mine construction business. **In the field of offshore business**, the Company will fully participate in offshore wind power consulting, design, construction, operation and maintenance, and strengthen the research and development of floating wind power technology and equipment and the application of pilot demonstration projects, so as to forge a strong comprehensive competitiveness. The Company will vigorously expand marine cable laying, offshore photovoltaic, desalination and other emerging marine markets.

Fourthly, the Company will comprehensively deploy new businesses to accelerate the cultivation of the "second growth curve". In the field of water conservancy, the Company will actively integrate into the construction of the national water network, increase the efforts of the national backbone network and the three-tier water networks at the provincial, municipal, and county levels, and increase participation in water conservancy and hydropower projects by synthesizing the advantages of water-related technologies. The Company will focus on dam pivots, major water diversion and transfer, large-scale irrigation district renovation, flood prevention and disaster reduction, reservoir desilting and other niche areas, seize the opportunity of a new round of pumped storage construction, strengthen resource allocation and accumulation of operating factors, and accelerate the pace of development of the water conservancy business. **In the field of onshore new energy**, the Company will intensify the layout in the construction of wind and photovoltaic bases in the eight deserts, the four coal mining subsidence areas, as well as Gobi regions of Qinghai and Xinjiang and other areas, give full play to the advantages of the existing cooperation, and collaborate with high-quality resources in the industry chain to promote the construction of new energy bases in the "desert, Gobi, and wasteland" areas, and extend its business to the related industries of new-type energy storage and comprehensive desert management through point breakthroughs. **In the field of agriculture, forestry, animal husbandry and fishery**, the Company will closely follow the national policy to participate in the comprehensive land management of the whole region. Guided by local needs, the Company will strengthen the preliminary operation and planning and packaging, innovate the business model and profit pathways of "comprehensive land management +", and explore the replicability of the "Deyang Model" in the key regions to create new business growth poles. The Company will collaborate with upstream and downstream industrial chain enterprises to realize new breakthroughs in such niche areas as high-standard farmland, saline-alkali land management and ocean ranch, and continue to expand the scale of emerging businesses. **In the field of new infrastructure business**, the Company will achieve an integrated development. The Company will actively plan for and respond to the demand for transformation and upgrading of traditional infrastructure, and vigorously advance the integration of smart transportation, smart cities and smart energy into infrastructures. The Company will increase the integration and development of the Eastern Data Western Computing Data Center (東數西算數據中心) and new energy construction, seize the industrial opportunities of the national computing hub node data center cluster by relying on the traditional advantages in civil engineering, mechanical and electrical systems and system integration, further sort out the experience of expanding the implementation of the 5G base station project, and accelerate the development of the related information infrastructure business. **In the field of new quality productivity**, the Company will focus on new infrastructure such as data platforms, smart transportation, and the Internet of Things, as well as industrial software, low-altitude economy, underground space, AI + construction and other new areas, to accelerate the development of strategic emerging industry sub-sectors and build strategic alliances across the industrial chain. **In the field of strategic emerging industries**, the Company will center around extending, supplementing, and strengthening the industrial chain of main businesses, give full play to the advantages of investment in high-end entry and lateral development to play a more prominent role in helping to build core industrial clusters, promote industrial chain upgrading and value chain elevation, and enhance the Company's core competitiveness.

IV. BUSINESS PLAN AND PROSPECT (CONTINUED)

Fifthly, the Company will conduct in-depth research on "Company Internationalization 3.0" and continuously expand its overseas advantages. The Company will firmly adhere to the strategy of overseas priority, deeply grasp the new situation of overseas development and new requirements of international operation, and make iterative upgrade plan for "Company Internationalization 3.0". The Company will fully release the momentum of the "1+4+N" overseas operating entities, and collaborate with its subsidiaries to enhance their ability of "going out" and "bringing in" in terms of complete set of technologies, business models and management systems, to build a global three-dimensional industrial ecosystem. The Company will do its utmost to expand overseas markets. The Company will consolidate the fundamentals of important regions, deepen the expansion of core markets such as Hong Kong, Macao, Southeast Asia, the Middle East and Central and West Africa, and continue to optimize the industrial layout. Focusing on key countries and regions, the Company will provide forward-looking and systematic services for the high-quality construction of the "Belt and Road", and proactively lay out infrastructure connectivity projects such as key corridors, key ports and key airports. The Company will push forward key projects such as the East Coast Rail Link (東海岸鐵路) in Malaysia, Colombo Port City (科倫坡港口城) in Sri Lanka, Salvador Bridge (薩爾瓦多大橋) in Brazil, and the Rerouting Project of the Thakot-Raikot section of the KKH Phase II in Pakistan (巴基斯坦KKH二期塔科特-雷科特段改線項目) with high quality. The Company will actively serve the new development pattern, focus on the eight high-quality actions to jointly build the "Belt and Road" and the ten partnership actions for China-Africa cooperation, aim at major landmark projects and "small and outstanding" livelihood projects, plan major projects such as the Trans-Caspian International Transport Corridor (跨里海國際運輸走廊) from a high starting point, and consolidate the leading position in the field of "big transportation" and "big cities" overseas, and strengthen the "hard power" in new energy, watershed management, garbage disposal, desalination of seawater and other emerging businesses, so as to continuously enhance the competitiveness and right of speech in the global industry.

V. BUSINESS OVERVIEW

During the reporting period, global economic growth momentum was insufficient, with rising unilateralism, protectionism, and numerous geopolitical tensions. However, China's GDP grew by 5.0% in 2024, with the economy showing steady progress and new advancements in high-quality development. A package of incremental policies was promptly introduced, effectively boosting social confidence and driving a noticeable economic recovery. The Company deeply implemented the "three majors, two macros and two priorities" business strategy, served the national strategy, and paid close attention to the cash market. The Company has built up its leading position in "big transportation", significantly enhanced its capacity in "big cities", continued to consolidate and improve its "rivers, lakes and seas", achieved outstanding results in overseas marketing, and comprehensively promoted the layout of its strategic and emerging businesses.

During the reporting period, the value of new contracts of the Company amounted to RMB1,881,185 million, representing a year-on-year increase of 7.3%, which was mainly due to the increased construction demand from overseas projects, urban construction, water conservancy projects and energy projects and other fields. The Company continuously improved the business structure, steadily expanded the scale of cash remittance and continuously improve its investment structure. As at 31 December 2024, the backlog of the Company amounted to RMB3,486,773 million.

The value of new contracts of all businesses from overseas markets of the Company amounted to RMB359,726 million (equivalent to approximately USD51,033 million), representing a year-on-year increase of 12.5%, and accounting for approximately 19% of the Company's new contracts value. Wherein, the total new contract value of projects with each contract value of over USD300 million amounted to USD25,767 million, accounting for 50% of total value of all overseas new contracts of the Company. Statistics showed that as at 31 December 2024, the Company operated businesses in 139 countries and regions.

The Company accelerated the construction of the emerging business pattern, increased the development of the emerging business market, and actively built the new quality productivity of CCCC's specialties, and the value of new contracts of all businesses from the emerging business field amounted to RMB705,347 million, representing a year-on-year increase of 46.4%.

The Company accelerated the transformation and upgrading of new business fields of engineering projects, with the value of new contracts from water conservancy projects amounting to RMB76,409 million, representing a year-on-year increase of 109.8%; the value of new contracts from energy engineering projects amounted to RMB81,384 million, representing a year-on-year increase of 146.4%; and the value of new contracts from agriculture, forestry, animal husbandry and fishery engineering projects amounted to RMB8,505 million, representing a year-on-year increase of 248.3%.

The value of contracts of all businesses from infrastructure and other investment projects amounted to RMB129,383 million, including RMB129,047 million for domestic market and RMB336 million for overseas market as recognized in proportion to the Company's shareholding, and the contract value of construction and installation contracts to be undertaken by the Group in the design and construction sector was estimated to be RMB110,084 million.

BUSINESS OVERVIEW

(I) BUSINESS REVIEW AND MARKET STRATEGIES

1. Domestic Market

During the reporting period, following general principle of pursuing progress while ensuring stability and leveraging on the synergetic effect of macro policies, the economic operation of China showed an overall stable trend and steady progress with the GDP recorded a year-on-year growth of 5.0%. According to the data released by the National Bureau of Statistics (NBS), in 2024, the investment in infrastructure increased by 4.4% year-on-year. Among them, investment in the water management business increased by 41.7%, and investment in the railway transport business increased by 13.5%.

During the reporting period, the economic operation in China still faced a number of difficulties and challenges, with insufficient domestic demand, difficulties in the production and operation of some enterprises, and more risks and hidden dangers. However, China's economy has a stable foundation, multiple advantages, strong resilience, and great potential, and the supportive conditions and underlying trend for long-term improvement have not changed. In particular, the Political Bureau of the Central Committee meeting held on 26 September 2024 deployed a package of incremental policies to intensify the counter-cyclical adjustment of macro policies, give play to the extra space of fiscal deficits, replace the local stock of hidden debt, and strengthen the support for the policies of the "two major" and "two emerging" areas, to accelerate the full implementation of a series of major strategic tasks and projects, which provided a relaxed policy environment for the construction of transportation infrastructure.

During the reporting period, the Company utilized the advantages on industrial linkage among the "big city" business, the "big transportation" business and the "rivers, lakes and seas" business, to enhance the integration of internal and external resources and provide a comprehensive package of high-quality "CCCC solutions" to the market. Firstly, bearing its mission of being the "great power of the country", the Company firmly implemented the national strategy of strengthening the country through transportation, and orderly promoted the Pinglu Canal (平陸運河), a landmark project for the construction of a strong transportation country, and provided an integrated plan of design and construction. The Shenzhen-Zhongshan Bridge, which is a major national project, was completed and opened, creating a number of "world's best", for which General Secretary Xi Jinping sent a congratulatory letter. Secondly, focusing on the "three major projects", the Company has been playing an active role in the areas of rural revitalization and urban renewal for the well-being of the people by fully aligning with the needs of economic and social development as well as the people to successfully implement a number of key projects with strong representativeness and influential effects, such as the municipal pipe network construction, old town renovation, and living environment and ecosystem upgrade. Thirdly, focusing on the "3060" carbon peaking and carbon neutrality target and relying on digital and intelligent management, the Company continued to build China's No. 1 brand in offshore wind power, and achieved the value of new contracts of RMB20,469 million during the reporting period through signing new projects in Shandong, Hainan, Shanghai, Zhejiang and other places. The Chengping Expressway was successfully selected as one of the first batch of zero-carbon pilot projects of the Ministry of Transportation of the PRC. The Company promoted the research on advanced technology to traditional industries through relying on the national key laboratories to facilitate the high-end, intelligent and green upgrades of the industry.

2. Overseas Market

During the reporting period, the international situation was characterized by a mixture of chaos, with prolonged and escalating geopolitical conflicts, intensifying "decoupling and breaking the chain", and the accelerated rise of the Global South. The Russia-Ukraine conflict continues, the Israel-Palestine situation remains uncertain, and the introduction of the "Lobito Corridor" plan has intensified great power competition on a global scale. The century-long transformation is accelerating, continuously impacting regional markets. Based on scientific and technological reform and industrial reform, high-quality economic and social development giving rise to many new industries and new models, the development of the infrastructure construction industry is facing another round of integration, the willingness of governments to stimulate the economy through infrastructure has been further enhanced, the demand for inter-regional transportation interconnection has increased, and major projects and high-quality projects are further clustered to the leading enterprises. The eight actions of "Belt and Road", the "Ten Partnership Actions" of China-Africa and the series of deployment arrangements under a number of multi-bilateral cooperation mechanisms have brought new opportunities for overseas business development. According to ENR Statistics in 2024, the new contract value of the world's top 250 international contractors increased by 15.1% year-on-year, indicating vast potential in the international market in the future.

The Company insists on the principle of "jointly negotiate, establish and share (共商共建共享)" and the goal of "building a shared future for mankind (構建人類命運共同體)", takes "heart-to-heart bridge (連心橋)", "road to wealth (致富路)", "developed port (發展港)" and "happy city (幸福城)" as targets, plans and implements the livelihood projects along the "Belt and Road" Initiative at a high level to benefit the governments of two countries and local society, and firmly promotes the development of overseas business in the direction of "high quality, benefiting people's livelihood and sustainability (高質量、惠民生、可持續)".

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary

(1) Infrastructure Construction Business

The scope of infrastructure construction business mainly consists of investment, design, construction, operation and management of ports, roads and bridges, railways, water conservancy, urban rail transit, municipal infrastructures, building construction, environmental protection and related projects at home and abroad. Categorized by project type, it specifically covers port construction, road and bridge construction, railway construction, urban construction, and overseas projects.

During the reporting period, the value of new infrastructure construction contracts entered into by the Company amounted to RMB1,700,582 million, representing a year-on-year increase of 9.1%. The value of new contracts from overseas markets amounted to RMB344,644 million (equivalent to approximately USD48,894 million). Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB126,839 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB109,504 million. As at 31 December 2024, the backlog of the Company amounted to RMB2,947,341 million.

Categorized by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, urban construction, etc. and overseas projects amounted to RMB87,634 million, RMB275,188 million, RMB16,260 million, RMB976,856 million and RMB344,644 million, representing 5%, 16%, 1%, 58% and 20% of the total value of new infrastructure construction contracts, respectively.

① Port Construction

As the largest port construction enterprise in China, the Company has undertaken a majority of medium and large port terminals since the founding of the PRC. With compelling competitive edges, the Company encountered relatively limited substantive competitors.

During the reporting period, the value of new contracts of the Company for port construction projects in Chinese Mainland amounted to RMB87,634 million, representing a year-on-year increase of 3.7%, and accounting for 5% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB1,788 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB1,182 million.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in coastal and inland water transport construction amounted to approximately RMB197,966 million from January to November 2024, representing a year-on-year increase of 8.3%. The major investment targets in coastal ports include the construction of international hub seaports, north-south sea transportation channels, national energy and resource strategic reserve bases and other fields, while as for the inland river regions, the investments are mainly targeting the newly added navigation target of 2,500 kilometers for the "14th Five-Year Plan" period of the "four verticals, four horizontals and two networks", the national high-grade waterway networks.

Relying on the development of modern industrial chain leadership and the establishment of an intelligent port and maritime industry alliance, and following the business layout in strategic regions, the Company deeply got involved in Beijing-Tianjin-Hebei, the Yangtze River Delta, Guangdong, Hong Kong and Macao and other key regions, focused on major projects, and successfully completed the Phase III Project of Macun Port in Chengmai County, Hainan Province, Construction General Contracting for Phase I of Crude Oil Terminal in the Bulk Cargo Area of Huanghua Port, Phase I of Luoqi Operation Area, Main City Port Area, Chongqing Port and other key projects.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

② Road and Bridge Construction

As one of the largest road and bridge construction enterprises in China, the Company enjoys remarkable technical and scale advantages in construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, and is the market leader in the same industry in China. The road business of the Company realizes a consulting service industry pattern of infrastructure sector with full lifecycle and whole-process integration, covering from single industry chain to whole industry chain (planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal). With the advantages of leading technical strength, sufficient capital resources, outstanding project performance, abundant resource reserves and good reputation in the highway business, the Company is able to provide integrated consulting services across the whole industry chain. The Company has made important breakthroughs in key technologies such as the construction of mega-span suspension bridges, and has developed a comparative advantage over its competitors in the research of alpine frozen soil technologies, along with the whole industry chain and integrated services covering bridge, island and tunnel projects. Major competitors of the Company are some large-scale central state-owned enterprises and local state-owned infrastructure enterprises.

During the reporting period, the value of new contracts of the Company for road and bridge construction projects in Chinese Mainland reached RMB275,188 million, representing a year-on-year decrease of 21.2%, and accounting for 16% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amount to RMB78,994 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB77,810 million.

Data published by the Ministry of Transport of the PRC showed that fixed asset investment in road transport construction amounted to approximately RMB2,362,702 million from January to November 2024, representing a year-on-year decrease of 10.8%. During the "14th Five-Year Plan" period, China will construct its expressways with a target of accelerating the construction of a country with strong transportation network and guided by developing integrated and multi-dimensional transportation networks. China will alleviate the imbalance of road network development needs between regions, so as to enhance the quality of national expressway networks and develop a modern and integrated transportation system. According to statistics, the construction scale of the mid-term adjustment projects of the national highway under the "14th Five-Year Plan" is around 42,000 kilometers, with a total investment of approximately RMB3.1 trillion. Wherein, the construction scale of highways is around 10,500 kilometers, with an investment of approximately RMB1.9 trillion; the construction scale of ordinary highways is around 31,800 kilometers, with an investment of approximately RMB1.2 trillion. Following the mid-term plan adjustment for the "14th Five-Year Plan", there is an enhanced focus on front-end leadership and green, low-carbon transformation, requiring the implementation of regional governance on key projects such as the urbanization reconstruction of expressways that run through the cities, upgrading and expansion of busy road sections, trunk routes and cross-harbor crossings. From the perspective of market layout, Guangdong, Hong Kong and Macao, the Yangtze River Delta, Central China, Northeast China, Northwest China and Beijing-Tianjin-Hebei regions have a relatively broad market.

During the reporting period, following the construction of a country with strong transportation network and a national integrated and multi-dimensional transportation networks, the Company focused on the incremental markets of comprehensive transportation hubs, highway urbanization reconstruction, smart transportation and "transportation + new energy", and has engaged in the construction of a number of high-quality highway projects such as the Expansion Project of Duyun-Guiyang Section of G76 Xiamen-Chengdu National Expressway and the Rongjiang-Rong'an (Guizhou and Guangxi Conjunction) Expressway Project, the EPC Project of Tianma Section of G5615 Tianhou Expressway in Yunnan Province and the Improvement and Transformation Project of Golmud-Nagqu (Qinghai Section) of G109 Qinghai-Tibet Highway.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

③ Railway Construction

As one of the largest railway construction enterprises in China, the Company sticks to the strategic target of completely becoming a first-class rail transportation comprehensive service provider with leading technology, advanced management and outstanding quality. As for the domestic market, the Company has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two domestic traditional railway infrastructure enterprises in terms of market shares in China. Leveraging the policy opportunities of China State Railway Group Co., Ltd. on further unifying and opening up the railway construction market and further optimizing its rail transit business layout, the Company will seek opportunities in channel-oriented and valuable freight railway projects. As for the overseas market, the Company has successfully entered into the railway construction markets in Africa, Southeast Asia, etc. It has completed or operated several major railway projects such as the Mombasa-Nairobi Railway and the Kenya Railway, with the East Coast Railway in Malaysia under construction, and the brand of "CCCC Railway" shows vital influence in the international market.

During the reporting period, China promoted the railway construction in a scientific and orderly manner with an investment on fixed assets of national railway field of RMB850,600 million, representing a year-on-year increase of 11.2%. According to statistics, in terms of the value of contracts awarded, the Company's market share amounted to 2.6%, ranking the third in the industry and the first among non-railway sectors. The value of new contracts of the Company for railway construction projects in Chinese Mainland amounted to RMB16,260 million, accounting for 1% of that of the infrastructure construction business.

During the reporting period, the railway business focused on improving the construction of the "eight verticals and eight horizontals" high-speed railway network, actively promoting intercity railways, accelerating the development of urban railways, enhancing the road network layout, and the excavation of main tunnel of Yigong Tunnel, the longest railway tunnel in China had commenced. The Company has formed a full industry chain layout of rail transportation business around design and consult, construction, equipment manufacturing, operation and maintenance. Relying on the Company's industrial advantages in highways and airports, the Company innovated to build "rail+" integrated urban operation solutions. The Company firmly implemented the national strategy of strengthening the country through transportation and successfully signed new contracts for the construction projects such as the Project of Section 3 of Pre-Station of Jiangsu Section of Weifang-Suqian High-speed Railway in Suqian, Jiangsu Province and Construction Lump-sum Contracting for Project of the Pearl River Delta Hub Airport to Provincial Boundary Section of Shenzhen-Nanning High-speed Railway (Section SNSG-2), polishing the brand of "CCCC Railway".

④ Urban Construction, etc.

The Company actively participated in urban construction for building construction, urban rail transit and comprehensive urban development extensively, with considerable influence in the market. Meanwhile, the Company accelerated the layout of emerging industries, such as water conservancy, energy businesses, ecological and environmental protection, urban water environment treatment, etc., and endeavored to cultivate new growth points.

During the reporting period, the value of new contracts of the Company for urban construction projects in Chinese Mainland reached RMB976,856 million, representing a year-on-year increase of 23.2%, and accounting for 58% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB46,058 million, and the value of construction and installation contracts to be undertaken by the Company was estimated to be RMB30,512 million.

Categorized by project type, the value of new contracts for building construction, municipal engineering, water conservancy, urban rail transit, comprehensive urban development, offshore wind power, environment treatment and other projects accounted for 42%, 17%, 6%, 4%, 2%, 2%, 2% and 25%, respectively, of the value of new contracts for urban construction projects.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

④ Urban Construction, etc. (continued)

In 2024, the State set higher developmental requirements in the areas such as new urbanization and the realization of rural revitalization values. A variety of national policies had been implemented to actively and cautiously eliminate the risks in real estate industry, and to accelerate the construction of "three major projects", aiming to bolster the overall stability and positive momentum in the city clusters with advantages, the real estates in metropolitan areas and urban renewal markets. People's livelihood projects released new momentum for the development of the industry, and the market demand for the old community renovation, collective rental house, affordable house, hospitals and schools, public services continued to increase. Under the strategy of carbon peaking and carbon neutrality target, the way of housing construction transformed quickly, and digital construction, green construction and construction industrialization developed fast. The gathering of urban population put forward higher requirements for public supporting facilities, and the market demand for urban renewal, comprehensive development of underground space, intelligent parking and pipe network renovation continued to be released.

During the reporting period, the Company actively participated in the construction of the "three major projects" in its **housing construction business**, winning bids for several urban village redevelopment projects, including the Redevelopment and Renewal Project of the East Guanhutun Urban Village and Districts in Jinshui District, Zhengzhou City, and the Urban Village Redevelopment Project of Nanchen Village, Tianxin Village, Songtai Village, Nanshang Village and Beishang Village in Wuqing District, Tianjin City. It also implemented the construction of government-subsidized housing projects in multiple locations including Tongshan District in Xuzhou City, Xinyang City, Henan Province and Chuxiong Yi autonomous Prefecture, Yunnan Province. Adhering to its positioning as a distinctive cold chain logistics resource integrator, the Company won the bid for the Construction Project of the National Backbone Cold Chain Logistics Base in Zhanjiang City, and bids for several industrial park projects, including the Project of CSIQ Industrial Park in Hohhot and the New Material Manufacturing Industrial Park in Foshan City. **In the municipal business sector**, the Company continued to focus on new infrastructure, urban integrated transportation, pipeline renovation and other areas supported by government funding, further enhancing its competitive strength. The Company fully engaged in rural revitalization and the construction for the "Project of Hundred Counties, Thousand Towns and Ten Thousand Villages (百千萬工程)" in Guangdong Province, successfully winning bids for multiple county-level projects. The Company entered areas with high technology such as complex urban transportation, smart transportation and smart city. In regions like Liaoning and Hubei, the Company prioritized the advancement of intelligent gas regulation and the construction of urban integrated management platforms, and implemented projects including the Integrated Service Platform for Intelligent Supervision and Safe Operation of Urban Gas, the Smart City Construction Project in Tianjin, and the Nationwide Construction of New Infrastructure Towers for 5G+ Smart Cities to improve the urban modernization and build livable, resilient and smart cities. **In the comprehensive urban development business sector**, the Company catered to a new round of demands for district development and construction brought by the strategy of new type of urbanization, national land space planning and adjustment and urban renewal actions. The Company signed a number of large urban complex projects such as the Urban Renewal Project in Minzhi Street, Longhua District, Shenzhen City, and the Comprehensive Development Project in the Southern Block of Shuixi Cluster in Sanjiangkou District, Ganzhou City, Jiangxi Province. Our district development model has been refined, and our business scale has been growing. The Company is committed to building a beautiful China and has participated in watershed management and sewage treatment projects in Shandong, Sichuan and other places.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(1) Infrastructure Construction Business (continued)

④ Urban Construction, etc. (continued)

During the reporting period, the Company continued to expand its business in fields such as water conservancy, energy as well as agriculture, forestry, animal husbandry and fishery. The scale effect of the "second growth curve" business has begun to emerge. **In the water conservancy business sector**, the Company successfully won bids for projects such as the Xiangyang Reservoir Water Source Project in Chongqing City, the Third Batch of Construction Sections for the Beibu Gulf Rim Guangxi Water Resources Allocation Project, the Guanting Reservoir Desilting Pilot Project, the Section I and Section II Construction of the Wangyao Reservoir Expansion Project in Yan'an City, and the Yuqiao Reservoir Desilting Pilot Project. **In the energy business sector**, the Company built a professional platform for offshore wind power, achieving a value of new contracts of RMB15,533 million, and signed several new projects, including the North L Field Offshore Wind Power Project of Shandong Branch of China Huaneng Group Co., Ltd. and the 1.2GW Offshore Wind Power Project of China Datang Corporation Ltd. in Danzhou, Hainan. The Company has obtained a number of national leading offshore construction and operation and maintenance technologies. The Company also won bids for projects such as the 1,200MW Household Photovoltaic Project in Lianjiang, Guangdong Province, the EPC Project of the Eco-tourism Integrated Comprehensive Energy Demonstration Base for Sand Control in the Yellow River Beach Area of Hechuang (Dongming) (合創(東明)), the 405MW Wind Power EPC + Procurement Project under the Thousands of Villages Wind Power Coverage Action (千鄉萬村馭風行動) in She County, and the 150MW/15MWh Independent Energy Storage Frequency Regulation EPC Project in Yungang District, Datong City. **In the agriculture, forestry, animal husbandry and fishery business sector**, the Company won bids for projects such as the EPC Project for the Industrialization Promotion Demonstration of Land Quality and Yield Improvement in Modern Agriculture in Rizhao, the EPC Project for the Comprehensive Desertification Control in Western Inner Mongolia (Phase II) in Alxa League, and the EPC Project for the National Forest Reserve in Yanjin County, Yunnan Province.

⑤ Overseas Projects

The Company's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as roads and bridges, ports, railways, airports, environmental protection, subways, buildings, water conservancy and hydropower, clean energy etc., with remarkable competitive edges in the market.

During the reporting period, the value of new contracts of the Company for overseas projects in the infrastructure construction business amounted to RMB344,644 million (equivalent to approximately USD48,894 million), representing a year-on-year increase of 16.8%, and accounting for 20% of that of the infrastructure construction business.

Based on a global perspective and taking advantage of its main business, the Company actively coped with and served national strategies, giving full play to its advantages in the fields of "big city", "big transportation", as well as "rivers, lakes and seas", and made every effort to promote the interconnection of transportation infrastructure and improvement of people's livelihood along the routes, actively contributing Chinese wisdom and Chinese solutions. During the reporting period, the Company has newly signed a series of projects, such as the Garissa — Isiolo Standard Gauge Railway Project in Kenya, the Phase V Operation and Maintenance Project of Melbourne Yarra Tram in Australia, the EN1 Light Rail Project in Maputo, Mozambique, the OXAGON Port Project in the Future City of Saudi Arabia, the Trunk Road T4 and related works in Hong Kong, and the Media Circle Apartment Units in Singapore.

BUSINESS OVERVIEW

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(2) Infrastructure Design Business

The scope of infrastructure design business mainly includes consulting and planning service, feasibility study, survey and design, engineering consultancy, engineering measurement and technical research, project management, project supervision, general project contracting, compilation of industry standards and codes, etc.

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the Company enjoys remarkable competitive edges in related business fields. As compared with the Company, other participants in the market have relatively weak competitiveness. CCCC Design, a wholly-owned subsidiary of the Company (600720.SH) was officially listed on 28 December 2023. After the completion of asset swap, the preliminary professional integration of CCCG's design segment was completed, and CCCC Design became the largest listed company in China engaged in design business. It fully played its leading role in the industry chain, vigorously expanded the high-end markets, and contributed to the growth and upgrade of the Group's business. The capital contribution from China Zhibao Investment Co., Ltd.*(中國智寶投資有限公司) to CCCC Design is mainly to build an overseas design brand and insist on advancing towards the front-end and high-end of the business, leading the design standards to spread overseas and accelerating the improvement of the design capabilities as well as the implementation of the design qualifications and credentials.

In terms of the railway infrastructure design business, the Company has entered into the market during the "11th Five-Year Plan" period, and its operations mainly involve overseas railway projects and domestic rail transit projects.

During the reporting period, the value of new contracts of the Company in infrastructure design business reached RMB52,646 million, representing a year-on-year decrease of 5.9%. Wherein, the value of new contracts from overseas markets amounted to RMB2,841 million (equivalent to approximately USD403 million). As at 31 December 2024, the backlog of the Company amounted to RMB179,220 million.

(3) Dredging Business

The scope of dredging business mainly includes infrastructure dredging, maintenance dredging, environmental dredging, reclamation and watershed management, as well as supporting projects related to dredging and land reclamation.

During the reporting period, the value of new contracts of the Company in dredging business reached RMB116,017 million, representing a year-on-year decrease of 2.7%. Wherein, the value of new contracts from overseas markets amounted to RMB11,175 million (equivalent to approximately USD1,584 million). As at 31 December 2024, the backlog of the Company amounted to RMB328,626 million.

The Company is the world's largest dredging company and enjoys absolute influence in China's coastal dredging market, with business scope covering the fields of port dredging, channel dredging, land reclamation, watershed management, pre-dredging and post-dredging services and environmental protection. Currently, the Company has the largest and most advanced fleet of dredging vessels in China and ranks the first in the global market in terms of the total number of trailing suction hopper dredgers and cutter suction dredgers. During the reporting period, the Company continued to optimize its asset structure by steadily promoting the investment, construction and acquisition of major dredging vessels and equipment, eliminating some old and inefficient outdated vessels, optimizing the dispatching mechanism of equipment such as cutter suction dredgers to improve the construction utilization rate.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

3. Business Summary (continued)

(3) Dredging Business (continued)

The national coastal dredging investment market remains relatively stable, offering a consistent market share for the dredging sector and serving as a ballast stone. As the implementation of the national plan for high-grade waterway of "four verticals, four horizontals and two networks", investment in the inland waterway market has been increasing annually. Major inland waterway projects such as the Beijing — Hangzhou Canal, the new western land-sea corridor (Pinglu Canal), the Jiangxi-Guangdong Canal, and Hunan-Guangxi Canal, have gained increasing attention from the country and society. According to the "Guiding Opinions on Strengthening the Management of Reservoir Capacity (《關於加強水庫庫容管理的指導意見》)" from the Ministry of Water Resources, there will be a significant potential for the reservoir dredging market over the next decade. The total investment in China's water transport construction is anticipated to maintain a modestly upward trend over the next five years, with the investment in inland waterways emerging as the major growth driver, presenting new development opportunities for the Company's dredging market in the future.

During the reporting period, the Company focused on its strengths and promoted the operation of major projects, winning bids for a series of key projects such as the Da Xiao Deng, Meishan Port, Xiaoyangshan Port and Huanghua Port, and making breakthroughs in the areas at lake and reservoir desilting, inland waterways, water conservancy projects and other areas at restructuring. To promote green development and build a beautiful China, the Company actively put efforts in the large ecological and environmental protection and water resources incremental market, promoting the implementation of a number of target-oriented key projects with global drive, such as water source protection, watershed water ecological restoration, soil pollution treatment and remediation, ecological restoration of mines and the marine ecological protection and restoration.

(4) Other Businesses

Other businesses mainly include the equipment manufacturing of shield machines along the Company's entire industrial chain, centralized procurement of materials and financial industry support, etc.

The Company's shield machine equipment and complete set of technologies realized the development of the whole industry chain, manufactured and repaired over 100 shield machines with a diameter ranging from 3.64 meters to 16.07 meters, and competed and innovated with international first-class shield machine manufacturers in large shield machine projects such as the Nanjing Weisan Road/Heyan Road, the Shanghai Airport Liaison Line, the Reconstruction Project of the Sixth Eastern Ring Road in Beijing, and the Karnaphuli Tunnel Project in Bangladesh, and built up a core advantage in the field of intensive development of mega and ultra mega cities across rivers and lakes. In the construction of the Fuzhou Metro, the Company utilized the dual-model shield tunneling machines, which enabled us to cope with a range of hydrogeological conditions by adjusting its operational mode, leading to a substantial improvement in construction efficiency and ensuring the safety and quality of the projects as compared to conventional techniques. The Company continued to optimize the procurement mode of materials, established the control scheme for domestic trade enterprises, and strengthened the source procurement in practice; dynamically adjusted the procurement catalog, explored the regional procurement of different categories, and implemented the procurement of flooring materials, so as to expand the benefits of procurement; and carried out regional procurement with overseas markets to improve the system construction of the Company's overseas supply chain, and enhanced the internationalization of the procurement management standard.

During the reporting period, the value of new contracts of the Company in other businesses amounted to RMB11,940 million. As at 31 December 2024, the backlog of the Company amounted to RMB31,586 million.

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

4. Some Major Contracts Entered into during the Reporting Period *(Unit: RMB million)*

(1) Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	Phase 1 of Crude Oil Terminal Project in the Bulk Cargo Area of Huanghua Port in Hebei Province	2,379
2	Phase III Project of Macun Port in Chengmai County, Hainan Province	2,006
3	Phase I Engineering Project of Breakwater of Xiaomo International Logistic Port in Shen-Shan Special Cooperation Zone, Guangdong Province	1,953
4	Phase I Project of Luoqi Operation Area, Main City Port Area, Chongqing Port	1,951
5	EPC Project of Section I of Commercial Coal Storage and Transportation Base of Huanghua Port in Hebei Province	1,923

Road and Bridge Construction

No.	Contract Name	Contract Value
1	EPC Project of Tianma Section of G5615 Tianbao-Houqiao Expressway in Yunnan Province	8,997
2	General Contracting Project of Nanning Second Ring Expressway in Guangxi Province	4,785
3	Qinhuangdao-Shenyang Expressway (Songlingmen-Shenyang Section) Project	3,700
4	G346 Huoshan-Yingshan Green Highway Project (Phase I) EPC Project	3,377
5	Expansion Project of Wangshiwan (Zhuting) in Zhuzhou-Leiyang Dashi Section of G4 Beijing-Hong Kong-Macao Expressway	3,219

Railway Construction

No.	Contract Name	Contract Value
1	Project of Section 3 of Pre-Station of Jiangsu Section of Weifang-Suqian High-speed Railway in Suqian, Jiangsu Province	3,011
2	Construction Lump-sum Contracting for Project of the Pearl River Delta Hub Airport to Provincial Boundary Section of Newly Built Shenzhen-Nanning High-speed Railway (Section SNSG-2)	2,599
3	Construction General Contracting Project of Section JCZQ-2 of Pre-Station of F2 Line and F3 Line in Fujian Province	2,130
4	Project of Section JZTJ-5 of Civil Engineering Works of Newly Built Jinan-Zaozhuang Railway	1,982
5	Project of Section 11 of Pre-Station of Guangzhou-Zhanjiang Railway in Foshan, Guangdong Province	1,494

Urban Construction, etc.

No.	Contract Name	Contract Value
1	Construction General Contracting for the Phase I Project of Rail Transit Line 17 in Chengdu, Sichuan Province	9,755
2	Laochengxiang Old District Renovation Project in Qingpu New Town, Shanghai	8,464
3	Nanchang Global International Tourism Resort Project in Jiangxi Province	8,000
4	Provincial Logistics Hub Comprehensive Development Project in Funing County, Wenshan Prefecture, Yunnan Province	7,772
5	Demonstration Project of Common Prosperity in Tanghe New City, Rui'an, Zhejiang Province	6,229

(I) BUSINESS REVIEW AND MARKET STRATEGIES (CONTINUED)

4. Some Major Contracts Entered into during the Reporting Period *(Unit: RMB million)* (continued)

(1) Infrastructure Construction Business (continued)

Overseas Projects

No.	Contract Name	Contract Value
1	Operation and Maintenance Project of Trams (Phase V) in Yarra, Melbourne, Australia	16,442
2	Project of Ndayane New Port in Senegal	8,126
3	Mombasa-Nairobi Standard Gauge Railway Reconstruction Project in Kenya	6,886
4	Projects of Stack Yard Packages for T1 Wharf of OXAGON Port in Neom, Saudi Arabia	6,758
5	Maintenance and Asphalt Overlay Project of Sun Road, East Coast, Madagascar	6,483

(2) Infrastructure Design Business

No.	Contract Name	Contract Value
1	Project for Additional Second Line to Railway from Jiangjun Temple of Zhundong to Naomao Lake of Hami (South of Baishi Lake) in Xinjiang	8,138
2	Project of Reconstruction of Huxi Waterway (Upstream Lake Section) of Beijing—Hangzhou Canal in Jining, Shandong Province	2,663
3	Residential Project at 139 North Road, Changji Prefecture, Xinjiang	1,766
4	LNGMT-EPC Section of Wharf Project of LNG Receiving Station Project of Jiangsu Huadian Ganyu	1,210
5	Project of Jiangyin Port Economic Zone (Lan Yuan Area) in Fuzhou City, Fujian Province	1,179

(3) Dredging Business

No.	Contract Name	Contract Value
1	Comprehensive Development Project of Jiangnan Spring-city of Economic Development Zone in Chongqing	3,067
2	Demonstration Project on Promoting Industrialization of Land Quality and Output Improvement of Modern Agriculture in Rizhao City, Shandong Province	2,500
3	Ecological Environment Oriented Comprehensive Development Project of Nangang Industrial Zone, Tianjin City	2,500
4	200,000 DWT waterway project in Tieshan Port, Beihai Port, Guangxi Province	2,391
5	Phase I of Oil and Gas Supporting Facilities Sea Island Comprehensive Development Project in Cambodia	2,318

(II) MAJOR PRODUCTION AND OPERATIONAL DATA

1. Values of Contracts Newly Entered into during the Reporting Period *(RMB million)*

Business Segment	October – December 2024 Number	October – December 2024 Amount	Accumulated in 2024 Number	Accumulated in 2024 Amount	Aggregate for the same period of 2023 Amount	Year-on-year change (%)
Infrastructure						
Construction Business	2,499	551,131	7,141	1,700,582	1,558,482	9.1
Port Construction	100	25,391	375	87,634	84,523	3.7
Road and Bridge Construction	215	72,812	667	275,188	349,005	-21.2
Railway Construction	5	3,194	14	16,260	36,919	-56.0
Urban Construction, etc.	1,982	364,070	5,704	976,856	792,908	23.2
Overseas Projects	197	85,665	381	344,644	295,126	16.8
Infrastructure Design Business	2,188	13,930	8,024	52,646	55,972	-5.9
Dredging Business	263	31,808	1,323	116,017	119,193	-2.7
Other Businesses	N/A	3,860	N/A	11,940	19,568	-39.0
Total	**N/A**	**600,729**	**N/A**	**1,881,185**	**1,753,215**	**7.3**

Values of contracts newly entered into outside the PRC during the reporting period *(RMB million)*

Region of projects	Number of projects	Total value
Africa	203	138,189
Asia (excluding Hong Kong, Macau and Taiwan)	349	96,684
Oceania	13	47,162
Latin America	53	23,013
Europe	12	20,875
Hong Kong, Macau, Taiwan and other regions	163	33,803
Total	**793**	**359,726**

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

2. Completed and Accepted Projects during the Reporting Period *(RMB million)*

Total number of projects			N/A
Total project value			263,808
		Number	**Value**
Categorized by region	Domestic	N/A	232,264
	Overseas	N/A	31,544
Categorized by business type	Infrastructure construction business	821	229,498
	Infrastructure design business	154	10,243
	Dredging business	137	24,067
	Other businesses	N/A	–

Note: Calculated based on projects whose main construction has been completed or projects that have generated more than 95% of their output.

3. Projects under Construction during the Reporting Period *(RMB million)*

Total number of projects			N/A
Total project value			4,810,639
		Number	**Value**
Categorized by region	Domestic	N/A	4,077,990
	Overseas	N/A	732,649
Categorized by business type	Infrastructure construction business	6,998	4,248,630
	Infrastructure design business	23,312	236,585
	Dredging business	1,761	292,601
	Other businesses	N/A	32,823

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

4. Outstanding Projects during the Reporting Period *(RMB million)*

		Contracted but not yet commenced		Under construction and not yet completed	
Total number of projects			N/A		N/A
Total project value			867,972		2,618,801
		Number	**Value**	**Number**	**Value**
Categorized by region	Domestic	N/A	693,835	N/A	2,185,834
	Overseas	N/A	174,137	N/A	432,967
Categorized by business type	Infrastructure construction business	1,835	716,520	6,795	2,230,821
	Infrastructure design business	254	28,854	21,585	150,366
	Dredging business	473	121,299	1,624	207,327
	Other businesses	N/A	1,299	N/A	30,287

5. Infrastructure and Other Investment Projects

In 2024, the market competition for infrastructure and other investment projects became increasingly fierce. The phenomenon of "cross-boundary" activities among state-owned construction enterprises became more common, and the competitive landscape in the traditional infrastructure sector experienced severe "involution". The state ministries and committees have issued a number of policy documents, organized and carried out various special actions, and gradually detailed the regulatory requirements for the new mechanism for cooperation between government and private capital, non-main business investments, overseas investments, and existing PPP projects, etc., under which it is required to fully and faithfully apply the new development philosophy on all fronts, focus on promoting high-quality development, highlight the work of stabilizing investment. At the same time, the resolution of local government recessive debts has been further promoted, and the supervision of existing PPP projects in terms of government audit rectification and financial supervision rectification has become increasingly stringent.

During the reporting period, the Company consistently maintained strategic focus, exercised strict control, and pursued high efficiency and quality, achieving new breakthroughs in high-quality development through value-driven investment. **Firstly, the investment scale was reasonably reduced.** In 2024, the value of contracts from infrastructure and other investment projects as recognized in proportion to the Company's shareholding amounted to RMB129,383 million, a year-on-year decrease of 38.0%, indicating a return to rational investment practices. **Secondly, the investment structure continued to improve,** with an increase in the proportion of short- and medium-term, light-asset, and key regional projects. The Company adhered to high-quality selection of key projects, and continuously advanced specialized research in areas such as offshore floating wind power, cold chain, port operations, and intelligent computing centers. The leading role of investments in new business areas such as water conservancy, hydropower, and clean energy continued to strengthen. **Thirdly, investment risks were effectively mitigated.** The Company continuously monitored and studied the implementation of the resolution of local government recessive debts, prioritizing projects based on regional economic development, local fiscal conditions, and project implementation. Tailored strategies were adopted for each region and project, accelerating debt resolution and the revitalization of existing projects, speeding up the process of fund recovery, and improving cash flow levels and various financial indicators.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

In the next step, the Company will closely align with the overall requirements of the "year of high-quality development breakthrough", focusing on controlling total volume, optimizing incremental investments, and adjusting the structure to enhance investment quality and efficiency, thereby driving new breakthroughs in high-quality investment development. **Firstly, the Company will adhere to total volume control and solidify the foundation for high-quality development.** Following the principle of "spending within means, determining expenditures based on income, and gradually realizing investment cash flow balance", the Company will continue to control the total investment volume, optimize the investment structure, and coordinate the layout of long-term, medium-term, and short-term projects. Efforts will be made to strengthen capital turnover, ensuring circulation of funds, and encourage investments in small and outstanding, short-cycle, and fast-return projects. **Secondly, the Company will uphold value-driven investment and meticulously select investment targets.** Strict pre-investment evaluation and demonstration will be conducted, adhering to the principle of ensuring profitability in advance. Investment targets will be selected based on their cash flow and profit contribution to ensure favorable investment returns. The Company will further increase the proportion of investments in strategic emerging industries, accelerate the deployment of overseas investment, and focus on countries (regions) with high potential for infrastructure demand and favorable investment environments. **Thirdly, the Company will insist on strengthening supervision and ensure high-quality project execution.** The Company will fully implement full-life-cycle supervision requirements, strengthen responsibility, ensure implementation, and enhance digital and intelligent supervision methods. By leveraging digital transformation and intelligent technologies, the Company will empower investment business management. **Fourthly, the Company will adhere to the bottom line of investment and coordinate development and safety with high quality.** The Company will enhance risk and crisis awareness, reinforce bottom line and systematic thinking, closely monitor policy trends, strictly comply with national regulatory requirements, and avoid regional and systemic risks. Continuous improvement of systemic response plans and comprehensive prevention mechanisms will be ensured to keep all types of risks under control.

(1) New Contracts of Infrastructure and Other Investment Projects

During the reporting period, the value of contracts of all businesses from infrastructure and other investment projects amounted to RMB129,383 million, including RMB129,047 million for domestic market and RMB336 million for overseas market as recognized in proportion to the Company's shareholding, among which, the confirmed values of contracts from BOT and BOO projects, government paid (non-operational) projects and urban comprehensive development projects were RMB74,695 million, RMB18,346 million and RMB36,342 million respectively, accounting for 58%, 14% and 28% of that of infrastructure and other investment projects respectively, and the contract value of construction and installation contracts to be undertaken by the Company in the design and construction sector was estimated to be RMB110,084 million.

(2) Government Paid Projects and Urban Comprehensive Development Projects

The accumulative completed investment in government paid projects by the Company amounted to RMB439,384 million with cumulatively RMB96,874 million recovered.

The accumulative completed investment in urban comprehensive development projects by the Company was RMB179,204 million and RMB166,174 million had been received by the Company.

(3) Concession Projects

As at 31 December 2024, according to statistics of the consolidated items contracted and financed by the Company (the latest statistics shall prevail if there was any change), the accumulative completed investment in concession projects amounted to RMB195,007 million. 32 concession projects together with 33 share-participation projects had been put into operation, and the operating revenue and net loss for the reporting period were RMB8,329 million and RMB2,340 million, respectively. As audited, as at 31 December 2024, the uncompleted investment amounted to RMB111,827 million.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

① **Infrastructure and Other Investment Projects Newly Entered into *(RMB million)***

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
1	Expansion Project of Duyun-Guiyang Section of G76 Xiamen-Chengdu National Expressway and the Rongjiang-Rong'an (Guizhou and Guangxi Conjunction) Expressway Project	BOT	28,862	28,862	22,012	Yes	Yes	3	37
2	Qinhuangdao-Shenyang Expressway (Songlingmen-Shenyang Section) Project	BOT	28,220	14,392	16,495	Yes	Yes	4	25
3	Project of Qi County-Lishi Expressway in Shanxi Province	BOT	13,587	13,587	9,008	Yes	Yes	3	30
4	Project of He County-Wuwei Section of Nanjing-Jiujiang Expressway of G4231 in Anhui	BOT	8,299	9,129	5,976	Yes	Yes	3	29.67
5	Laochengxiang Old District Renovation Project in Qingpu New Town, Shanghai	Comprehensive urban	8,909	8,464	2,655	Yes	Yes	4	0.25
6	"Yuancheng Zhigu" Comprehensive Development Project in Liangzhu New City, Hangzhou	Comprehensive urban	6,702	6,367	3,488	Yes	Yes	4	6
7	Project Package of Expansion Project of Wangshiwan (Zhuting) in Zhuzhou-Leiyang Dashi Section Bundled with Guidong-Chenzhou Section of Guidong-Xintian (Ningyuan) Expressway of G4 Beijing-Hong Kong-Macao Expressway	BOT	38,206	4,776	6,274	Yes	No	4	30
8	Urban Renewal Project in Jingshuang District, Shapingba District, Chongqing	Comprehensive urban	8,210	3,831	2,225	Yes	Yes	6	34
9	Industry-City Integration Comprehensive Development Start-up Area Project of General Mountain in Huangpu District, Guangzhou	Comprehensive urban	5,434	3,804	1,421	Yes	Yes	2	20
10	Ronghu Modern Community Comprehensive Development Project in Linping New City, Hangzhou	Comprehensive urban	4,121	3,709	2,871	Yes	Yes	5	5
11	Chongqing CCCC Luoqi Port Project	BOT	3,205	3,189	1,182	Yes	Yes	2	33
12	Others	–	139,341	29,273	36,477	–	–	–	–
	Total		293,096	129,383	110,084	–	–	–	–

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

② **Concession Projects under Development[2]** ***(RMB million)***

No.	Project Name	Contract Value according to Shareholding Ratio	Investment Amount in the Period	Accumulated Investment Value
1	Expansion Project of Duyun-Guiyang Section of G76 Xiamen-Chengdu National Expressway and the Rongjiang-Rong'an (Guizhou and Guangxi Conjunction) Expressway Project	28,862	55	55
2	Highways including Taihangshan Highway in Hebei Province	14,570	Share participation	Share participation
3	Qinhuangdao-Shenyang Expressway (Songlingmen-Shenyang Section) Project	14,392	301	301
4	Project of Qi County-Lishi Expressway in Shanxi Province	13,587	929	929
5	PPP Project of Quanzhou-Rongxian Highway (Pingnan-Rongxian Section) in Guangxi Province	12,755	2,230	2,812
6	Chengde (Lijiaying)-Pinggu (Hebei and Beijing Conjunction) Section Project of the Capital Region Ring Expressway (G95)	11,453	1,870	7,538
7	Highways including Urumqi-Yuli Highway in Xinjiang	10,616	Share participation	Share participation
8	Project of Guiyang-Jinsha-Gulin (between Guizhou and Sichuan) Highway in Guizhou Province	9,999	Share participation	Share participation
9	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong-Daozhen (Chongqing Section) Highway in Chongqing	9,687	Share participation	Share participation
10	Project of Dejiang-Yuqing Highway in Guizhou Province	9,388	Share participation	Share participation
11	Project of Quanzhou-Rongxian Highway (Pingle-Zhaoping Section) in Guangxi Province	9,192	1,644	3,484
12	PPP Project of Gansu G1816 Wuhai-Maqin Cooperation-Saierlong Expressway (between Gansu and Qinghai)	8,581	691	1,283
13	Jianglu North Line Expressway in Chongqing	8,498	Share participation	Share participation
14	Phase I of Project of Urumqi Rail Transit Line 4 in Xinjiang	8,287	Share participation	Share participation
15	PPP Project of Health Production Area in Jinxian Medical Park in Nanchang, Jiangxi Province	6,558	46	179
16	Project of Wushan—Guandu Section of Xuanhan—Kaizhou—Yunyang—Wuxi—Wushan Expressway	6,225	33	38
17	Tong'an Expressway in Chongqing	6,047	Share participation	Share participation
18	Reconstruction and Expansion Project of National Highway 208 between Jinzhong Changzhi Border to Tunliu Xiaohebei Section in Shanxi Province	4,940	570	852
19	Project of Phase I of Expressway from Lingtai to Huating of Line S28 in Gansu Province	4,050	Share participation	Share participation
20	Transit Re-routing Project of Xiangfen—Quwo—Houma of National Highway 108 in Shanxi Province	3,511	(95)	179
21	Project of Mengxi Industrial Park-Sanbei Yangchang Railway in Ordos, Inner Mongolia	3,383	Share participation	Share participation
22	Project of Naomao Lake-Jiangjun Temple Railway in Xinjiang	3,313	Share participation	Share participation
23	Chongqing CCCC Luoqi Port Project	3,189	395	395
24	Others	23,462	445	1,972
	Total	234,545	9,114	20,017

[2] The breakdown of concession projects under development does not include the concession projects acquired overseas.

(II) MAJOR PRODUCTION AND OPERATIONAL DATA (CONTINUED)

5. Infrastructure and Other Investment Projects (continued)

(3) Concession Projects (continued)

③ **Concession Projects in Operation Period *(RMB million)***

No.	Project Name	Accumulated Investment Value	Operating Revenue in the Period	Toll Collection Rights Period *(Year)*	Completed Toll Collection Rights Period *(Year)*
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi-Wenshan-Yanshan Expressway in Yunnan Province	27,647	1,262	30	7.0
2	Daozhen-Weng'an Expressway in Guizhou Province	26,507	643	30	9.0
3	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,257	303	50	1.5
4	Guiyang-Qianxi Expressway in Guizhou Province	9,247	376	30	8.0
5	Guiyang-Weng'an Expressway in Guizhou Province	8,570	478	30	9.0
6	Yanhe-Dejiang Expressway in Guizhou Province	7,537	146	30	9.0
7	Guiyang-Duyun Expressway in Guizhou Province	7,444	568	30	13.8
8	Concessions of Lekki Port in Nigeria	6,524	285	45	1.7
9	Yulin-Jiaxian Expressway in Shaanxi Province	6,138	278	30	11.0
10	Yongchuan-Jiangjin Expressway in Chongqing	6,023	109	30	10.0
11	Fengdu-Fuling Expressway in Chongqing	5,982	303	30	11.0
12	Fengdu-Shizhu Expressway in Chongqing	5,577	167	30	11.0
13	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Expressway in Fujian Province	5,293	126	24	4.0
14	South-North Highway in Jamaica	5,214	427	50	9.0
15	Foshan-Guangming Expressway in Guangdong Province	5,140	608	25	15.5
16	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,860	182	30	7.0
17	BOT Project of Expressway in Nairobi, Kenya	4,787	323	27	1.5
18	Xianning-Tongshan Expressway in Hubei Province	3,121	119	30	11.0
19	Others	16,124	799	–	–
	Total	174,990	7,502	–	–

Huangmaohai Sea-Crossing Channel Project, a major sea-crossing project of the Guangdong-Hong Kong-Macao Greater Bay Area, has been completed and opened to traffic.

It will enhance connectivity within the Guangdong-Hong Kong-Macao Greater Bay Area and further strengthen coordinated development between the Hengqin Free Trade Zone, Gaolan Port, and the Daguang Bay Economic Zone.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. OVERVIEW

During the reporting period, under the guidance of high-quality development goals, the business scale grew steadily. The operating revenue reached a new high, and shareholder returns remained resilient. The quality and efficiency of operations have improved, and positive cash flow from operations was recorded. Operating cash ratio and the debt-to-asset ratio remained stable. The Group has put the high-quality development philosophy into practice and made progress.

For the year 2024, revenue of the Group increased by 1.7% to RMB768,243 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB134,780 million, representing 17.5% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 84.9%, 4.5%, 7.4% and 3.2% of the total revenue in 2024 (all before elimination of inter-segment transactions), respectively.

Gross profit in 2024 amounted to RMB92,603 million, representing a decrease of 2.1% from RMB94,549 million in 2023. Gross profit from dredging business and other business increased by 10.1% and 108.6%, respectively. Gross profit from infrastructure construction business and infrastructure design business decreased by 3.3% and 17.0%, respectively. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2024 was 10.9%, 20.0%, 13.2% and 11.5%, respectively, as compared with 11.6%, 18.5%, 13.3% and 7.4% in 2023.

For the year 2024, profit attributable to owners of the parent amounted to RMB23,854 million, representing a decrease of 3.6%, compared with RMB24,739 million in 2023. For the year 2024, earnings per share of the Group were RMB1.40, compared with RMB1.45 in 2023.

The debt-to-asset ratio in 2024 increased to 74.8%, compared with 72.7% in 2023.

In 2024, net cash flows from operating activities presented an inflow, amounting to RMB12,506 million, compared with RMB12,061 million in 2023.

The following is a comparison of financial results between the years ended 31 December 2024 and 2023.

II. CONSOLIDATED RESULTS OF OPERATIONS

Revenue

Revenue in 2024 increased by 1.7% to RMB768,243 million from RMB755,687 million in 2023. Revenue from infrastructure construction business and dredging business and other businesses amounted to RMB682,603 million, RMB59,461 million and RMB26,064 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 2.2%, 11.1% and 34.6%; revenue from infrastructure design business amounted to RMB36,287 million (all before elimination of inter-segment transactions and unallocated cost), representing a year-on-year decrease of 23.3%. Revenue from external customers attributed to the regions other than PRC amounted to RMB134,780 million, representing 17.5% of total revenue.

Cost of Sales and Gross Profit

Cost of sales in 2024 amounted to RMB675,640 million, representing an increase of 2.2%, from RMB661,138 million in 2023. Cost of sales from infrastructure construction business, dredging business and other businesses amounted to RMB607,993 million, RMB51,604 million and RMB23,072 million (all before elimination of inter-segment transactions) respectively, representing an increase of 2.9%, 11.3% and 28.6% from 2023; cost of sales from infrastructure design business amounted to RMB29,043 million (all before elimination of inter-segment transactions), representing a decrease of 24.7% from 2023.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the year 2024, subcontracting costs increased by 2.6%; cost of raw materials and consumables and employee benefit expenses decreased by 2.7% and 0.6%, respectively.

As a result of the increase in both revenue and cost of sales, gross profit in 2024 amounted to RMB92,603 million, representing a decrease of 2.1% from RMB94,549 million in 2023. Gross profit from dredging business and other business increased by 10.1% and 108.6%, and gross profit from infrastructure construction business and infrastructure design business decreased by 3.3% and 17.0% respectively, from the corresponding period of 2023. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 10.9%, 20.0%, 13.2% and 11.5% respectively, as compared with 11.6%, 18.5%, 13.3% and 7.4% in the corresponding period of 2023.

II. CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Other losses, net

Net other losses in 2024 amounted to RMB1,084 million as compared to RMB325 million in 2023. This increase was primarily attributable to gains on disposal of subsidiaries, less gains on foreign exchange, and losses on derecognition of contract assets and financial assets at amortised cost.

Selling and marketing expenses

Selling and marketing expenses in 2024 amounted to RMB3,091 million, representing an increase of 21.3% from RMB2,548 million in 2023. This increase was primarily attributable to the reorganization of Qilianshan Cement, and increased marketing.

Administrative Expenses

Administrative expenses in 2024 amounted to RMB45,239 million, representing a decrease of 4.9% from RMB47,594 million in 2023.

Operating Profit

Operating profit in 2024 amounted to RMB39,307 million, representing an increase of 0.9% from RMB38,974 million in 2023.

For the year 2024, operating profit from dredging business and other businesses increased by 24.0% and 348.2% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2023; operating profit from infrastructure construction business and infrastructure design business decreased by 3.3% and 2.1% (before elimination of inter-segment transactions and unallocated cost), respectively from 2023. Operating profit margin decreased to 5.1% in 2024 from 5.2% in 2023.

Finance Income

Finance income in 2024 amounted to RMB24,241 million, representing an increase of 1.4% from RMB23,898 million in 2023.

Finance Costs, Net

Net finance costs in 2024 amounted to RMB24,038 million, representing a decrease of 1.1% from RMB24,311 million in 2023.

Share of Loss of Joint Ventures

Share of loss of joint ventures in 2024 amounted to RMB1,884 million, as compared with a loss of RMB1,409 million in 2023.

Share of Loss of Associates

Share of loss of associates in 2024 amounted to RMB463 million, as compared with a profit of RMB400 million in 2023. The loss was mainly due to the increased loss on individual investments in associates.

Profit before Income Tax

Profit before income tax in 2024 amounted to RMB37,163 million, representing a decrease of 1.0% from RMB37,552 million in 2023.

Income Tax Expense

Income tax expense in 2024 amounted to RMB6,344 million, representing a decrease of 0.9% from RMB6,399 million in 2023. Effective tax rate for the Group in 2024 increased to 17.1% from 17.0% in 2023.

II. CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2024 amounted to RMB6,965 million compared to RMB6,414 million in 2023.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent in 2024 amounted to RMB23,854 million, representing a decrease of 3.6% from RMB24,739 million in 2023.

Profit margin with respect to profit attributable to owners of the parent decreased to 3.1% in 2024 from 3.3% in 2023.

III. DISCUSSION OF SEGMENT OPERATIONS

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2024 and 2023.

	Revenue Year ended 31 December		Gross Profit Year ended 31 December		Gross Profit Margin Year ended 31 December		Operating Profit[1] Year ended 31 December		Operating Profit Margin Year ended 31 December	
Business	**2024 (RMB million)**	2023 (RMB million)	**2024 (RMB million)**	2023 (RMB million)	**2024 (%)**	2023 (%)	**2024 (RMB million)**	2023 (RMB million)	**2024 (%)**	2023 (%)
Infrastructure Construction	**682,603**	667,802	**74,610**	77,179	**10.9**	11.6	**32,942**	34,061	**4.8**	5.1
% of total	**84.9**	84.7	**80.5**	81.7	**-**	–	**81.1**	84.2	**-**	–
Infrastructure Design	**36,287**	47,302	**7,244**	8,731	**20.0**	18.5	**3,583**	3,660	**9.9**	7.7
% of total	**4.5**	6.0	**7.8**	9.2	**-**	–	**8.8**	9.0	**-**	–
Dredging	**59,461**	53,506	**7,857**	7,136	**13.2**	13.3	**3,105**	2,505	**5.2**	4.7
% of total	**7.4**	6.8	**8.5**	7.6	**-**	–	**7.6**	6.2	**-**	–
Other businesses	**26,064**	19,369	**2,992**	1,434	**11.5**	7.4	**1,022**	228	**3.9**	1.2
% of total	**3.2**	2.5	**3.2**	1.5	**-**	–	**2.5**	0.6	**-**	–
Subtotal	**804,415**	787,979	**92,703**	94,480	**11.5**	12.0	**40,652**	40,454	**5.1**	5.1
Intersegment elimination	**(36,172)**	(32,292)	**(100)**	69	**-**	–	**46**	18	**-**	–
Unallocated profit/(costs)							**(1,391)**	(1,498)		
Total	**768,243**	755,687	**92,603**	94,549	**12.1**	12.5	**39,307**	38,974	**5.1**	5.2

(1) Total operating profit represents the total of segment profit less unallocated costs or add unallocated profit.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 **(RMB million)**	2023 *(RMB million)*
Revenue	**682,603**	667,802
Cost of sales	**(607,993)**	(590,623)
Gross profit	**74,610**	77,179
Selling and marketing expenses	**(1,653)**	(1,311)
Administrative expenses	**(35,639)**	(37,864)
Provision for impairment of contract assets and trade and other receivables	**(5,430)**	(5,779)
Other income/(expense), net and other gain/(loss), net	**1,054**	1,836
Segment result	**32,942**	34,061
Depreciation and amortisation	**10,307**	10,385

Revenue. Revenue from the infrastructure construction business in 2024 was RMB682,603 million, representing an increase of 2.2% from RMB667,802 million in 2023, mainly due to the expanding scale of construction projects overseas.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2024 was RMB607,993 million, representing an increase of 2.9% from RMB590,623 million in 2023. Cost of sales as a percentage of revenue increased to 89.1% in 2024 from 88.4% in 2023.

Gross profit from the infrastructure construction business in 2024 decreased by 3.3% to RMB74,610 million from RMB77,179 million in 2023. Gross profit margin slightly decreased to 10.9% in 2024 from 11.6% in 2023.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2024 were RMB1,653 million, as compared with RMB1,311 million in 2023.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB35,639 million in 2024, representing a decrease of 5.9% from RMB37,864 million in 2023, primarily attributable to the decrease in research and development expenses. Administrative expenses as a percentage of revenue decreased to 5.2% in 2024 from 5.7% in 2023.

Provision for impairment of contract assets and trade and other receivables. Provision for impairment of contract assets and trade and other receivables for the infrastructure construction business were RMB5,430 million in 2024, representing a decrease of 6.0% from RMB5,779 million in 2023.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net for the infrastructure construction business decreased to RMB1,054 million in 2024 from RMB1,836 million in 2023. The decrease was mainly attributable to less foreign exchange gains and less one-time gains in the reporting period as compared to the corresponding period of last year.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2024 was RMB32,942 million, representing a decrease of 3.3% from RMB34,061 million in 2023. Segment result margin slightly decreased to 4.8% in 2024 from 5.1% in 2023.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Infrastructure Design Business

The financial information for the infrastructure design business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 *(RMB million)*	2023 *(RMB million)*
Revenue	**36,287**	47,302
Cost of sales	**(29,043)**	(38,571)
Gross profit	**7,244**	8,731
Selling and marketing expenses	**(410)**	(456)
Administrative expenses	**(2,886)**	(3,634)
Provision for impairment of contract assets and trade and other receivables	**(744)**	(1,086)
Other income/(expense), net and Other gain/(loss), net	**379**	105
Segment result	**3,583**	3,660
Depreciation and amortisation	**494**	574

Revenue. Revenue from the infrastructure design business in 2024 was RMB36,287 million, representing a decrease of 23.3% from RMB47,302 million in 2023. The decrease of infrastructure design business was due to the change of infrastructure design business scale, which was attributable to the reduction in EPC projects and focusing on main design business.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2024 was RMB29,043 million, representing a decrease of 24.7% from RMB38,571 million in 2023. Cost of sales as a percentage of revenue decreased to 80.0% in 2024 from 81.5% in 2023.

Gross profit from the infrastructure design business in 2024 was RMB7,244 million, representing a decrease of 17.0% as compared with RMB8,731 million in 2023. Gross profit margin increased to 20.0% in 2024 from 18.5% in 2023.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2024 decreased to RMB410 million from RMB456 million in 2023.

Administrative expenses. Administrative expenses for the infrastructure design business in 2024 were RMB2,886 million, representing a decrease of 20.6% from RMB3,634 million in 2023, mainly due to effective internal controls. Administrative expenses as a percentage of revenue increased to 8.0% in 2024 from 7.7% in 2023.

Provision for impairment of contract assets and trade and other receivables. Provision for impairment of contract assets and trade and other receivables for the infrastructure design business were RMB744 million in 2024, representing a decrease of 31.5% from RMB1,086 million in 2023. The decrease was mainly due to the collection of recoveries on individual receivables with a relatively long aging.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net for the infrastructure design business in 2024 was RMB379 million, as compared with RMB105 million in 2023.

Segment result. As a result of the above, segment result for the infrastructure design business in 2024 was RMB3,583 million, representing a decrease of 2.1% from RMB3,660 million in 2023. Segment result margin increased to 9.9% in 2024 from 7.7% in 2023.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Dredging Business

The financial information for the dredging business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 **(RMB million)**	2023 (RMB million)
Revenue	**59,461**	53,506
Cost of sales	**(51,604)**	(46,370)
Gross profit	**7,857**	7,136
Selling and marketing expenses	**(505)**	(394)
Administrative expenses	**(3,852)**	(3,731)
Provision for impairment of contract assets and trade and other receivables	**(515)**	(803)
Other income/(expense), net and other gain/(loss), net	**120**	297
Segment result	**3,105**	2,505
Depreciation and amortisation	**1,110**	1,322

Revenue. Revenue from the dredging business in 2024 was RMB59,461 million, representing an increase of 11.1% from RMB53,506 million in 2023. The increase was mainly due to the expanding scale of dredging and reclamation business.

Cost of sales and gross profit. Cost of sales for the dredging business in 2024 was RMB51,604 million, representing an increase of 11.3% as compared with RMB46,370 million in 2023. Cost of sales as a percentage of revenue for the dredging business in 2024 increased to 86.8% from 86.7% in 2023.

Gross profit from the dredging business in 2024 was RMB7,857 million, representing an increase of 10.1% from RMB7,136 million in 2023. Gross profit margin for the dredging business slightly decreased to 13.2% in 2024 from 13.3% in 2023.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2024 were RMB505 million, as compared with RMB394 million in 2023.

Administrative expenses. Administrative expenses for the dredging business in 2024 were RMB3,852 million, representing an increase of 3.2% from RMB3,731 million in 2023. Administrative expenses as a percentage of revenue decreased to 6.5% in 2024 from 7.0% in 2023.

Provision for impairment of contract assets and trade and other receivables. Provision for impairment of contract assets and trade and other receivables for the dredging business were RMB515 million in 2024, representing a decrease of 35.9% from RMB803 million in 2023, mainly due to the collection of recoveries on individual receivables with a relatively long aging.

Other income/(expense), net and other gains/(losses), net. Other income/(expense), net and other gains/(losses), net in 2024 decreased to RMB120 million from RMB297 million in 2023. The decrease was mainly attributed to less one-time gains from disposal of subsidiaries in the reporting period as compared to the last corresponding period, and less gains on foreign exchange.

Segment result. As a result of the above, segment result for the dredging business in 2024 was RMB3,105 million, representing an increase of 24.0% from RMB2,505 million in 2023. Segment result margin increased to 5.2% in 2024 from 4.7% in 2023.

III. DISCUSSION OF SEGMENT OPERATIONS (CONTINUED)

Other Businesses

The financial information for the other businesses presented in this section is before elimination of inter-segment transactions and unallocated costs.

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Revenue	**26,064**	19,369
Cost of sales	**(23,072)**	(17,935)
Gross profit	**2,992**	1,434

Revenue. Revenue from the other businesses in 2024 was RMB26,064 million, representing an increase of 34.6% from RMB19,369 million in 2023. The increase was mainly due to the reorganization of Qilianshan Cement.

Cost of sales and gross profit. Cost of sales for the other businesses in 2024 was RMB23,072 million, representing an increase of 28.6% from RMB17,935 million in 2023. Cost of sales as a percentage of revenue decreased to 88.5% in 2024 from 92.6% in 2023.

Gross profit from the other businesses in 2024 was RMB2,992 million, representing an increase of 108.6% from RMB1,434 million in 2023. Gross profit margin increased to 11.5% in 2024 from 7.4% in 2023, mainly attributed to the reorganization of Qilianshan Cement.

IV. LIQUIDITY AND CAPITAL RESOURCES

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2024, the Group had unutilized credit facilities in the amount of RMB1,534,290 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 **(RMB million)**	2023 (RMB million) Restated
Net cash flows from operating activities	**12,506**	12,061
Net cash flows used in investing activities	**(29,619)**	(55,869)
Net cash flows generated from financing activities	**41,640**	50,332
Net increase in cash and cash equivalents	**24,527**	6,524
Cash and cash equivalents at beginning of year	**110,407**	103,710
Effect of foreign exchange rate changes, net	**40**	173
Subtotal	**134,974**	110,407
Less: cash and cash equivalent held for sale	**–**	154
Cash and cash equivalents at end of year	**134,974**	110,253

Cash flow from operating activities

For the year 2024, net cash generated from operating activities presented as an inflow at RMB12,506 million, as compared with an inflow at RMB12,061 million in 2023. The improvement was primarily attributable to the enhanced management of cash flow and to the solidifying of the value of assets.

Cash flow from investing activities

Net cash used in investing activities in 2024 decreased to RMB29,619 million, representing a decrease of 47.0% from RMB55,869 million in 2023. The decrease was primarily attributable to the decrease of purchase of intangible assets, property, plant and equipment, the decrease of investments in joint ventures and associates, and the increase of disposal of financial assets.

Cash flow from financing activities

Net cash generated from financing activities in 2024 was RMB41,640 million, representing a decrease of 17.3% from RMB50,332 million in 2023. The decrease was mainly attributed to the withdrawal of capital contribution by non-controlling interests.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Cash Flow Data (continued)

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 **(RMB million)**	2023 (RMB million)
Infrastructure Construction Business	**25,639**	37,741
– BOT projects	**12,472**	20,507
Infrastructure Design Business	**1,078**	1,319
Dredging Business	**2,569**	2,737
Others	**1,465**	1,101
Total	**30,751**	42,898

Capital expenditure in 2024 was RMB30,751 million, as compared with RMB42,898 million in 2023.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2024 and 2023.

	Years ended 31 December	
	2024 **(Number of days)**	2023 (Number of days)
Turnover of average trade and bills receivables(1)	**62**	56
Turnover of average trade and bills payables(2)	**221**	206

(1) Average trade and bills receivables equals trade and bills receivables net of provisions at the beginning of the year plus trade and bills receivables net of provisions at the end of the year divided by 2. Turnover of average trade and bills receivables (in days) equals average trade and bills receivables divided by revenue and multiplied by 365.

(2) Average trade and bills payables equals trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year divided by 2. Turnover of average trade and bills payables (in days) equals average trade and bills payables divided by cost of sales and multiplied by 365.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Working Capital (continued)

Trade and bills receivables and trade and bills payables (continued)

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 31 December 2024 and 2023.

	As at 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Within 6 months	**86,079**	71,630
6 months to 1 year	**15,025**	13,188
1 year to 2 years	**21,649**	14,284
2 years to 3 years	**7,772**	11,390
Over 3 years	**10,380**	8,748
Total	**140,905**	119,240

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2024, the Group had a provision for impairment of RMB28,538 million, as compared with RMB23,988 million as at 31 December 2023.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2024 and 2023.

	As at 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Within 1 year	**368,932**	343,362
1 year to 2 years	**38,354**	33,762
2 years to 3 years	**10,475**	6,595
Over 3 years	**8,018**	8,116
Total	**425,779**	391,835

The Group's credit terms with its suppliers for the year ended 31 December 2024 remained the same as that for the year ended 31 December 2023. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Retentions

The following table sets forth the carrying amount of the retentions as at 31 December 2024 and 2023.

	As at 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Current	**18,554**	13,625
Non-current	**53,998**	43,131
Total	**72,552**	56,756

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Indebtedness

Borrowings

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

	As at 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Within 1 year	**140,826**	111,912
1 year to 2 years	**78,723**	58,984
2 years to 5 years	**142,444**	119,367
Over 5 years	**224,330**	221,363
Total borrowings	**586,323**	511,626

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Euro, Hong Kong dollar and Japanese Yen. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2024 and 2023.

	As at 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Renminbi	**562,315**	481,310
U.S. dollar	**14,942**	23,850
Euro	**2,310**	3,159
Hong Kong dollar	**90**	91
Japanese Yen	**33**	37
Others	**6,633**	3,179
Total borrowings	**586,323**	511,626

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2024 was 49.1%, as compared with 46.6% as at 31 December 2023.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Contingent Liabilities and Financial Guarantee Commitment

(i) Claims

The Group has been named defendants 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 management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB4,347 million (31 December 2023: RMB2,894 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

(ii) Loan Guarantees

(a) The Group has acted as the guarantor for several borrowings of RMB3,522 million (31 December 2023: RMB3,714 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.

(b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2024, the outstanding balance of guarantees provided by the Group was approximately RMB4,592 million (31 December 2023: RMB4,462 million).

(iii) Liquidity Support

The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2024, out of the ABS and ABN in issue with an aggregate amount of RMB71,254 million (31 December 2023: RMB72,543 million), RMB59,784 million (31 December 2023: RMB67,089 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

As of 31 December 2024, no provision has been made for the above liquidity supports as management estimates the outflow of resources is not probable.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks

The Group is exposed to various types of market risks, including changes in interest rate risks and foreign currency risks in the normal course of business.

1. Macroeconomic volatility risk

The Group's main businesses are closely related to the development of macro-economy, especially for infrastructure design and infrastructure construction business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanisation. The current external environment is complex and severe, and China's economic development is under triple pressure of economic contraction, supply shock and weakening expectations. If the pace and efforts of growth stabilisation is not as strong as expected, it may have a great impact on the Group's development.

To cope with the risks of macroeconomic fluctuations, the Group will further strengthen its research on macro policies and development trends of related industries, follow closely the national strategic deployment, focus on "big transportation" and "big city", firmly hold on to the market advantages of traditional businesses, promote the scale of emerging industries to grow year by year and strive to cultivate new growth levels.

2. Internationalisation risk

The Group conducts its business in over 130 overseas countries and regions. Subject to the complex and diverse political, economic, social and religious environments and legal systems of different countries and regions, as well as fluctuations in exchange rates, increasingly stringent environmental protection requirements and intensifying trade frictions among some countries, there may be fluctuations and volatility in the international trade order and economic situation in the future, resulting in performance risks for the Group's overseas compliance, investment and project contracting.

The Group carried out various risk management, prevention and control work continuously in accordance with the principles of "practical planning, internationalisation of resources, normalization of management, diversification of approaches, and visualisation of command, advance forecasting, advance warning, advance deployment and advance action". The Company fully leveraged on its overall overseas advantages, enhanced international resources and cross-regional coordination capabilities, continuously raised the protection of security interests and the ability to address overseas emergencies, properly dealt with overseas public security threats, and optimized the organization system, institutional system, team building system, planning system, training and drill system, protection system and information-based risk control measures.

3. Investment risk

The Group began to develop infrastructure and other investment projects in 2007 to obtain investment profits apart from those from reasonable design and construction. However, such projects are generally characterised by large scale investments, long construction cycles, extensive areas of involvement, high complexity, stringent schedule and quality requirements, and are significantly affected by policies. The implementation and operation of the above-mentioned investment projects may expose the Group to certain risks and affect the expected benefits and the achievement of strategic objectives if the feasibility studies of the projects are incomplete, understanding of policies is inaccurate, financing is inadequate and process management is not standardised, under the influence of internal and external circumstances such as increased control in policies by the national and local governments, increasingly standardised regulation, tightened financial supervision, increasing debt pressure and intensified market competition.

In order to effectively prevent and control investment risks, the Group insists on "value-oriented investments" and strictly controls non-main business investments. It strictly implements the investment project justification and decision-making process, properly controls investment costs, strengthens risk control throughout the life cycle of investment projects and steadily promotes the construction of an investment execution information system to achieve real-time and dynamic project monitoring and pre-warning.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks (continued)

4. Raw material risk

The operation of the Group's business depends on the timely procurement of raw materials that meet the Group's quality requirements at reasonable prices, such as steel, cement, fuel, sand and gravel and asphalt, etc. The market prices of such raw materials may fluctuate to a certain extent, or appropriate procurement planning arrangements may be made to ensure the normal conduct of business. When there is a shortage of supply of raw material or a significant price increase resulting in cost increases that cannot be fully counteracted by customers, the Group may face the risk of reduced profit or even loss in respect of a single project.

In this regard, the Group has enhanced cost awareness, strengthened refined management, vigorously promoted the centralised procurement of major raw materials including steel, cement, asphalt, fuel oil, etc., and has continuously improved the bargaining power of the Company to minimise the risk of rising raw material prices.

5. Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2024 and 2023, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar.

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increase in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2024 and 2023.

As at 31 December 2024, the Group's borrowings of approximately RMB353,154 million (31 December 2023: RMB315,954 million) were at variable rates. As at 31 December 2024, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have decreased/increased by RMB3,532 million (31 December 2023: RMB3,160 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

6. Exchange rate risk

The functional currency of the 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.

As at 31 December 2024, the Group's aggregate net liabilities of RMB6,212 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary.

As at 31 December 2024, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would had been decreased/increased by approximately RMB155 million (2023: RMB224 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

IV. LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Market Risks (continued)

7. Production safety risk

The Group insists on safety first and regards production safety as the prerequisite and foundation of all its work. However, as a construction and production enterprise with many subsidiaries and projects, production safety risks exist in all aspects of the production and operation process. Safety incidents may occur as a result of unsafe human behaviour, unsafe physical conditions and unsafe environmental factors, resulting in injury to the health and safety of employees and exposing the Company to the risk of damage to its brand image, economic loss and external regulatory penalties.

8. Risk of price fluctuation in the securities markets

The Group's investments in equity instruments are classified as financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income. As these financial assets are required to be stated at fair value, the Group is exposed to the risk of price fluctuation in the securities markets.

To cope with such risk, the Group sets limits to diversify its investment portfolio.

9. Force Majeure Risks

The infrastructure construction and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters and public health emergency including rainstorm, flooding, earthquake, typhoon, tsunami, fire and epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group.

10. Network risk and security

With the in-depth application of "Internet +" in informatisation, the topology of enterprise network has been becoming more and more complex, the number of information systems has surged, and the possibility of network interruption and system failure has also increased rapidly. At the same time, the Group has been actively exploring overseas markets, and its international influence has been increasing day by day. Therefore, the risk of network-attacks on the information system has been also increasing, which may have a serious impact on the Group's production and operation in the event of a risk event.

In order to effectively prevent network risks, the Group has continuously optimized and improved the network security system and professional team building, improved the information system, enhanced protection and emergency response capabilities, implemented network monitoring and carried out regular upgrades and protections in accordance with the requirements of the competent authorities.

China's first circular metro line in high-latitude and extreme cold area — Harbin Metro Line 3 officially opens for full operation.

As a crucial transportation artery for Harbin City, it will provide robust transit support for the 9th Asian Winter Games in 2025. Athletes and visitors will be able to take the metro to reach competition venues, official hotels, and major tourist attractions.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present its report together with the audited financial statements of the Group prepared in accordance with IFRS for the year ended 31 December 2024.

PRINCIPAL BUSINESS

We are a leading transportation infrastructure group in the PRC and are principally engaged in infrastructure construction, infrastructure design and dredging businesses.

RESULTS

Results of the Group for the year ended 31 December 2024 and the consolidated financial position of the Group as at 31 December 2024 are set out in the audited consolidated financial statements in this report.

DIVIDEND POLICY

In accordance with the Company Law and other relevant laws and regulations, the Company has been implementing a continuous, sustainable and stable dividend distribution policy, and placing emphasis on the reasonable investment return to the investors while securing the sustainable development of the Company.

The Company actively promotes the way to distribute dividends with cash bonus. The profits distributed to the ordinary Shareholders in cash by the Company for each year shall not be less than 10% of the distributable profit available for the ordinary Shareholders realized in such year. The dividend distribution plan of the Company shall be drawn up and reviewed by the Board, taking comprehensive consideration of the factors including the industry characteristics, development stage, operation mode, profitability level and whether there is any significant payment arrangement for funds etc., make the differentiated cash bonus policy according to the program prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

DIVIDENDS

For the year of 2024, net distributable profit to owners of the Company was approximately RMB23,384 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, whichever is lower. To balance the reasonable investment returns for the Shareholders and the long-term development of the Company, on 27 March 2025, the Board proposed to distribute the annual dividend of RMB0.30166 per Share (totaling approximately RMB4,911 million (tax inclusive)) to the Shareholders, representing approximately 21% of the aforementioned net distributable profit attributable to the owners of the Company and an increase of 1 percentage point year-on-year. After deducting the interim dividend of approximately RMB2,280 million already distributed by the Company, the Board recommended a final dividend of RMB0.16161 (tax inclusive) (equivalent to approximately HKD0.17510 including tax) per Share calculated based on the total issued share capital of the Company of 16,278,611,425 Shares on such date. The recommended final dividends are subject to Shareholders' approval at the annual general meeting to be held on 16 June 2025. The H Share register of members of the Company will be closed for the purpose of determining H Shareholders' entitlement to attend the annual general meeting of the Company from Wednesday, 11 June 2025 to Monday, 16 June 2025 (both days inclusive). In order to attend the annual general meeting, H Shareholders shall complete the registration of H Share not later than 4:30 p.m. on Tuesday, 10 June 2025. The final dividends are expected to be paid to Shareholders whose names appear on the register of members of the Company on 25 June 2025. The register of members will be closed from 20 June 2025 to 25 June 2025 (both days inclusive), during which period no transfers will be registered. In an event of any change in the total issued share capital of the Company before the record date for the payment of the proposed dividend distribution, the total distribution amount will remain unchanged and the proposed final dividend per share will be adjusted accordingly with specific adjustments to be announced separately.

Dividends will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. The relevant exchange rate is determined at RMB0.92294 equivalent to HK$1.00 as the middle rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date when such dividends were declared.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited ("CSDC") Shanghai Branch and in line with the market practice regarding dividend distribution for A shares, the Company will publish a separate announcement in respect of its final dividends distribution for A Shares after the Company's AGM for 2024, which, among others, will set out the record date and ex-entitlement date of dividend distribution for A Shares.

DIVIDENDS (CONTINUED)

Pursuant to relevant laws and regulations including the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), and the Notice of the State Administration of Taxation on the Collection and Management of Personal Income Tax After the Abolishment of Document Guo Shui Fa No. [1993]045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general on behalf of the individual H Shareholders. For individual H Shareholders who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company can process applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For individual H Shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

In respect of the non-resident corporate shareholders, in accordance with the Law on Corporate Income Tax of the People's Republic of China revised in 2018, the Implementing Rules of the Law on Corporate Income Tax of the People's Republic of China revised in 2019 (collectively, the "Corporate Income Tax Law") and other laws and regulations, starting from 1 January 2008, enterprises established in the PRC which distribute dividend to the non-resident corporate shareholders (namely, the legal person shareholders) for the accounting period from 1 January 2008 onwards shall withhold for payment of the corporate income tax, and the payer shall be the withholding agent. Therefore, the Company is required to withhold corporate income tax at the rate of 10% when distributing the 2024 final dividend to non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company on the record date. The Company will distribute 2024 final dividend following withholding corporate income tax at the rate of 10% to all H Shareholders (including HKSCC Nominees Limited, other business agents or trustees, or other groups or organizations, all deemed as the non-resident corporate Shareholders) who register in the name of a non-person Shareholder on the H Share register of members as of the record date.

Any resident enterprise (as defined under the Corporate Income Tax Law) whose name appears on the H Share register of members of the Company and which is set up in the PRC in accordance with the PRC law, or which is set up in accordance with the law of a foreign country (region) whose actual administration institution is in the PRC, in the event of being unwilling for the Company's withholding corporate income tax at the rate of 10%, should lodge with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited the PRC organization code certificate issued by the relevant PRC government authority or the equivalent copy certified by the Hong Kong lawyer or accountant to certify the place of establishment or the relevant legal documents that it is a resident enterprise incorporated in the PRC (as defined under the Tax Law of the People's Republic of China), on or before 4:30 p.m. on Thursday, 19 June 2025.

The Company will withhold for payment of the income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and strictly based on what has been registered on the Company's register of members for H Shares on Wednesday, 25 June 2025. Investors and potential investors in the H Shares of the Company are recommended to consult their professional tax advisors if they are in any doubt as to the implications of the above mechanism of withholding, and the Company does not accept responsibility for any effect the above mechanism of withholding may have on any person.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF NORTHBOUND TRADING

For investors of Hong Kong Stock Exchange, including enterprises and individuals, investing in the A Shares of the Company listed on the Shanghai Stock Exchange (the "Investors of Northbound Trading"), their final dividends will be distributed in RMB by the Company through CSDC Shanghai Branch to the account of the nominees holding such shares. The Company will withhold and pay income taxes of 10% on behalf of those investors and will report to the tax authorities. For Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Northbound Trading will be the same as those for the A Shareholders of the Company.

DISTRIBUTION OF FINAL DIVIDEND TO INVESTORS OF SOUTHBOUND TRADING

(1) Distribution of Final Dividend to Investors of Southbound Trading on Shanghai Stock Exchange

For investors of the Shanghai Stock Exchange, including enterprises and individuals, investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the "Investors of Southbound Trading on Shanghai Stock Exchange"), the Company has entered into "the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading" (《港股通H股股票現金紅利派發協議》) with CSDC Shanghai Branch, pursuant to which, CSDC Shanghai Branch, as the nominee holders of H Shares for the Investors of Southbound Trading on Shanghai Stock Exchange, will receive the final dividends distributed by the Company and distribute the final dividends to the relevant Investors of Southbound Trading on Shanghai Stock Exchange through its depository and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading on Shanghai Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

(2) Distribution of Final Dividend to Investors of Southbound Trading on Shenzhen Stock Exchange

For investors of the Shenzhen Stock Exchange, including enterprises and individuals, investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (the "Investors of Southbound Trading on Shenzhen Stock Exchange"), the Company has entered into "the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading" (《港股通H股股票現金紅利派發協議》) with CSDC Shenzhen Branch, pursuant to which, CSDC Shenzhen Branch, as the nominee holders of H Shares for the Investors of Southbound Trading on Shenzhen Stock Exchange, will receive the final dividends distributed by the Company and distribute the final dividends to the relevant Investors of Southbound Trading on Shenzhen Stock Exchange through its depository and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading on Shenzhen Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect" (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date, the ex-entitlement date and the date of distribution of final dividend and other arrangements for the Investors of Southbound Trading on Shanghai Stock Exchange and Investors of Southbound Trading on Shenzhen Stock Exchange will be the same as those for the H Shareholders.

UTILISATION OF PROCEEDS FROM THE ISSUANCE OF CORPORATE BONDS BY THE COMPANY

On 16 August 2024, the Company publicly issued technological innovation corporate bonds (bond short name: 24 CCCC K1, 24 CCCC K2) of RMB2.0 billion to professional institutional investors. All of the proceeds from the bond issuance, after deducting issuance expenses, were proposed to be used to repay corporate bonds and other debts when due. The proceeds from the bond issuance above were fully used as scheduled.

On 28 November 2024, the Company publicly issued technological innovation renewal corporate bonds (bond short name: 24 CCCC YK01, 24 CCCC YK02) of RMB3.0 billion to professional institutional investors. All of the proceeds from the bond issuance, after deducting issuance expenses, were proposed to be used for production expenses, including repayment of debts, supplement to the liquidity and project construction. The proceeds from the bond issuance above were fully used as scheduled.

SHARE CAPITAL

Please refer to Note 34 of the audited consolidated financial statements for movements in share capital of the Company for the year ended 31 December 2024. As at 31 December 2024, the share capital structure of the Company was as follows:

		Shareholding structure	
No.	**Item**	**Number of shares**	**Percentage**
1	A Shares	11,860,135,425	72.86%
2	H Shares	4,418,476,000	27.14%
	Total	16,278,611,425	100.00%

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Hong Kong Listing Rules and as agreed with the Hong Kong Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

The following table sets out certain information concerning the Directors, Supervisors and senior management of the Company as at the date of this report.

Name	Age	Position in the Company	Date of appointment	Emoluments for the year ended 31 December 2024 (before tax) (Notes 6 and 7) (RMB'000)
WANG Tongzhou	59	Executive Director and chairman of the Board	22 October 2020	1,047
WANG Haihuai	56	Executive Director and president	10 June 2021 and 7 April 2021	1,047
LIU Xiang	56	Executive Director	10 June 2021	948
MI Shuhua (Note 1)	62	Non-executive Director	25 February 2022	Did not receive any compensation from the Company during the reporting period
LIU Hui	64	Independent non-executive Director	25 February 2022	80
CHAN Wing Tak Kevin	58	Independent non-executive Director	25 February 2022	225
WU Guangqi	67	Independent non-executive Director	25 February 2022	80
ZHOU Xiaowen	63	Independent non-executive Director	25 February 2022	80
WANG Yongbin	59	Chairman of the Supervisory Committee (representative of the Shareholders)	22 November 2017 and 25 February 2022	977
LU Yaojun	54	Supervisor (representative of the Shareholders)	18 November 2021	1,041
YAO Yanmin (Note 2)	61	Supervisor (representative of the employees)	22 November 2017	Retired in December 2023
YANG Xiangyang (Note 2)	53	Supervisor (representative of the employees)	11 January 2024	992
LIU Zhengchang (Note 3)	56	Chief financial officer and Board secretary	26 January 2024 26 July 2024	578
YANG Zhichao	43	Vice president	26 August 2021	1,203
SUN Liqiang	55	Vice president	11 September 2023	893
WANG Jian (Note 4)	60	Vice president	22 November 2017	925
ZHOU Changjiang (Note 5)	59	Secretary of the Board and company secretary	22 November 2017 and 13 December 2017	Did not receive any compensation from the Company during the reporting period

Note 1: Mr. Mi Shuhua retired as the non-executive director of the Company on 15 January 2024.

Note 2: Mr. Yao Yanmin retired as the staff representative supervisor of the Company on 11 January 2024. On the same date, Mr. Yang Xiangyang was elected as the staff representative supervisor of the Company.

Note 3: Mr. Liu Zhengchang was appointed as the chief financial officer and the Board secretary of the Company on 26 January 2024 and 26 July 2024, respectively.

Note 4: Mr. Wang Jian retired as the vice president of the Company on 17 January 2025.

Note 5: Mr. Zhou Changjiang retired as the Board secretary and the company secretary of the Company on 22 March 2024.

Note 6: The disclosed information represents the compensation borne by the Company for its Directors, supervisors, and senior management during the reporting period. The final compensation for senior management in 2024 is pending verification and confirmation by the SASAC. Please refer to Note 9 of the audited financial statements for details of the emoluments (including basic salaries, housing allowances and other allowances, contributions to pension plans and discretionary bonuses) of the Directors and Supervisors of the Company in 2024. The emoluments payable to the Directors, Supervisors and senior management are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and prevailing market rate.

Note 7: Any discrepancies in the figures presented in this table are due to rounding.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (CONTINUED)

As at 31 December 2024, details of the emoluments (before taxes) of each senior management of the Company (excluding Directors who also hold executive positions) in 2024 are set out below*(Note 1)*:

Name	Basic salaries, housing allowances and other allowances	Contributions to pension plans	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIU Zhengchang*(Note 2)*	251	61	266	578
YANG Zhichao	389	66	747	1,203
SUN Liqiang	389	66	437	893
WANG Jian*(Note 3)*	284	66	574	925
ZHOU Changjiang*(Note 4)*	–	–	–	–

Note 1: Any discrepancies in the figures presented in this table are due to rounding.

Note 2: Mr. Liu Zhengchang was appointed as the chief financial officer and the Board secretary of the Company on 26 January 2024 and 26 July 2024, respectively.

Note 3: Mr. Wang Jian retired as the vice president of the Company on 17 January 2025.

Note 4: Mr. Zhou Changjiang retired as the Board secretary and the company secretary of the Company on 22 March 2024.

The biographical details of the Directors, Supervisors and senior management of the Company are set out in the "Profiles of Directors, Supervisors and Senior Management" in this report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has confirmed its receipt of a confirmation from each of the independent non-executive Directors of the Company of the independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

BOARD COMMITTEES

Committees under the Board include Strategy and Investment and ESG Committee, Audit and Internal Control Committee, Remuneration and Appraisal Committee as well as Nomination Committee. The composition of each committee is set out in the "Corporate Governance Report" in this report.

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the interests or short positions of Shareholders (other than Directors, Supervisors and chief executive of the Company) who have an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed by the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of Shareholder (Note 1)	Number of shares held	Type of shares	Percentage of the respective type of shares (Note 2) (%)	Percentage of the total number of shares in issue (Note 3) (%)	Capacity in which the shares are held
CCCG	9,374,616,604 (Long position)	A Shares	79.04	57.59	Beneficial owner
	297,387,000 (Long position)	H Shares	6.73	1.83	Beneficial owner

Note 1: The table is prepared based on the disclosure of interest fillings of the substantial Shareholders published on the website of the Hong Kong Stock Exchange for the relevant events as at 31 December 2024.

Note 2: The percentage of respective type of shares is based on 11,860,135,425 A Shares and 4,418,476,000 H Shares of the Company as at 31 December 2024, respectively.

Note 3: The percentage of total number of shares in issue is based on 16,278,611,425 Shares of the total issued share capital of the Company as at 31 December 2024.

As at 31 December 2024, there were 11,616 H Shareholders and 141,928 A Shareholders as shown on the register of members of the Company. Particulars of the top 10 Shareholders of the Company as at 31 December 2024 were as follows:

Name of Shareholder	Nature	Percentage	Number	Number of shares subject to trading restriction	Number of shares pledged or frozen
CCCG	State	57.59	9,374,616,604		Nil
HKSCC NOMINEES LIMITED	Overseas legal entity	26.90	4,379,704,806		Unknown
China Securities Finance Corporation Limited	State-owned legal entity	2.97	483,846,064		Unknown
Central Huijin Asset Management Ltd.	State-owned legal entity	0.59	95,990,100		Unknown
Hong Kong Securities Clearing Company Limited	Overseas legal entity	0.46	75,642,003		Unknown
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 ETF	Unknown	0.38	61,472,300		Unknown
China Construction Bank Corporation – E Fund CSI 300 Trading Open-End Index Initiating Securities Investment Fund	Unknown	0.26	42,378,011		Unknown
Abu Dhabi Investment Authority	Unknown	0.22	35,277,389		Unknown
Industrial and Commercial Bank of China Limited – Huaxia CSI 300 ETF	Unknown	0.17	28,170,364		Unknown
Bank of China Limited – Jiashi CSI 300 ETF	Unknown	0.16	26,686,123		Unknown

Note: As of 31 December 2024, the number of Shares held by CCCG amounted to 9,672,003,604 (including 9,374,616,604 A Shares and 297,387,000 H Shares), representing approximately 59.42% of the total share capital of the Company.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares of equity derivatives or debentures of us or any of our associated corporations (within the meaning of Part XV of 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 and 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 the Company notified to us and the Hong Kong Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Hong Kong Listing Rules.

As at 31 December 2024, the Company had not granted its Directors, Supervisors or chief executive or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for shares or debentures.

2022 RESTRICTED SHARE INCENTIVE SCHEME

On 27 April 2023, the Company adopted the 2022 Incentive Scheme at the 2023 second extraordinary general meeting, the 2023 first H Share class meeting and the 2023 first A Share class meeting (collectively, the "Meetings").

(I) Summary of the Incentive Scheme

The Incentive Scheme is a share scheme involving the issuance of new shares by the Company under Chapter 17 of the Hong Kong Listing Rules. The principal terms of the Incentive Scheme are summarized as follows.

(1) Purposes of the Incentive Scheme

The purpose of the Incentive Scheme is to further promote the establishment and improvement of the long-term incentive mechanism of the Company, attract and retain talents, fully mobilize the enthusiasm of the Directors, senior management, middle management and core personnel of the Company, and 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.

(2) Participants

The participants are the incumbent directors, senior management, middle management and core personnel of the Company (including its branches and holding subsidiaries) at the time of the implementation of the Incentive Scheme (the "Participants").

(3) Total number of shares available for issue

The incentive instruments adopted in the Incentive Scheme are the restricted shares. The source of the restricted shares is the ordinary A Shares to be issued to the Participants by the Company. A total number of up to 117 million Restricted Shares (including the first grant and the reserved grant) are proposed to be granted under the Incentive Scheme, representing approximately 0.72% of the total issued ordinary Shares (i.e. 16,278,611,425 ordinary Shares) as at the date of this report.

(4) Maximum entitlement of each Participant under the Incentive Scheme

The total number of Restricted Shares to be granted under all effective share incentive schemes to any one of the Participants under the Incentive Scheme shall not exceed 1% of the total issued ordinary A Shares. Save for the Incentive Scheme, the Company has not adopted any other share schemes as at the date of this report.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(I) Summary of the Incentive Scheme (continued)

(5) Grant price and basis of determination

The grant price under the first grant shall be RMB5.33 per A Share, i.e. upon fulfilment of grant conditions, Participants are entitled to purchase the ordinary A Shares of the Company granted to the Participants by the Company at the price of RMB5.33 per A Share. According to the Article 23 of the Administrative Measures on Share Incentives of Listed Companies and the Article 26 of the Guidelines for the Implementation of Share Incentive Schemes by the State-Owned Listed Companies, the grant price 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 A Shares on the last trading day prior to the date of announcement of the Incentive Scheme (i.e. RMB8.875 per share);

(2) any of the average trading prices of the A Shares for the last 20 trading days, 60 trading days or 120 trading days prior to the date of announcement of the Incentive Scheme (i.e. RMB8.837 per Share, RMB8.413 per Share and RMB8.449 per Share).

Upon consideration and passing of related resolution by the Board meeting on 26 January 2024, the grant price under the reserved grant was RMB5.06 per A Share. The grant price of the reserved Restricted Shares shall not be less than the nominal value of the shares, and shall not be lower than 60% of the higher of the following prices:

(1) the average trading price of the A Shares on the last trading day prior to the date of announcement of Board resolution on the grant of the reserved Restricted Shares (i.e. RMB8.42 per Share);

(2) any of the average trading prices of the A Shares for the last 20 trading days, 60 trading days or 120 trading days prior to the date of announcement of Board resolution on the grant of the reserved Restricted Shares (i.e. RMB7.67 per Share, RMB7.73 per Share and RMB8.59 per Share).

The Participants shall pay the consideration for subscribing the Restricted Shares into the account designated by the Company and have it verified and confirmed by a certified public accountant, otherwise such Participant shall be deemed as having waived his/her rights to subscribe for the granted Restricted Shares. The Company shall not provide loans or financial assistance in any other forms, including guarantee for loans, to the Participants to obtain or unlock the relevant Restricted Shares under the Incentive Scheme.

(6) Term of the Incentive Scheme

The Term of the Incentive Scheme shall commence from the completion date of registration of the Restricted Shares under the first grant (i.e. 5 June 2023) and end on the date of all the Restricted Shares granted to the Participants having been unlocked or repurchased, the maximum period of which shall not exceed 72 months.

(7) Lock-up period of the Incentive Scheme

The Restricted Shares granted under the Incentive Scheme shall be unlocked in three batches, and the Lock-up Period of each batch is 24 months, 36 months and 48 months respectively from the completion date of registration of the corresponding grant. During the Lock-up Period, the Restricted Shares granted to the Participants under the Incentive Scheme shall be restricted for sale and shall not be transferred, used as security or for repayment of debts. The shares entitled by the Participants as a result of the capitalization issue, bonus issue and sub-division of shares, etc. in connection with the granted Restricted Shares that have not yet been unlocked are simultaneously locked in accordance with the Incentive Scheme. Upon unlocking, the Company will handle the unlocking matters for the Participants who meet the conditions, and the Restricted Shares held by the Participants who do not meet the unlocking conditions will be repurchased by the Company.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(I) Summary of the Incentive Scheme (continued)

(7) Lock-up period of the Incentive Scheme (continued)

The unlocking schedule for the Restricted Shares of the Incentive Scheme under the first grant and the reserved grant are set out below:

Unlocking arrangements	Unlocking schedule	Percentage of the number of Restricted Shares to be unlocked to the number of the Restricted Shares granted
The first unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 36-month period from the date of completion of registration of such grant	34%
The second unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 48-month period from the date of completion of registration of such grant	33%
The third unlocking period for the first grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the corresponding grant and ending on the last trading day of the 60-month period from the date of completion of registration of such grant	33%

(II) Details of the Restricted Shares Granted under the Incentive Scheme

According to the Incentive Scheme, the Company intended to issue a total number of up to 117 million ordinary A Shares to the Participants. Wherein: (i) a maximum of 99.40 million Restricted Shares will be issued to not more than 668 Participants under the first grant; and (ii) a maximum of 17.60 million Restricted Shares will be issued to Participants who shall be determined within 12 months from the date of the Meetings under the reserved grant.

As six Participants were no longer within the scope of the Participants under the first grant of the Incentive Scheme, the Board, pursuant to the authorization granted by the Meetings, adjusted the number of Participants under the first grant from 668 to 662 and the number of Restricted Shares under the first grant from 99.40 million to 98.55 million. Accordingly, the total number of Restricted Shares to be granted under the Incentive Scheme was adjusted from 117.00 million to 116.15 million and the number of Restricted Shares under the reserved grant remained unchanged. The Board determined to grant a total of 98.55 million Restricted Shares to 662 Participants on 4 May 2023 at a price of RMB5.33 per A Share (the "First Grant").

On 5 June 2023, the Company had completed the registration of the First Grant with Shanghai Branch of the China Securities Depository and Clearing Corporation Limited for an actual grant of 97.95 million Restricted Shares to 658 Participants under the First Grant, because four Participants voluntarily waived their subscription for a total of 0.6 million Restricted Shares due to personal reasons.

On 26 January 2024, the Board, pursuant to the authorization granted by the Meetings, determined to grant a total of 16.70 million Restricted Shares to 134 Participants at a price of RMB5.06 per A Share (the "Reserved Grant"), and the remaining 0.90 million Restricted Shares will not be granted. After completion of the Reserved Grant, the number of Shares available for future grant under the 2022 Incentive Scheme were nil.

On 21 February 2024, the Company had completed the registration of the Reserved Grant with Shanghai Branch of the China Securities Depository and Clearing Corporation Limited for an actual grant of 16.45 million Restricted Shares to 132 Participants under the Reserved Grant, because two Participants voluntarily waived their subscription for a total of 0.25 million Restricted Shares due to personal reasons.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(II) Details of the Restricted Shares Granted under the Incentive Scheme (continued)

The table below sets out particulars of changes in the Restricted Shares granted and registered under the Incentive Scheme during the reporting period:

Name of the participants	Category of the participants	Unlocking period	As at 1 January 2024 (0'000 shares)	Granted and registered during the reporting period (0'000 shares)	Unlocked during the reporting period (0'000 shares)	Lapsed during the reporting period (0'000 shares)	As at 31 December 2024 (0'000 shares)	Grant price (RMB/Share)	Closing price prior to the grant date (RMB/Share)	Repurchase price (RMB/Share)	Cancelled during the reporting period (0'000 shares)
YANG Zhichao	Vice president	06/06/2025-05/06/2028	35	Nil	Nil	Nil	35	5.33	11.41	/	Nil
ZHOU Changjiang	Secretary to the Board	06/06/2025-05/06/2028	30	Nil	Nil	(30)	Nil	5.33	11.41	/	Nil
Middle management personnel and core personnel (First Grant)		06/06/2025-05/06/2028	9,630	Nil	Nil	(195)	9,435	5.33	11.41	5.39 and 5.33	(115)
Middle management personnel and core personnel (Reserved Grant)		22/02/2026-21/02/2029	Nil	1,645	Nil	(35)	1,610	5.06	8.25	/	Nil
Total			9,695	1,645	Nil	(260)	11,080	/	/	/	(115)

Notes:

(1) The total number of the Company's shares granted under all effective share incentive schemes to any of the aforesaid Participants does not exceed 1% of the total share capital of the Company. The total number of underlying shares involved in all effective share incentive schemes of the Company does not exceed 10% of the total share capital of the Company.

(2) For details of the performance targets, please refer to the section headed "II.(viii) 2. Unlocking conditions for the Incentive Scheme" as set out in the circular of the Company dated 4 April 2023.

(3) The grant price of the Restricted Shares under the First Grant is RMB5.33 per Share. The closing price of the Restricted Shares under the First Grant immediately before the date of grant is RMB11.41 per Share. The grant price of the Restricted Shares under the Reserved Grant is RMB5.06 per Share. The closing price of the Restricted Shares under the Reserved Grant immediately before the date of grant is RMB8.25 per Share.

(4) On 22 March 2024, Mr. Zhou Changjiang, due to work re-allocation, resigned as secretary to the Board of the Company. Therefore, pursuant to the terms of the Incentive Scheme, the 300,000 Restricted Shares granted to Mr. Zhou Changjiang were lapsed, and the Company will repurchase these Restricted Shares pursuant to the terms of the Incentive Scheme. For more details, please refer to the section headed "II.(xiii) 4. Changes to the individual circumstances of the Participants" as set out in the circular of the Company dated 4 April 2023. The Company will comply with the applicable laws and regulations including the Hong Kong Listing Rules when conducting repurchase of A Shares.

(5) On 30 August 2023, Mr. Zhu Hongbiao resigned as the chief financial officer of the Company due to work reallocation. The 350,000 Restricted Shares granted to Mr. Zhu Hongbiao shall be repurchased by the Company pursuant to the terms of the Incentive Scheme. On 24 April 2024, the Company resolved to repurchase a total of 1,500,000 Restricted Shares (including 1,000,000 Restricted Shares lapsed in 2023 and 500,000 Restricted Shares lapsed during the reporting period) granted but not yet unlocked from 8 Participants including Mr. Zhu Hongbiao and cancel the same in accordance with the 2022 Incentive Scheme and relevant laws and regulations with a total of consideration at approximately RMB8 million. Among which, 7 Participants, were transferred from the Company and ceased to take office in the Company due to organizational arrangements, or became disqualified for the 2022 Incentive Scheme due to change of position, their repurchase price was the grant price of RMB5.33 per Share plus the interest on fixed bank deposits in the same period when repurchase, i.e. approximately RMB5.39 per Share; and one Participant became disqualified for the 2022 Incentive Scheme due to his/her failure to perform or improper performance of his/her duties, whose repurchase price was the lower of the grant price (RMB5.33 per Share) and the average trading price of the A Shares for one trading day prior to the announcement of the resolution of the Board considering the repurchase (RMB8.42 per Share), i.e. RMB5.33 per Share. The cancellation for such repurchased Restricted Shares was completed on 29 April 2024. For details, please refer to the announcement of the Company dated 24 April 2024. The remaining total of 2,100,000 Restricted Shares lapsed but not yet cancelled (including 300,000 Restricted Shares granted to Mr. Zhou Changjiang) will be repurchased by the Company pursuant to the terms of the Incentive Scheme. For more details, please refer to the section headed "II. (xiii) 4. Changes to the individual circumstances of the Participants" as set out in the circular of the Company dated 4 April 2023. The Company will comply with applicable laws and regulations including Hong Kong Listing Rules when repurchasing A Shares.

During the reporting period, the aggregate fair value of the Restricted Shares granted under the Reserved Grant of the Incentive Scheme as at the date of the Reserved Grant was RMB57 million. The accounting standard and policy to estimate the fair value of the Restricted Shares is set out in Note 35 to the financial statements of this report.

2022 RESTRICTED SHARE INCENTIVE SCHEME (CONTINUED)

(II) Details of the Restricted Shares Granted under the Incentive Scheme (continued)

As at 1 January 2024 and at 31 December 2024, the total number of Restricted Shares available for grant under the Incentive Scheme is 17.60 million Shares (being the number of Restricted Shares available for the reserved grant) and nil, respectively. The number of Shares that may be issued in respect of Restricted Shares granted under the Incentive Scheme during the reporting period divided by the weighted average number of ordinary A Shares in issue for the reporting period is approximately 0.14%.

For details of the Incentive Scheme, please refer to the announcements of the Company dated 15 December 2022, 27 April 2023, 4 May 2023, 7 June 2023, 26 January 2024, 23 February 2024 and 24 April 2024 and the circular of the Company dated 4 April 2023.

COMPETING BUSINESS

None of the Directors of the Company, directly or indirectly, has any interest in any business which constitutes or may constitute a competing business of the Company.

FINANCIAL, BUSINESS AND FAMILY RELATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years and may be re-elected upon expiry of the term.

None of the Directors or Supervisors has any existing or proposed service contract with any member of the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Apart from the service contracts with the Company or its subsidiaries (if applicable), for the year ended 31 December 2024, none of the Directors or Supervisors of the Company was materially interested, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its subsidiary or holding company or a subsidiary of the Company's holding company is a party.

REPORT OF THE BOARD OF DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

CCCC has been in strict compliance with the Environmental Protection Law of the People's Republic of China and local environmental protection laws and regulations. The Company continued to strengthen energy conservation and environmental protection management, improve the utilization efficiency of energy and resource, promote energy conservation and emission reduction, actively respond to climate change, boost low carbon development and advocate green office. It is determined to be a major participant, contributor and leader in green development.

CCCC actively implements the concept that "lucid waters and lush mountains are invaluable assets," and strives to be a leader in green and low-carbon transformation for the construction industry, a driving force for green and low-carbon development in key regions, an exemplary builder of green engineering projects, a pioneer in green and low-carbon technology innovation and a global contributor to ecological civilization. We are continuously advancing the Beautiful China Initiative with concrete actions and tangible results. In 2024, the energy conservation and environmental protection work of the Company maintained stable in general without emergency environmental incidents above common level.

For details of the Group's environmental policies and performance, please refer to the "2024 Environmental, Social and Governance Report of China Communications Construction Company Limited" to be published on the websites of the Hong Kong Stock Exchange and the Company, and the "2024 Environmental, Social and Governance Report of CCCC" published on the websites of the Shanghai Stock Exchange and the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. During the year ended 31 December 2024, the Group had complied in all material respects with relevant PRC laws and regulations, and the Company and all of its direct subsidiaries had obtained all licenses, approvals and permits from appropriate regulatory authorities that are material for its business operations in the PRC. As a result of our international activities, we are subject to the laws and regulations of the various countries and regions in which we do business, in addition to the laws of the PRC. Meanwhile, as the Company is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, therefore we are also required to comply with the listing rules and applicable laws and regulations of listing places. As far as the Company is aware, the Group has also complied with overseas laws and regulations, as well as the listing rules and applicable laws and regulations of listing places during the year ended 31 December 2024. The Group has more sound internal control system in place, so as to monitor and ensure the legitimacy and compliance of our production, construction and operating activities.

KEY RELATIONSHIPS

The Group's success also depends on the support from employees, customers, suppliers and etc.

Employees

CCCC always insists on putting people first, attracts talents with an open, equal and inclusive attitude, respects and protects the legitimate rights and interests of employees. It builds a platform for employees to realize their dreams, shares the fruits of development with them and works together for a happy future. By adhering to the approach of putting people first, and in strict compliance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant legal requirements, CCCC has established various labour protection systems to fully protect the rights of its employees in terms of equal employment, reasonable remuneration, rest and leave as well as democratic communication. CCCC focuses on talents in the three important areas of a strong transportation country, rivers, lakes and seas as well as international operation so as to achieve the full utilization of human resources and talents. CCCC is actively building a harmonious enterprise, constructing a warm "staff home" and creating a comfortable working environment for employees. It cares for special groups such as employees in difficulty and retired employees, provides help at the first instance in times of crisis and carries out various forms of staff activities to balance the work and life of employees, striving to enhance employees' satisfaction and sense of belonging.

Customers

CCCC is committed to providing prime-quality services to its customers, establishing a sound customer service system, facilitating customer communication channels, tapping into customer needs thoroughly and enhancing customer satisfaction. Adhering to the customer-centric principle, the Group provides a comprehensive package of "CCCC solutions" to solve the pain points and difficult problems of its customers, and enhances the customer experience to win their trust. The Group respects the privacy of its customers and requires its staff to keep customer information strictly in accordance with the relevant provisions of the Market Operation Management Measures (《市場經營管理辦法》) and Measures on the Management of Liaison of Government Affairs and Large Customers (《政府事務與大客戶商務對接管理辦法》), and conducts relevant training to strengthen the legal concept of its staff and enhance their awareness of confidentiality, with a view to fully safeguarding the security, confidentiality and integrity of customer information and data. The Group has established a strong communication mechanism with its customers, which allows the Group to treat customer feedback seriously and handle related complaints in a timely manner, thereby continuously improving customer satisfaction and loyalty.

Suppliers

The CCCG and CCCC Supplier Management Measures has been formulated to implement tiered development, integrated management, dynamic adjustment, and ecosystem purification in supplier management. We have established a supply chain management information system covering end-to-end processes of the supply chain to enhance resource allocation efficiency and control cooperation risks. Focusing on green and low-carbon supply chain strategy formulation and standardization of systems and processes, we have been improving relevant key systems, refining green supply chain requirements, and promoting in-depth participation of design, procurement, production, transportation and other departments in green supply chain management work.

PERMITTED INDEMNITY PROVISION

As at 31 December 2024, all directors of the Company were covered under the liability insurance purchased by the Company for its directors.

PURCHASE, SALE AND REDEMPTION OF SHARES

Pursuant to the authorization from the 2023 second extraordinary general meeting, the 2023 first class meeting for A Shareholders and the 2023 first class meeting for H Shareholders held on 27 April 2023, on 24 April 2024, the Company resolved to repurchase a total of 1,500,000 Restricted A Shares granted but not yet unlocked at the grant price of RMB5.33 per Share plus the interests on fixed bank deposits in the same period of the repurchase from 8 Participants who were transferred from and ceased to take office in the Company or became disqualified under the 2022 Incentive Scheme and cancel the same in accordance with the 2022 Incentive Scheme and relevant laws and regulations with a total of consideration at approximately RMB8 million. The cancellation for such repurchased Restricted Shares was completed on 29 April 2024. Upon completion of such repurchase and cancellation, the remaining Restricted Shares of the Company were 112,900,000 Shares under the 2022 Incentive Scheme, and the total number of Shares was reduced from 16,280,111,425 Shares to 16,278,611,425 Shares. For details, please refer to the announcement of the Company dated 24 April 2024.

Save as disclosed above, during the period from 1 January 2024 to 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company (including treasury Shares). As at 31 December 2024, the Company did not hold any treasury Shares.

SUMMARY OF FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

The tables below set out a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2024.

Consolidated Income Statement

	2024 *RMB million*	2023 *RMB million* (Restated)	2022 *RMB million*	2021 *RMB million*	2020 *RMB million*
Revenue	**768,243**	755,687	719,084	682,785	624,495
Gross profit	**92,603**	94,549	83,692	84,524	80,036
Profit before tax	**37,163**	37,552	33,088	29,787	26,957
Profit for the year	**30,819**	31,153	25,971	23,859	19,629
Attributable to:					
– Owners of the parent	**23,854**	24,739	20,226	18,349	16,475
– Non-controlling interests	**6,965**	6,414	5,745	5,510	3,154
Earnings per share for profit attributable to the equity holders of the parent (expressed in RMB)					
Basic					
– For profit for the year	**1.40**	1.45	1.15	1.04	0.92
– For profit from continuing operations	**1.40**	1.45	1.15	1.04	0.92
Diluted					
– For profit for the year	**1.40**	1.45	1.15	1.04	0.92
– For profit from continuing operations	**1.40**	1.45	1.15	1.04	0.92
Dividends	**4,911**	4,762	3,509	3,293	2,924

Note: As affected by the business combination of China Communications Materials & Equipment Co., Ltd. and CCCC Design Consulting Group Co., Ltd. under common control in 2024, the financial figures of the Group for 2023 have been restated.

SUMMARY OF FINANCIAL INFORMATION FOR THE LAST FIVE YEARS (CONTINUED)

Consolidated Balance Sheet

	2024 ***RMB million***	2023 *RMB million* (Restated)	2022 *RMB million*	2021 *RMB million*	2020 *RMB million*
Total assets	**1,858,272**	1,684,412	1,516,713	1,391,109	1,304,169
Total liabilities	**1,390,457**	1,225,212	1,089,221	999,714	946,365
Equity attributable to owners of the Company	**313,425**	301,767	282,500	260,391	245,071
Non-controlling interests	**154,390**	157,433	144,992	131,004	112,733

Note: As affected by the business combination of China Communications Materials & Equipment Co., Ltd. and CCCC Design Consulting Group Co., Ltd. under common control in 2024, the financial figures of the Group for 2023 have been restated.

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 30 of the audited consolidated financial statements for details of bank loans and other borrowings of the Group.

ISSUANCE OF SUBORDINATED PERPETUAL SECURITIES

The subordinated perpetual securities in the aggregate principal amount of USD1,000,000,000 with an initial distribution rate of 3.425% per annum (the "Series A Securities") and the subordinated perpetual securities in the aggregate principal amount of USD500,000,000 with an initial distribution rate of 3.650% per annum (the "Series B Securities", and together with the Series A Securities, the "Securities") guaranteed by the Company have been issued by CCCI Treasure Limited, a subsidiary of the Company. Pursuant to the terms and conditions of the Series A Securities, unless redeemed, the distribution rate of the Series A Securities will first be reset on 21 February 2025 and thereafter be reset every five years. Pursuant to the terms and conditions of the Series B Securities, unless redeemed, the distribution rate of the Series B Securities will first be reset on 21 February 2027 and thereafter be reset every five years. The distribution of the Securities will be payable semi-annually in equal instalments in arrears on 21 February and 21 August of each year commencing on 21 August 2020. For more details, please refer to the announcements of the Company dated 11 February 2020, 14 February 2020 and 21 February 2020.

ISSUANCE OF DEBENTURES

In order to optimize the debt structure and reduce the financing costs, the Company issued the following debentures in 2024:

1. The first tranche of 2024 ultra-short-term financing bonds was issued on 11 January 2024 with the maturity date on 10 July 2024. The issuance scale is RMB2.0 billion and the interests rate is 2.22%.

2. The second tranche of 2024 ultra-short-term financing bonds was issued on 17 January 2024 with the maturity date on 16 July 2024. The issuance scale is RMB2.0 billion and the interests rate is 2.23%.

3. The third tranche of 2024 ultra-short-term financing bonds was issued on 23 January 2024 with the maturity date on 22 July 2024. The issuance scale is RMB2.0 billion and the interests rate is 2.23%.

4. The fourth tranche of 2024 ultra-short-term financing bonds was issued on 6 February 2024 with the maturity date on 6 August 2024. The issuance scale is RMB2.0 billion and the interests rate is 2.11%.

5. The fifth tranche of 2024 ultra-short-term financing bonds was issued on 25 April 2024 with the maturity date on 20 December 2024. The issuance scale is RMB2.0 billion and the interests rate is 1.84%.

6. The sixth tranche of 2024 ultra-short-term financing bonds was issued on 16 July 2024 with the maturity date on 20 December 2024. The issuance scale is RMB3.0 billion and the interests rate is 1.82%.

7. The seventh tranche of 2024 ultra-short-term financing bonds was issued on 26 July 2024 with the maturity date on 24 December 2024. The issuance scale is RMB2.0 billion and the interests rate is 1.92%.

8. The eighth tranche of 2024 ultra-short-term financing bonds was issued on 16 August 2024 with the maturity date on 25 December 2024. The issuance scale is RMB2.0 billion and the interests rate is 1.92%.

FIXED ASSETS

Please refer to Note 14 of the audited consolidated financial statements for movements in the property, plant and equipment of the Group for the year ended 31 December 2024.

CAPITALISED INTEREST

Please refer to Note 8 of the audited consolidated financial statements for details of the capitalised interest expense of the Group for the year ended 31 December 2024.

RESERVES

Please refer to Notes 37 and 51 of the audited consolidated financial statements for details of the movements in the reserves of the Group and the Company for the year ended 31 December 2024.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2024 amounted to approximately RMB52,647 million.

DONATIONS

For the year ended 31 December 2024, the Group made charitable and other donations in a total amount of approximately RMB241 million.

SUBSIDIARIES

Please refer to Note 38 of the audited consolidated financial statements for details of the Company's principal subsidiaries as at 31 December 2024.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Please refer to Notes 14, 15, 16(a), 17, 18, 19, 20, 21 and 41 of the audited consolidated financial statements for details of significant investments and acquisitions incurred during the year ended 31 December 2024.

CHANGE IN EQUITY

Please refer to Notes 34, 36 and 37 of the audited consolidated financial statements for detail of changes in equity.

RETIREMENT BENEFITS

Please refer to Note 32 of the audited consolidated financial statements for details of retirement benefits.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Company's Articles of Association which require the Company to offer new shares to the existing Shareholders in proportion to their shareholdings.

MAJOR CUSTOMERS AND SUPPLIERS

The diversified business structure of the Company had provided an extensive base of suppliers and customers with low concentration. There is no reliance of the Company on a single supplier or customer. As at 31 December 2024, the sales of the Group to the five largest customers amounted to RMB36,878 million, representing 4.8% of the Group's revenue; the aggregate purchase from the five largest suppliers by the Group amounted to RMB15,624 million, representing 3.4% of the Group's aggregate purchase for the year.

PROPOSED ASSETS REORGANIZATION AND PROPOSED SPIN-OFF

On 11 May 2022, the Company entered into the agreement on assets swap and acquisition of assets by issuance of shares (the "Agreement", as further amended by the supplemental agreements entered into on 28 December 2022 and 28 February 2023, collectively the "Agreements") with China Urban & Rural Holding Group Limited ("China Urban-Rural") and Gansu Qilianshan Cement Group Co., Ltd. ("Qilianshan"). According to the Agreements, the parties agreed that: (i) the Company shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely CCCC Highway Consultants Co., Ltd. ("CCCC Highway Institute"), CCCC First Highway Consultants Co., Ltd. ("CCCC First Highway Institute") and CCCC Second Highway Consultants Co., Ltd. ("CCCC Second Highway Institute") (collectively the "Three Highway Institutes"), at a consideration of approximately RMB7,200.30 million, RMB6,183.27 million and RMB6,779.85 million, respectively; (ii) China Urban-Rural shall dispose of its 100% equity interest in three wholly-owned subsidiaries to Qilianshan, namely China Southwest Municipal Engineering Design & Research Institute Co., Ltd. ("Southwest Institute"), China Northeast Municipal Engineering Design & Research Institute Co., Ltd. ("Northeast Institute") and CCCC Urban Energy Research and Design Institute Co. Ltd. ("Energy Institute") (collectively the "Three Municipal Institutes"), at a consideration of approximately RMB2,278.52 million, RMB941.06 million and RMB120.14 million, respectively; (iii) in consideration of the acquisition of the Three Highway Institutes and the Three Municipal Institutes, Qilianshan shall transfer its 100% equity interest in Qilianshan Cement to the Company and China Urban-Rural at a consideration of approximately RMB10,430.43 million, and issue a total of 1,285,418,199 new A shares to pay the shortfall against the value of the Three Highway Institutes and the Three Municipal Institutes at an issue price of RMB10.17 per consideration share. The Company and China Urban-Rural further agreed on the allocation of the equity interests of Qilianshan Cement and the Consideration Shares as follows: (i) Qilianshan Cement will be owned as to approximately 85% and 15% by the Company and China Urban-Rural, respectively; and (ii) the Company and China Urban-Rural will hold 1,110,869,947 Consideration Shares and 174,548,252 Consideration Shares respectively, representing approximately 53.88% and 8.47% equity interest in Qilianshan as enlarged by the issuance of the Consideration Shares (the "Proposed Assets Reorganization"). Upon completion of the Proposed Assets Reorganization, the financial results of the Three Highway Institutes, the Three Municipal Institutes and Qilianshan Cement will be consolidated into the consolidated financial statements of the Company.

China Urban-Rural is a wholly-owned subsidiary of CCCG, the controlling Shareholder of the Company which holds approximately 59.63% interests in the issued ordinary Shares of the Company as at the date of the Agreements. China Urban-Rural is thus a connected person of the Company under the Hong Kong Listing Rules. As China Urban-Rural is a party to the Agreements, the Proposed Assets Reorganization constitutes a connected transaction of the Company. As the highest applicable percentage ratios of the acquisition and the disposal are both higher than 5% but less than 25%, the Proposed Assets Reorganization constitutes a discloseable transaction and a connected transaction of the Company and is subject to the reporting, announcement and the independent Shareholders' approval requirements under the Hong Kong Listing Rules.

The Proposed Assets Reorganization has been approved by the independent Shareholders at the extraordinary general meeting held by the Company on 10 March 2023. The Company has applied for and the Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off and granted a waiver from strict compliance with the requirements under Paragraph 3(f) of Practice Note 15 of the Hong Kong Listing Rules. The Proposed Assets Reorganization and the Proposed Spin-off have been completed on 30 November 2023.

PERFORMANCE COMMITMENT

On 28 December 2022, the Company entered into the performance commitment and compensation agreement with China Urban-Rural and Qilianshan (the "Compensation Agreement") in relation to the Proposed Assets Reorganization, pursuant to which, the Company and China Urban-Rural made commitments in respect of the performance of the assets of the Three Highway Institutes and the Three Municipal Institutes (the "Performance Commitment Assets") appraised in the income approach upon completion of the Proposed Assets Reorganization and, if such commitments are not fulfilled, shall compensate Qilianshan. In accordance with the Compensation Agreement, the performance commitment period will be 2023, 2024 and 2025.

According to the "Special Audit Report on the Special Explanation on the Completion of Performance Commitments for 2024" issued by Zhongshen Zhonghuan Certified Public Accountants, all the Performance Commitment Assets have completed the performance commitment for 2024, and there are no circumstances that require compensation. The details of their performance fulfilment are set out below:

Items	2024 (RMB'0000)					
	CCCC Highway Institute	CCCC First Highway Institute	CCCC Second Highway Institute	Southwest Institute	Northeast Institute	Energy Institute
Performance commitment amount	96,197.24	85,783.87	89,005.90	26,449.82	12,176.65	1,777.71
Fulfilled amount	104,147.10	95,048.58	96,065.64	35,167.01	12,663.68	2,670.96
Difference	7,949.86	9,246.71	7,059.74	8,717.19	487.03	893.25
Fulfilment rate (%)	108.26	110.80	107.93	132.96	104.00	150.25

Note: The performance commitment amount and the fulfilled amount are the net profit attributable to the owners of the parent company at the level of the consolidated statements of the target company after deducting the net profit of the subsidiaries for the period as assessed using the asset-based method and extraordinary profit or loss. Since the cumulative net profit realized by each Performance Commitment Asset in 2024 has reached the committed performance target, the Company and China Urban-Rural do not need to compensate for Qilianshan.

For details, please refer to the announcements of the Company dated 11 May 2022, 28 December 2022, 10 January 2023, 28 February 2023, 9 March 2023, 4 August 2023, 10 September 2023, 18 September 2023, 26 September 2023, 30 October 2023, 23 November 2023 and 30 November 2023 and the circular of the Company dated 21 February 2023.

CONNECTED TRANSACTIONS

The Company has entered into the following connected transactions in the year 2024.

1. On 26 January 2024, China Communications Materials & Equipment Company Limited* (中國交通物資有限公司, "CCMEC"), CCCC Haixi Investment Co., Ltd.* (中交海西投資有限公司, "CCCC Haixi") (both being wholly-owned subsidiaries of the Company), China Communications Information & Technology Group Co., Ltd.* (中國交通信息科技集團有限公司, "CCITG") (a subsidiary of CCCG) and CCCC (Xiamen) E-Commerce Co., Ltd.* (中交(廈門)電子商務有限公司, "CCCC E-Commerce") entered into a capital increase agreement. Accordingly, CCCC Haixi agreed to transfer its 30% equity interest in CCCC E-Commerce to CCMEC free of charge, and CCMEC agreed to make a capital increase in CCCC E-Commerce with RMB113.1808 million in cash. Upon completion of the capital increase, CCCC E-Commerce will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

   On 26 January 2024, CCITG was a subsidiary of CCCG, the controlling Shareholder which held approximately 59.47% interests in the issued ordinary Shares. Therefore, CCITG was a connected person of the Company under the Hong Kong Listing Rules. As such, the capital increase under the capital increase agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the capital increase under the capital increase agreement exceeded 0.1% but was less than 5%, the transaction contemplated under the capital increase agreement was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcement of the Company dated 26 January 2024.

2. On 28 March 2024, the Company entered into equity transfer agreements with Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司, "ZPMC") and CCCG Overseas Real Estate Pte. Ltd (中交海外房地產有限公司, "CORE"), respectively, pursuant to which, the Company conditionally agreed to acquire and ZPMC and CORE conditionally agreed to sell 17.21% and 8.58% equity interest in CCCC South America Regional Company S.à.r.l. ("CCCCSA SARL") at a consideration of RMB183.6981 million and RMB91.5822 million, respectively. Upon the acquisition, CCCCSA SARL will become wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

   On 28 March 2024, ZPMC and CORE were subsidiaries of CCCG, the controlling Shareholder which held approximately 59.41% equity interest in the issued ordinary Shares. ZPMC and CORE were thus connected persons of the Company under the Hong Kong Listing Rules. As such, the acquisition under the equity transfer agreements constituted connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the acquisition exceeded 0.1% but was less than 5%, the acquisition was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcement of the Company dated 28 March 2024.

3. On 1 November 2024, CCCG, China Communications Real Estate Group Co., Ltd.* (中交房地產集團有限公司, "China Communications Real Estate"), CCCG Real Estate Corporation Limited* (中交地產股份有限公司, "CCCG Real Estate") (both being subsidiaries of CCCG) (both being subsidiaries of CCCG), CCCC Investment Co., Ltd.* (中交投資有限公司, "CCCC Investment"), and CCCC First Highway Engineering Group Co., Ltd.* (中交一公局集團有限公司, "CFHEC") (both being subsidiaries of the Company) entered into an equity transfer agreement, pursuant to which, CCCG, China Communications Real Estate, CCCC Investment and CFHEC conditionally agreed to sell and CCCG Real Estate conditionally agreed to acquire 10%, 51%, 15% and 24% equity interests in China Communications Property Service Group Co., Ltd.* (中交物業服務集團有限公司) at a consideration of RMB69,994,840, RMB356,973,684, RMB104,992,260 and RMB167,987,616, respectively.

   On 1 November 2024, both China Communications Real Estate and CCCG Real Estate were subsidiaries of CCCG, the controlling Shareholder which held approximately 59.42% equity interest in the issued ordinary Shares. CCCG, China Communications Real Estate and CCCG Real Estate were thus connected persons of the Company under the Hong Kong Listing Rules. As such, the disposal under the equity transfer agreement constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

   As the highest applicable percentage ratio in respect of the disposal exceeded 0.1% but was less than 5%, the disposal was subject to the announcement requirement but exempted from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

   For details of the aforesaid connected transaction, please refer to the announcements of the Company dated 1 November 2024 and 27 December 2024.

CONNECTED TRANSACTIONS (CONTINUED)

The Company is listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Matters involving connected transactions will comply with the relevant provisions of the listing rules of both places and the requirements of the Administrative Measures of Related-Party (Connected) Transactions of the Company.

To promote the coordinated development of CCCG as a whole and based on market demands, the Company, as a major subsidiary of CCCG, also conducts business cooperation with other subsidiaries of CCCG in a coordinated and complementary way to achieve win-win results when necessary, which results in connected transactions. The Company has been in place strict internal control mechanisms before, during and after a connected transaction to safeguard the interests of minority shareholders. The connected transactions of the Company are generally divided into two types, namely continuing connected transactions (daily connected transactions) and one-off connected transactions, subject to the review and decision-making procedures.

In 2024, in response to the challenges encountered in managing connected transactions in the course of the Company's reform and development, the Company focused on the following tasks:

(i) Formulate the continuing connected transaction plan for 2025–2027. In order to meet the needs of the Company's business development and regulate the management of connected transactions, the Company has organized and formulated the continuing connected transaction plan for the years from 2025 to 2027 (the "New Three-Year Plan"), which was considered and approved at the 2023 annual general meeting. To ensure the smooth approval of the decision-making procedures, the Company prepared a work plan for the New Three-Year Plan, and organized various departments and entities of the Company to reasonably estimate and formulate the annual caps of the New Three-Year Plan. For continuing connected transaction with a single transaction amount reaching and/or exceeding 5% of the Company's total market capitalization, the Company engaged an independent financial advisor to issue a special report, actively communicated with major Shareholders, and the proposal was passed with a high number of votes at the general meeting.

(ii) Continuously optimize the construction of digital system for connected transactions. In order to reduce the risk of non-compliance of connected transactions and enhance the management level of connected transactions by digital means, the Company has continued to promote the updating of the connected transaction system: firstly, the function of annual appraisal has been launched, where the system will automatically generate scores for the appraisal of the implementation of the annual plans of each entity; secondly, the function of filing of changes in management personnel has been launched, which will dynamically regulate the management of personnel involved in connected transactions of each entity, and the personnel changes are subject to the filing in the system and completion of the prefiling training, and certified to the post; thirdly, the annual plan adjustment function for each entity has been launched, which establishes an independent review and approval process for the adjustment of the annual plan for each entity, strengthens the management of the plan, and streamlines the review and approval process.

(iii) Conduct the appraisal on the management of connected transactions. The Company has conducted the appraisal work on the management of connected transactions of subsidiaries for 2023. To further improve the internal control of the Company, the Company organized its subsidiaries to conduct the self-appraisal on the management of connected transactions for 2023, arranged the relevant responsible departments to review the appraised results. At the same time, the Company took the audit results provided by third-party auditors into account, reviewed and summarized the performance of the subsidiaries on the management of connected transactions for the year, on the basis of which, the Company made a list of excellent subsidiaries and update the list of supervised subsidiaries with an aim to establish a closed-loop management mechanism.

(iv) Conduct trainings on strengthening the supervision of listed companies and securities compliance. In order to further improve the governance and internal control management level of the listed company, the Company has organized trainings by combining live broadcasts on-site and online, and has set up a number of courses on the interpretation of regulatory policies on listed companies, market case analyses, explanations of key points of securities compliance, and handling of public opinion in the capital market, etc., focusing on the governance of listed companies, management of connected transactions and other key areas, so as to enhance the awareness of compliance management and professional working ability of the board secretaries and securities affairs and capital operation management of the listed company, and to build a professional team proficient in the operating rules of the capital market and the business of listed company.

CONTINUING CONNECTED TRANSACTIONS

In respect of the continuing connected transactions of the Group, the Company has made proposals on the annual caps after taking into account the prevailing market price, the historical transaction amount, the Group's development needs and current capacity, and all the relevant proposals have been considered and approved by the Board or the Shareholders' meeting (if applicable) in accordance with the Hong Kong Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Audit and Internal Control Committee of the Board of the Company monitored and confirmed the progress of the continuing connected transactions, made proposal on the revision of the annual caps once needed based on the actual situation and transaction amount and submitted the proposal for consideration and approval. The actual transaction amount under the continuing connected transactions of the Company in 2024 were within reasonable and controllable range and were in line with the expectations of the Company.

The Company has effective and sufficient control mechanism in place to control the annual caps of continuing connected transactions and ensure such caps will not be exceeded. The control measures adopted by the Company are as follows:

(i) Leveraging historical experience and operation plans, the Company scientifically enters into continuing connected transaction framework agreements for a term of three years on the basis of the assessment on necessity and fairness of potential connected transactions.

(ii) These continuing connected transaction framework agreements are subject to necessary decision-making and approval procedures. The independent non-executive Directors, the Audit and Internal Control Committee under the Board, the Board, the Supervisory Committee and the Shareholders of the Company will review and consider the proposals for continuing connected transactions pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration.

(iii) The Company carries out supervision on the overall implementation of continuing connected transactions considered and approved and on a quarterly basis. The Company will allocate the annual caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year.

(iv) The implementers shall bring forward the need for increasing the caps of connected transactions in time when it occurs during implementation based on changes in business development. The Company will start decision-making procedures for revising the annual caps of connected transactions in due course after assessing necessity and fairness of the connected transactions.

(v) Whenever the actual transaction amount of each category of continuing connected transaction reaches 80% of the existing annual caps, the transaction implementers shall make a new prediction on whether the transaction amount of the outstanding period of the relevant year will satisfy operation needs and shall provide the Company with relevant transaction information so that the Company can realize better supervision and start decision-making procedures for revising annual caps in time after assessing necessity and fairness.

(vi) By the end of every year, the Company will make a new prediction about the proposed annual caps of connected transactions for the next year based on the latest actual situation of connected transactions, and re-assess the plan for the connected transactions for the next year after evaluating the necessity and fairness. If the reassessment is consistent with the existing annual caps, the transactions shall be implemented following the procedures mentioned in (3) and (4) above, and if it is expected to exceed the existing annual caps, the decision-making procedure for revising the annual caps of connected transactions shall be started.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

1. Mutual Project Contracting Framework Agreement Entered into between the Company and CCCG

On 15 October 2021, in order to renew the transactions under the original mutual project contracting framework agreement, the Company and CCCG entered into the mutual project contracting framework agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which the Group agreed to provide project contracting services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and CCCG Group agreed to provide the labor and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 15 October 2021 and the circular dated 25 October 2021 of the Company.

On 12 April 2024, in order to renew the transactions described above, the Company and CCCG entered into a new mutual project contracting framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which the Group agreed to provide project contracting services to CCCG Group, which may include (i) provision of construction, design, consultation and management services for the construction projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and CCCG Group agreed to provide the labor and subcontracting services to the Group, which may include (i) provision of professional services for construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation, management and technical services.

On 12 April 2024, CCCG was the controlling Shareholder holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the new mutual project contracting framework agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the project contracting services and the labor and subcontracting services contemplated under the new mutual project contracting framework agreement exceeded 5%, the project contracting services and the labor and subcontracting services and the proposed annual caps thereunder were subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company convened the 2023 annual general meeting and obtained independent Shareholders' approval for the abovementioned agreement and the transactions contemplated thereunder on 17 June 2024.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024 and the circular of the Company dated 16 May 2024.

The annual caps for the continuing connected transactions described above as compared with the annual goal for internal control management and the actual transaction amounts receivable and payable by the Group for the year ended 31 December 2024 are set out as follows:

	Annual Cap for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Project contracting services provided by the Group to CCCG Group	**34,656**	**18,320**	**14,407**
Labor and subcontracting services provided by CCCG Group to the Group	**6,210**	**3,940**	**2,332**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Financial Services Agreement Entered into between CCCC Finance and CCCG

On 15 October 2021, in order to renew the transactions under the original financial services agreement, CCCC Finance and CCCG entered into the financial services agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which CCCC Finance agreed to provide deposit services, loan services, guarantee letter services, and other credit services to CCCG Group.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 15 October 2021 and the circular dated 25 October 2021 of the Company.

On 12 April 2024, in order to renew the transactions described above, CCCC Finance and CCCG entered into a new financial services agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which CCCC Finance agreed to provide deposit services, loan services, guarantee letter services, and other credit services to CCCG Group.

On 12 April 2024, CCCG was the controlling Shareholder holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the new financial services agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The provision of deposit services by CCCC Finance to CCCG Group was to be made on normal commercial terms or more favorable terms which were in the Group's interests, and no assets of the Group are to be pledged as security for such deposit services in favor of CCCG Group. Therefore, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the provision of deposit services by CCCC Finance to CCCG Group was exempt from the announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company expected that the highest applicable percentage ratio of the total service fees receivable by CCCC Finance from CCCG Group for the provision of other financial services will fall within the de minimis threshold as stipulated under Chapter 14A of the Hong Kong Listing Rules. Therefore, the provision of other financial services was fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the credit services under the new financial services framework agreement (namely, the loan services, guarantee letter services and the bills issuance services and bonds subscription, on an aggregate basis) exceeded 5%, the credit services and the annual caps thereof were subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. Financial Services Agreement Entered into between CCCC Finance and CCCG (continued)

As the highest applicable percentage ratios of the proposed annual caps for the abovementioned credit services under the new financial services framework agreement were more than 5% but less than 25%, such transactions contemplated thereunder constituted discloseable transactions of the Company and therefore were subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. The Company convened the 2023 annual general meeting and obtained independent Shareholders' approval for the abovementioned agreement and the transactions contemplated thereunder on 17 June 2024.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024 and the circular of the Company dated 16 May 2024.

The annual caps for the continuing connected transactions described above as compared with the annual goals for internal control management and the actual maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group and fees to be charged by CCCC Finance to CCCG Group for provision of other financial services for the year ended 31 December 2024 are set out as follows:

		Annual caps for 2024 (RMB million)	Annual goal for internal control management for 2024 (RMB million)	Actual amount for 2024 (RMB million)
Maximum daily balance (including the interests accrued thereon) of credit services provided by CCCC Finance to CCCG Group	Loan services under the Financial Services – Deposit Services and Loan Services Framework Agreement	43,617	8,520	5,207
	Guarantee letter services under the Financial Services – Guarantee Letter Services Framework Agreement	7,014	1,600	1,099
	Bills issuance services and bonds subscription under the Financial Services – Other Credit Services Framework Agreement	1,946	1,355	1,153

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

3. Finance Lease and Commercial Factoring Agreement Entered into between CCCC Capital and CCCG

On 15 October 2021, in order to renew the transactions under the original finance lease framework agreement and to further regulate the commercial factoring services provided by CCCC Leasing to CCCG Group, CCCC Leasing and CCCG entered into the finance lease and commercial factoring agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which CCCC Leasing shall provide finance lease services to CCCG Group in respect of the leased assets through direct leasing or sale and leaseback arrangements and commercial factoring services in respect of receivables through factoring or reverse factoring arrangement.

On 28 October 2022, pursuant to the actual needs of production and operation, CCCC Leasing, CCCG and CCCC Capital entered into a supplemental agreement to the finance lease and commercial factoring agreement, to change the party to the Finance Lease and Commercial Factoring Agreement from CCCC Leasing to CCCC Capital.

For details of the aforesaid continuing connected transactions, please refer to the announcements dated 15 October 2021 and 28 October 2022 and the circular dated 25 October 2021 of the Company.

On 12 April 2024, in order to renew the transactions described above, CCCC Capital and CCCG entered into a new finance lease and commercial factoring framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which CCCC Leasing shall provide finance lease services to CCCG Group in respect of the leased assets through direct leasing or sale and leaseback arrangements and commercial factoring services in respect of receivables through factoring or reverse factoring arrangement.

On 12 April 2024, CCCG was the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the new finance lease and commercial factoring framework agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the new finance lease and commercial factoring framework agreement exceeded 0.1% but were less than 5%, the new finance lease and commercial factoring framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

Although the abovementioned agreement and the transactions contemplated thereunder were exempt from the independent Shareholder's approval requirement under the Hong Kong Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Company convened the 2023 annual general meeting and obtained independent Shareholders' approval for the abovementioned agreement and the transactions contemplated thereunder on 17 June 2024.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024 and the circular of the Company dated 16 May 2024.

The annual caps for the continuing connected transactions described above as compared with the annual goals for internal control management and the actual aggregate amount for finance lease services and the commercial factoring services provided by CCCC Capital to CCCG Group for the year ended 31 December 2024 are set out as follows:

	Annual caps for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Finance lease services provided by CCCC Capital to CCCG Group	**6,900**	**975**	**946**
Commercial factoring services provided by CCCC Capital to CCCG Group	**7,900**	**1,066**	**640**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

4. Mutual Product Sales and Purchase Agreement entered into between the Company and CCCG

On 9 September 2021, in order to renew the transactions under the original mutual product sales and purchase agreement, the Company and CCCG entered into the mutual product sales and purchase agreement for a term of three years from 1 January 2022 to 31 December 2024, the Group agreed to sell and CCCG Group agreed to purchase material products, including material and equipment, components, etc., and CCCG Group agreed to sell and the Group agreed to purchase engineering products, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines (e.g. shield machines), steel structure products, etc.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 9 September 2021 and the circular dated 25 October 2021 of the Company.

On 12 April 2024, in order to renew the transactions described above, the Company and CCCG entered into a new mutual product sales and purchase agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which, the Group agreed to sell and CCCG Group agreed to purchase material products, including material and equipment, components, etc., and CCCG Group agreed to sell and the Group agreed to purchase engineering products, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines (e.g. shield machines), steel structure products, etc.

On 12 April 2024, CCCG was the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the product sales and purchase agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the new product sales and purchase agreement exceeded 0.1% but were less than 5%, the new product sales and purchase agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

Although the abovementioned agreement and the transactions contemplated thereunder were exempt from the independent Shareholder's approval requirement under the Hong Kong Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Company convened the 2023 annual general meeting and obtained independent Shareholders' approval for the abovementioned agreement and the transactions contemplated thereunder on 17 June 2024.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024 and the circular of the Company dated 16 May 2024.

The annual caps for the continuing connected transactions described above as compared with the annual goals for internal control management and the actual aggregate amount for the fees receivable by the Group from CCCG Group and payable by the Group to CCCG Group for the year ended 31 December 2024 are set out as follows:

	Annual caps for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Sales of material products to CCCG Group by the Group	5,115	1,294	579
Purchase of engineering products from CCCG Group by the Group	4,829	2,500	2,442

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. Leasing and Asset Management Services Framework Agreement Entered into between the Company and CCCG

On 9 September 2021, in order to renew the transactions under the original leasing framework agreement, the Company and CCCG entered into the leasing framework agreement for a term of three years from 1 January 2022 to 31 December 2024, pursuant to which, CCCG Group agreed to lease the leased assets to the Group for the Group's production and operation use. The leased assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by CCCG.

For details of the aforesaid continuing connected transactions, please refer to the announcement dated 9 September 2021 and the circular dated 25 October 2021 of the Company.

On 12 April 2024, in order to renew the transactions described above and in the section headed "Asset Leasing Framework Agreement Entered into by the Company and CCCG" below, the Company and CCCG entered into a mutual leasing and asset management services framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which, each party agreed to lease the leased assets to the other party for its production and operation use. The leased assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by themselves.

On 12 April 2024, CCCG was the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the mutual leasing and asset management services framework agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the mutual leasing and asset management services framework agreement exceeded 0.1% but were less than 5%, the mutual leasing and asset management services framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

Although the abovementioned agreement and the transactions contemplated thereunder were exempt from the independent Shareholder's approval requirement under the Hong Kong Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Company convened the 2023 annual general meeting and obtained independent Shareholders' approval for the abovementioned agreement and the transactions contemplated thereunder on 17 June 2024.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024 and the circular of the Company dated 16 May 2024.

The annual cap for the continuing connected transactions described above as compared with the annual goal for internal control management and the actual aggregate amount for the leasing by CCCG Group to the Group for the year ended 31 December 2024 are set out as follows:

	Annual cap for 2024 ***(RMB million)***	**Annual goal for internal control management for 2024** ***(RMB million)***	**Actual amount for 2024** ***(RMB million)***
Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by CCCG Group to the Group	**459**	**400**	**293**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

6. Product Leasing Framework Agreement Entered into by the Company and CCCC Haifeng

On 30 August 2022, the Company and CCCC Haifeng entered into a product leasing framework agreement, pursuant to which CCCC Haifeng Group agreed to lease engineering products to the Group for a period commencing from 30 August 2022 to 31 December 2024.

On 30 October 2023, the Company and CCCC Haifeng entered into a supplemental agreement to revise the existing annual cap of rents to be received by CCCC Haifeng Group for leasing of engineering products to the Group under the existing Product Leasing Framework Agreement for the year ended 31 December 2023 from RMB138.00 million to RMB277.80 million according to the business development.

For details of the aforesaid continuing connected transactions, please refer to the announcements of the Company dated 30 August 2022 and 30 October 2023.

The annual cap for the continuing connected transactions described above as compared with the annual goal for internal control management and the actual aggregate amount for the leasing by CCCC Haifeng Group to the Group for the year ended 31 December 2024 are set out as follows:

	Annual cap for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Leasing of engineering products by CCCC Haifeng Group to the Group	426	400	325

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

7. Labor Subcontracting and Professional Subcontracting Framework Agreement Entered into by the Company and CCCC Haifeng

On 12 April 2024, in order to renew the transactions under the original labor subcontracting and professional subcontracting framework agreement, the Company and CCCC Haifeng entered into a labor subcontracting and professional subcontracting framework agreement, pursuant to which the Group agreed to provide the labor subcontracting and professional subcontracting services to CCCC Haifeng Group from 12 April 2024 to 31 December 2024.

CCCC Haifeng is a subsidiary of the Company. On 12 April 2024, CCCG (being the controlling Shareholder holding approximately 59.41% interests in the issued ordinary Shares) held 20% interests in CCCC Haifeng through its subsidiary, CCCC Industrial Investment. Therefore, CCCC Haifeng was a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, labor subcontracting and professional subcontracting framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the labor subcontracting and professional subcontracting framework agreement exceeded 0.1% but was less than 5%, the labor subcontracting and professional subcontracting framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024.

The annual cap for the continuing connected transactions described above as compared with the annual goal for internal control management and the actual aggregate amount for the labor subcontracting and professional subcontracting services provided by the Group to CCCC Haifeng Group for the period ended 31 December 2024 are set out as follows:

	Annual cap for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Labor subcontracting and professional subcontracting services provided by the Group to CCCC Haifeng Group	**210**	**67**	**65**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

8. Product Purchasing Framework Agreement Entered into by the Company and Qilianshan Cement

On 12 April 2024, the Company and Qilianshan Cement entered into a product purchasing framework agreement, pursuant to which the Group agreed to purchase and Qilianshan Cement Group agreed to sell products, including but not limited to cement and cement products from 12 April 2024 to 31 December 2024.

CCCC Cement is a subsidiary of the Company. On 12 April 2024, CCCG (being the controlling Shareholder holding approximately 59.41% interests in the issued ordinary Shares) held 15% interests in Qilianshan Cement through its subsidiary, China Urban-Rural. Therefore, Qilianshan Cement was a connected subsidiary of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the product purchasing framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual cap under the product purchasing framework agreement exceeded 0.1% but was less than 5%, the product purchasing framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 12 April 2024.

The annual cap for the continuing connected transactions described above as compared with the annual goal for internal control management and the actual aggregate amount for the purchase of cement and cement products, etc. from Qilianshan Cement Group by the Group for the period ended 31 December 2024 are set out as follows:

	Annual cap for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Purchase of cement and cement products, etc. from Qilianshan Cement Group	**400**	**400**	**145**

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

9. Asset Leasing Framework Agreement Entered into by the Company and CCCG

On 12 April 2024, the Company and CCCG entered into an asset leasing framework agreement, pursuant to which the Group agreed to lease the leased assets to CCCG Group for the period from 12 April 2024 to 31 December 2024 for CCCG Group's production and operation and office use. The leased assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by the Group.

On 12 April 2024, CCCG was the controlling Shareholder of the Company holding approximately 59.41% interests in the issued ordinary Shares, and was therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the asset leasing framework agreement constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps under the asset leasing framework agreement exceeded 0.1% but was less than 5%, the asset leasing framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcements of the Company dated 12 April 2024.

The annual cap for the continuing connected transactions under the asset leasing framework agreement as compared with the annual goal for internal control management and the actual aggregate amount for the leasing of leased assets for production and operation by the Group to CCCG Group for the period ended 31 December 2024 are set out as follows:

	Annual cap for 2024 *(RMB million)*	Annual goal for internal control management for 2024 *(RMB million)*	Actual amount for 2024 *(RMB million)*
Leasing of certain buildings, plants and auxiliary equipment, facilities, etc. for production and operation by the Group to CCCG Group	135	65	60

10. Leasing Framework Agreement Entered into between the Company and Certain Connected Subsidiaries

On 31 December 2024, the Company and certain connected subsidiaries entered into a leasing and asset management services framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which each party agreed to lease the leased assets to the other party for its production and operation use. The certain connected subsidiaries including CCCC Haifeng, CCCC E-commerce, CCCC Urban Investment Hairun (Yunyan) Urban Renewal Co., Ltd.* (中交城投海潤(雲岩)城市更新有限公司, "CCCC Hairun"), CCCC High-tech Industrial Development Co., Ltd.* (中交高新科技產業發展有限公司, "Xi'an Sci-tech City"), Guizhou Airport Investment Development Co., Ltd.* (貴州航空港投資發展有限公司, "Guizhou Airport") and ZhongBo Green Energy Co., Ltd.* (中博綠色能源有限責任公司, "ZhongBo Energy") (together with their respective subsidiaries, collectively the "Certain Connected Subsidiaries"). The leased assets mainly include certain buildings, plants and auxiliary equipment and facilities for production and operation owned by themselves.

Certain Connected Subsidiaries are subsidiaries of the Company. On 31 December 2024, CCCG (being the controlling Shareholder holding approximately 59.42% interests in the issued ordinary Shares) indirectly held more than 10% interest in each of certain subsidiaries through its subsidiaries. Therefore, Certain Connected Subsidiaries were connected subsidiaries of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the leasing and asset management services framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the leasing and asset management services framework agreement exceeded 0.1% but were less than 5%, the leasing and asset management services framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

11. Mutual Project Contracting Framework Agreement Entered into between the Company and Certain Connected Subsidiaries

On 31 December 2024, the Company and Certain Connected Subsidiaries entered into a mutual project contracting framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which the Group agreed to provide project contracting services to Certain Connected Subsidiaries, which may include (i) provision of construction, design, consultation and management and other services for real estate, sewage treatment and other projects that may be undertaken by Certain Connected Subsidiaries; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and Certain Connected Subsidiaries agreed to provide the labor and subcontracting services to the Group, which may include (i) provision of professional services for engineering construction projects that may be undertaken by the Group; (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and (iii) provision of consultation and management services.

Certain Connected Subsidiaries are subsidiaries of the Company. On 31 December 2024, CCCG (being the controlling Shareholder holding approximately 59.42% interests in the issued ordinary Shares) indirectly held more than 10% interest in each of certain subsidiaries through its subsidiaries. Therefore, Certain Connected Subsidiaries were connected subsidiaries of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the mutual project contracting framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the mutual project contracting framework agreement exceeded 0.1% but were less than 5%, the mutual project contracting framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 31 December 2024.

12. Mutual Product Sales and Purchase Framework Agreement Entered into between the Company and Certain Connected Subsidiaries

On 31 December 2024, the Company and Certain Connected Subsidiaries entered into a mutual product sales and purchase framework agreement for a term of three years from 1 January 2025 to 31 December 2027, pursuant to which the Group will purchase engineering products from Certain Connected Subsidiaries, including engineering ships (e.g. leveling ship, crane ship, etc.), engineering machines, steel structure products, cement and cement products, etc., and the Group will sell raw materials to Certain Connected Subsidiaries, including steel, equipment, components, etc.

Certain Connected Subsidiaries are subsidiaries of the Company. On 31 December 2024, CCCG (being the controlling Shareholder holding approximately 59.42% interests in the issued ordinary Shares) indirectly held more than 10% interest in each of certain subsidiaries through its subsidiaries. Therefore, Certain Connected Subsidiaries were connected subsidiaries of the Company pursuant to Rule 14A.16 of the Hong Kong Listing Rules. As such, the mutual product sales and purchase framework agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratios of the proposed annual caps under the mutual product sales and purchase framework agreement exceeded 0.1% but were less than 5%, the mutual product sales and purchase framework agreement and the transactions contemplated thereunder were subject to the announcement requirement, but were exempt from the independent Shareholders' approval requirement under the Hong Kong Listing Rules.

For details of the aforesaid continuing connected transactions, please refer to the announcement of the Company dated 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Finance

CCCC Finance is a non-bank financial institution established in July 2013 with the approval of the China Banking Regulatory Commission. CCCC Finance is jointly funded by CCCG and the Company (5% of CCCG, 95% of CCCC) with a registered capital of RMB7.0 billion.

As a specialized financial services company, CCCC Finance provides various professional financial services such as fund settlement, deposits, credit, entrusted loans, financial leasing, financial and financing consultants. The deposit and loan connected transactions between CCCC Finance and its connected persons are one of its main businesses. By absorbing the deposits of the members of CCCG and granting loans with reference to market pricing to improve the efficiency of capital use, which will have positive significance for the development of the Company and benefit the interests of the Company and all Shareholders.

1. Pricing Principle

The financial services provided by CCCC Finance to connected persons adopted a market-based fair pricing principle. When providing deposit service, the interest rate of deposit interest received by connected persons is not higher than the interest rate range set by the People's Bank of China for similar deposits during the same period, nor higher than the interest rate of similar deposit provided by CCCC Finance to other member of the Group during the same period. When providing loan services, the daily average amount of loan to connected persons is no more than 75% of the daily average deposit balance in CCCC Finance. The loan interest rate is implemented with reference to the quoted interest rate in the loan market, and is not lower than the interest rate applicable to the same period and similar loan services provided by major domestic commercial banks.

2. Risk Management and Review Process

CCCC Finance has established certain internal rules and policies related to the management and control of operational risks and credit risks in accordance with relevant PRC laws and regulations regarding financial services, with a relatively complete internal control system. CCCC Finance has established a standardized corporate governance structure to ensure effective internal control, including the implementation of the general manager responsibility system under the leadership of the board of directors, established an organizational structure based on decision-making, implementation and regulatory regime, and formulated different work procedures and risk control systems based on different duties. CCCC Finance monitored transactions in a timely manner through centralized management, safe and effective business system.

The decision-making process of CCCC Finance is a three-tier structure of the shareholders' meeting, the board of directors and the general manager's office. CCCC Finance has four professional committees, namely the Audit Committee, the Risk Management Committee, the Credit Review Committee and the Investment Decision Committee, which manage and control the business, risks, internal control and major investments of CCCC Finance.

As a banking financial institution, CCCC Finance manages its accounts in strict compliance with the Measures for Payment and Settlement and Measures for the Administration of RMB Bank Settlement Accounts issued by the People's Bank of China, and ensures the safety of the funds of the account holders in accordance with the laws. The accounts opened by the Group and connected persons with CCCC Finance are independent of each other, and there is no interchange of funds in the accounts.

CCCC Finance conducts credit review before conducting business, and perform credit rating and credit asset rating based on internal rating standards, and regularly arrange post-loan inspections (every six months). During the course of business, CCCC Finance also assigns dedicated personnel to follow up the utilization of loan. If the use of the loan is changed, CCCC Finance will recover the entire principal and interest, and impose an additional penalty of 100% interest.

The borrowing contract entered into between CCCC Finance and connected persons expressly provides that, if connected persons does not repay the principal and interest within the repayment period as stipulated in the contract, CCCC Finance is entitled to require connected persons to repay the principal and interest within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the contract, generally at 50% of the benchmarking rate for the same period of borrowings.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Finance (continued)

2. Risk Management and Review Process (continued)

CCCG unconditionally and irrevocably warrants to the Group that during the term of the Financial Services Agreement, CCCG will (i) guarantee the full performance of obligations and liabilities of connected persons under the Financial Services Agreement; and (ii) indemnify the Group against any loss suffered by the Group as a result of connected persons' failure to meet its obligations and liabilities under the Financial Services Agreement or the terms thereof.

In the future, CCCC Finance will adopt similar measures to safeguard the interests of the Group from losses when providing connected persons with other financial services within the scope of its operations. When a guarantee is issued to connected persons, relevant protection terms will be specified in the signed agreement. If CCCC Finance receives a statement of claim from the beneficiary, CCCC Finance is entitled to directly deduct the deposits agreed in the agreement and all the amounts in the account opened by connected persons with CCCC Finance for external payment (where the amounts is a time deposit, CCCC Finance is entitled to directly deduct the money regardless of whether the deposit has matured or not, and any loss arising from such deduction shall be borne by connected persons themselves). If the currency of the deducted deposits is different from the currency of the debt to be repaid, it should be converted into the same currency of the debt to be repaid at the exchange rate announced by CCCC Finance at the time of the deduction. In the event that the amounts of the deducted deposits is not sufficient for external payments claim, connected persons shall remit the corresponding amounts to the account opened by connected persons with CCCC Finance within three banking days from the date of receipt of the notice of payment from CCCC Finance at the latest for CCCC Finance to make external payments claim.

If connected persons do not make repayment within the repayment period, CCCC Finance is entitled to require connected persons to make such repayment within a certain period of time, and charge a penalty interest on the overdue borrowings in accordance with the contract, generally at 50% of the benchmarking rate for the same period of borrowings.

3. Risk Control Measures of CCCC over CCCC Finance

(i) The Company will arrange senior management to be responsible for monitoring the implementation and transactions of the Financial Services Agreement;

(ii) The senior management is required to report to the chairman, finance supervisor or chief financial officer and other senior management in a timely manner when any issue is identified. In the event that no issues are identified, such senior management are also required to report on a monthly basis to the chairman, finance supervisor or chief financial officer and other senior management regarding the implementation of the Financial Services Agreement; and

(iii) The Company will engage a third-party auditor to conduct quarterly audits or reviews of the implementation of the Financial Services Agreement and the adequacy of the internal control system of CCCC Finance, and report the results of the audits or reviews to the independent non-executive Directors and Supervisors of the Company.

4. 2024 Deposit and Loan Business of CCCC Finance

In 2024, the balance of deposits from connected persons to CCCC Finance amounted to approximately RMB16,453 million, accounting for 19.12% of the total deposit of CCCC Finance, and paid interest of RMB163 million to connected persons. The maximum daily average balance in respect of provision of credit services to connected persons and corresponding interests amounted to RMB7,460 million.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Leasing

CCCC Leasing was established in China (Shanghai) Pilot Free Trade Zone in May 2014 with registered capital of RMB9.0 billion. The shareholding structure of CCCC Leasing as at 31 December 2024 was as follows: 90.2% in total held by CCCC and its subsidiaries (62.42% by CCCC Capital, 11.45% by Chuwa Bussan Company Limited, 8.69% by RB Industrial Park Investment & Development (Hong Kong) Limited and 7.64% by CCCC International Holding Limited), and 9.8% held by subsidiaries of CCCG (5.82% by ZPMC and 3.98% by China Airport Construction Group Company Limited). In 2017-2024, CCCC Leasing's corporate credit rating was AAA.

CCCC Leasing devotes itself to developing industry and finance, and provides comprehensive investment and financing services including finance leases, operating leases, and commercial factoring, expanding the financing channels for the principal business for CCCC. To expand business, CCCC Leasing offers finance leases to CCCG and its subsidiaries at the same time and gains the profit. The above businesses are in the interests of the Company and the Shareholders as a whole.

1. Pricing Principle

CCCC Leasing provides CCCG with finance leases and commercial factoring services. Finance leases include, without limitation, direct leases, after-sale leaseback and other forms. Fixed assets under the finance leases service mainly includes construction equipment, hotel equipment and device, and commercial properties and its equipment. Commercial factoring includes, without limitation, recourse factoring agreements and non-recourse factoring agreements and other forms. The finance leases between CCCC Leasing and connected persons (CCCG and its subsidiaries) adopted a market-based fair pricing principle. CCCC Leasing entered into the finance lease transactions with connected persons at the interest rate which increased certain percentage according to the loan rates of the bank in the corresponding period (specific percentage depends on the credit information of the lessee) and is negotiated by CCCC Leasing and the lease. CCCC Leasing provided CCCG with the pricing principle of commercial factoring service, the quoted price of which is offered by CCCC Leasing and determined by CCCG after negotiation with CCCC Leasing with reference to the quoted price for the factoring service of same type offered by the independent third parties and with consideration for relevant factors. Designated departments and personnel of CCCG are responsible for reviewing the quoted price of the factoring of same type by the independent third parties and market trading price.

2. Risk Control and Audit Procedures

CCCC Leasing formulated certain internal rules and policies for managing and controlling the operating risks with a comprehensive internal control system. CCCC Leasing has established standardized corporate governance structure to ensure the effectiveness of its internal control, including the implementation of the general manager responsibility system under the leadership of the board of directors, established an organizational structure based on decision-making, implementation and regulatory regime, and formulated different work procedures and risk control systems based on different duties. CCCC Leasing monitored transactions in a timely manner through centralized management, safe and effective business system.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Explanation on the Continuing Connected Transactions of CCCC Leasing (continued)

3. Finance Leases of CCCC Leasing in 2024

For the year 2024, CCCC Leasing entered into finance lease transactions with the connected persons with the total amount of RMB939 million, accounting for 2.17% of the total amount of the finance leases of CCCC Leasing for that year.

For the year 2024, CCCC Leasing entered into commercial factoring transactions with the connected persons with the total amount of RMB508 million, accounting for 14.01% of the total amount of the commercial factoring of CCCC Leasing for that year.

The independent non-executive Directors have reviewed the relevant agreements for the above non-exempt continuing connected transactions of the Group and the transactions contemplated thereunder and are of the opinion that such transactions are:

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) conducted on the term of the relevant transaction agreements, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The auditors of the Company have performed certain procedures and issued a letter to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules, stating that nothing has come to its attention that may cause it to believe that such transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the pricing policy of the Company if the transactions involved the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and

(iv) the actual annual amounts have exceeded the relevant caps as previously disclosed in the announcements of the Company.

Others

Except the aforesaid connected transactions, the Group did not enter into any other connected transactions or continuing connected transactions which should comply with the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For related party transactions discussed in Note 45 of the audited consolidated financial statements which are also connected transactions under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure when required under the Hong Kong Listing Rules.

EMPLOYEES

As at 31 December 2024, the Group had 137,471 employees that had signed labor contracts with the Group. The breakdown of employees as at 31 December 2024 was as follows:

1. Categorized by Major

Major	Number of Employees	Percentage (%)
Production staff	14,699	10.69
Sales staff	9,910	7.21
Technician	87,634	63.75
Financial staff	9,717	7.07
Administrative staff	15,511	11.28
Total	137,471	100.0

2. Categorized by Degree Held

	Number of Employees	Percentage (%)
Doctor	686	0.50
Master	17,815	12.96
Bachelor	101,750	74.02
Junior college degree	10,441	7.60
High school degree (associate degree) and other	6,779	4.93
Total	137,471	100.0

Note: The percentage figures mentioned above have been rounded to the nearest one decimal place.

In accordance with applicable regulations, the Group makes contributions to the employees' pension plan, medical insurance plan, unemployment insurance plan, maternity insurance plan and personal injury insurance plan. The amount of contributions is based on the specified percentages of employees' aggregate salaries as provided for by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group also provides voluntary benefits to current employees and retired employees. Current employees of the Group are also entitled to performance-based annual bonus. Please refer to Note 28 of the audited consolidated financial statement for details of the payroll and social security payable by the Company during the year ended 31 December 2024. Please refer to Note 9 of the audited consolidated financial statement for information about the emoluments of the Directors and chief executives. Please refer to Note 32 of the audited consolidated financial statements for details of the supplementary pension subsidies and medical benefits provided by the Company to its employees.

REPORT OF THE BOARD OF DIRECTORS

BUSINESS REVIEW

Please refer to the section of "Management's Discussion and Analysis" in this report for the principal risks and uncertainties of the Group. Please refer to the section of "Business Overview" in this report for business review and business outlook of the Group.

MATERIAL LAWSUITS AND ARBITRATIONS

As at 31 December 2024, as far as the Directors are aware, except as disclosed in Note 40 of the audited consolidated financial statements, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

AUDITORS

The 2023 annual general meeting of the Company held on 17 June 2024 considered and approved the re-appointments of Ernst & Young as the Company's international auditor and Ernst & Young Hua Ming LLP as the Company's domestic auditor for a term starting from the date of passing the resolution at the 2023 annual general meeting and ending at the 2024 annual general meeting of the Company. Ernst & Young has audited the accompanying consolidated financial statements, which have been prepared in accordance with IFRS. The Company has retained the appointment of Ernst & Young and Ernst & Young Hua Ming LLP since the 2015 annual general meeting of the Company held on 16 June 2016.

Pinglu Canal in Guangxi.

The Pinglu Canal is the first canal project in new China with the highest navigation grade that connects to both rivers and the sea. It is a landmark project for a country with strong transportation network and a key component of the new western land-sea corridor.

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of China Communications Construction Company Limited ("CCCC" or the "Company") fulfilled its duties faithfully authorized by the Company Law, the Articles of Association and the Rules of Procedures for Meetings of the Supervisory Committee, focused on the Company's deployment on "Year of Improvement in High-quality Development", earnestly reviewed various resolutions, regularly attended the general meetings, Board meetings and the general office meetings, actively carried out the research and inspections, and supervised on the lawful and compliant operation of the Company, the duty performance of the Directors and the senior management, and the decision making of significant events, taking it as its mission to effectively safeguard the interest of the Company and the Shareholders, and promoting the high-quality development of the Company.

I. WORK OF THE SUPERVISORY COMMITTEE

(i) Convening and Attendance of the Meetings

During the Reporting Period, the Supervisory Committee held 9 meetings and considered 33 resolutions. It considered 21 resolutions on routine supervision matters, including regular reports, financial reports and annual operation objectives of the Company; considered 10 resolutions on related-party (connected) transactions, which ensured that the plans and relevant annual caps for related-party (connected) transactions were determined in a scientific and reasonable manner and the pricing of related-party (connected) transactions was fair under transparent procedures; considered 2 resolutions on guarantees with an amount of approximately RMB80 billion, which ensured that such guarantees satisfied the Company's development requirements and would not undermine the interest of the Company and the Shareholders. The number of Supervisors attending the meetings and the procedures for convening such meetings were all in compliance with the provisions of the Company Law and the Articles of Association. The resolutions adopted at such meetings have gone through the disclosure procedures in accordance with relevant requirements set by Shanghai Stock Exchange and Hong Kong Stock Exchange.

During the reporting period, the Supervisory Committee were present at 2 general meetings and attended 7 board meetings to ensure the review process and content of the resolutions are compliant with laws and regulations, and supervise on the duty performance of the directors, and attended 23 meetings of the President's Office to fully understand the operation and management information of the Company and lay a solid foundation for the Supervisory Committee to enhance its value of supervision.

(ii) Focus of Supervision

During the reporting period, the Supervisory Committee adhered to the goal of building a word-class enterprise in "technology, management and quality", and accelerated the high-quality development of the Company. In line with the Company's high-quality project management initiatives, the Supervisory Committee carried out a special inspection on "High-Quality Project Management" to ensure effective implementation.

To ensure practical results from the supervisory inspections, the Supervisory Committee selected projects that are of high concern to the Company, representative in nature, or facing certain implementation challenges, leveraging research and inspection to facilitate project progress and improvement. The key focus of the Supervisory Committee's inspection was the deployment and execution of high-quality project management, as well as the advancement of related tasks, with emphasis on: the implementation of measures outlined in the Project Management Guidelines of CCCG and CCCC and the High-Quality Project Management Guidelines of CCCG and CCCC (Trial); the fulfillment of requirements from CCCG and CCCC's High-Quality Project Management Promotion Meeting; and the progress of critical tasks such as contract fulfillment, lean management, cost control, technological innovation, digital and intelligent transformation, low-carbon and green development, and team building in major projects. Particular attention was given to project lean management levels, cost control, and profitability. Through on-site visits, thematic briefings, and discussion sessions, the Supervisory Committee conducted inspections and research on projects in the southwestern region, including the Chongqing Zaodu Reservoir EPC Project, Chengdu Metro Line 30, and the Shiziyang Passage Project (T7/T3 Sections), as well as projects in the northwestern region, such as the CCCC Science and Technology Park, and also carried out discussions and exchanges with frontline employees. To ensure the high-quality of this research, the Supervisory Committee conducted preliminary inspections on the target projects, and applied on-site questioning to ensure that the research reached the grassroots units, identified problems, resolved difficulties, and proposed suggestions, contributing high-quality supervisory value.

Through its supervisory inspections, the Supervisory Committee identified several challenges in the Company's implementation of high-quality project management: firstly, while efforts have been made to integrate Party building with production operations, gaps remain in ideological understanding, execution and effectiveness, and integration of Party building with frontline production work has not been fully implemented, with project branding and cultural development requiring further enhancement; secondly, the standardized management systems at grassroots projects currently fall short of the Group's upgraded requirements for high-quality project management under the new situation in terms of both planning and implementation. The systematic risk analysis and standardized operational capabilities of grassroots projects are to be further enhanced; thirdly, as the construction industry undergoes transformation and upgrade, the increasing demand of high-quality development for specialized talent and refined professional competencies has revealed insufficient reserves of highly skilled professionals at grassroots projects.

I. WORK OF THE SUPERVISORY COMMITTEE (CONTINUED)

(ii) Focus of Supervision (continued)

In response to the above issues and risks, the Supervisory Committee put forward the following recommendations: firstly, promoting the transformation of project management toward intensive and lean practices to enhance value creation capabilities, while developing distinctive management expertise in technical, quality, and safety aspects; secondly, focusing on four key areas of contract fulfillment, cost, technology, and resource allocation by strengthening risk prevention awareness and maintaining relentless emphasis on safety, quality, and environmental protection; thirdly, establishing high-performance objectives centered on excellence, innovation, and efficiency to advance project management with first-class targets, ultimately achieving top-tier capabilities in contract fulfillment, technological innovation, cost control systems, safety and quality control standards, digital application, Party building, and corporate culture; fourthly, integrating Party building, team development, and project culture cultivation to foster a sense of achievement and fulfillment among employees; fifthly, upholding safety, compliance, and integrity as non-negotiable bottom lines, resolutely preventing inefficiencies and losses in project execution.

Furthermore, in advancing high-quality project management, the Supervisory Committee provided the following supervisory recommendations to the Company: firstly, it is advised to leverage the "CCCC Science and Technology Park" brand as a catalyst to systematically develop an integrated investment-construction-operation platform for industrial parks, thereby creating new growth drivers for the Company's high-quality development; secondly, it is advised to strengthen the comprehensive dissemination of the high-quality project management system across all levels, enhance supervision and inspection of its implementation, make dynamic adjustments based on practical circumstances, and ensure the system takes firm root in grassroots projects; thirdly, it is advised that the Company should intensify collaborative research efforts targeting major or common technical challenges, bottlenecks, and emerging technologies to accelerate technological breakthroughs and the application of research outcomes, thereby maintaining the Company's industry-leading technological position and achieving further breakthroughs in the development and application of new technologies in strategic emerging industries.

The Supervisory Committee focused on the issues identified as well as the opinions and advice thereon, formulated the "Special Inspection Report on 2024 High-quality Project Management by the Supervisory Committee of CCCC" and submitted to the senior management of the Company. In the meanwhile, relevant enterprises highly valued the issues identified by the Supervisory Committee, took prompt action and formulated a working list to specify the working nodes, which strongly promoted the high-quality development of the enterprises and showed the value of supervision of the Supervisory Committee.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

(i) Overall Assessment of the Management and the Performance

During the reporting period, the international situation was intensely turbulent, and external environment became more complex, severe, and uncertain. The domestic economic recovery still faced some problems, such as a lack of effective demand, overcapacity in some industries, weak public expectations, and many lingering risks and hidden dangers. Furthermore, there are blockages in domestic economic flows. Given the severe internal and external situation, the Supervisory Committee of China Communications Construction Company Limited has always adhered to the guidance of Xi Jinping's thought on socialism with Chinese characteristics for a new era, taken the important instructions of the General Secretary Xi Jinping on February 26 as the overarching principle, earnestly fulfilled the powers and obligations conferred by the Company Law and the Articles of Association, conscientiously implemented the deployments of the Party Central Committee and the State Council, fulfilled the various work requirements of the SASAC for state-owned enterprises, adhered to the general principle of pursuing progress while ensuring stability, closely followed the main line of "Year of Improvement in High-quality Development", and promoted the Company to steadily progress and improve, with the concept, path, mechanism, and achievements of high-quality development continuously deepening. The Company has been rated as a Level A enterprise in the business performance appraisal organized by the SASAC for the 19 consecutive years, and has ranked the first among Chinese enterprises in ENR's Top International Contractors for 18 consecutive years, marking a new stage in high-quality development.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE (CONTINUED)

(i) Overall Assessment of the Management and the Performance (continued)

Looking ahead to 2025, the Supervisory Committee emphasizes that the Company should focus on the main theme of "Year of Breakthrough in High-Quality Development", ensuring a strong conclusion to the 14th Five-Year Plan while laying solid groundwork for the 15th Five-Year Plan. The Company shall continue to strengthen reform effectiveness, enhance management capabilities, improve risk prevention and control, and accelerate new breakthroughs in high-quality development. The Supervisory Committee recommends: firstly, placing high priority on formulating the 15th Five-Year Plan by implementing the requirements of the Party Central Committee and SASAC, setting the right direction, planning ahead, coordinating overall strategy, and integrating resources to achieve higher quality and efficiency in the 15th Five-Year period; secondly, further optimizing the industrial structure by steadfastly developing strategic emerging industries and future industries, adhering to the "strengthening the foundation through technology and talent" approach to enhance innovation capabilities and drive industrial transformation and upgrading; thirdly, advancing high-quality project management and the "asset optimization" initiative to achieve full-element, full-cycle project management while improving project quality and asset efficiency; fourthly, strengthening the comprehensive oversight system by integrating Supervisory Committee's supervision with Party discipline inspection, Board governance, internal audit, and inspection mechanisms, while enhancing business departments' supervision on relevant businesses of subsidiaries to maximize oversight synergy and value; fifthly, reinforcing the compliance management system with robust risk prevention measures and a multi-pronged approach to identify, prevent, and resolve risks actively and effectively; sixthly, consolidating Party leadership by fully implementing CPC directives, resolutely maintaining the "two upholds," and ensuring that the central government's deployments and the SASAC's requirements are fully and faithfully implemented.

(ii) Independent Opinions on Specific Matters

Firstly, keep the corporate operation in compliance with laws and regulations. During the reporting period, the Company operated strictly in accordance with the Company Law, the Securities Law, the Articles of Association and other relevant policies and regulations, and each of the decision-making procedures complied with laws and regulations. The Directors and the senior management of the Company worked diligently, and they had no violation of laws, regulations and the Articles of Association or act that was detrimental to the interests of the Company and the Shareholders.

Secondly, ensure the financial position to be objective and true. During the reporting period, the Company prepared the financial statements in accordance with the Enterprise Accounting System, the Accounting Standard for Business Enterprises and other relevant requirements. The financial report of the Company for 2023 was objective and true, and the accounting firm issued the audit report with the standard unqualified opinion, which was objective and fair.

Thirdly, use the proceeds raised in compliance with regulations. During the reporting period, the Company used the proceeds in strict compliance with the relevant requirements, and the actual utilization of the proceeds was in line with the committed purposes without prejudice to the interests of the Company and the Shareholders.

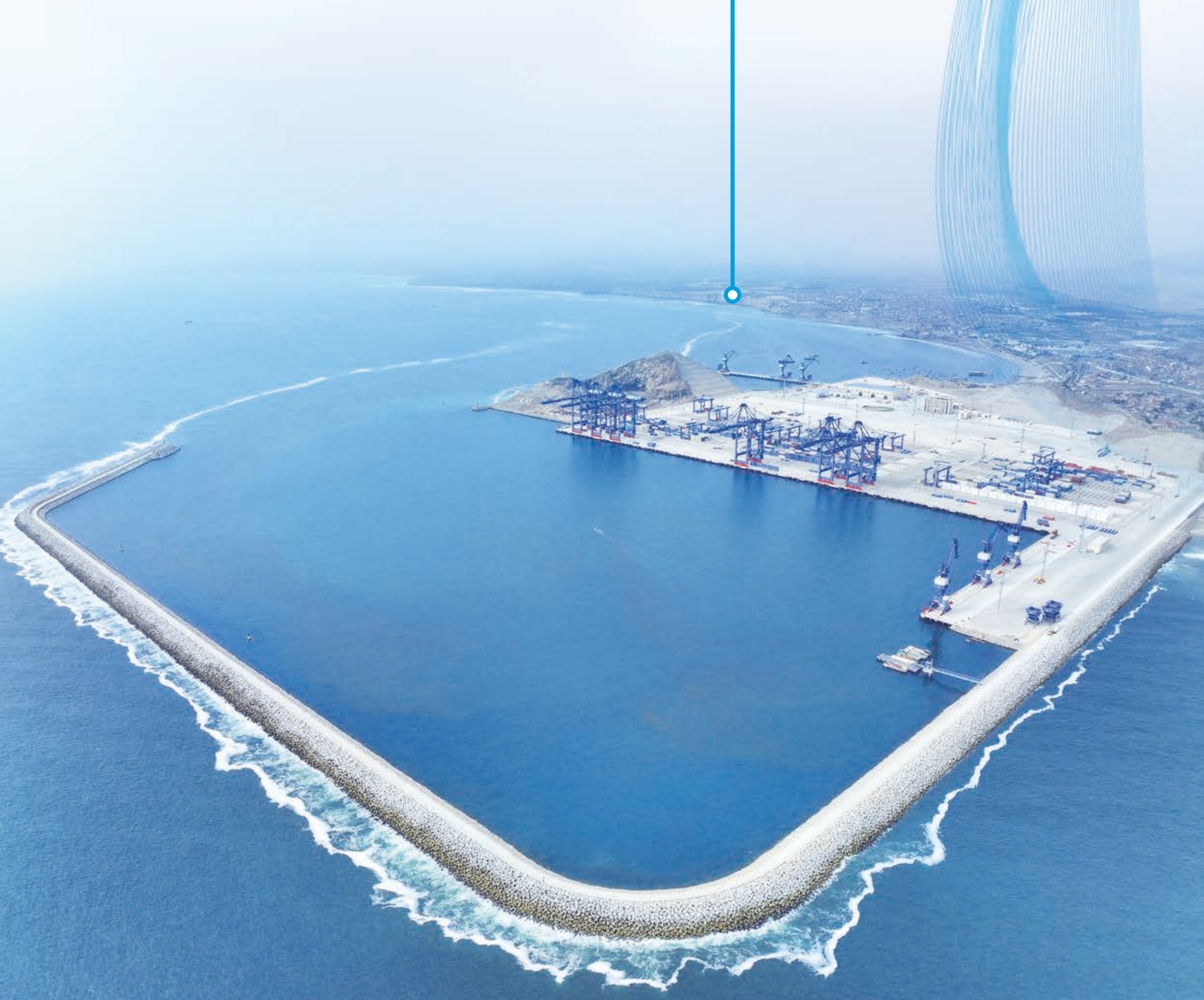
Fourthly, ensure the fairness and justness of related-party (connected) transactions. During the reporting period, all related-party (connected) transactions conducted by the Company complied with the requirements of laws, regulations, and the Company's systems. These transactions were conducted at fair market prices after thorough discussion and cautious decision-making by the Board and the management as well as the legitimate supervision of the Supervisory Committee under the principle of making compensation for equal value, and followed the statutory approval procedures while strictly managed and monitored the implementation. The related-party (connected) transactions remained within the scope of approval, and there was no act that was detrimental to the interests of the Company and the Shareholders.

Fifthly, ensure the authenticity and accuracy of the internal assessment. During the reporting period, there was no act that violated the Guidelines for the Internal Control of Listed Companies and the Basic Standard for Enterprise Internal Control. The Internal Control Assessment Report of the Company for 2023 gave a comprehensive, objective and true view of the actual conditions of the Company's internal control.

Sixthly, manage and regulate the disclosure of the inside information. During the reporting period, the Company recorded matters related to the inside information in a timely manner. There were no instances found of the Company's Directors, Supervisors, and senior management, as well as relevant insiders buying or selling shares based on inside information prior to the disclosure of material and sensitive information that may affect the share price of the Company.

Inauguration of Peru's Chancay Port.

A key project under China-Peru Belt and Road cooperation, Chancay Port stands as South America's first smart and green port. Dubbed the "Inca Trail of the New Era" with Chancay as its starting point, the port will drive comprehensive development and regional integration across Latin America and the Caribbean.



CORPORATE GOVERNANCE REPORT

OVERVIEW

As a both H share and A share company, the Company operates in strict compliance with the requirements of the applicable laws, administrative regulations and regulatory documents, including the Company Law, the Securities Law and relevant rules of the Hong Kong Stock Exchange in relation to corporate information disclosure, the management and services of investor relations. In addition, the Company amended the Articles of Association and the related internal governance rules in 2011, 2012, 2015, 2017, 2020 and 2021 according to the requirements of the laws and regulations of the Code of Corporate Governance for Listed Companies, Rules for Shareholders' General Meetings of Listed Companies, the Guidelines for the Articles of Association of Listed Companies and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. As a result, the Company has set up a corporate governance system that complies with the regulatory requirements for listed companies and has further enhanced its corporate governance standard. During the reporting period, the Company had effectively implemented the corporate governance rules, including the Articles of Association, the Rules of Procedures for General Meetings, the Rules of Procedures for Board Meetings, the Working Manual of Independent Directors, the Rules of Procedures for the Supervisory Committee Meetings and the Working Rules of the President. The general meetings, Board meetings and Supervisory Committee meetings are convened independently and efficiently with their respective duties and obligations fully fulfilled.

CORPORATE CULTURE

CCCC is a leading global comprehensive service provider of ultra-large infrastructure. Bearing in mind the country's most fundamental interests, CCCC has been forging ahead under the strategic guidance of quality development with the sentiment and strength of a national master. In recent years, CCCC has formed a scientific and comprehensive value system based on five dimensions: corporate mission, corporate vision, corporate spirit, corporate goals and value orientation.

CCCC Mission	Consolidate the foundation, cultivate the way, and carry out the CCCC's mission
CCCC Vision	Make the world more smooth, make the city more livable, make the life more colorful
CCCC Spirit	Blend with the world and build without borders
Development Goal	Build a world-class enterprise with global competitiveness in technology, management and quality
Value Orientation	Respect these talented people who can create value, regardless of their backgrounds

The Company actively constructs the core value system of its corporate culture and continuously improves the top-level design of the corporate culture. It has issued a series of documents such as the corporate culture construction plan, and published a comprehensive system identification handbook and cartoon images for employee behavior norms. It has conducted special training on the historical and cultural development of the enterprise, promoted the integration of culture into the entire management process, advanced the approach of cultivating people through culture and educating people with culture, and focused on creating a favorable cultural atmosphere for the high-quality development of the Company, thereby leading all management and staff to perceive, practice and inherit the corporate culture and gathering tremendous strength for the accelerated construction of a world-class enterprise with "Three Orientations (三型)". The Company firmly believes that a sound corporate culture is an important driving force for corporate development and an important way to increase the cohesiveness and synergy of all parties concerned. CCCC will continuously improve the construction of its corporate culture system so as to bring in cultural momentum for quality corporate development.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that the Company complied with all code provisions as set out in Part 2 of Appendix C1 (Corporate Governance Code) to the Hong Kong Listing Rules for the year ended 31 December 2024.

THE BOARD OF DIRECTORS

1. Composition of the Board of Directors

As at 31 December 2024, the Board consisted of seven Directors, including three executive Directors and four independent non-executive Directors. Members of the Board were as follows:

Chairman of the Board: Wang Tongzhou

Executive Directors: Wang Tongzhou, Wang Haihuai and Liu Xiang

Independent non-executive Directors: Liu Hui, Chan Wing Tak Kevin, Wu Guangqi and Zhou Xiaowen

The Company has appointed a sufficient number of independent non-executive Directors in compliance with the Rule 3.10A of the Hong Kong Listing Rules which requires that independent non-executive directors shall represent at least one-third of the board of a listed company.

The Board has established four specialized committees, namely the Strategy and Investment and ESG Committee[1], the Nomination Committee, the Remuneration and the Appraisal Committee as well as the Audit and Internal Control Committee, of which the Audit and Internal Control Committee and the Remuneration and the Appraisal Committee are all comprised of external Directors, while the Strategy and Investment and ESG Committee and the Nomination Committee comprise a majority of external Directors. The Board complies with the requirements of the modern enterprise system with Chinese characteristics and the Listing Rules, and has a mature and sound organization, which operates in a scientific and standardized manner and fully demonstrates its role. The Company has established a comprehensive and scientific mechanism to ensure that the Directors are fully informed of the relevant information of the Company and can express their views and opinions independently. The Company has compiled the "Work Plan for Guaranteeing the Performance of External Directors" and has established six working mechanisms, including the mechanism for obtaining information on the production and operation by the Directors, the mechanism for "Enquiries on Corporate Situation", the mechanism for investigation and research, and the mechanism for the convener of Directors. The Company has established a Directors' reporting meeting mechanism whereby the management of the Company makes special reports to the Directors at special reporting meetings on major and complex Board resolutions to assist the Directors in fully and comprehensively studying the feasibility and reasonableness of the relevant resolutions. In 2024, the Company convened 12 external Directors' reporting meetings, at which 29 topics were reported and communicated.

The Company has received the confirmation on independence from each of the independent non-executive Directors for the year 2024 and the Company considers each independent non-executive Director to be independent.

Pursuant to the Articles of Association, the term of office for Directors (including independent non-executive Directors) is three years, which is renewable upon re-election and re-appointment and each independent non-executive Director shall not serve that position for more than six consecutive years in order to ensure the independence.[2]

1 The Strategy and Investment Committee was renamed as the Strategy and Investment and ESG Committee with effect from 28 March 2024, as considered and approved at the 31st meeting of the fifth session of the Board.

2 The term of the fifth session of the Board has expired on 25 February 2025. As the nomination process of candidates for Directors of the new session of the Board has not been completed, to ensure the continuation of the work of the Board, the re-election and appointment of members of the Board have been postponed and the terms of the special committees under the fifth session of the Board have been extended correspondingly.

THE BOARD OF DIRECTORS (CONTINUED)

2. Shareholders' General Meetings

In 2024, the Company held two shareholders' general meetings. The table below sets out the details of shareholders' general meeting attendance of each Director in 2024:

Director	Number of Meetings Attended
Wang Tongzhou	1
Wang Haihuai	2
Liu Xiang	2
Mi Shuhua[(Note)]	0
Liu Hui	2
Chan Wing Tak Kevin	2
Wu Guangqi	2
Zhou Xiaowen	2

Note: Mr. Mi Shuhua retired as the non-executive Director of the Company on 15 January 2024.

3. Board Meetings

In 2024, the Company held 14 Board meetings to discuss the fundamental system, the internal control system, the establishment of subsidiary and branches, fund raising and investment opportunities, the appointment of the senior management of the Company and matters concerning connected transactions. The table below sets out the details of Board meeting attendance of each Director in 2024:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	14	14	0	100%
Wang Haihuai	14	13	1	100%
Liu Xiang	14	12	2	100%
Mi Shuhua[(Note)]	0	0	0	–
Liu Hui	14	14	0	100%
Chan Wing Tak Kevin	14	14	0	100%
Wu Guangqi	14	14	0	100%
Zhou Xiaowen	14	14	0	100%

Note: Mr. Mi Shuhua retired as the non-executive Director on 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

4. Responsibilities and Operations of the Board

The principal responsibilities of the Board are, among other things, making decisions on business strategies, business plans, material investment plans, formulating annual financial budget, proposing profit distribution plan, appointing and dismissing the president of the Company and implementing Shareholders' resolutions. There are currently four committees established under the Board, being the Strategy and Investment and ESG Committee, the Audit and Internal Control Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each committee has its respective operation rules and reports to the Board regularly.

The division of power between the Board and senior management complies with the Articles of Association and relevant regulations. The chairman of the Board is responsible for ensuring that the Directors perform their duties properly and ensuring discussions on material matters are on a timely basis. Pursuant to the Articles of Association, the president is responsible to the Board and is delegated the authority to, among other things, oversee the operation and management of the Company, implement the decisions of the Board, carry out investment plans and establish an internal management system. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, the Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors of the Company. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, financing and financial reporting, internal controls, communication with Shareholders and corporate governance. For the year ended 31 December 2024, Mr. Wang Tongzhou served as the Chairman of the Board and Mr. Wang Haihuai served as the President of the Company.

The corporate governance functions (including preparation of accounts) of the Company are performed by the Board. In 2024, the Board reviewed the Company's policies and practices on corporate governance, reviewed and monitored the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements as well as the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

5. Code for Securities Transactions by Directors

The Company has adopted the Model Code. The Company has made specific inquiries with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2024.

6. Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and A Guide on Directors' Duties issued by the Companies Registry of Hong Kong to each newly appointed Director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and other regulatory requirements. For the year ended 31 December 2024, Messrs. Liu Hui, Chan Wing Tak Kevin, Wu Guangqi, and Zhou Xiaowen attended one training session organized by the Shanghai Stock Exchange on interpreting the reform of the independent director system for listed companies. Messrs. Wang Tongzhou, Wang Haihuai, Liu Hui, Chan Wing Tak Kevin, Wu Guangqi, and Zhou Xiaowen participated in one training session organized by the Beijing Securities Regulatory Bureau and the Beijing Listed Companies Association on the new "National Nine Articles" and the "1+N" policy framework. Messrs.Wang Tongzhou, Wang Haihuai, Liu Xiang, Liu Hui, Chan Wing Tak Kevin, Wu Guangqi, and Zhou Xiaowen attended two training sessions on mergers, acquisitions and restructuring and integrity building. Messrs. Liu Hui and Wu Guangqi participated in one training session organized by the SASAC on the special actions to deepen the reform and enhancement of state-owned enterprises.

The company secretary of the Company reports from time to time the latest changes and development of the Hong Kong Listing Rules, Corporate Governance Code and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities. During 2024, the company secretary of the Company undertook over 15 hours of professional training to update his skills and knowledge.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board

(a) Strategy and Investment and ESG Committee

The main duties of the Strategy and Investment and ESG Committee include, among other things, to review proposals and to make recommendations to the Board regarding the Company's strategic development plans, annual budgets, capital allocation plans, significant mergers and acquisitions, significant financing plans and matters in relation to environmental, social and governance.

As at 31 December 2024, the Strategy and Investment and ESG Committee consisted of five members, namely Mr. Wang Tongzhou, Mr. Wang Haihuai, Mr. Liu Hui, Mr. Wu Guangqi and Mr. Zhou Xiaowen, and is chaired by Mr. Wang Tongzhou.

The Strategy and Investment and ESG Committee held seven meetings in 2024 to review and discuss, among other things, the business plan, the investment plan, the project investments, the ESG report, the renaming and amendments to the terms of reference of the Strategy and Investment and ESG Committee. The table below sets out the details of the Strategy and Investment and ESG Committee meeting attendance of each Director in 2024:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	7	7	0	100%
Wang Haihuai	7	7	0	100%
Mi Shuhua(Note)	0	0	0	–
Liu Hui	7	7	0	100%
Wu Guangqi	7	7	0	100%
Zhou Xiaowen	7	7	0	100%

Note: Mr. Mi Shuhua, ceased to be a member of the Strategy and Investment and ESG Committee with effect from 15 January 2024.

The Strategy and Investment Committee was renamed as the Strategy and Investment and ESG Committee with effect from 28 March 2024, as considered and approved at the 31st meeting of the fifth session of the Board. Pursuant to which, the Company has further clarified the corresponding responsibilities of the Strategy and Investment and ESG Committee to support the Board in better formulating the Company's ESG strategy, incorporated safety, science and technology, quality management and environmental management into the performance assessment indicators of the Company's senior management, and continued to establish a sound and effective implementation of internal controls, risk management and effectiveness evaluation, thereby building up a more comprehensive ESG management system.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(b) Audit and Internal Control Committee

The Audit and Internal Control Committee of the Company has reviewed the annual results of the Company. The main duties of the Audit and Internal Control Committee include, among other things,

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to monitor the integrity of financial statements of the Company and the Company's annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and
- to oversee the Company's financial reporting system and internal control procedures, including but not limited to, review of financial controls, internal control and risk management systems, consideration of action on any findings of major investigations of internal control matters as delegated by the Board or at its own initiative and management's response thereto, and review of the Company's financial and accounting policies and practices.

As at 31 December 2024, the Audit and Internal Control Committee consisted of four members, namely Mr. Chan Wing Tak Kevin, Mr. Liu Hui, Mr. Wu Gaungqi and Mr. Zhou Xiaowen, and is chaired by Mr. Chan Wing Tak Kevin. All of the four members of the Audit and Internal Control Committee were independent non-executive Directors.

The Audit and Internal Control Committee held nine meetings in 2024 to discuss, among other things, the audited annual financial statements of 2023, the internal control report of the Company of 2023, the internal audit summary of 2023 and the plan of 2024, the report of duty performance of the Audit and Internal Control Committee in 2023, the quarterly financial reports of 2024 and the interim financial report of 2024, the re-appointment of the international and domestic auditors for 2024 and their remuneration and matters concerning connected transactions. The table below sets out the details of Audit and Internal Control Committee meeting attendance of each Director in 2024:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Mi Shuhua[(Note)]	0	0	0	–
Liu Hui	9	9	0	100%
Chan Wing Tak Kevin	9	9	0	100%
Wu Guangqi	9	9	0	100%
Zhou Xiaowen	9	9	0	100%

Note: Mr. Mi Shuhua, ceased to be a member of the Audit and Internal Control Committee with effect from 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(c) Remuneration and Appraisal Committee

The main duties of the Remuneration and Appraisal Committee include, among other things:

- to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent process for developing policy on such remuneration;
- to have the delegated responsibility to determine the specific remuneration packages of all 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 make recommendations relating to the remuneration of independent non-executive Directors to the Board; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

As at 31 December 2024, the Remuneration and Appraisal Committee consisted of four members, namely Mr. Liu Hui, Mr. Chan Wing Tak Kevin, Mr. Wu Guangqi and Mr. Zhou Xiaowen and is chaired by Mr. Liu Hui. All of the four members of the Remuneration and Appraisal Committee were independent non-executive Directors.

The Remuneration and Appraisal Committee held two meetings in 2024 to review and discuss the proposals in relation to the reserved grant under the 2022 Incentive Scheme, the repurchase and cancellation of certain Restricted Shares and the remuneration plans for the senior management of the Company for 2023. The table below sets out the details of Remuneration and Appraisal Committee meeting attendance of each Director in 2024:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Mi Shuhua[(Note)]	0	0	0	–
Liu Hui	2	2	0	100%
Chan Wing Tak Kevin	2	2	0	100%
Wu Guangqi	2	2	0	100%
Zhou Xiaowen	2	2	0	100%

Note: Mr. Mi Shuhua, ceased to be a member of the Remuneration and Appraisal Committee with effect from 15 January 2024.

THE BOARD OF DIRECTORS (CONTINUED)

7. Committees under the Board (continued)

(d) Nomination Committee

The main duties of the Nomination Committee include, among other things, to study the recruiting standard and procedure in respect of nomination of Directors and president of the Company and to review the credentials of Director or president candidates and make recommendations to the Board.

The Directors were nominated by criteria such as personal integrity, work experience relating to the Company's core business, performance track record, professional background, familiarity with corporate governance requirements for listed companies, etc.

As at 31 December 2024, the Nomination Committee consisted of five members, namely Mr. Wang Tongzhou, Mr. Liu Xiang, Mr. Chan Wing Tak Kevin, Mr. Wu Guangqi and Mr. Zhou Xiaowen, and is chaired by Mr. Wang Tongzhou. Three out of the five members of the Nomination Committee were independent non-executive Directors.

The Nomination Committee held two meetings in 2024 to discuss the appointment of the chief financial officer and board secretary of the Company. The table below sets out the details of Nomination Committee meeting attendance of each Director in 2024:

Director	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Tongzhou	2	2	0	100%
Liu Xiang	2	2	0	100%
Chan Wing Tak Kevin	2	2	0	100%
Wu Guangqi	2	2	0	100%
Zhou Xiaowen	2	2	0	100%

For the year ended 31 December 2024, the Nomination Committee adopted a basic policy concerning diversity of Board members and is committed to enhancing the diversity of the Board and the Company's staff structure. The Nomination Committee may consider diversity of Board members from a number of aspects, including but not limited to gender, age, ethnicity, education, specialty, experience, skills, knowledge and length of service and so forth. When reviewing the size and composition of the Board and searching for and recommending candidates for Directors, the Nomination Committee should take into account relevant factors mentioned above to try to achieve the diversity of the Board members in accordance with the Company's development strategy, business needs and specific functions of job vacancy. Upon selection, the Nomination Committee shall make a final recommendation to the Board based on merit of the selected candidates and fits with the development of the Company.

During the reporting period, except for gender diversity, the Board has achieved the following measurable objectives: at least one independent non-executive Director shall usually reside in Hong Kong; at least one independent non-executive Director shall have work experience as the financial controller in large enterprises or shall be an expert in corporate finance and accounting; the number of independent non-executive Directors shall be not less than one-third of the Board members and the number of independent non-executive Directors shall exceed half of the Board members.

The Board is committed to achieving gender diversity of Board members. Considering the importance of gender diversity, the Nomination Committee has made discussions from the perspective of gender diversity of the Board and fully studied the relevant requirements of the diversity policy under the Listing Rules. Given that the fifth session of the Board is comprised of all male members, the Company is still actively accelerating the nomination process for female director candidate(s), including but not limited to ongoing communication with the shareholder(s) of the Company to increase the proportion of female members of the Board and enhance the level of gender diversity in line with Shareholders' expectations and practice.

As at 31 December 2024, the Company has a total of approximately 0.137 million employees in service, of which approximately 0.022 million employees are women, accounting for 16.1% of the total number of employees (including senior management) in service. The Company has always adhered to the principle of gender equality in employment, eliminated gender discrimination, and protected the employment rights of women.

SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for supervising the Board, its individual members and senior management to safeguard against any potential abuse of authority by the Board, its individual members and senior management so as to protect the interests of the Company and its Shareholders as a whole. As at 31 December 2024, the Supervisory Committee of the Company consisted of three members, Mr. Lu Yaojun, Mr. Wang Yongbin and Mr. Yang Xiangyang (as the representative of employees). The term of office for supervisors is three years which is renewable upon re-election.[1]

The Supervisory Committee held eight meetings in 2024 to consider and approve 32 resolutions. The table below sets out the details of Supervisory Committee meeting attendance of each Supervisor in 2024:

Supervisor	Number of Meetings to be Attended	Number of Meetings Attended in Person	Number of Meetings Attended by Proxy	Attendance Rate
Wang Yongbin *(Chairman)*	8	8	0	100%
Lu Yaojun	8	8	0	100%
Yang Xiangyang*(Note)*	8	8	0	100%
Yao Yanmin*(Note)*	0	0	0	–

Note: Mr. Yao Yanmin retired as the staff representative supervisor of the Company on 11 January 2024. On the same date, Mr. Yang Xiangyang was elected as the staff representative supervisor of the Company.

AUDITORS' REMUNERATION

Ernst & Young and Ernst & Young Hua Ming LLP are appointed as the international and domestic auditors of the Company, respectively. Breakdown of the remuneration to Ernst & Young and Ernst & Young Hua Ming LLP for audit services and other non-audit services provided for the year ended 31 December 2024 are as follows:

	RMB'000
Audit services	27,850
Other non-audit services	8,250

The resolution on appointment of auditors has been submitted at the 45th meeting of the fifth session of the Board, which will then be submitted to the AGM for consideration and approval.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control and risk management system and reviews its efficiency through the Audit and Internal Control Committee. The Board and the Audit and Internal Control Committee of the Company will receive from the management the information about the internal control and risk management on a regular basis (at least once a year). The Company's internal control and risk management system is designed to manage risks and is unable to ensure the elimination of all risks. Such system can only provide reasonable and not absolute assurance against material misstatement or loss.

1 The term of the fifth session of the Supervisory Committee has expired on 25 February 2025. As the nomination process of candidates for Supervisors of the new session of the Supervisory Committee has not been completed, to ensure the continuation of the work of the Supervisory Committee, the re-election and appointment of members of the Supervisory Committee have been postponed.

INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

The Company builds a comprehensive risk management-oriented internal control system. It determines the key points of internal control by identifying and assessing risks; improves the efficiency of internal control by optimizing processes and perfecting systems; enhances the executive ability of internal control by strengthening supervision and check. The risk management system of the Company mainly assesses the risk identification, risk analysis, risk response, etc.; includes the risk evaluation in the approval process on major investment projects by optimizing the risk evaluation mechanism; continuously advances the annual risk management report system; identifies major important risks (e.g., safety production risk, financial risk, investment risk, operational risk, overseas risk, compliance risk, litigation risk) and formulates the response strategy and measures in terms of these risks by combining with internal control department; regularly tracks the implementation of response measures for major important risks so as to further improve the risk management level of the Company. The Company has established a risk management structure with distinct hierarchy and reasonable authorization. The Company's functional departments and their organizations shall perform identification and response for major risks on the basis of respective duties, and shall report to the Audit and Internal Control Committee of the Company annually. The management and the Audit and Internal Control Committee of the Company carry out the annual assessment and review of risk control of all functional departments. Matters to be assessed include changes in nature and severity of material risks subsequent to review in the previous year, the Company's abilities to respond to material risks and the assessment on material risk management and internal control errors or material risk management and internal defects identified during the period. Based on the assessment, the Audit and Internal Control Committee arranges the annual work plan, which covers the Company's strategies, market, operation, financial capital, law and major procedures of its affiliated entities, and urges relevant entities to rectify the problems identified in the audit process and reports the progress of rectification to the management and the Audit and Internal Control Committee of the Company on a regularly basis.

The Company establishes a supervision mechanism for internal control, and stipulates its duty and powder, job requirements and methods. The Supervisory Committee supervises the establishment and the implement of internal control by the Board; the Board and the Audit and Internal Control Committee supervise the internal control system of the Company; the supervisory departments carry out supervision on performance, discipline inspection and matters related tendering and bidding and bulk purchase of the Company; the audit departments audit and supervise the operation management, financial revenue and expenditure and economic results of the entities.

The Company's assessment process of internal control strictly implement basic specifications, assessment guideline and procedures stipulated in internal system. The internal control assessment group is set up, which made up of members from, among other things, strategy & development department, finance & fund department, audit department and other business departments, to carry out work by three steps including self-evaluation, defect rectification and sampling inspection by the Company. The affiliated entities implement the process of self-evaluation under unified deployment by the Company. The assessment collects the data and information related to the planning and operation of internal control of the Company by interview, sampling, walk through test and field inspection, on a business occurrence frequency basis, and fills out the working paper of the assessment honestly, which give a true process of internal control of the Company.

By strictly implementing the requirements of the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and other laws and regulations, CCCC improves the institutional mechanism to prevent the emergence and spread of corruption, promotes the "three non-corruptions", focuses on the construction of work style, and establishes a "four-in-one" corruption management system with a view to strengthening discipline and promoting a culture of integrity, thus jointly creating a clean atmosphere for corporate development. Through the establishment of whistleblowing channels (including anonymous reporting by phone, email or in writing), daily risk monitoring, internal audits and self-inspections, the Company is able to grasp clues of problems, investigate and deal with them in a timely manner. The Board is the highest governance organization of the Company, and the Company has been actively strengthening anti-corruption trainings for Directors and rigorously enforcing the relevant regulations on the integrity and self-discipline of responsible persons and Directors of state-owned enterprises. In 2024, all employees of the Company have attended the anti-corruption trainings, with each employee receiving at least three hours of anti-corruption trainings.

During the reporting period, the Board reviewed and evaluated the internal control and risk management system and listened to the reporting from the Audit and Internal Control Committee. The Board considered that the Company's internal control and risk management system was effective. The 2024 Internal Control Self-assessment Report of China Communications Construction Company Limited has been published on the Company's website.

INSIDE INFORMATION

The Company formulated the Inside Information Management System, which set out the detailed rules for the handing, disclosure and internal control of inside information. In 2024, the Company strictly implemented the abovementioned policies, further strengthened the identification and evaluation work for inside information and narrowed down the scope of insiders as far as possible. Besides, before the disclosure of an inside information in accordance with law, the Company conducted strict registration for and management over the insiders. In case of major events which require deferral or exemption of disclosure, the main department or person in charge of the specific work shall, in addition to filling in the insider registration form, prepare the memorandum on progress of material matters, including but not limited to the time of various key nodes in the course of planning and decision-making, list of personnel participating in planning and decision-making, and the means of planning and decision-making. The relevant personnel involved in planning and decision-making shall sign and confirm on the memorandum, so as to ensure the relevant insiders to fulfill their confidentiality obligation, and effectively prevent the leakage of the information.

INSIDE INFORMATION (CONTINUED)

The Company attaches great importance to internal control and its corporate social responsibility. The 2024 Environmental, Social and Governance Report of China Communications Construction has been published on the Company's website.

ACCOUNTABILITY OF THE DIRECTORS IN RELATION TO FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for each fiscal period. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected appropriate accounting policies and applied them consistently and made prudent and reasonable judgment and estimates so as to give a true and fair view of the state of affairs of the Company and of the results and cash flow for that fiscal year.

SHAREHOLDERS' RIGHTS

The Company is committed to pursue active communications with Shareholders as well as to provide disclosure of information concerning the Group's material developments to Shareholders, investors and other stakeholders.

The annual general meeting of the Company serves as an effective forum for communication between Shareholders and the Board. Notice of the annual general meeting together with the meeting materials will be dispatched to all Shareholders not less than 20 clear business days (the date on which the Hong Kong Stock Exchange opens for securities trading) prior to the annual general meeting. The chairman of the Board and of the Strategy and Investment and ESG Committee, Audit and Internal Control Committee, Remuneration and Appraisal Committee and Nomination Committee, or in their absence, other members of the respective committees, will be invited to the annual general meeting to answer questions from Shareholders. External auditors will also be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and the independence of auditors.

Shareholders individually or jointly holding in aggregate more than 10% of the shares of the Company are entitled to request the convention of a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company shall have the right to submit proposals to the Company at a shareholders' general meeting. Shareholders individually or jointly holding more than 3% of the shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to a shareholders' general meeting.

Voting by Shareholders at a shareholders' general meeting will be conducted by poll in accordance with the Hong Kong Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the Shareholders at the inception of a shareholders' general meeting to ensure that Shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of a shareholders' general meeting for each material issue. Poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange on the same business day of the shareholders' general meeting.

Pursuant to the Articles of Association, a special general meeting can be convened upon the written requisition by any two or more Shareholders holding in aggregate not less than 10% in the paid up capital of the Company, provided that at the date of the lodging of such requisition such capital carries the right of voting at shareholders' general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the requisitioners and lodged at the office of the Company.

Enquiries directed to the Board or the Company are facilitated by email to ir@ccccltd.cn or through the online messaging system on the Company's website. All announcements, press releases and conducive corporate information of the Company are available on the Company's website to enhance the transparency of the Company.

INVESTOR RELATIONS

Please refer to the chapter headed "Investor Relations" for detailed information. The Company has reviewed the implementation and effectiveness of its shareholder's communication policy during the reporting period. The Board is of the view that the Company has established a smooth and effective communication channel with its Shareholders and considers that the Company's shareholder communication policy and its implementation are effective.

The 1,000 MW offshore wind farm in Huizhou Port, Guangdong has achieved full-capacity grid connection.

As the first gigawatt-scale offshore wind power project in the Guangdong-Hong Kong-Macao Greater Bay Area, it provides strong support for socio-economic development of the Greater Bay Area and contributes to China's "Dual Carbon" strategy implementation.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consisted of seven Directors, including three executive Directors, and four independent non-executive Directors. Profiles of the Directors are as follows:

Mr. Wang Tongzhou, born in 1965, Chinese nationality, is the secretary of the Party Committee, the executive Director and the chairman of the Board of the Company. He also serves as the secretary of the Party Committee and the chairman of CCCG. Mr. Wang has extensive operational and management experience. Mr. Wang served as the general manager of China State Construction Development Co., Ltd., the director of sixth engineering division of China State Construction Engineering Corporation; a member of the standing committee of the Party Committee and the deputy general manager of Sinohydro Construction Group Corporation, a member of the standing committee of the Party Committee and the deputy general manager of Power Construction Corporation of China; the director, the general manager and the deputy secretary of the Party Committee of China Energy Conservation and Environmental Protection Group; the secretary of the Party Committee, the chairman of the board and the general manager of China Nonferrous Metal Mining (Group) Co., Ltd., the secretary of the Party Committee and the chairman of the board of China Nonferrous Metal Mining (Group) Co., Ltd., the executive director and the chairman of the board of China Nonferrous Mining Corporation Limited; the general manager of CCCG and the president of the Company. Mr. Wang possesses a doctoral degree in economics. Mr. Wang is a professorate senior engineer, a chartered builder of The Chartered Institute of Building, U.K., and a professional who enjoys special government allowance of the State Council. Mr. Wang has been serving as the executive Director and the chairman of the Board of the Company since October 2020.

Mr. Wang Haihuai, born in 1968, Chinese nationality, is the deputy secretary of the Party Committee, the executive Director and president of the Company and also serves as a deputy secretary of the Party Committee, a director and the general manager of CCCG. Mr. Wang joined the Company in 1991 and has extensive operational and management experience. He held positions as a member of the Party Committee and the deputy director, the deputy secretary of the Party Committee and the director of The Second Harbour Engineering Bureau of Ministry of Transport (交通部第二航務工程局), the chairman, the general manager, the deputy secretary of the Party Committee of CCCC Second Harbour Engineering Co., Ltd., the general manager of the port and waterway dredging division of the Company, the vice president of the Company, the deputy general manager of CCCG. Mr. Wang graduated from Chongqing Jiaotong University with a major in harbour and channel engineering, and obtained a master's degree in business administration for executives from Wuhan University and is a professorate senior engineer and senior economist who enjoys special government allowance of the State Council. Mr. Wang has been serving as the president of the Company since April 2021, and as the executive Director of the Company since June 2021.

Mr. Liu Xiang, born in 1968, Chinese nationality, is the deputy secretary of the Party Committee, the executive Director of the Company and also serves as the deputy secretary of the Party Committee and an employee director of CCCG. Mr. Liu has extensive experience in corporate administration. He held positions as the inspector at the deputy director level of the Party mass work department, the deputy director of the Party mass work department and the secretary of the Youth League Committee of China Aerospace Science and Industry Corporation Limited (中國航天科工集團有限公司) ("Aerospace Science and Industry Corporation"), the chairman of the supervisory committee of Guizhou Aerospace Industry Co., Ltd. (貴州航天工業有限責任公司) and the director of the discipline inspection and supervision department, the deputy head of the Party disciplinary inspection group and the director of the human resource department of Aerospace Science and Industry Corporation. Mr. Liu successively graduated from Anhui Institute of Education majoring in Chinese, and obtained a master's degree in literature and arts from Renmin University of China and a master's degree in business administration from Beihang University. Mr. Liu is a senior political engineer at the research institute level. Mr. Liu has been serving as the executive Director of the Company since June 2021.

Mr. Mi Shuhua, born in 1962, Chinese nationality, has served as the non-executive Director of the Company for a period commencing from February 2022 to January 2024. Mr. Mi has extensive experience in corporate production and operation administration. He held positions as a member of the Party Committee and the deputy general manager of National Electric Power Corporation (Northeast Branch) (國家電力公司東北公司), a member of the Party Committee and the deputy general manager of State Grid Corporation (Northeast Branch) (國家電網公司東北公司), the secretary of the Party Committee and the general manager of China Guodian Corporation (Northeast Branch) (中國國電集團公司東北公司), the deputy secretary of the Party Committee and the general manager of National Electric Power Co., Ltd. (國電電力股份有限公司), the deputy general manager and a member of the Party Committee of China Guodian Corporation (中國國電集團公司), the deputy general manager and a member of the Party Committee of China Energy Investment Corporation (國家能源投資集團有限責任公司). Mr. Mi graduated from Northeast Electric Power University (東北電力學院) with a bachelor's degree in engineering, and he is a professorate senior engineer.

BOARD OF DIRECTORS (CONTINUED)

Mr. Liu Hui, born in 1960, Chinese nationality. Mr. Liu has extensive experience in construction, project construction and scientific research management. He held positions as the assistant to general manager, the director and the chief engineer of China Railway No. 2 Engineering Group Co., Ltd. (中鐵二局集團有限公司), the deputy general manager, a member of the standing committee of the Party Committee and the chief engineer of China Railway Engineering Corporation, a member of the standing committee of the Party Committee of China Railway Engineering Group Company Limited and the vice president, a member of the standing committee of the Party Committee and the chief engineer of China Railway Group Limited. Mr. Liu graduated from Southwest Jiaotong University in railway engineering, and obtained a master's degree in architecture and civil engineering, and he is a professorate senior engineer and a professional who enjoys special government allowance of the State Council. Mr. Liu has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Chan Wing Tak Kevin, born in 1966, Chinese nationality and a resident of Hong Kong Special Administrative Region, is the chief executive officer of Concentric Education Foundation (Hong Kong), the vice president of Chinese Banking Association of Hong Kong, a member of the Hong Kong Independent Police Complaints Council and a member of the Chinese People's Political Consultative Conference Guangdong Committee (中國人民政治協商會議廣東省委員會) and he also serves as an independent non-executive director of TravelSky Technology Limited and Royale Home Holdings Limited, respectively. Mr. Chan has extensive experience in finance, securities and financing. He held positions as the head of research division of Nomura International (Hong Kong) Limited in China and Hong Kong and the director of banking department thereof in Asia region, the head of China and Hong Kong Financial Department of CLSA, a senior advisor of KPMG China and a member of the Listing Committee of the Hong Kong Stock Exchange, a member of Election Committee (Finance) of The Government of the Hong Kong Special Administrative Region. Mr. Chan graduated from London School of Economics and Political Science with a master's degree in economics and has qualification of Fellow Certified Practising Accountant in Australia. Mr. Chan has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Wu Guangqi, born in 1957, Chinese nationality, is an external director of China National Salt Industry Group Co., Ltd. Mr. Wu has extensive experience in corporate administration. He held positions as the director of general office of China National Offshore Oil Corporation (CNOOC), the secretary of the Party Committee, the secretary of the Committee for Discipline Inspection and chairman of the Labor Union of CNOOC Research Center, the secretary of the Party Committee and the director of the ideology affairs department of the direct department of CNOOC, the assistant of general manager, a member of the Party group, the head of Party disciplinary inspection group, the deputy general manager, a member of the Party group, the deputy secretary of the Party group and the deputy general manager of CNOOC, and also served as the executive director and the compliance officer of CNOOC Limited for a long time. Mr. Wu also served as an independent director of China Yangtze Power Co., Ltd. Mr. Wu graduated from Ocean University of China with a major in marine geology, and obtained a master's degree in management from China University of Petroleum and a doctoral degree in public administration from Huazhong University of Science and Technology, and he is a professor-level senior economist, Certified Senior Enterprise Risk Manager (CSERM) and Certified Internal Auditor (CIA). Mr. Wu has been serving as an independent non-executive Director of the Company since February 2022.

Mr. Zhou Xiaowen, born in 1961, Chinese nationality, is an external director of China Logistics Group Co., Ltd. (中國物流集團有限公司). Mr. Zhou has extensive experience in transportation, construction, project construction and planning. He held positions as the deputy director of the Development and Planning Department (發展計劃司), the executive deputy dean of the Economy Planning Institute (經濟規劃研究院), and the executive deputy director of the Engineering Design Appraisal Center (工程設計鑒定中心) of Ministry of Railways, the dean of the Economy Planning Institute and the director of the Engineering Design Appraisal Center of Ministry of Railways; the head and the deputy secretary of the Party Committee of China Railway Economic and Planning Research Institute (中國鐵路經濟規劃研究院), the director of the Engineering Design Appraisal Center of China Railway Corporation (中國鐵路總公司工程設計鑒定中心), the vice chairman, the general manager and the deputy secretary of the Party Committee of China Railway Economic and Planning Research Institute, the director of the Engineering Design Appraisal Center of China State Railway Group Co., Ltd. ("CSRG"), the chief expert in survey and design of CSRG, an office specialist and the commissioner (special external director) of the Office of Sichuan-Tibet Railway Engineering Construction Headquarters (Leading Group). Mr. Zhou graduated from Lanzhou Railway Institute (蘭州鐵道學院) with a major in railway engineering. He has also obtained a master's degree in engineering, and is a professorate senior engineer and a national master in engineering survey and design (全國工程勘察設計大師). Mr. Zhou has been serving as an independent non-executive Director of the Company since February 2022.

PROFILE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORY COMMITTEE

Mr. Wang Yongbin, born in 1965, Chinese nationality, is the chairman of the Supervisory Committee of the Company. He also serves as the chief auditor of CCCG. Mr. Wang joined the Company in 2001 and has extensive management experience. He held positions as the chairman of the Supervisory Committee of Zhenhua Logistics Group Co., Ltd., a Supervisor of China Northeast Municipal Engineering Design & Research Institute Co., Ltd. (中國市政工程東北設計研究總院有限公司) and CCCC Shanghai Equipment Engineering Co., Ltd. Mr. Wang graduated from Changsha Communications University with a bachelor's degree in project finance and accounting. Mr. Wang is a professorate senior accountant and a professorate senior auditor. Mr. Wang has been serving as a Supervisor of the Company since September 2006, and as the chairman of the Supervisory Committee of the Company since November 2021.

Mr. Lu Yaojun, born in 1970, Chinese nationality, is a Supervisor and the general manager of the investment management department of the Company. He also serves as the general manager of the investment management department of CCCG. Mr. Lu joined the Company in 1993 and has extensive management experience. He has served as the deputy chief engineer and director of the investment management department of CCCC Second Highway Consultants Co., Ltd. (中交第二公路勘察設計研究院有限公司), and the deputy general manager of the investment division of the Company. Mr. Lu graduated from Tongji University with a major in traffic engineering and is a professorate senior engineer. Mr. Lu has been serving as a Supervisor of the Company since November 2021.

Mr. Yao Yanmin, born in 1963, Chinese nationality with no overseas permanent residence, has served as a staff representative Supervisor of the Company for a period commencing from April 2014 to January 2024. Mr. Yao also serves as a specialized external Supervisor of CCCG, an external supervisor of CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd., China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司), CCCC Asset Management Co., Ltd. and China Communications Information & Technology Group Co., Ltd., respectively. Mr. Yao joined the Company in 1992 and has extensive management experience. He held positions as the head of president office, the assistant to general manager and the deputy general manager of China Road and Bridge Construction Corporation, the deputy head of general office of CCCG, the deputy head of general office of the Company, the head of the work department of the Company's Party Committee, the general manager of corporate culture department of the Company, vice chairman of union federation and the chairman of labor union for organs, and the director of the office of union federation of the Company. Mr. Yao graduated from Guangdong University of Foreign Studies and Renmin University of China with a bachelor's degree in English and a bachelor's degree in law, respectively.

Mr. Yang Xiangyang, born in 1971, Chinese nationality, is currently a staff representative Supervisor, the vice chairman of union federation, the director of the office of union federation and the chairman of labor union for organs of the Company. He also serves the vice chairman of union federation, the director of the office of union federation and the chairman of labor union for organs of CCCG. Mr. Yang joined the Company in 1995 and has extensive management experience. He held positions as the head of the marketing planning department, the head of the comprehensive affairs office, the assistant to the general manager, a director, a deputy general manager, a general manager (legal representative), the vice chairman, the secretary of the Party Committee and the chairman of CCCC Xi'an Road Construction Machinery Co., Ltd.* (中交西安築路機械有限公司). Mr. Yang graduated from Chang'an University (formerly known as Xi'an University of Highway Traffics (西安公路交通大學)) with a bachelor's degree in engineering majoring in manufacturing of machinery and equipment* (機械製造工藝與設備專業), and subsequently obtained a master's degree in mechanical engineering from Chang'an University, and he is a professorate senior engineer. Mr. Yang has been serving as a Supervisor of the Company since January 2024.

SENIOR MANAGEMENT

The Company's senior management consisted of four members with the profiles as follow (for the profile of Mr. Wang Haihuai, a senior management member who concurrently serves as a Director, please refer to the above):

Mr. Liu Zhengchang (劉正昶), born in 1968, is currently the chief financial officer of the Company and Board secretary. He also serves as the member of the standing committee of the Party Committee and the chief accountant of CCCG. Mr. Liu joined the Company in 2024, and has extensive experience in enterprise economic management, financial management and internal audit, and he once served as the director of the audit department, the director of the responsible cost center, and the head of the finance department of China Railway 19th Bureau Group Co., Ltd., a member of the Party Committee, the deputy general manager and the chief accountant of China Railway 15th Bureau Group Co., Ltd., as well as a member of the Party Committee, the deputy general manager and the chief accountant of China Railway 16th Bureau Group Co., Ltd. He has successively served as the chief of the audit and supervision bureau; a supervisor; a supervisor, the chief auditor, chief of the audit and supervision bureau; the chief auditor and general manager of the audit and supervision department of CRCC since May 2016. He has served as the member of the standing committee of the Party Committee and the chief accountant of CCCG since December 2023. Mr. Liu graduated from Dongbei University of Finance and Economics majoring in business administration, and obtained his master's degree in business administration. He is a senior accountant and was elected as a member of the national training programme for leaders in the accounting profession. Mr. Liu has been serving as the chief financial officer of the Company since January 2024, and serving as the Board secretary since July 2024.

Mr. Yang Zhichao, born in 1981, with Chinese nationality, is currently a member of the Party Committee and the vice president of the Company. Mr. Yang joined the Company in 2003 and has extensive operational and management experience. He has successively served as the secretary of the Party Committee and a deputy general manager of the Third Engineering Co., Ltd. of CCCC Third Highway Engineering Co., Ltd.* (中交三公局第三工程有限公司); the secretary of the Party Committee and the chairman of the board of directors of the First Engineering Co., Ltd. of CCCC Third Highway Engineering Co., Ltd.* (中交三公局第一工程有限公司); the deputy general manager (deputy director) of the human resource department II (the Party Committee organisation department), a deputy director (deputy general manager) of the Party Committee work department (the enterprise culture department), a deputy director of the Party Committee work department (the Party Committee united front work department) and the secretary of the Youth League Committee of the Company; the deputy secretary of the Party Committee, a director and the general manager of China Urban and Rural Holding Group Co., Ltd.* (中國城鄉控股集團有限公司); and the chairman of the board of directors of Southwest Municipal Engineering Design and Research Institute of China* (中國市政工程西南設計研究總院有限公司). Mr. Yang obtained a bachelor's degree in engineering with a major in civil engineering from Changsha Jiaotong College* (長沙交通學院) and subsequently obtained a master's degree in engineering with a major in transportation engineering from Changsha University of Science & Technology. He is a senior engineer and a senior political engineer. Mr. Yang has been serving as the vice president of the Company since August 2021.

Mr. Sun Liqiang (孫立強), born in 1969, Chinese nationality, is currently the vice president and the chief safety officer of the Company. Mr. Sun joined the Company in 1991 and has extensive operational and management experience. He has successively served as the director of the construction technology division under the overseas project management department of China Road and Bridge Corporation* (中國路橋工程有限責任公司) ("CRBC"), the deputy general manager of Sana'a Office, the general manager of Equatorial Guinea Office, the general manager of engineering management department, the deputy general manager of CRBC; the deputy commander and the executive commander of the headquarter of the Mombasa-Nairobi Railway Project of the Company, the executive general manager of the overseas business department, the executive general manager of the international engineering branch, the general manager of road, bridge and rail transportation department, the general manager of project management department and the general manager of the production and operation management department, the general manager of the international direct operation business division, the secretary of the Party Committee and the general manager of the international engineering branch of the Company; the assistant to general manager of CCCG, the general manager of the international direct operation business division as well as the deputy secretary of the Party Committee and the general manager of the international engineering branch of the Company. Mr. Sun obtained a bachelor's degree in engineering with a major in bridge from Xi'an Highway Institute, and subsequently obtained a master's degree of engineering in project management from Chinese Academy of Sciences. He is a professorate senior engineer. Mr. Sun has been serving as the vice president of the Company since September 2023.

Mr. Wang Jian, born in 1964, with Chinese nationality, has served as a member of the Party Committee and a vice president of the Company for a period commencing from November 2017 to January 2025. Mr. Wang joined the Company in 2004 and has rich operational and management experience. He successively held positions as the secretary of the Party Committee of CCCC Tunnel Engineering Co., Ltd., the general manager of east China regional headquarters, the general manager of road, bridge and rail transportation department and the assistant to president of the Company. Mr. Wang graduated from Xi'an Highway Transportation University with a postgraduate diploma, majoring in bridge and structure engineering. He also holds a doctoral degree in geotechnical engineering of Central South University. Mr. Wang is a professorate senior engineer. Mr. Wang has been serving as the vice president of the Company since December 2016.

Mr. Zhou Changjiang, born in 1965, with Chinese nationality, has served as the Board secretary and the company secretary of the Company, and the chairman of CCCC Capital Holdings Limited (中交資本控股有限公司) for a period commencing from November 2017 to March 2024. Mr. Zhou joined the Company in 2000, and he is familiar with enterprise management, corporate governance, capital operation, information disclosure and investor relations management and has extensive operational and management experience and profound professional knowledge. He served as the officer of the former State Administration for Commodity Price and the State Planning Commission, the deputy director of the general office of China National Machine Tool Corporation, the deputy general manager of the enterprise planning department of China Harbour Engineering Company (Group), the deputy general manager of the enterprise development department and the director of the board office of CCCG. Mr. Zhou graduated from Renmin University of China with a bachelor's degree in economics. He is a professorate senior economist.

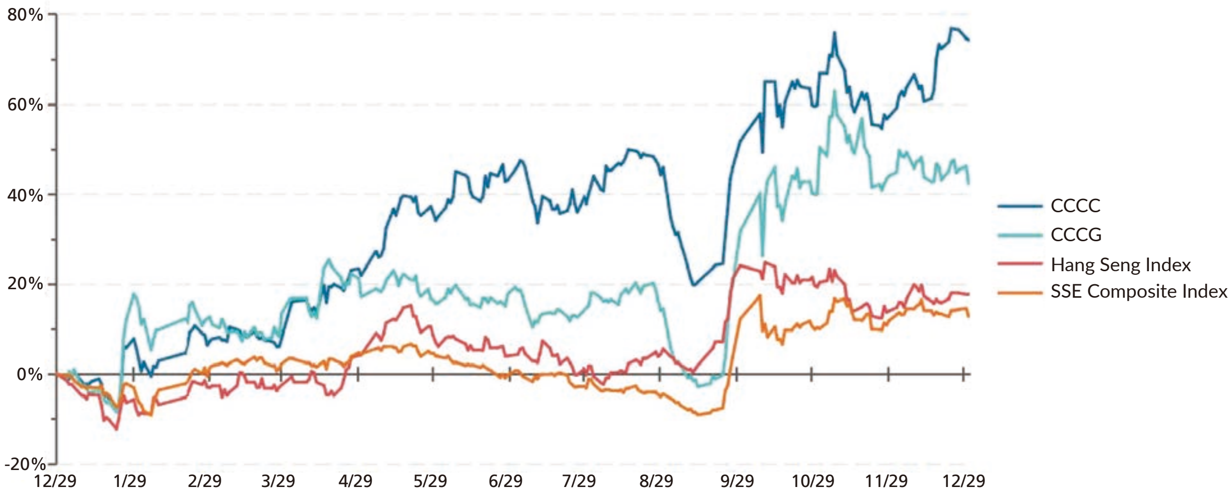
Liaozhong farmland renovation project in Shenyang, Liaoning was completed.

The project covers 28 administrative villages across three towns. Its completion has further improved farmland infrastructure in Liaozhong, substantially enhancing comprehensive agricultural productivity and improving flood/drought resistance capabilities.

The Company strengthens its investor relations management, and implements the new development concept in a complete, accurate and comprehensive manner. It attaches importance to the performance in the capital market, endeavors to promote the Company's market value in accordance with its intrinsic value, aiming to enhance its appraised value and achieve high-quality development.

(I) CAPITAL MARKET REVIEW

In 2024, the Company's share price delivered impressive gains throughout the year. Its A shares rose by 42.4%, outperforming the 12.7% increase in the SSE Composite Index over the same period, while its H shares surged by 74.2%, surpassing the 16.3% rise in the Hang Seng Index. The introduction of new policies, particularly the new "National Nine Articles" and a series of market value management measures, strengthened expectation guidance and significantly boosted market sentiment. As a leading representative of undervalued, high-dividend state-owned enterprises, the Company experienced notable valuation recovery.



(II) FOCUSING ON INVESTOR RELATIONS AS A COMMUNICATION BRIDGE TO BUILD A TRUST-BASED CAPITAL MARKET COMMUNITY

In 2024, the Company remained committed to an honest, pragmatic, proactive and open approach to communicate with investors actively. Through its professional expertise and market influence, it actively conveyed positive corporate information to the market and guided the market in discovering the Company's value.

1. Meticulously Organizing Analyst Roundtables to Build Two-Way Communication Bridges

To break down communication barriers between the Company and the capital markets and better understand market concerns, the Company meticulously planned the 2024 Securities Analyst Roundtable, creating a new paradigm for strategic dialogue. On one hand, listening to the voice of the capital markets. Construction industry analysts from 8 leading securities research institutions participated in the event, engaging in in-depth exchanges with the Company's senior management. They raised investor concerns and provided suggestions on the Company's development strategy, financial metric improvements, cultivation of new quality productivity, and market value management. On the other hand, presenting first-hand information to management. The Company compiled and analyzed market recommendations, preparing the "Analyst Roundtable Market Recommendations Report" for management review. The Chairman and President issued important instructions based on the report, prompting management to reconsider the Company's future strategic transformation and management decisions.

(II) FOCUSING ON INVESTOR RELATIONS AS A COMMUNICATION BRIDGE TO BUILD A TRUST-BASED CAPITAL MARKET COMMUNITY (CONTINUED)

2. Adhering to High-Quality Results Presentations with Diversified Communication Channels

In 2024, the Company held 4 quarterly results presentations and participated in 1 group results presentation, thoroughly analyzing its operational performance and reform achievements, while providing an objective outlook on 2024 capital market opportunities. As an A+H listed company, in order to facilitate the participation of investors to the greatest extent possible, the Company made use of modern means of communication to hold 2023 results presentation through the four-dimensional interactive mode of "on-site + video broadcast + telephone + network interaction", and the meetings were broadcast live on the "SSE Roadshow Center". Breaking through time and geographical limitations, it received support from various domestic and foreign investors, with frequent online and offline interactions. The Company's management directly addressed market inquiries, going beyond simple "data reporting" to provide in-depth analysis of the Company's performance and the reasons behind changes from investors' perspective. After the events, taking into full consideration the needs of both domestic and foreign investors as well as research institutions, the Company prepared bilingual and multi-version results presentation materials in English and Chinese, and collated the meeting minutes in English and Chinese and displayed them on the Company's official website for the reference of investors after the meetings.

3. Actively Planning Reverse Roadshow Activities to Highlight Corporate Value Discovery

The Company closely followed policy directions and market trends while aligning with its 14th Five-Year Strategic Plan. We provided timely, appropriate and efficient responses to investor demands, demonstrating our strategic development and operational quality to the capital market. Our efforts focused on corporate value discovery and creating an immersive investor relations experience.

First, the overseas business theme. In July 2024, to address the capital market's continued focus on the Company's overseas business development achievements and risk exposure since the implementation of its 14th Five-Year Plan, the Company organized a reverse roadshow themed "Implementing Overseas Priority Strategy to Advance the Company's Internationalization 2.0 Upgrade". The event showcased in detail the Company's competitive advantages in the infrastructure sector, including its complete industrial chain, global market layout, and talent pool for international operations, as well as optimized management structure, enhanced compliance risk management, and financial risk prevention systems. To give investors an immersive experience of overseas projects, the Company arranged live video connections to showcase progress at its Cambodia project site. The event was attended by over 60 analysts and investors from securities research institutions including Huatai Securities, CSC, CICC and Bosera Funds.

Second, the Pinglu Canal theme. In September 2024, in response to capital market interest in understanding the future development potential of water transportation business and the business model of the Company's Pinglu Canal project, the Company organized a reverse roadshow in Nanning themed "Building the Pinglu Canal with High Quality for Maritime Prosperity". The event brought investors to the frontline of this century project, including inspections of the Madao hub and onboard visits to the large self-propelled cutter suction dredger "Tianhua Hao (天驊號)" to witness first-hand its digital-intelligent engineering achievements. This allowed investors to gain comprehensive understanding of the Company's "Prioritizing Rivers, Lakes and Seas" strategy, highlighting its century-long history in port and waterway dredging and its dominant position in the "Rivers, Lakes and Seas" sector. The event was attended by over 30 analysts and investors from securities research institutions including Guosheng Securities, UBS Securities, Pacific Asset Management, and China Merchants Securities.

4. Developing Smart Investor Relations Platforms to Establish Digital Communication Paradigms

The Company consistently innovates investor communication channels, strengthens new media investor relations building, and continuously improves investor protection mechanisms to promptly address investor concerns. We have optimized our investor relations WeChat official account to diversify and refine corporate information dissemination, creating a "one-stop" investor service platform.

Firstly, enhancing financial report readability through visualized "at-a-glance" annual reports. Following results releases, we promptly publish easy-to-understand performance summaries in multiple formats frequently, including articles and visualized "at-a-glance" annual reports. Secondly, focusing on market interests with periodic report features. Leveraging results release windows, we launched dedicated columns like "Focus on Periodic Reports" and "Results Q&A," highlighting key report contents and addressing investor concerns to deepen value interpretation and amplify positive corporate developments. Thirdly, aligning with the direction of national policies through research reports. We strategically combine policy updates, market focus areas, and corporate operations to communicate company strategy and deliver timely updates. Fourthly, distilling high-quality insights via capital market monthly reports. These reports consolidate key monthly corporate updates, investor exchange activities highlights, regulatory policy changes, and capital market perspectives, enabling investors to efficiently access comprehensive, multi-dimensional information.

(II) FOCUSING ON INVESTOR RELATIONS AS A COMMUNICATION BRIDGE TO BUILD A TRUST-BASED CAPITAL MARKET COMMUNITY (CONTINUED)

5. Improving Protection Mechanisms for Minority Investors and Promptly Addressing Investor Concerns

The Company has always insisted on treating all types of investors equally. Facing our extensive base of minority shareholders, the Company has arranged specialised personnel to answer the IR hotline, handle IR emails, and achieved a 100% response rate to the major issues of concern to investors in the SSE e-Interaction, so as to enable the investors to have a clear understanding of the Company's development results. We comprehensively participated in various institutional investor research activities and actively communicated with securities research institutions through multiple channels including but not limited to routine visits, institutional summits, and investor reception days, maintaining the Company's visibility in the capital market. We have submitted 12 monthly capital market reports (briefings) and 2 special reports to present key market focus areas and management recommendations. In 2024, the Company participated in 40 investor summits and 79 investor research sessions, with total attendance exceeding 1,000 participants. We extensively collected contact information of domestic and international analysts and institutional investors, issuing over 5,000 targeted invitations for results roadshows to key investors.

Investors' issues throughout the year mainly focused on: the achievement of the goals of the Company during the year, the improvement of important financial indicators, how to balance the benefits and risks of investment business, the overseas business, progress of urban renewal projects, the room for further improvement of the dividend ratio, market value management measures, measures for managing situation of share price below net asset value, progress and impact of local governments' debt resolution, layout of strategic emerging businesses, etc.

List of the Company's major investor relations activities in 2024

Month	Activity	Organiser
January	2023 Annual Conference	UBS Securities
	2024 Capital Market Summit	Guosen Securities
February	2024 Spring Online Strategy Conference	Haitong Securities
	2024 Spring Online Strategy Conference	TF Securities
	2024 Spring Listed Companies Exchange Conference	Shenwan Hongyuan Securities
April	• 2023 Annual Results Presentation	CCCC
	• Annual Results Non-deal Roadshow	CCCC
	2024 Investment Strategy Conference	CSC
	• 2024 First Quarterly Results Presentation	CCCC

(II) FOCUSING ON INVESTOR RELATIONS AS A COMMUNICATION BRIDGE TO BUILD A TRUST-BASED CAPITAL MARKET COMMUNITY (CONTINUED)

5. Improving Protection Mechanisms for Minority Investors and Promptly Addressing Investor Concerns (continued)

List of the Company's major investor relations activities in 2024 (continued)

Month	Activity	Organiser
May	• Collective Results Presentations of Listed Companies	CCCG
	Summer Online Strategy Conference	Sealand Securities
	2024 Spring Online Strategy Conference	Caitong Securities
	2024 Interim Online Strategy Conference	Kaiyuan Securities
	2024 Listed Companies Exchange Conference	Shenwan Hongyuan Securities
	2024 Interim Online Strategy Conference	Changjiang Securities
	2024 Interim Online Strategy Conference	TF Securities
	2024 Interim Online Strategy Conference	Huachuang Securities
June	2024 Interim Investment Summit	Huatai Securities
	2024 Interim Online Strategy Conference	UBS Securities
	2024 Interim Online Strategy Conference	CICC
	2024 Interim Online Strategy Conference	Haitong Securities
	2024 Interim Online Strategy Conference	Minsheng Securities
	2024 Interim Online Strategy Conference	Guotai Jun'an
	2024 Interim Online Strategy Conference	Soochow Securities
	2024 Interim Online Strategy Conference	Galaxy Securities
July	2024 Interim Online Strategy Conference	Industrial Securities
	2024 Listed Companies Exchange Conference	Zhongtai Securities
	Cyclical Dividend Forum	CSC
	2024 Interim Investment Strategy Conference	Guolian Securities
	• Overseas Businesses Reserve Roadshow	CCCC

(II) FOCUSING ON INVESTOR RELATIONS AS A COMMUNICATION BRIDGE TO BUILD A TRUST-BASED CAPITAL MARKET COMMUNITY (CONTINUED)

5. Improving Protection Mechanisms for Minority Investors and Promptly Addressing Investor Concerns (continued)

List of the Company's major investor relations activities in 2024 (continued)

Month	Activity	Organiser
September	• 2024 Interim Results Presentation	CCCC
	• Interim Results Non-deal Roadshow	CCCC
	2024 Autumn Online Strategy Conference	Huachuang Securities
	2024 Third Quarterly Strategy Conference	TF Securities
	2024 Autumn Listed Companies Exchange Conference	Everbright Securities
	• Nanning-Pinglu Canal Reserve Roadshow	CCCC
October	• 2024 Third Quarterly Results Presentation	CCCC
November	2024 Annual China Investor Conference	Citi Securities
	2025 Investment Summit	Huatai Securities
	2024 Autumn Online Strategy Conference	Zhongtai Securities
	2025 Annual Capital Market Conference	Citic Securities
	2024 Annual Investment Strategy Conference	CICC
	2025 Capital Market Summit	CSC
	2025 Annual Online Strategy Conference	TF Securities
December	2025 Annual Online Strategy Conference	SDIC Securities
	2025 Annual Strategy Seminar	Guotai Jun'an
	2025 Closed-Door Exchange Conference for Listed Companies	GF Securities

(III) CONTINUE TO CONSOLIDATE THE BOTTOM LINE OF SECURITIES COMPLIANCE WITH SOLID INFORMATION DISCLOSURE

1. Timely and Diligent Implementation of Regulatory Requirements from Exchanges

The Company immediately mobilized relevant departments to provide feedback to all oral and written inquiries from exchange supervisors. The Company participated in over 20 exchange-led information surveys and inquiries, mainly including: accounts receivable and contract assets, major transactions and related parties of listed companies, 2023 investor relations work survey for listed companies, survey on listed companies' participation in the Belt and Road Initiative, three major projects construction survey, statistical reporting on Middle East subsidiaries, SSE main board-listed financial companies statistics, statistics on equity incentives participation by directors, supervisors and senior management, annual report clarification requests, etc.

2. Strengthening of the Talent Pool

For four consecutive years, the Company held the "Securities Compliance Training", in which six training courses were set up for the high-quality development of listed companies and the bottom line of securities compliance by means of "on-site + live broadcasting + video broadcasting". Renowned lawyers and auditors from home and abroad provided training on listed companies governance, securities compliance, value realization and other key areas, and the compliance training had more than 12,500 attendances in total.

(IV) FOCUSING ON ENHANCING SHAREHOLDER RETURNS AND BUILDING A NEW ECOSYSTEM FOR MARKET VALUE MANAGEMENT

1. Proactively Responding to the SSE's "Enhancing Quality, Efficiency, and Returns" Special Initiative

The Company formulated and released the 2024 Action Plan for Enhancing Quality, Efficiency, and Returns, which advances implementation through continued focus on core business operations to significantly modernize the industrial system; accelerated forward-looking deployment in strategic emerging industries and future industries to steadily increase the revenue and value-added contribution from strategic emerging industries; multi-pronged measures to strengthen asset quality for comprehensive quality and efficiency improvements; and firmly establishing a shareholder return mindset by actively exploring measures such as multiple cash dividends and share buybacks by controlling shareholders to enhance market value management capabilities.

2. Distributing Interim Dividends for the First Time to Enhance Dividend Predictability

The Company has firmly established a shareholder return orientation, placing strong emphasis on shareholder opinions and demands by becoming the first leading central state-owned construction enterprise to distribute interim dividends. In alignment with the latest guidelines from the SASAC and the CSRC, and in proactive response to the requirements of the new "National Nine Articles" on "enhancing dividend stability, continuity and predictability while promoting multiple dividends in one year, advance dividends and pre-Spring Festival dividends," the Company has overcome macroeconomic and industry challenges to intensively study the intrinsic relationship between cash dividends and share price performance. By evaluating the impact of cash dividend ratios and dividend yields on listed company market value management, the Company's interim dividend initiative has boosted market confidence in its share price and enhanced investor returns. This approach has gained widespread investor recognition, better serves the capital markets and shareholders, and ultimately elevates the Company's intrinsic value.

(V) CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

In 2024, CCCC has made unremitting efforts to optimize corporate governance, information disclosure, and investor relations services, earning the recognition of the capital market and a broad base of investors. In terms of information disclosure, the Company has been awarded the "A-Class Evaluation for Listed Company Information Disclosure (上市公司信息披露A類評價)" by the SSE for eleven consecutive years. In terms of investor relations, the Company has been awarded the "Golden Bauhinia – Outstanding Investor Relations Management (金紫荊–卓越投資者關係管理)" by Ta Kung Pao, and the "Golden Bull Award – Most Investment-Worthy Company (金牛獎– 最具投資價值)" and the "Golden Bull Award – Best Information Disclosure (金牛獎– 金信披獎)" by China Securities Journal. In terms of management cases, it has received accolade of the "2024 Best Practice Case of Listed Company Boards (2024 上市公司董事會最佳實踐案例)", the "2023 Annual Results Presentation Best Practice (2023年報業績説明會最佳實踐)" again and the "2024 Best Practice Award for the Board Office of Listed Companies (2024 上市公司董辦最佳實踐案例)" for three consecutive years by China Association for Public Companies. In terms of corporate governance, the Company has been awarded "Golden Bauhinia – Outstanding High-Quality Development Listed Company (金紫荊–卓越高質量發展上市公司)" by Ta Kung Pao, "Top 100 Hong Kong Stocks – Overall Strength Top 100 (港股100強–綜合實力100強)" and "Top 100 Hong Kong Stocks – Most Investment-Worthy Company (港股100強–最具投資價值)", among other awards from the capital market.

As a pioneer in capital market communication within the infrastructure sector, the Company will continue to drive value communication through innovation and earn market trust through transparency. We are committed to establishing a globally influential investor relations management paradigm and contributing central SOE expertise to the high-quality development of capital markets.

Purification project of the tailwater wetland of the Dahei River.

The project has improved a 4.5-kilometer stretch of the river from Grade V to Grade IV surface water quality standards, while simultaneously restoring 155 hectares of riparian ecosystems. The revitalized Dahei River now adds a vibrant ecological showcase to Hohhot's national pilot program for urban reclaimed water recycling.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of China Communications Construction Company Limited

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

OPINION

We have audited the consolidated financial statements of China Communications Construction Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 264, which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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") as issued by the International Auditing and Assurance Standards Board. 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 Hong Kong Institute of Certified Public Accountants ("HKICPA")'s *Code of Ethics for Professional Accountants* (the "Code") issued by the HKICPA, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from construction services The Group derives most of its revenue from construction services and accounts for such revenue by measuring progress towards the completion of the performance obligations (measuring progress). The measuring progress method involves the use of significant judgements and estimates, including estimates of total contract revenue and total contract cost. The management of the Group will continue to reappraise items such as total contract revenue, total cost according to the scope of deliveries and services required, and the remaining cost to completion. In addition, revenue and cost realised on such contracts can vary (sometimes significantly) from the Group's original estimates because of changes in conditions. The accounting policies and disclosures for the recognition of revenue from construction services are included in notes 2.5, 3, and 5 to the financial statements.	We evaluated and tested the Group's internal controls over the process to recognise revenue, including the records of expected contract costs and contract revenue, and revenue recognised based on the measurement of the progress towards satisfaction of the performance obligations. We selected material construction contracts to review key contract terms and checked the expected total contract revenue and contract costs. We examined the contract costs incurred on a sample basis by tracing them to related documents. We performed cut-off testing procedures to check if the costs had been recognised in the appropriate accounting period. We re-calculated the proportion of the actual cost incurred relative to the estimated total cost and the revenue recognised under the measuring progress method. In addition, we performed analytical procedures on the gross margins of material construction contracts of the Group. We assessed the adequacy of the disclosures of revenue recognition from construction services.
Impairment of contract assets, trade receivables and long-term receivables The impairment of contract assets, trade receivables and long-term receivables was recognised based on the allowance for expected credit loss ("ECL"). The management of the Group determines the ECLs for contract assets, trade receivables and long-term receivables based on historical information of the settlement of contract assets and the collection of trade receivables and long-term receivables, customers' creditworthiness, and forward-looking economic conditions, involving the use of significant judgements and estimates. The accounting policies and disclosures for the impairment of contract assets, trade receivables and long-term receivables are included in notes 2.5, 3 ,24 and 25 to the financial statements.	We evaluated and tested the Group's internal controls over the process of recognising the allowance for ECLs of contract assets, trade receivables and long-term receivables. We reviewed the management's analysis of historical information of the settlement of contract assets and the collection of trade receivables and long-term receivables. We tested the accuracy of the ageing of trade receivables and long-term receivables balances by tracing details of related documents on a sample basis. We evaluated the management's credit risk assessment of contract assets, trade receivables and long-term receivables. We assessed the adequacy of the disclosures of the impairment of contract assets, trade receivables and long-term receivables.
Impairment assessment of concession assets For concession assets with indications of impairment, the management of the Group performed impairment tests to revalue the recoverable amounts of such concession assets. The recoverable amounts of such assets are determined using the discounted cash flow method which requires the Group to make assumptions, including future expectations for the traffic volume, necessary maintenance and operating costs incurred for the concession assets, and discount rates. The assessment of recoverable amounts performed by the management of the Group with the assistance of management specialists involves significant judgements and estimation. The accounting policies and disclosures for the impairment assessment of concession assets are included in notes 2.5, 3 and 17 to the financial statements.	We evaluated and tested the Group's internal controls over the process of impairment assessment on concession assets. We evaluated the competence, capabilities and objectivity of management's specialists employed by the Group. We obtained an understanding of the work of management's specialists and evaluated the appropriateness of the models and assumptions used by the management specialists. We involved internal valuation specialists to assist us in evaluating the models and the inputs used, such as the discount rates. We reviewed the basis and assumptions used in the cash flow forecasts, including the forecasted traffic volume, the operational performance of these concession assets and the development plan for the relevant areas in which these concession assets operated. We also compared the prior year's forecast with the Group's actual performance in 2024. We also evaluated the reasonableness of the discount rates. We assessed the adequacy of the disclosures of impairment assessment of concession assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 consolidated 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 the Audit Committee 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 the Audit Committee 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of 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 Wong Man Kit.

Ernst & Young
Certified Public Accountants

Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Revenue	4, 5	**768,243**	755,687
Cost of sales		**(675,640)**	(661,138)
Gross profit		**92,603**	94,549
Other income	5	**6,239**	5,573
Other losses, net	5	**(1,084)**	(325)
Selling and marketing expenses		**(3,091)**	(2,548)
Administrative expenses		**(45,239)**	(47,594)
Impairment losses on financial assets and contract assets, net		**(7,041)**	(7,901)
Other expenses		**(3,080)**	(2,780)
Operating profit		**39,307**	38,974
Finance income	7	**24,241**	23,898
Finance costs, net	8	**(24,038)**	(24,311)
Share of profits and losses of:			
– Joint ventures		**(1,884)**	(1,409)
– Associates		**(463)**	400
Profit before tax	6	**37,163**	37,552
Income tax expense	11	**(6,344)**	(6,399)
Profit for the year		**30,819**	31,153
Attributable to:			
– Owners of the parent		**23,854**	24,739
– Non-controlling interests		**6,965**	6,414
		30,819	31,153
Earnings per share attributable to ordinary equity holders of the parent	13		
Basic		**RMB1.40**	RMB1.45
Diluted		**RMB1.40**	RMB1.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB million	2023 RMB million (Restated)
Profit for the year	**30,819**	31,153
Other comprehensive income/(losses)		
Other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Actuarial losses on retirement benefit obligations, net of tax	**(40)**	(2)
Share of other comprehensive income of joint ventures and associates	**(9)**	–
Changes in fair value of equity investments designated at fair value through other comprehensive income/(losses), net of tax	**5,306**	(2,734)
Net other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods	**5,257**	(2,736)
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Cash flow hedges, net of tax	**33**	(4)
Share of other comprehensive (losses)/income of joint ventures and associates	**(274)**	24
Exchange differences on translation of foreign operations	**(913)**	617
Net other comprehensive (losses)/income that may be reclassified to profit or loss in subsequent periods	**(1,154)**	637
Other comprehensive income/(losses) for the year, net of tax	**4,103**	(2,099)
Total comprehensive income for the year	**34,922**	29,054
Attributable to:		
– Owners of the parent	**27,975**	22,623
– Non-controlling interests	**6,947**	6,431
	34,922	29,054

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB million	31 December 2023 RMB million (Restated)
Non-current assets			
Property, plant and equipment	14	**80,029**	75,124
Investment properties	15	**8,242**	9,583
Right-of-use assets	16(a)	**21,697**	20,353
Intangible assets	17	**197,233**	200,563
Investments in joint ventures	18	**59,978**	59,671
Investments in associates	19	**54,394**	53,801
Financial assets at fair value through profit or loss	20	**27,434**	27,316
Derivative financial instruments	26	**377**	413
Debt investments at amortised cost		**402**	1,240
Equity investments designated at fair value through other comprehensive income	21	**27,180**	21,425
Contract assets	24	**307,506**	282,355
Trade and other receivables	25	**273,340**	236,179
Deferred tax assets	31	**11,535**	10,117
Total non-current assets		**1,069,347**	998,140
Current assets			
Inventories	23	**102,134**	88,021
Contract assets	24	**206,240**	170,257
Trade and other receivables	25	**336,611**	302,271
Financial assets at fair value through profit or loss	20	**497**	838
Debt investments at amortised cost		**920**	–
Derivative financial instruments	26	**42**	–
Restricted bank deposits and time deposits with an initial term of over three months	27	**7,507**	10,730
Cash and cash equivalents	27	**134,974**	110,253
		788,925	682,370
Assets of a disposal group classified as held for sale		**–**	3,902
Total current assets		**788,925**	686,272
Current liabilities			
Trade and other payables	28	**635,310**	564,403
Contract liabilities	29	**85,270**	73,483
Derivative financial instruments	26	**–**	5
Tax payable		**7,307**	9,662
Interest-bearing bank and other borrowings	30	**140,826**	111,912
Retirement benefit obligations	32	**95**	102
		868,808	759,567
Liabilities directly associated with the assets classified as held for sale		**–**	2,688
Total current liabilities		**868,808**	762,255
Net current liabilities		**(79,883)**	(75,983)
Total assets less current liabilities		**989,464**	922,157

Continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB million	31 December 2023 RMB million (Restated)
Total assets less current liabilities		**989,464**	922,157
Non-current liabilities			
Trade and other payables	*28*	**62,974**	53,121
Interest-bearing bank and other borrowings	*30*	**445,497**	399,714
Deferred income		**1,493**	1,633
Deferred tax liabilities	*31*	**7,549**	4,379
Retirement benefit obligations	*32*	**844**	907
Provision	*33*	**3,292**	3,203
Total non-current liabilities		**521,649**	462,957
Net assets		**467,815**	459,200
Equity			
Equity attributable to owners of the parent			
Share capital	*34*	**16,279**	16,264
Share premium		**20,109**	20,049
Treasury shares		**(597)**	(522)
Financial instruments classified as equity	*36*	**31,000**	35,000
Reserves	*37*	**246,634**	230,976
		313,425	301,767
Non-controlling interests		**154,390**	157,433
Total equity		**467,815**	459,200

Wang Tongzhou
Director

Wang Haihuai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Attributable to owners of the parent								
		Share capital RMB million	Treasury shares RMB million	Share premium RMB million	Financial instruments classified as equity [1] RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests [2] RMB million	Total equity RMB million
At 31 December 2023		16,264	(522)	20,049	35,000	49,721	181,222	301,734	157,390	459,124
Business combination under common control		-	-	-	-	39	(6)	33	43	76
At 1 January 2024 (restated)		16,264	(522)	20,049	35,000	49,760*	181,216*	301,767	157,433	459,200
Profit for the year		-	-	-	-	-	23,854	23,854	6,965	30,819
Other comprehensive income/(losses) for the year:										
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		-	-	-	-	5,307	-	5,307	(1)	5,306
Cash flow hedges, net of tax		-	-	-	-	33	-	33	-	33
Share of other comprehensive income of joint ventures and associates		-	-	-	-	(283)	-	(283)	-	(283)
Actuarial losses on retirement benefit obligations, net of tax		-	-	-	-	(35)	-	(35)	(5)	(40)
Exchange differences on translation of foreign operations		-	-	-	-	(901)	-	(901)	(12)	(913)
Total comprehensive income for the year		-	-	-	-	4,121	23,854	27,975	6,947	34,922
Final 2023 and Mid-term 2024 dividend declared		-	-	-	-	-	(7,042)	(7,042)	-	(7,042)
Interest distribution on perpetual securities [(1)(2)]		-	-	-	-	-	(1,570)	(1,570)	(2,673)	(4,243)
Share-based payment	35	-	-	-	-	240	-	240	-	240
Grant of restricted shares		16	-	67	-	-	-	83	-	83
Forfeiture of restricted shares		(1)	8	(7)	-	-	-	-	-	-
Restricted shares repurchase obligation		-	(83)	-	-	-	-	(83)	-	(83)
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	(3,065)	(3,065)
Share of other reserves of joint ventures and associates		-	-	-	-	28	-	28	-	28
Shares repurchased		-	-	-	-	-	-	-	(12,065)	(12,065)
Withdrawal of capital by non-controlling shareholders		-	-	-	-	-	-	-	(2,984)	(2,984)
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	5,286	5,286
Business combination under common control		-	-	-	-	(66)	-	(66)	35	(31)
Acquisition of subsidiaries	41(a)	-	-	-	-	-	-	-	457	457
Acquisition of assets	41(c)	-	-	-	-	-	-	-	13	13
Disposal of subsidiaries	42	-	-	-	-	-	-	-	(614)	(614)
Issue of perpetual securities		-	-	-	3,000	(1)	-	2,999	28,196	31,195
Redemption of perpetual securities		-	-	-	(5,900)	-	-	(5,900)	(26,197)	(32,097)
Transaction with non-controlling interests		-	-	-	-	(3,906)	-	(3,906)	3,530	(376)
Transfer to statutory surplus reserve	37(a)	-	-	-	-	1,420	(1,420)	-	-	-
Transfer to general reserve	37(b)	-	-	-	-	550	(550)	-	-	-
Transfer to safety production reserve	37(c)	-	-	-	-	470	(470)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		-	-	-	-	(1,064)	1,064	-	-	-
Other		-	-	-	(1,100)	-	-	(1,100)	91	(1,009)
At 31 December 2024		16,279	(597)	20,109	31,000	51,552*	195,082*	313,425	154,390	467,815

* As at 31 December 2024, these reserve accounts comprise the consolidated reserves of RMB246,634 million (2023: RMB230,976 million (restated)) in the consolidated statement of financial position.

(1) As of 31 December 2024, perpetual securities of RMB31,000 million (2023: RMB35,000 million) issued by the Company were classified as equity in the consolidated financial statements. During the year, interest distribution on these perpetual securities by the Company totalled RMB1,570 million.

(2) As of 31 December 2024, perpetual securities of RMB87,661 million (2023: RMB85,436 million) issued by subsidiaries of the Company were classified as non-controlling interests in the consolidated financial statements. During the year, interest distribution on these perpetual securities by the subsidiaries of the Company totalled RMB2,673 million.

Continued/…

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

		Attributable to owners of the parent								
	Notes	Share capital RMB million	Treasury shares RMB million	Share premium RMB million	Financial instruments classified as equity[1] RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests[2] RMB million	Total equity RMB million
At 31 December 2022		16,166	–	19,625	37,988	44,339	163,860	281,978	144,198	426,176
Business combination under common control		–	–	–	–	(62)	707	645	931	1,576
Effect of adoption of amendments to IAS 12		–	–	–	–	–	1	1	–	1
At 1 January 2023 (restated)		16,166	–	19,625	37,988	44,277	164,568	282,624	145,129	427,753
Profit for the year (restated)		–	–	–	–	–	24,739	24,739	6,414	31,153
Other comprehensive income/(losses) for the year:										
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	–	(2,729)	–	(2,729)	(5)	(2,734)
Cash flow hedges, net of tax		–	–	–	–	(4)	–	(4)	–	(4)
Share of other comprehensive income of joint ventures and associates		–	–	–	–	24	–	24	–	24
Actuarial losses on retirement benefit obligations, net of tax		–	–	–	–	(1)	–	(1)	(1)	(2)
Exchange differences on translation of foreign operations		–	–	–	–	594	–	594	23	617
Total comprehensive income for the year (restated)		–	–	–	–	(2,116)	24,739	22,623	6,431	29,054
Final 2022 dividend declared		–	–	–	–	–	(3,509)	(3,509)	–	(3,509)
Interest distribution on perpetual securities		–	–	–	–	–	(1,393)	(1,393)	(3,842)	(5,235)
Share-based payment	*35*	–	–	–	–	146	–	146	–	146
Grant of restricted shares		98	–	424	–	–	–	522	–	522
Restricted shares repurchase obligation		–	(522)	–	–	–	–	(522)	–	(522)
Dividends to non-controlling shareholders		–	–	–	–	–	–	–	(2,713)	(2,713)
Share of other reserves of joint ventures and associates		–	–	–	–	4	–	4	–	4
Shares repurchased		–	–	–	–	–	–	–	(916)	(916)
Withdrawal of capital by non-controlling shareholders		–	–	–	–	–	–	–	(2,011)	(2,011)
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	4,636	4,636
Spin-off and separate listing of three subsidiaries		–	–	–	–	4,929	–	4,929	7,373	12,302
Business combination under common control		–	–	–	–	(185)	–	(185)	(101)	(286)
Acquisition of subsidiaries		–	–	–	–	–	–	–	106	106
Disposal of subsidiaries	*42*	–	–	–	–	–	–	–	(2,027)	(2,027)
Issue of perpetual securities		–	–	–	3,000	(15)	–	2,985	30,963	33,948
Redemption of perpetual securities		–	–	–	(5,988)	–	–	(5,988)	(25,824)	(31,812)
Transaction with non-controlling interests		–	–	–	–	(464)	(5)	(469)	229	(240)
Transfer to statutory surplus reserve	*37(a)*	–	–	–	–	2,260	(2,260)	–	–	–
Transfer from general reserve	*37(b)*	–	–	–	–	95	(95)	–	–	–
Transfer to safety production reserve	*37(c)*	–	–	–	–	922	(922)	–	–	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		–	–	–	–	(93)	93	–	–	–
At 31 December 2023 (restated)		16,264	(522)	20,049	35,000	49,760*	181,216*	301,767	157,433	459,200

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	**2024** **RMB million**	2023 RMB million (Restated)
Cash flows from operating activities			
Profit before tax		**37,163**	37,552
Adjustments for:			
– Depreciation of property, plant and equipment, investment properties	6	**8,224**	8,335
– Depreciation of right-of-use assets	6	**1,767**	1,434
– Amortisation of intangible assets	6	**3,408**	3,285
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	5	**(307)**	(511)
– Gains on disposal of joint ventures and associates	5	**(273)**	(7)
– Fair value losses on financial assets at fair value through profit or loss	5	**1,084**	770
– Fair value (gains)/losses on derivative financial instruments	5	**(7)**	278
– Losses/(gains) on disposal of financial assets at fair value through profit or loss	5	**10**	(10)
– Gains on disposal of subsidiaries	5	**(2,219)**	(518)
– Dividend income from financial assets at fair value through profit or loss	5	**(337)**	(284)
– Dividend income from equity investments designated at fair value through other comprehensive income	5	**(1,073)**	(873)
– Other income from investing activities		**(168)**	(102)
– Share of losses of joint ventures and associates, net	18,19	**2,347**	1,009
– Write-down of inventories to net realisable value	6	**790**	254
– Provision for impairment of contract assets	6	**909**	1,008
– Provision for impairment of trade and other receivables	6	**6,132**	6,893
– Provision for impairment of property, plant and equipment	14	**30**	5
– Provision for impairment of associates and joint ventures	18,19	**–**	248
– Provision for impairment of goodwill	17	**–**	196
– Interest income	7	**(24,241)**	(23,898)
– Interest expenses	8	**22,002**	21,809
– Equity-settled share-based payment		**240**	146
– Net foreign exchange (gains)/losses on borrowings	8	**(85)**	437
		55,396	57,456
Increase in inventories		**(9,115)**	(8,164)
Increase in trade and other receivables		**(74,304)**	(65,999)
Increase in contract assets		**(66,214)**	(57,686)
Decrease/(increase) in restricted bank deposits		**413**	(1,540)
Increase in trade and other payables		**81,566**	75,562
Increase/(decrease) in contract liabilities		**11,464**	(3,851)
(Decrease)/increase in retirement benefit obligations		**(70)**	60
Increase in provision		**89**	38
Decrease in deferred income		**(140)**	(85)
Cash used in operations		**(915)**	(4,209)
Interest income from operating activities		**23,102**	22,669
Income tax paid		**(9,681)**	(6,399)
Net cash flows from operating activities		**12,506**	12,061

Continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Net cash flows from operating activities		**12,506**	12,061
Cash flows from investing activities			
Purchases of items of property, plant and equipment		**(13,295)**	(14,510)
Purchases of investment properties		**(1)**	(29)
Additions to right-of-use assets		**(671)**	(906)
Purchases of intangible assets		**(13,301)**	(23,505)
Proceeds from disposal of items of property, plant and equipment		**1,244**	1,102
Proceeds from disposal of right-of-use assets		**44**	436
Proceeds from disposal of investment properties		**180**	3
Proceeds from disposal of intangible assets		**90**	28
Business combination	*41(a)*	**(1,007)**	553
Asset acquisition	*41(c)*	**(841)**	–
Investments in associates		**(2,980)**	(5,454)
Investments in joint ventures		**(5,394)**	(6,821)
Disposal of subsidiaries	*42*	**5,559**	5,088
Other changes in scope of consolidation		**(7)**	–
Disposal of joint ventures and associates		**1,892**	750
Purchases of equity investments designated at fair value through other comprehensive income		**(491)**	(1,284)
Purchases of financial assets at fair value through profit or loss		**(15,983)**	(20,869)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**1,481**	420
Proceeds from disposal of financial assets at fair value through profit or loss		**13,818**	15,187
Purchases of debt instruments		**(205)**	–
Loans to joint ventures, associates and third parties		**(14,616)**	(17,894)
Repayment of loans from joint ventures, associates and third parties		**6,854**	6,540
Interest received		**372**	308
Changes in time deposits with an initial term of over three months		**2,810**	471
Cash consideration from operation of concession assets		**2,122**	1,420
Dividends received		**2,585**	2,605
Proceeds from other investment activities		**122**	492
Net cash flows used in investing activities		**(29,619)**	(55,869)
Cash flows from financing activities			
Capital contribution from non-controlling shareholders		**5,286**	3,923
Withdrawal of capital contribution by non-controlling interests		**(15,049)**	(2,927)
Dividends paid to non-controlling shareholders		**(734)**	(2,344)
Dividends paid to equity holders of the parent		**(7,042)**	(3,509)
Proceeds from issue of perpetual securities		**31,195**	33,963
Interest paid for perpetual securities		**(4,418)**	(4,922)
Redemption of perpetual securities		**(32,097)**	(31,937)
Proceeds from bank and other borrowings		**464,758**	378,956
Repayments of bank and other borrowings		**(375,628)**	(296,300)
Interest paid for bank and other borrowings		**(22,982)**	(23,054)
Transaction with non-controlling interests		**(86)**	(155)
Stock repurchase		**(8)**	–
Cash paid for business combination under common control		**(31)**	(88)
Increase in an amount due to the ultimate holding company		**83**	522
Principal portion of lease payments		**(1,607)**	(1,796)
Net cash flows from financing activities		**41,640**	50,332
Net increase in cash and cash equivalents		**24,527**	6,524
Cash and cash equivalents at beginning of year	*27*	**110,407**	103,710
Effect of foreign exchange rate changes, net		**40**	173
Subtotal		**134,974**	110,407
Less: held for sale-cash and cash equivalents		**–**	154
Cash and cash equivalents at end of year	*27*	**134,974**	110,253

1. CORPORATE AND GROUP INFORMATION

China Communications Construction Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 8 October 2006 as a joint stock company with limited liability under the Company Law of the PRC as part of the group reorganisation of China Communications Construction Group (Limited) ("CCCG"), the parent company and a state-owned enterprise established in the PRC. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 15 December 2006 and the A shares of the Company were listed on the Shanghai Stock Exchange on 9 March 2012. The address of the Company's registered office is 85 De Sheng Men Wai Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in infrastructure construction, infrastructure design and dredging businesses.

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCG, which was established in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Unlisted						
China Harbour Engineering Co., Ltd. ("CHEC")	PRC and other regions	Limited liability company	RMB6,000	50.10%	49.90%	Infrastructure construction
China Road and Bridge Corporation ("CRBC")	PRC and other regions	Limited liability company	RMB6,000	99.64%	0.36%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB7,295	86.92%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB5,329	77.01%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	92.87%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	93.11%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd.	PRC	Limited liability company	RMB7,548	81.26%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,942	76.53%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,974	74.78%	–	Infrastructure construction
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,156	70.00%	–	Infrastructure construction
CCCC Construction Group Co., Ltd.	PRC	Limited liability company	RMB2,177	80.15%	–	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100.00%	–	Infrastructure design
CCCC Highway Engineering Consultants Corporation	PRC	Limited liability company	RMB750	100.00%	–	Infrastructure design

Continued/…

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100.00%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100.00%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100.00%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100.00%	–	Infrastructure design
CCCC Dredging (Group) Co., Ltd. ("CCCC Dredging")	PRC	Limited liability company	RMB11,775	99.90%	0.10%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100.00%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100.00%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd. ("Chuwa Bussan")	Japan	Limited liability company	JPY100	99.94%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55.00%	–	Maintenance and design of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60.00%	40.00%	Infrastructure construction
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100.00%	–	Trading of construction materials and equipment
CCCC Finance	PRC	Limited liability company	RMB7,000	95.00%	–	Financial services
CCCC International Holding Limited ("CCCI")	Hong Kong	Limited liability company	HK$2,372	50.98%	49.02%	Investment holding
CCCC Capital Holdings Limited ("CCCC Capital")	PRC	Limited liability company	RMB10,000	100.00%	–	Fund management and financial leasing
CCCC Urban Investment Holding Co., Ltd.	PRC	Limited liability company	RMB10,000	91.94%	–	Investment holding

Continued/…

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd	PRC	Limited liability company	RMB1,277	88.26%	11.74%	Machinery and equipment manufacturing
CCCC Changjiang Construction and Development Group Co., Ltd.	PRC	Limited liability company	RMB2,667	41.24%	33.74%	Infrastructure design
CCCC South China Construction and Development Co., Ltd.	PRC	Limited liability company	RMB623	100.00%	–	Infrastructure construction
CCCC Design Consulting Group Co., Ltd.	PRC	Limited liability company	RMB2,295	49.13%	–	Infrastructure design
Gansu Qilianshan Cement Group Co., Ltd.	PRC	Limited liability company	RMB1,200	85.00%	–	Cement sales
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd	PRC	Limited liability company	RMB4,850	45.00%	6.00%	Infrastructure construction
Forsea Holdings PTE. Ltd.	Singapore	Limited liability company	SGD0.30	100%	–	Infrastructure construction

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative financial instruments) which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.5. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern

The Group had net current liabilities of RMB79,883 million as at 31 December 2024. Having considered the Group's cash flow projections for the year ending 31 December 2025, including the Group's cash position, cash flows from operating, investing and financing activities, and the unutilised bank facilities as at the date of this report, the directors of the Company are satisfied that the Group is able to meet its financial obligations in full as they fall due for the coming 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's 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 (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Deferred Tax related to Assets and Liabilities arising from a Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have a significant impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have a significant impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have significant supplier finance arrangements, the amendments did not have a significant impact on the consolidated financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Prior period restatement

During the year, the Group obtained control over China Communications Construction (Xiamen) E-commerce Co., Ltd. through a capital increase. In the same year, the Group acquired China Zhibao Investment Co., Ltd. from China Real Estate Development Group Co., Ltd. Since the subsidiaries and the Group are both under common control of CCCG before and after the acquisition, the acquisitions constitute a business combination under common control, which is mentioned in note 41(b) to the financial statements.

Business combinations arising from transfers of interests in entities that are under the control of the ultimate shareholder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the earliest date presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Restated consolidated statement of comprehensive income for the year ended 31 December 2023:

	Before restatement *RMB million*	**Effect of business combinations under common control** *RMB million*	**After restatement** *RMB million*
Profit for the year	31,141	12	31,153
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	637	–	637
Net other comprehensive losses that will not be reclassified to profit or loss in subsequent periods	(2,736)	–	(2,736)
Total comprehensive income for the year	29,042	12	29,054
Attributable to:			
Owners of the parent	22,618	5	22,623
Non-controlling interests	6,424	7	6,431

Restated consolidated statement of financial position as at 31 December 2023:

	Before restatement *RMB million*	**Effect of business combinations under common control** *RMB million*	**After restatement** *RMB million*
Total non-current assets	998,122	18	998,140
Total current assets	686,140	132	686,272
Total current liabilities	762,181	74	762,255
Total non-current liabilities	462,957	–	462,957
Equity attributable to owners of the parent	301,734	33	301,767
Non-controlling interests	157,390	43	157,433
Total equity	459,124	76	459,200

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, which have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below:

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Issued but not yet effective IFRS Accounting Standards (continued)

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application, Earlier application is permitted, the amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Interests in joint operations

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

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, except for those acquisitions which are considered as a business combination under common control in a manner similar to pooling-of-interest.

Merger accounting for common control combinations

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

The net assets of the combining entities or businesses are combined using the existing book values from the ultimate controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the ultimate controlling party's interest.

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

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

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders and costs incurred in combining operations of the previously separate businesses and incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the year in which they are incurred.

Acquisition method of accounting for non-common control combinations

The Group applies the acquisition method to account for non-common control business combinations. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Business combinations and goodwill (continued)

Acquisition method of accounting for non-common control combinations (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments, equity investments and certain other financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

– Buildings	20 to 40 years
– Machinery	5 to 20 years
– Vessels	10 to 25 years
– Vehicles	5 years
– Other equipment	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment, investment properties and intangible assets when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of the asset over its estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Concession assets

The Group is engaged in certain service concession arrangements in which the Group carries out construction work (e.g., toll highways, bridges and ports) in exchange for a right for the Group to operate the asset concerned in accordance with pre-established conditions set by the granting authority. In accordance with IFRIC Interpretation 12 *Service Concession Arrangements* (IFRIC 12), the assets under the concession arrangements may be classified as intangible assets or financial assets. The assets are classified as intangibles if the operator receives a right (a licence) to charge users of the public service or as financial assets if the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group classifies the non-current assets linked to the long-term investment in these concession arrangements as "concession assets" within intangible assets on the statement of financial position if the intangible asset model is adopted. Such concession assets represent the consideration received for its construction service rendered. Once the underlying infrastructure of the concession arrangements is completed, the concession assets are amortised over the term of the concession using the traffic flow method or straight-line method under the intangible asset model.

Trademarks, patents, proprietary technologies and copyrights

Separately acquired trademarks, patents, proprietary technologies and copyrights are shown at historical cost. Trademarks, patents, proprietary technologies and copyrights acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, patents, proprietary technologies and copyrights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

Computer software

Computer software is measured on initial recognition cost and amortised over the estimated useful life of 1 to 10 years.

Research and development costs

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 years to indefinite
Buildings	1 to 10 years
Vessels	1 to 25 years
Vehicles	2 to 3 years
Machinery	1 to 5 years
Other equipment	1 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets to leases of value below RMB50,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

Sale and leaseback transactions with variable lease payments that do not depend on an index or a rate where the Group acts as a seller-lessee. For sale and leaseback transactions with variable lease payments that do not depend on an index or a rate, lease liabilities are recognised at the commencement date of the leasebacks at the present value of expected lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the expected lease payments. Any differences between the payments made for the lease and the lease payments that reduce the carrying amount of lease liabilities are recognised in profit or loss.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, total return swaps, forward equity contracts and foreign exchange option. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Financial instruments classified as equity

Financial instruments issued by the Group are classified as equity instruments when all the following conditions have been met:

- The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances;
- The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Financial instruments classified as equity instruments are recognised initially at fair value, net of transaction costs incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories comprise raw materials, work in progress, properties under development, completed properties held for sale and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour, other direct costs and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Development cost of properties comprises cost of land use rights, construction costs and borrowing costs eligible for capitalisation incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion. Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Cash and cash equivalents

Cash and cash equivalents Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the provision of construction services during the warranty period. Provision for these assurance-type warranties granted by the Group is initially recognised based on the best estimates of the Group, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Construction services*

Revenue from the provision of infrastructure construction services is recognised over time, using an input method to measure progress toward satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the most likely amount or the expected value method to estimate the amounts of claims, whichever more appropriate, to best predict the amount of variable consideration to which the Group will be entitled.

(b) *Provision of design and other services*

Revenue from the provision of infrastructure design and other services is recognised over time, using an input method to measure progress toward satisfaction of the service, because the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

(c) *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(d) *Significant financing component*

For contracts that include a significant financing component, the Group adjusts the promised amount of consideration for the effects of a significant financing component and recognise revenue as the "cash selling price" of the underlying goods or services at the time of transfer. The "cash selling price" is generated by discounting the promised amount of consideration using the effective interest rate. The Group selects to use the practical expedient that it will not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

(e) *Warranties*

As required by law or agreed in the contract terms, the Group provides assurance-type warranties that promise the customers that the assets created in the construction services are as specified in the construction contracts. The Group recognises such assurance-type warranties as provisions. For the warranties that include services to customers in addition to assurance that the assets created are as specified in the contracts, the Group identifies such service-type warranties as separate performance obligations and allocates the transaction prices between the construction services and service-type warranties using the proportion of their stand-alone selling prices. The Group recognises the revenue of service-type warranties when customers obtain control of the services. In assessing whether a warranty includes a service to the customer in addition to the assurance that the asset created in the construction services complies with the agreed specifications, the Group considers factors including whether the warranty is required by law, the length of the warranty coverage period, and the nature of the tasks that the entity promises to perform.

(f) *Principal versus agent*

The Group determines whether it is a principal or an agent in the transactions by evaluating whether it controls each specified good or service before that good or service is transferred to the customer. The Group is a principal and recognises revenue in the gross amount of consideration received or receivable if it controls the specified good or service before that good or service is transferred to a customer. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by certain agreed amounts or proportions.

(g) *Contract modifications*

When the construction contract between the Group and the customers is modified:

(i) if the creation of new construction service and contract price are separately identified, and the new contract price reflects the separate selling price of the new construction service, the Group will treat the contract modification as a separate contract for accounting;

(ii) if the contract modification does not belong to the above situation (i), and there is a clear distinction between transferred construction services and non-transferred construction services at the date of contract modification, the Group will regard it as the termination of the original contract. Meanwhile, the unperformed part of the original contract and the part of contract modification will be merged into a new contract for accounting;

(iii) if the contract does not belong to the above situation (i), and there is no clear distinction between transferred construction services and non-transferred construction services at the date of contract modification, the Group will treat the part of modification as the component of original contract for accounting. The effect that the contract modification has on the transaction price is recognised as an adjustment to revenue at the date of the contract modification.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Offsetting of contract assets and contract liabilities

Contract assets and contract liabilities are offset and the net amount is reported in the statement of financial position if they belong to the same contract.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset related. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by the quoted price on the grant date in the active market, further details of which are given in note 35 to the financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding scheme is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) **Pension obligations**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension obligations.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Other employee benefits (continued)

(a) Pension obligations (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the full-time employees of the Group in the PRC excluding Hong Kong and Macau ("Mainland China") are covered by government-sponsored or privately administered pension plans under which the employees are entitled to a monthly pension based on certain formula. The Group pays contributions to these pension plans monthly, on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been made. The contributions are recognised as employee benefit expense as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or jurisdictions outside Mainland China. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries of fixed sums and length of service.

(b) Other post-employment obligations

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Housing funds

All full-time employees of the Group in Mainland China are entitled to participate in various government sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(e) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Material accounting policies (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Measurement of progress toward complete satisfaction of construction services

The Group uses input method to measure the progress toward satisfaction of the performance obligations, and specifically, the proportion of actual construction costs incurred relative to the estimated total costs. Actual construction costs incurred include direct and indirect costs in the process of transferring goods from the Group to customers. The Group believes that contract price is based on construction costs. Therefore, the proportion of actual construction costs incurred relative to the total expected costs can reflect the progress toward satisfaction of construction service. Since the duration of construction is relatively long that it may cover more than one accounting period, the Group will review and revise the budget as the contract carries forward, and adjust revenue accordingly.

Business model

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. In judging the business model, the Group considers the way of internal evaluating and reporting to key management personnel the performance of financial assets, the risks affecting the performance of financial assets and the way those risks are managed, as well as the way in which relevant business management personnel are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group needs to consider the frequency, value and timing of sales before the maturity dates if any.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Contractual cash flow characteristics

The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of financial assets. It is necessary to judge whether the contractual terms only give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, whether there are significant differences compared with the benchmark cash flow when evaluating the correction of the time value of money, and whether the fair value of the prepayment feature is insignificant for financial assets that include prepayment feature, etc.

Determination of control over structured entities

The Group invested in several structured entities which were mainly engaged in infrastructure investment activities. Based on the assessment following the basis of consolidation and accounting policies set out in notes 2.1 and 2.5 respectively, the Group has consolidated certain structured entities that it has control. For the investments that the Group has joint control on, they are accounted for as joint ventures in accordance with IAS 28 *Investments in Associates and Joint Ventures*. Equities held indirectly through venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds are accounted for as financial assets at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. Judgement is involved when performing the assessment. Should those joint ventures and financial assets through profit or loss be consolidated, net assets, revenue and profit of the Group could be affected.

Management applies its judgement to determine whether the control indicators set out in note 2.1 indicate that the Group controls a structured entity.

The Group acts as manager to a number of structured entities and also carries interests in these entities. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interest and expected management fees) and the decision-making authority of the entity.

Further disclosure in respect of unconsolidated structured entities in which the Group has an interest has been set out in note 22.

Financial instruments classified as equity

Certain financial instruments of the Group, such as preference shares, are classified as equity, as the following conditions have been met:

(i) The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances; and

(ii) For the financial instruments that will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Further details are disclosed in notes 36.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Determining whether an arrangement contains a lease

The Group entered into general equipment lease arrangements in some construction projects. According to these lease arrangements, there is no identified asset, or the supplier has substantive substitution rights for the general equipment. Thus, these general equipment lease arrangements do not contain a lease, and the Group take them as service acceptance.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for lease assets due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB26,198 million (2023: RMB27,710 million) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB5,449 million. Further details on deferred taxes are disclosed in note 31 to the financial statements.

Estimation uncertainty

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

Impairment assessment on concession assets

The Group operates certain concession assets, and their impairment is reviewed whenever events or changes in circumstances indicate that the carrying amounts of the concession assets may not be recoverable in accordance with the accounting policy stated in note 2.5.

The recoverable amounts of the concession assets have been determined based on a value-in-use method. The value-in-use calculations require the use of estimates on discount rates and projections of cash flows from the traffic volume and other income, deducting the necessary maintenance and operating costs incurred for the concession assets.

Based on management's best estimates, as at 31 December 2024, the Group recognized an accumulated impairment of RMB299 million (2023: RMB299 million) to profit or loss for concession assets. Further details are disclosed in note 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Fair value of financial instruments

The fair values of listed financial instruments are based on quoted market prices, while the fair values of unlisted financial instruments have been estimated by the most appropriate valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 47 to the financial statements.

Impairment of goodwill

The Group tests the goodwill for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

Based on management's best estimates, as at 31 December 2024, the Group recognised an accumulated impairment of RMB296 million (2023: RMB296 million) to profit or loss for goodwill. Details of the impairment test for goodwill are disclosed in note 17.

Provision for ECLs on contract assets, trade receivables and long-term receivables

The Group uses a provision matrix to calculate ECLs of the Group's contract assets, trade receivables and long-term receivables. The provision rates are based on the ageing or the days past due for groupings of various customer segments that have similar loss patterns (i.e., by product or service type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's contract assets, trade receivables and long-term receivables is disclosed in note 24 and note 25 to the financial statements.

Infrastructure construction and design services

The recognition of revenue and cost of infrastructure construction and design services requires the management of the Group to make judgements and estimations. For onerous contracts, the present obligation under the contract must be recognised in the current period and measured as provisions, based on the estimated budgets and losses of the construction services. Because of the nature of the activity undertaken in construction, design and dredging businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in each contract budget as the contract progresses.

The Group also monitors the payment progress from customers against the contract terms, and periodically evaluates the creditworthiness of the customers. If circumstances arise that a customer would default on all or part of its payments or otherwise fail to fulfil its performance obligations under the contract terms, the Group will reassess the outcome of the relevant contract and may revise the relevant estimates. The revision will be reflected in the consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Significant judgement 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 tax provisions in the period in which such determination is made.

Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currencies in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. The key assumptions for pension obligations and sensitivity analysis of the discount rate are disclosed in note 32.

Depreciation of property, plant and equipment

Depreciation on the Group's property, plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. The accounting estimate of the useful lives of property, plant and equipment is based on historical experience, taking into account anticipated technological changes. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that actual outcomes in the next financial period are different from estimates made based on historical experience, and it could cause a material adjustment to the depreciation and carrying amount of the Group's property, plant and equipment. Further details are disclosed in note 14.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources to the operating segments and assess their performance.

The President Office considers the business from the service and product perspectives. Management assesses the performance of the following four operating segments:

(a) infrastructure construction of ports, roads, bridges and railways, municipal and environmental engineering and others (the "Construction")

(b) infrastructure design of ports, roads, bridges, railways and others (the "Design")

(c) dredging (the "Dredging")

(d) others

The President Office assesses the performance of the operating segments based on operating profit excluding unallocated income or costs. Other information provided to the President Office is measured in a manner consistent with that in the consolidated financial statements.

Sales between operating segments are carried out on terms with reference to the selling prices used for sales made to third parties. The revenue from external parties reported to the President Office is measured in a manner consistent with that in the consolidated statement of profit or loss.

Operating expenses of a functional unit are allocated to the relevant operating segment which is the predominant user of the services provided by the unit. Operating expenses of shared services which cannot be allocated to a specific operating segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, inventories, receivables, contract assets, equity investments designated at fair value through other comprehensive income, debt investments at amortised cost, financial assets at fair value through profit or loss, derivative financial instruments, and cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, the assets of the headquarters of the Company and the assets of CCCC Finance, a subsidiary of the Company.

Segment liabilities comprise primarily payables, derivative financial instruments, and contract liabilities. They exclude deferred tax liabilities, tax payable, borrowings, the liabilities of the headquarters of the Company and the liabilities of CCCC Finance.

Capital expenditure comprises mainly additions to property, plant and equipment (note 14), investment properties (note 15), right-of-use assets (note 16(a)) and intangible assets (note 17).

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2024 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2024					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Total gross segment revenue	682,603	36,287	59,461	26,064	(36,172)	768,243
Intersegment sales	(9,411)	(4,321)	(4,064)	(18,376)	36,172	–
Revenue *(note 5)*	673,192	31,966	55,397	7,688	–	768,243
Segment results	32,942	3,583	3,105	1,022	46	40,698
Unallocated loss						(1,391)
Operating profit						39,307
Finance income						24,241
Finance costs, net						(24,038)
Share of profits and losses of joint ventures and associates						(2,347)
Profit before tax						37,163
Income tax expense						(6,344)
Profit for the year						30,819
Other segment information						
Depreciation	6,990	452	1,097	1,452	–	9,991
Amortisation	3,317	42	13	36	–	3,408
Write-down of inventories	786	–	–	4	–	790
Impairment of property, plant and equipment	2	–	28	–	–	30
Impairment losses on contract assets	813	40	54	2	–	909
Impairment losses on financial assets	4,617	704	461	350	–	6,132
Capital expenditure	25,639	1,078	2,569	1,465	–	30,751

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2023 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2023					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Total gross segment revenue	667,802	47,302	53,506	19,369	(32,292)	755,687
Intersegment sales	(9,884)	(6,673)	(353)	(15,382)	32,292	–
Revenue *(note 5)*	657,918	40,629	53,153	3,987	–	755,687
Segment results	34,061	3,660	2,505	228	18	40,472
Unallocated loss						(1,498)
Operating profit						38,974
Finance income						23,898
Finance costs, net						(24,311)
Share of profits and losses of joint ventures and associates						(1,009)
Profit before tax						37,552
Income tax expense						(6,399)
Profit for the year						31,153
Other segment information						
Depreciation	7,256	457	1,295	761	–	9,769
Amortisation	3,130	117	27	11	–	3,285
Write-down of inventories	209	–	–	45	–	254
Impairment of property, plant and equipment	5	–	–	–	–	5
Impairment of intangible assets	–	–	–	196	–	196
Impairment of investments in joint ventures	248	–	–	–	–	248
Impairment losses on contract assets	944	23	40	1	–	1,008
Impairment losses on financial assets	4,835	1,063	763	232	–	6,893
Capital expenditure	37,741	1,319	2,737	1,101	–	42,898

The amounts provided to the President Office with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2024 are as follows:

	As at 31 December 2024					
	Construction *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Others** *RMB million*	**Eliminations** *RMB million*	**Total** *RMB million*
Segment assets	**1,387,493**	**70,407**	**145,244**	**129,782**	**(122,485)**	**1,610,441**
Investments in joint ventures						**59,978**
Investments in associates						**54,394**
Other unallocated assets						**133,459**
Total assets						**1,858,272**
Segment liabilities	**602,660**	**35,907**	**76,147**	**17,535**	**(64,889)**	**667,360**
Unallocated liabilities						**723,097**
Total liabilities						**1,390,457**

The segment assets and liabilities as at 31 December 2023 are as follows:

	As at 31 December 2023					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Segment assets	1,282,412	74,277	130,097	117,065	(81,021)	1,522,830
Investments in joint ventures						59,671
Investments in associates						53,801
Other unallocated assets						48,110
Total assets						1,684,412
Segment liabilities	566,716	41,151	65,426	15,283	(48,732)	639,844
Unallocated liabilities						585,368
Total liabilities						1,225,212

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2024 *RMB million*	2023 *RMB million*
Mainland China	**633,463**	639,751
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and Southeast Asia)	**134,780**	115,936
Total Revenue	**768,243**	755,687

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 *RMB million*	2023 *RMB million*
Mainland China	**270,288**	269,116
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and Southeast Asia)	**50,154**	49,002
Total non-current assets	**320,442**	318,118

The non-current asset information above is based on the locations of the assets and excludes financial assets, investments in joint ventures and associates, deferred tax assets and contract assets.

Information about a major customer

No revenue derived from services or sales to a single customer amounted to 10% or more of the Group's revenue during 2024 and 2023.

5. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Construction RMB million	Design RMB million	Dredging RMB million	Others RMB million	Total RMB million
Type of goods or services					
Infrastructure construction services	643,650	14,701	10,165	429	668,945
Infrastructure design services	2,101	16,648	633	–	19,382
Dredging and filling services	–	–	40,858	–	40,858
Others	27,441	617	3,741	7,259	39,058
Total	673,192	31,966	55,397	7,688	768,243
Geographical markets					
Mainland China	548,509	30,667	46,922	7,365	633,463
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and Southeast Asia)	124,683	1,299	8,475	323	134,780
Total	673,192	31,966	55,397	7,688	768,243
Timing of revenue recognition					
Services transferred over time	645,750	31,650	52,206	429	730,035
Services transferred at a point in time	6,757	–	–	–	6,757
Merchandise transferred at a point in time	20,685	316	3,191	7,259	31,451
Total	673,192	31,966	55,397	7,688	768,243

5. REVENUE, OTHER INCOME AND OTHER LOSSES, NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Type of goods or services					
Infrastructure construction services	632,137	21,277	7,273	297	660,984
Infrastructure design services	1,403	18,548	617	–	20,568
Dredging and filling services	–	–	41,580	–	41,580
Others	24,378	804	3,683	3,690	32,555
Total	657,918	40,629	53,153	3,987	755,687
Geographical markets					
Mainland China	550,081	38,761	47,034	3,875	639,751
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and Southeast Asia)	107,837	1,868	6,119	112	115,936
Total	657,918	40,629	53,153	3,987	755,687
Timing of revenue recognition					
Services transferred over time	633,532	40,580	49,473	297	723,882
Services transferred at a point in time	8,171	–	–	–	8,171
Merchandise transferred at a point in time	16,215	49	3,680	3,690	23,634
Total	657,918	40,629	53,153	3,987	755,687

5. REVENUE, OTHER INCOME AND OTHER LOSSES, NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2024

Segments	**Construction** *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
Revenue from contracts with customers					
External customers	**673,192**	**31,966**	**55,397**	**7,688**	**768,243**
Intersegment sales	**9,411**	**4,321**	**4,064**	**18,376**	**36,172**
Intersegment adjustments and eliminations	**(9,411)**	**(4,321)**	**(4,064)**	**(18,376)**	**(36,172)**
Total	**673,192**	**31,966**	**55,397**	**7,688**	**768,243**

For the year ended 31 December 2023

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers					
External customers	657,918	40,629	53,153	3,987	755,687
Intersegment sales	9,884	6,673	353	15,382	32,292
Intersegment adjustments and eliminations	(9,884)	(6,673)	(353)	(15,382)	(32,292)
Total	657,918	40,629	53,153	3,987	755,687

5. REVENUE, OTHER INCOME AND OTHER LOSSES, NET (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	2024 *RMB Million*	2023 *RMB million*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction	**24,049**	23,666
Design	**1,977**	1,841
Dredging	**1,558**	999
Others	**434**	868
Total	**28,018**	27,374

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction, design and dredging services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over the period stipulated in the contracts.

Others

Others mainly include sale of goods. The performance obligation is satisfied upon delivery of the goods and payments are generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The remaining performance obligations of those uncompleted contracts expected to be recognised relate to construction, design, dredging services and others that are to be satisfied within 1 to 5 years.

5. REVENUE, OTHER INCOME AND OTHER LOSSES, NET (CONTINUED)

Other income

	2024 RMB million	2023 RMB million
Rental income	1,272	963
Revenue from consulting services	696	659
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	1,041	850
– Unlisted equity instruments	32	23
Government grants	538	618
Dividend income from financial assets at fair value through profit or loss	337	284
Income from sale of scraps	646	513
Interest income on debt investments at amortised cost	196	169
Others	1,481	1,494
Total other income	6,239	5,573

Other losses , net

	2024 RMB million	2023 RMB million
Gains on disposal of items of property, plant and equipment	179	61
Gains on disposal of items of intangible assets and other long-term assets	128	450
Gains on disposal of subsidiaries *(note 42(ii))*	2,219	518
Gains on disposal of joint ventures and associates	273	7
Fair value (losses)/gains, net:		
– Financial assets at fair value through profit or loss	(1,084)	(770)
– Derivative financial instruments – transactions not qualifying as hedges	7	(278)
Foreign exchange difference, net	510	1,550
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(10)	10
Losses on derecognition of financial assets at amortised cost	(3,221)	(1,873)
Losses from business combinations achieved in stages	(79)	–
Losses on disposal of investment properties	(6)	–
Total other losses, net	(1,084)	(325)

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2024 RMB million	2023 RMB million
Raw materials and consumables used*		**223,914**	230,060
Cost of goods sold		**15,646**	11,528
Subcontracting costs		**311,462**	303,466
Employee benefit expenses*:			
– Salaries, wages and bonuses		**36,950**	37,938
– Pension costs – defined contribution plans		**6,478**	5,957
– defined benefit plans		**32**	29
– Housing benefits		**3,285**	3,154
– Welfare, medical and other expenses		**17,398**	17,449
Total		**64,143**	64,527
Equipment and plant usage costs		**17,692**	16,705
Lease payments not included in the measurement of lease liabilities	*16(c)*	**2,535**	1,799
Business tax and other taxes		**2,119**	1,912
Fuel		**3,564**	3,866
Utilities		**2,250**	2,153
Maintenance costs		**2,408**	2,481
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)		**25,998**	27,318
Depreciation of property, plant and equipment*	*14*	**7,898**	7,871
Depreciation of investment properties*	*15*	**326**	464
Depreciation of right-of-use assets*	*16(a)*	**1,767**	1,434
Amortisation of intangible assets*	*17*	**3,408**	3,285
Auditors' remuneration		**28**	28
Write-down of inventories to net realisable value		**790**	254
Impairment losses on financial assets, net	*25*	**6,132**	6,893
Impairment losses on contract assets, net	*24*	**909**	1,008

* The raw materials and consumables used, the employee benefit expenses, and the depreciation and amortisation for the year charged for research and development activities are also included in the item of "Research and development costs".

7. FINANCE INCOME

	2024 RMB million	2023 RMB million
Interest income from:		
– Bank deposits	**922**	1,257
– Deposits in The People's Bank of China and interbank placement	**457**	318
– Contract assets and receivables from Public-Private-Partnership("PPP") contracts and primary land development contracts	**15,388**	14,842
– Loan receivables	**5,353**	5,166
– Others	**2,121**	2,315
Total	**24,241**	23,898

8. FINANCE COSTS, NET

An analysis of finance costs is as follows:

	2024 ***RMB million***	2023 *RMB million*
Interests on:		
– Bank borrowings	**20,779**	21,254
– Other borrowings	**152**	215
– Corporate bonds	**873**	812
– Debentures	**679**	670
– Non-public debt instruments	**606**	467
– Lease liabilities	**200**	232
Subtotal	**23,289**	23,650
Less: Interest capitalised	**1,287**	1,841
Net interest expense	**22,002**	21,809
Foreign exchange difference on borrowings, net	**(85)**	437
Others	**2,121**	2,065
Total	**24,038**	24,311

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 2.91% (2023: 3.74%) per annum was used, representing the comprehensive cost rate of the borrowings used to finance the qualifying assets.

Interest capitalised during the year was as follows:

	2024 ***RMB million***	2023 *RMB million*
Inventories	**718**	691
Concession assets	**395**	994
Construction in progress	**174**	156
	1,287	1,841

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Fees	**465**	257
Other emoluments:		
Salaries, allowances and benefits in kind	**2,493**	2,066
Performance related bonuses	**3,163**	3,021
Pension scheme contributions	**396**	399
Subtotal	**6,052**	5,486
Total fees and other emoluments	**6,517**	5,743

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Mr. Liu Hui	**80**	55
Mr. Chan Wing Tak Kevin	**225**	92
Mr. Zhou Xiaowen	**80**	55
Mr. Wu Guangqi	**80**	55
Total	**465**	257

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and supervisors

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
2024				
Executive directors				
Mr. Wang Tongzhou	317	664	66	1,047
Mr. Wang Haihuai *(Chief executive)*	317	664	66	1,047
Mr. Liu Xiang	291	591	66	948
Subtotal	925	1,919	198	3,042
Non-executive director				
Mr. Mi Shuhua *(i)*	–	–	–	–
Subtotal	–	–	–	–
Supervisors				
Mr. Wang Yongbin	389	522	66	977
Mr. Lu Yaojun	580	395	66	1,041
Mr. Yao Yanmin *(ii)*	–	–	–	–
Mr.Yang Xiangyang *(iii)*	599	327	66	992
Subtotal	1,568	1,244	198	3,010
Total	2,493	3,163	396	6,052

(i) Mr. Mi Shuhua retired as the independent non-executive directors on 15 January 2024.

(ii) Mr. Yao Yanmin retired as the supervisor on 11 January 2024.

(iii) Mr. Yang Xiangyang elected as the supervisor on 11 January 2024.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and supervisors (continued)

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
2023				
Executive directors				
Mr. Wang Tongzhou	273	639	63	975
Mr. Wang Haihuai *(Chief executive)*	273	639	63	975
Mr. Liu Xiang	251	466	63	780
Mr. Sun Ziyu *(i)*	94	133	21	248
Subtotal	891	1,877	210	2,978
Non-executive director				
Mr. Mi Shuhua	–	–	–	–
Subtotal	–	–	–	–
Supervisors				
Mr. Wang Yongbin	353	255	63	671
Mr. Yao Yanmin	293	418	63	774
Mr. Lu Yaojun	529	471	63	1,063
Subtotal	1,175	1,144	189	2,508
Total	2,066	3,021	399	5,486

(i) Mr. Sun Ziyu retired as the executive director on 27 April 2023.

10. FIVE HIGHEST PAID EMPLOYEES

None of the directors and supervisors as mentioned in note 9 above was included in the five highest paid individuals. The emoluments of the five individuals whose emoluments were the highest in the Group during the year are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries, allowances and benefits in kind	**2,175**	1,975
Performance related bonuses	**8,006**	8,651
Pension scheme contributions	**935**	842
Total	**11,116**	11,468

The remuneration of the above five highest paid employees fell within the following bands.

	Number of employees	
	2024	2023
HK$2,000,000 to HK$2,500,000 (equivalent to approximately RMB1,852,080 to RMB2,315,100)	**3**	3
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,315,100 to RMB2,778,120)	**2**	2
Total	**5**	5

11. INCOME TAX

Most of the companies comprising the Group are subject to the PRC enterprise income tax, which was provided based on the statutory income tax rate of 25% (2023: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company which were taxed at a preferential rate of 15% (2023: 15%).

Taxation for other companies of the Group has been calculated based on the estimated assessable profit for the years ended 31 December 2024 and 31 December 2023 at the appropriate rates of taxation prevailing in the jurisdictions in which these companies operate.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 ***RMB million***	2023 *RMB million* (Restated)
Current		
– PRC enterprise income tax	**6,225**	6,710
– Elsewhere	**1,100**	1,071
Total Current	**7,325**	7,781
Deferred *(note 31)*	**(981)**	(1,382)
Total tax charge for the year	**6,344**	6,399

11. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024		2023	
	RMB million	**%**	*RMB million* (Restated)	%
Profit before tax	**37,163**		37,552	
Tax at PRC statutory tax rate of 25%	**9,291**	**25.0**	9,388	25.0
Land appreciation tax in the PRC	**233**	**0.6**	193	0.5
Profits and losses attributable to joint ventures and associates	**587**	**1.6**	251	0.7
Income not subject to tax	**(371)**	**(1.0)**	(589)	(1.6)
Additional tax concession on research and development costs	**(1,401)**	**(3.8)**	(1,681)	(4.5)
Expenses not deductible for tax	**156**	**0.4**	255	0.7
Temporary differences utilised from previous periods	**(13)**	**–**	(197)	(0.5)
Temporary differences not recognised	**159**	**0.4**	189	0.5
Tax losses utilised from previous periods	**(276)**	**(0.7)**	(109)	(0.3)
Tax losses not recognised	**868**	**2.3**	848	2.3
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(2,376)**	**(6.4)**	(1,966)	(5.2)
Adjustments in respect of current income tax of previous years	**(150)**	**(0.4)**	65	0.2
Others	**(363)**	**(1.0)**	(248)	(0.7)
Tax charge at the Group's effective rate	**6,344**	**17.1**	6,399	17.0

The share of tax attributable to joint ventures and associates amounting to approximately RMB526 million (2023: RMB433 million) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

The Company is within the scope of global minimum tax ("GMT") under the OECD Pillar Two model rules ("Pillar Two"). Subject to the enactment of Pillar Two tax legislation being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per jurisdiction. The Company has assessed the impact of Pillar Two and concluded that the impact is not significant.

12. DIVIDENDS

	2024 ***RMB million***	2023 *RMB million*
Proposed annual dividend of RMB0.30166 per ordinary share (2023: RMB0.29253)	**4,911**	4,762

A total annual dividend of approximately RMB4,911 million has been proposed for distribution to the shareholders. Of this amount, an interim dividend of RMB2,280 million was approved by the Company's first Extraordinary General Meeting ("EGM") in 2024. The remaining dividend of RMB0.16161 per share, totalling RMB2,631 million, is subject to approval by the shareholders at the forthcoming Annual General Meeting ("AGM").

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent (exclusive of the interest on perpetual securities and dividend relating to Restricted stock incentive plans), and the weighted average number of ordinary shares of 16,165,711,425 (2023: 16,165,711,425) outstanding during the year.

As disclosed in note 35, the Company granted restricted shares to certain employees in 2023 and 2024, the restricted shares had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share is equal to the basic earnings per share.

The calculation of basic earnings per share is based on:

	2024	2023
Profit attributable to ordinary equity holders of the parent *(RMB million)*	**23,854**	24,739
Less: Interest on perpetual securities *(RMB million) (i)*	**1,231**	1,327
Dividend relating to restricted stock incentive plans *(RMB million)*	**47**	–
Total	**22,576**	23,412
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(million)*#	**16,166**	16,166
Basic earnings per share	**RMB1.40**	RMB1.45

(i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest. Interest of RMB1,231 million on the perpetual securities which has been accrued but not distributed during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2024.

\# The weighted average number of shares was before taking into account the effect of treasury shares held during the waiting period.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB million	Machinery RMB million	Vessels and vehicles RMB million	Other equipment RMB million	Construction in progress RMB million	Total RMB million
31 December 2024						
At 31 December 2023, net of accumulated depreciation and impairment	23,150	16,339	21,698	3,220	10,717	75,124
Additions	297	1,676	1,085	1,694	8,823	13,575
Disposals	(248)	(487)	(205)	(244)	–	(1,184)
Business combination	192	6	1	1	950	1,150
Disposal of subsidiaries	(88)	–	(3)	(8)	(143)	(242)
Transfer	1,523	2,012	863	256	(4,654)	–
Transfer from investment properties	1,022	–	–	–	–	1,022
Transfer from inventories	96	34	–	–	187	317
Transfer to inventories	–	–	–	(1)	(229)	(230)
Transfer to Intangible assets	–	–	–	–	(33)	(33)
Transfer to right-of-use assets	–	–	–	–	(16)	(16)
Transfer to investment properties	(258)	–	–	–	(1,064)	(1,322)
Depreciation provided during the year	(992)	(3,227)	(1,982)	(1,697)	–	(7,898)
Impairment	–	(2)	(28)	–	–	(30)
Exchange realignment and others	(57)	(61)	17	8	(111)	(204)
At 31 December 2024, net of accumulated depreciation and impairment	24,637	16,290	21,446	3,229	14,427	80,029
At 31 December 2024						
Cost	32,575	40,878	48,710	17,422	14,471	154,056
Accumulated depreciation and impairment	(7,938)	(24,588)	(27,264)	(14,193)	(44)	(74,027)
Net carrying amount	24,637	16,290	21,446	3,229	14,427	80,029

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB million*	Machinery *RMB million*	Vessels and vehicles *RMB million*	Other equipment *RMB million*	Construction in progress *RMB million*	Total *RMB million*
31 December 2023						
At 31 December 2022, net of accumulated depreciation and impairment	15,820	13,106	19,087	3,100	9,615	60,728
Additions	156	2,964	1,488	1,574	9,286	15,468
Capital contribution from non-controlling shareholders	123	–	–	–	–	123
Disposals	(17)	(670)	(296)	(140)	–	(1,123)
Business combination	4,968	2,637	60	351	317	8,333
Disposal of subsidiaries	–	(8)	(2)	–	–	(10)
Transfer	2,375	1,811	2,936	218	(7,340)	–
Transfer from investment properties	101	–	–	–	–	101
Transfer from inventories	393	–	–	–	185	578
Transfer to inventories	–	–	–	–	(931)	(931)
Transfer to Intangible assets	–	–	–	–	(36)	(36)
Transfer to right-of-use assets	–	–	–	–	(13)	(13)
Transfer to investment properties	(28)	–	–	–	(233)	(261)
Transfer from right-of-use asset	–	–	444	–	–	444
Transfer to assets of a disposal group classified as held for sale	(2)	(1)	(260)	(2)	–	(265)
Depreciation provided during the year	(767)	(3,505)	(1,767)	(1,832)	–	(7,871)
Impairment	–	–	–	–	(5)	(5)
Exchange realignment and others	28	5	8	(49)	(128)	(136)
At 31 December 2023, net of accumulated depreciation and impairment	23,150	16,339	21,698	3,220	10,717	75,124
At 31 December 2023						
Cost	29,967	40,915	48,448	17,120	10,739	147,189
Accumulated depreciation and impairment	(6,817)	(24,576)	(26,750)	(13,900)	(22)	(72,065)
Net carrying amount	23,150	16,339	21,698	3,220	10,717	75,124

As at 31 December 2024, the Group was in the process of applying for the ownership certificates for certain of its properties with an aggregate carrying amount of approximately RMB2,690 million (2023: RMB2,434 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

As at 31 December 2024, certain bank and other borrowings were secured by property, plant and equipment, with a carrying amount of approximately RMB3,680 million (31 December 2023: RMB782 million) (note 43(b)).

15. INVESTMENT PROPERTIES

	2024 **RMB million**	2023 RMB million
Carrying amount at 1 January	**9,583**	10,633
Additions	**1**	29
Transfer from property, plant and equipment	**1,322**	261
Transfer from inventories	**1,120**	302
Business combination	**–**	9
Transfer to property, plant and equipment	**(1,022)**	(101)
Transfer to inventories	**(2,246)**	(107)
Disposals	**(180)**	(3)
Disposal of subsidiaries	**(18)**	(988)
Depreciation provided during the year	**(326)**	(464)
Exchange realignment	**8**	12
Carrying amount at 31 December	**8,242**	9,583
Cost	**9,819**	11,315
Accumulated depreciation and impairment	**(1,577)**	(1,732)
	8,242	9,583
Fair value at 31 December (a)	**16,505**	17,354

15. INVESTMENT PROPERTIES (CONTINUED)

(a) As at 31 December 2024, the Group's investment properties were fair valued by China Alliance Appraisal Co., Ltd., an independent qualified valuer.

The fair value of the investment properties located in Mainland China as at 31 December 2024 and 31 December 2023 was determined using income approach and market comparison approach.

	Valuation techniques	**Significant unobservable/ observable inputs**	**Fair value at 31 December 2024** *RMB million*	Fair value at 31 December 2023 *RMB million*
Investment properties located in Mainland China	Income approach: taking into account the net rental income of the properties derived mainly from the existing and/or achievable leases in the existing market with due allowance, which have been then capitalised to determine the fair value at an appropriate capitalisation rate	Future rental inflows, and capitalisation rates	**13,448**	15,060
The rest of the investment properties located in Mainland China	Market comparison approach: with reference to comparable market transactions	Comparable price in the market	**1,476**	723
Investment properties located outside Mainland China	Market comparison approach: with reference to comparable market transactions	Comparable price in the market	**836**	826
Investment properties located outside Mainland China	Income approach: taking into account the net rental income of the properties derived mainly from the existing and/or achievable leases in the existing market with due allowance, which have been then capitalised to determine the fair value at an appropriate capitalisation rate	Future rental inflows, discount rates and capitalisation rates	**745**	745
			16,505	17,354

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties as at 31 December 2024 using significant unobservable inputs (Level 3):

Valuation techniques	**Significant unobservable inputs**	**Range 2024**	Range 2023
Income approach (2023: Income approach)	Discount rate	**3.0%-7.0%**	3.0%-12.0%
	Average monthly rental (per square meter)	**RMB7-RMB444 per square meter**	RMB3-RMB510 per square meter

15. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

There were no transfers between Level 1 and Level 2 and into or out of Level 3 during the year (2023:Nil).

(b) The investment properties are leased to third parties under operating leases, further details of which are included in note 16 to the financial statements.

As at 31 December 2024, the Group was in the process of applying for the ownership certificates for certain properties with an aggregate carrying amount of approximately RMB225 million (31 December 2023: RMB357 million). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, building, vessels, machinery, vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 70 years and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years. The terms of vessels lease are generally 1 to 10 years under operating leases, while the lease period is 8 to 25 years under finance leases. Machinery and vehicles generally have lease terms between 1 and 5 years. Other equipment generally has lease terms of 1 to 5 years or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land *RMB million*	Buildings *RMB million*	Vessels *RMB million*	Machinery *RMB million*	Vehicles *RMB million*	Other equipment *RMB million*	Total *RMB million*
31 December 2024							
At 31 December 2023, net of accumulated depreciation	17,227	2,496	13	483	39	95	20,353
Additions	671	1,119	735	555	23	5	3,108
Transfer from property, plant and equipment	16	–	–	–	–	–	16
Business combinations	–	4	–	–	–	–	4
Transfer from inventories	77	–	–	–	–	–	77
Depreciation charge	(252)	(1,072)	(78)	(334)	(17)	(14)	(1,767)
Disposal of subsidiaries	(71)	–	–	–	–	–	(71)
Disposal, retirement, and others	165	(214)	37	67	(30)	(48)	(23)
At 31 December 2024	17,833	2,333	707	771	15	38	21,697

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	Leasehold land *RMB million*	Buildings *RMB million*	Vessels *RMB million*	Machinery *RMB million*	Vehicles *RMB million*	Other equipment *RMB million*	Total *RMB million*
At 31 December 2023							
At 31 December 2022, net of accumulated depreciation	15,404	2,220	444	123	22	61	18,274
Additions	906	1,293	45	483	86	44	2,857
Transfer from property, plant and equipment	13	–	–	–	–	–	13
Business combinations	1,339	4	–	–	–	–	1,343
Transferred from inventories	92	–	–	–	–	–	92
Depreciation charge	(255)	(939)	(53)	(104)	(71)	(12)	(1,434)
Transfer to property, plant and equipment	–	–	(444)	–	–	–	(444)
Transfer to inventories	(359)	–	–	–	–	–	(359)
Transfer to assets of a disposal group classified as held for sale	(54)	(1)	–	–	–	–	(55)
Disposal, retirement, or others	141	(81)	21	(19)	2	2	66
At 31 December 2023	17,227	2,496	13	483	39	95	20,353

As at 31 December 2024, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB9,388 million (31 December 2023: RMB9,015 million) were pledged to secure general banking facilities granted to the Group (notes 30(e) and 43(b)).

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2024 Lease liabilities RMB million	2023 Lease liabilities RMB million
Carrying amount at 1 January	**2,776**	2,386
New leases	**2,400**	1,831
Interest expense	**200**	232
Payments	**(1,607)**	(1,673)
Others	**(86)**	–
Carrying amount at 31 December	**3,683**	2,776
Analysed into:		
Current portion	**1,419**	926
Non-current portion	**2,264**	1,850

The maturity analysis of lease liabilities is disclosed in note 48(c) to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB million	2023 RMB million
Interest on lease liabilities	**200**	232
Depreciation charge of right-of-use assets	**1,767**	1,434
Expense relating to short-term leases (included in cost of sales)	**2,532**	1,795
Expense relating to leases of low-value assets (included in administrative expenses)	**2**	2
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**1**	2
Total amount recognised in profit or loss	**4,502**	3,465

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 39(c) and 48(c), respectively, to the consolidated financial statements.

16. LEASES (CONTINUED)

The Group as a lessor

(a) Operating lease

The Group leases its investment properties (note 15) and property, plant and equipment (note 14) consisting of certain of commercial and industrial properties in Mainland China and overseas under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB1,272 million (2023: RMB963 million).

As at 31 December 2024, the Group's operating arrangements for leased property, plant and equipment are as follows:

	Machinery *RMB million*	**Vessels and vehicles** *RMB million*	**Total** *RMB million*
At 31 December 2023, net of accumulated depreciation and impairment	1,175	534	1,709
Additions	302	51	353
Lease expiration	(72)	(111)	(183)
Depreciation	(130)	(39)	(169)
At 31 December 2024, net of accumulated depreciation and impairment	1,275	435	1,710

At 31 December 2024, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 ***RMB million***	2023 *RMB million*
Within 1 year	**728**	592
1 year to 2 years	**495**	385
2 years to 3 years	**322**	228
3 years to 4 years	**161**	152
4 years to 5 years	**169**	193
Over 5 years	**388**	181
Total	**2,263**	1,731

16. LEASES (CONTINUED)

The Group as a lessor (continued)

(b) Finance lease

Financing income from net lease investment was RMB3,055 million (2023: RMB2,734 million).

At 31 December 2024, the Group had contracted with lessees for the following future undiscounted lease payments under non-cancellable finance leases are as follows:

	2024 ***RMB million***	2023 *RMB million*
Lease payments receivables		
– Within 1 year	**30,824**	21,477
– 1 year to 2 years	**20,953**	17,089
– 2 years to 3 years	**7,867**	8,805
– 3 years to 4 years	**2,328**	2,653
– 4 years to 5 years	**925**	1,041
– Over 5 years	**341**	548
Subtotal	**63,238**	51,613
Less: Unearned finance lease income	**4,381**	4,184
Net investment in the lease	**58,857**	47,429

17. INTANGIBLE ASSETS

	Concession assets RMB million	Goodwill RMB million	Trademarks, patents, proprietary technologies and copyrights RMB million	Computer software RMB million	Others RMB million	Total RMB million
31 December2024						
Cost at 1 January 2024, net of accumulated amortisation and impairment	**188,176**	**5,455**	**1,413**	**724**	**4,795**	**200,563**
Additions	**12,856**	**–**	**1**	**376**	**834**	**14,067**
Business combinations	**4,929**	**201**	**–**	**52**	**1,890**	**7,072**
Acquisition of assets	**8,401**	**–**	**–**	**–**	**–**	**8,401**
Transfer from property, plant and equipment	**–**	**–**	**–**	**33**	**–**	**33**
Disposal of subsidiaries *(note 42)*	**(29,042)**	**–**	**–**	**–**	**–**	**(29,042)**
Disposal	**(36)**	**–**	**(4)**	**(10)**	**(43)**	**(93)**
Amortisation provided during the year	**(3,064)**	**–**	**(54)**	**(237)**	**(53)**	**(3,408)**
Exchange realignment	**267**	**(351)**	**–**	**–**	**–**	**(84)**
Others	**–**	**(5)**	**(269)**	**(1)**	**(2)**	**(276)**
At 31 December 2024	**182,487**	**5,300**	**1,087**	**938**	**7,421**	**197,233**
At 31 December 2024						
Cost	**196,417**	**5,596**	**1,413**	**2,340**	**7,895**	**213,661**
Accumulated amortisation and impairment	**(13,930)**	**(296)**	**(326)**	**(1,402)**	**(474)**	**(16,428)**
Net carrying amount	**182,487**	**5,300**	**1,087**	**938**	**7,421**	**197,233**
31 December 2023						
Cost at 1 January 2023, net of accumulated amortisation and impairment	212,291	5,182	1,153	501	416	219,543
Additions	20,830	–	44	411	3,259	24,544
Business combinations	11,651	330	291	9	1,142	13,423
Transfer from property, plant and equipment	–	–	–	3	33	36
Disposal of subsidiaries *(note 42)*	(41,655)	–	–	–	–	(41,655)
Disposal	–	–	(20)	(7)	(2)	(29)
Amortisation provided during the year	(2,963)	–	(75)	(193)	(54)	(3,285)
Impairment written off during the year	–	(196)	–	–	–	(196)
Exchange realignment	457	139	20	–	1	617
Others	(12,435)	–	–	–	–	(12,435)
At 31 December 2023	188,176	5,455	1,413	724	4,795	200,563
At 31 December 2023						
Cost	201,214	5,751	1,718	1,940	5,217	215,840
Accumulated amortisation and impairment	(13,038)	(296)	(305)	(1,216)	(422)	(15,277)
Net carrying amount	188,176	5,455	1,413	724	4,795	200,563

17. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2024, the net carrying amount of concession assets consisted of RMB161,220 million (2023: RMB168,207 million) under operation and RMB21,267 million (2023: RMB19,969 million) under construction, respectively.

As at 31 December 2024, the Group recognised an accumulated impairment of RMB299 million (2023: RMB299 million), based on the impairment tests for concession assets in the infrastructure construction segment.

As at 31 December 2024, certain bank and other borrowings were secured by concession assets with a total carrying amount of approximately RMB144,417 million (2023: RMB129,813 million) (notes 30(e) and 43(b)).

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units identified within respective operating segments. Goodwill of the Group mainly relates to the followings:

(a) the goodwill included in the Construction segment that arose in connection with the Group's acquisition of the 100% equity interest in John Holland Group Pty Limited ("John Holland") in April 2015 and acquisition of the 100% equity interest in RCR Holdings ("RCR") in February 2019, collectively referred to as John Holland cash-generating unit ("John Holland CGU");

(b) the goodwill included in the Design segment that arose in connection with the Group's acquisition of the 80% equity interest in Concremat Engenharia e Tecnologia S.A. ("Concremat CGU") in January 2017; and

(c) the goodwill included in the Other segment that arose in connection with the Group's acquisition of the 100% equity interest in Friede Goldman United, Ltd. ("F&G CGU") in August 2010.

The following is a summary of goodwill allocation:

	2024 ***RMB million***	2023 *RMB million*
John Holland CGU *(i)*	**4,405**	4,756
Concremat CGU *(i)*	**252**	252
F&G CGU *(i)*	**–**	–
Other CGUs	**643**	447
Total	**5,300**	5,455

(i) For goodwill in connection with John Holland CGU, Concremat CGU, and F&G CGU, the recoverable amount was determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. For the John Holland CGU, the key assumptions are set out below:

	2024 **John** **Holland**	2023 John Holland
Terminal growth rate [1]	**2%**	2%
Before tax discount rate [2]	**11.1%**	11.1%

(1) The terminal growth rate is the average annual revenue growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.

(2) The discount rate used is before tax and reflects specific risks relating to the CGU.

As at 31 December 2024, the Group recognised an accumulated impairment of RMB296 million (2023: RMB296 million) for the goodwill allocated to F&G CGU, while no impairment was recognised for the goodwill allocated to John Holland CGU and Concremat CGU based on the assessment as at 31 December 2024 and 2023.

18. INVESTMENTS IN JOINT VENTURES

	2024 RMB million	2023 RMB million
At 1 January	59,671	51,731
Additions	5,394	6,821
Disposals	(536)	(489)
Share of losses, net	(1,884)	(1,409)
Dividend distribution	(426)	(464)
Initial recognition of fair value of interests in joint ventures arising from disposal of subsidiaries	114	4,229
Conversion into subsidiaries resulting from increase in equity interests in joint ventures	(1,927)	(652)
Share of other comprehensive losses of joint ventures	(206)	(10)
Impairment	–	(248)
Others	(222)	162
At 31 December	59,978	59,671

In the opinion of the directors, none of the joint ventures is individually material to the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB million	2023 RMB million
Share of the joint ventures' losses for the year	(1,884)	(1,409)
Share of the joint ventures' other comprehensive loss	(206)	(10)
Share of the joint ventures' total comprehensive loss	(2,090)	(1,419)
Aggregate carrying amount of the Group's investments in the joint ventures	59,978	59,671

All of the joint ventures of the Group are accounted for using the equity method.

The Group's receivable and payable balances with and guarantees provided to the joint ventures are disclosed in notes 45(b) and 45(c) to the financial statements.

As at 31 December 2024, approximately 10.03% of the aggregate carrying amount of the Group's investments in the joint ventures was directly held by the Company.

19. INVESTMENTS IN ASSOCIATES

	2024 RMB million	2023 RMB million
At 1 January	**53,801**	47,745
Additions	**2,980**	5,940
Disposals	**(1,082)**	(432)
Share of profits and losses, net	**(463)**	400
Dividend distribution	**(698)**	(535)
Initial recognition of fair value of interests in associates arising from disposal of subsidiaries	**96**	584
Conversion into subsidiaries arising from increase in equity	**(517)**	–
Share of other comprehensive (losses)/income of associates	**(77)**	34
Others	**354**	65
At 31 December	**54,394**	53,801

Particulars of the Group's material associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shanghai Zhenhua Heavy Industries Co., Ltd. ("ZPMC")	Ordinary shares	Mainland China	16.24%	Manufacture of heavy-duty equipment

Although the Group holds less than 20% equity interest in ZPMC, ZPMC has been accounted for as an associate since the Group is the second largest shareholder of ZPMC, only next to the Company's parent CCCG and has the right to nominate directors to the board of directors of ZPMC and therefore has significant influence over ZPMC. ZPMC is directly held by the Company.

ZPMC, which is considered a material associate of the Group, is a strategic partner of the Group and is accounted for using the equity method.

As at 31 December 2024, approximately 24.51% of the aggregate carrying amount of the Group's investments in the associates was directly held by the Company.

19. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information in respect of ZPMC and reconciled to the carrying amount in the consolidated financial statements:

	2024 *RMB million*	2023 *RMB million*
Non-current assets	**38,824**	39,354
Current assets	**46,944**	45,511
Total assets	**85,768**	84,865
Current liabilities	**(46,992)**	(48,199)
Non-current liabilities	**(20,453)**	(17,799)
Total liabilities	**(67,445)**	(65,998)
Non-controlling interests	**(2,455)**	(3,110)
Perpetual securities	**(500)**	(500)
Equity attributable to ordinary equity holders of the parent	**15,368**	15,257
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**16.24%**	16.24%
Group's share of net assets of the associate, excluding goodwill	**2,540**	2,512
Goodwill on acquisition (less cumulative impairment)	**1,911**	1,911
Carrying amount of the investment	**4,451**	4,423
Revenue	**34,456**	32,933
Profit attributable to owners of the parent	**534**	520
Other comprehensive loss attributable to owners of the parent	**22**	34
Total comprehensive income for the year attributable to owners of the parent	**556**	554
Dividend received	**43**	–

19. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB million	2023 RMB million
Share of the associates'(loss)/profit for the year	(533)	316
Share of the associates' other comprehensive income	(75)	27
Share of the associates' total comprehensive income	(608)	343
Aggregate carrying amount of the Group's investments in the associates	49,943	49,378

All of the associates of the Group are accounted for using the equity method.

The Group's trade receivable and payable balances with and the guarantees provided to the associates are disclosed in notes 45(b) and 45(c) to the financial statements.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB million	2023 RMB million
Listed equity investments *(note a)*	329	584
Unlisted investments		
– Investments in structured entities *(note 22)*	20,256	20,776
– Unlisted equity investments	4,712	3,763
– Future purchase option *(note c)*	2,444	2,740
– Investments in assets-backed securities *(note 22)*	22	37
– Wealth management products *(note b)*	168	254
Subtotal	27,931	28,154
Less: Non-current portion		
Unlisted investments	27,434	27,316
Total current portion	497	838

(a) The listed equity investments at 31 December 2024 were classified as financial assets at fair value through profit or loss as they were held for trading. The fair value of these investments was based on the quoted market prices at the end of the reporting period.

(b) The above wealth management products issued by banks in Mainland China are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) The Group purchased future purchase options to buy back equity interests in certain companies it disposed of in prior years at a discounted price. As at 31 December 2024, the fair value of the future purchase options was RMB2,444 million (2023: RMB2,740 million).

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Equity instruments at fair value through other comprehensive income comprise the following individual instruments:

	2024 RMB million	2023 RMB million
Listed equity instruments		
– China Merchants Bank Co., Ltd.	15,982	11,761
– China Merchants Securities Co., Ltd.	4,352	3,749
– Yutong Bus Co., Ltd.	1,079	542
– China Everbright Bank Co., Ltd.	–	82
– China Development Bank Financial Leasing Co., Ltd.	200	194
– CECEP Environmental Protection Equipment Co., Ltd.	120	147
– Zhongtong Bus Holding Co., Ltd.	51	42
– Others	210	213
Subtotal	21,994	16,730
Unlisted equity instruments		
– Lunan High Speed Railway Co., Ltd.	1,292	1,267
– Shandong Zilin Expressway Co., Ltd.	675	663
– Shandong Jiwei Expressway Co., Ltd.	279	346
– Beijing CEDC Ltd.	406	372
– Shandong Expressway Jiqing Midline Highway Co., Ltd.	242	242
– Hunan Bainan Expressway Construction Development Co., Ltd.	403	403
– Jiangsu Xitai Tunnel Co., Ltd.	384	287
– Shanghai Kerry Oils & Grains Industries Co., Ltd.	–	28
– Others	1,505	1,087
Subtotal	5,186	4,695
Total	27,180	21,425

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(ii) Disposal of equity investments

During the year ended 31 December 2024, the Group has sold certain equity investments, as these investments no longer suited the Group's investment strategy. The equity investments sold had a fair value of RMB1,485 million (2023: RMB404 million) at the time of sale and the Group realised a gain of RMB1,273 million (2023: RMB121 million), which had already been included in other comprehensive income and transferred to retained earnings directly upon disposal.

Dividends

During the year ended 31 December 2024, the Group recognised dividends in a total amount of RMB1,073 million (2023: RMB892 million), including RMB21 million relating to equity investments derecognised during the reporting period and RMB1,052 million (2023: RMB873 million) relating to equity investments held at the end of the reporting period, respectively.

22. UNCONSOLIDATED STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The unconsolidated structured entities include private equity funds, unit trust funds, trust products and asset management plans, etc. The nature and purpose of these structured entities are to engage in infrastructure investment activities. These structured entities were financed through the issue of units to investors.

As at 31 December 2024, the maximum exposure to loss and the book values of relevant investments of the Group arising from the interests held in structured entities that are sponsored by the Group or the third party financial institutions are set out as below:

	2024		2023	
	Carrying amount	**Maximum exposure to loss**	Carrying amount	Maximum exposure to loss
	RMB million	***RMB million***	*RMB million*	*RMB million*
Investments in structured entities	**20,256**	**20,256**	20,776	20,776
Investments in asset-backed securities	**22**	**22**	37	37
Total	**20,278**	**20,278**	20,813	20,813

In 2024, the Group received management fees, commission and performance fees amounting to RMB63 million (2023: RMB82 million) from unconsolidated structured entities sponsored by the Group.

As disclosed in notes 25(f) and 40(iii), the Group has entered into agreements with certain financial institutions to establish ABS and ABN arrangements. As at 31 December 2024, in addition to the liquidity support provided by the Group as disclosed, the Group has invested asset-backed securities with an aggregated amount of RMB22 million (2023: RMB37 million). The directors of the Company evaluate that the position of subordinated tranches invested is low and therefore determined not to consolidate these ABS and ABN.

As at 31 December 2024, except for those disclosed and note 40(iii), there were no contractual liquidity arrangements, guarantees or other commitments between the Group and the unconsolidated structured entities (2023: Nil).

23. INVENTORIES

	2024 *RMB million*	2023 *RMB million*
Raw materials	**15,239**	15,346
Work in progress	**1,511**	1,415
Properties under development *(note a)*	**59,142**	50,949
Completed properties held for sale *(note b)*	**24,821**	19,238
Finished goods	**1,066**	853
Others	**355**	220
Total	**102,134**	88,021

At 31 December 2024, certain of the Group's properties under development and completed properties held for sale with an aggregate carrying amount of RMB20,806 million (2023: RMB18,199 million) were pledged to secure the Group's bank loans (notes 30(e) and 43(b)).

(a) Properties under development comprise:

	2024 *RMB million*	2023 *RMB million*
Land use rights	**43,584**	33,826
Construction cost	**12,396**	13,865
Finance costs capitalised	**3,162**	3,258
Total	**59,142**	50,949

All of the properties under development are expected to be completed within the Group's normal operating cycle and are included under current assets.

(b) The amount of completed properties held for sale expected to be recovered beyond one year is RMB14,815 million (2023: RMB11,667 million). The remaining amount is expected to be recovered within one year.

24. CONTRACT ASSETS

Contract assets are initially recognised for revenue earned from the provision of construction, design and dredging services. Upon settlement with the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2024 and 2023 mainly resulted from the increase in the ongoing provision of construction and dredging services at the end of each of the years.

	31 December 2024 **RMB million**	31 December 2023 RMB million	1 January 2023 RMB million
Contract assets arising from:			
Infrastructure construction	**487,204**	426,628	370,597
Infrastructure design	**10,400**	12,706	12,241
Dredging	**20,841**	17,120	13,574
Others	**343**	419	208
Subtotal	**518,788**	456,873	396,620
Impairment	**(5,042)**	(4,261)	(3,349)
Net carrying amount	**513,746**	452,612	393,271
Portion classified as non-current	**307,506**	282,355	242,716
Current portion	**206,240**	170,257	150,555

During the year ended 31 December 2024, RMB909 million (2023: RMB1,008 million) was recognised as an allowance for expected credit losses on contract assets.

As at 31 December 2024, the expected timing of recovery or settlement for contract assets was subject to the specific contract terms and the progress of the performance obligations.

The movements in the loss allowance for impairment of contract assets are as follows:

	2024 **RMB million**	2023 RMB million
At beginning of year	**4,261**	3,349
Impairment losses, net	**909**	1,008
Others	**(128)**	(96)
At end of year	**5,042**	4,261

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

24. CONTRACT ASSETS (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2024	2023
Expected credit loss rate	**0.81%**	0.79%
Gross carrying amount *(RMB million)*	**515,165**	453,414
Expected credit losses *(RMB million)*	**4,162**	3,590

25. TRADE AND OTHER RECEIVABLES

	2024 ***RMB million***	2023 *RMB million*
Trade and bills receivables *(note a)*	**169,443**	143,228
Impairment	**(28,538)**	(23,988)
Net carrying amount	**140,905**	119,240
Long-term receivables *(note b)*	**359,213**	308,864
Impairment	**(7,178)**	(10,295)
Net carrying amount	**352,035**	298,569
Other receivables:		
Prepayments	**28,479**	33,054
Deposits *(note d)*	**25,118**	26,700
Others	**71,061**	68,322
Subtotal	**124,658**	128,076
Impairment *(note c)*	**(7,647)**	(7,435)
Net carrying amount	**117,011**	120,641
Total	**609,951**	538,450
Portion classified as non-current		
Long-term receivables	**256,688**	221,763
Other receivables:		
Prepayments	**6,362**	5,982
Deposits	**3,411**	1,922
Others	**6,879**	6,512
Total non-current portion	**273,340**	236,179
Total current portion	**336,611**	302,271

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The majority of the Group's revenues are generated through infrastructure construction, infrastructure design and dredging contracts and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of trade and bills receivables as at the end of the reporting period, net of provisions, is as follows:

	2024 ***RMB million***	2023 *RMB million*
Within 6 months	**86,079**	71,630
6 months to 1 year	**15,025**	13,188
1 year to 2 years	**21,649**	14,284
2 years to 3 years	**7,772**	11,390
Over 3 years	**10,380**	8,748
Total	**140,905**	119,240

The movements in provision for impairment of trade and bills receivables are as follows:

	2024 ***RMB million***	2023 *RMB million*
At beginning of year	**23,988**	22,375
Impairment losses, net	**5,123**	3,268
Amount written off*	**(490)**	(1,161)
Others	**(83)**	(494)
At end of year	**28,538**	23,988

* During the year ended 31 December 2024, an accumulated impairment of RMB410 million (2023: RMB616 million) was written off because the relevant trade and bills receivables were derecognised due to the arrangement of non-recourse factoring agreements, ABS, ABN, and endorsement.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of the balances for groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2024

	Ageing						
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**1.56%**	**14.12%**	**26.05%**	**46.48%**	**63.06%**	**81.70%**	**14.32%**
Gross carrying amount *(RMB million)*	**102,372**	**24,767**	**10,336**	**10,719**	**3,812**	**9,797**	**161,803**
Expected credit losses *(RMB million)*	**(1,597)**	**(3,497)**	**(2,693)**	**(4,982)**	**(2,404)**	**(8,004)**	**(23,177)**

As at 31 December 2023

	Ageing						
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected credit loss rate	1.42%	14.98%	24.87%	40.93%	55.16%	87.57%	13.88%
Gross carrying amount *(RMB million)*	85,898	16,385	14,686	5,824	4,369	7,496	134,658
Expected credit losses *(RMB million)*	(1,222)	(2,454)	(3,653)	(2,384)	(2,410)	(6,564)	(18,687)

In addition to the above provision matrix, the Group has made individual loss allowance for certain customers while the credit risk increased significantly. As at 31 December 2024, the accumulated individual loss allowance was RMB5,361 million (31 December 2023: RMB5,301 million) with a carrying amount before loss allowance of RMB7,640 million (31 December 2023: RMB8,570 million).

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Long-term receivables mainly represented amounts due from certain construction works with payment periods over one year.

	31 December 2024 *RMB million*	31 December 2023 *RMB million*	1 January 2023 *RMB million*
Long-term receivables arising from:			
Infrastructure construction	**327,290**	280,536	228,134
Infrastructure design	**7,512**	9,439	8,343
Dredging	**24,134**	17,941	16,903
Others	**277**	948	396
Subtotal	**359,213**	308,864	253,776
Impairment	**(7,178)**	(10,295)	(8,123)
Net carrying amount	**352,035**	298,569	245,653
Portion classified as non-current	**256,688**	221,763	176,550
Current portion	**95,347**	76,806	69,103

During the year ended 31 December 2024, RMB559 million (2023: RMB1,434 million) was recognised as an allowance for expected credit losses on long-term receivables.

The movements in the loss allowance for impairment of long-term receivables are as follows:

	2024 *RMB million*	2023 *RMB million*
At beginning of year	**10,295**	8,123
Impairment losses, net	**559**	1,434
Amount written off	**(229)**	(179)
Others	**(3,447)**	917
At end of year	**7,178**	10,295

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) (continued)

Among them, the significant amounts of bad debt provision reversed during the year are as follows:

	Reversed amount *RMB million*	Reason for reversal	The basis and reasonableness of determining the proportion of provision for bad debts
Company A	603	The value of recoverable assets has recovered	Recycling possibilities

Note: The significant reversal was primarily due to the completion of the bankruptcy reorganisation procedure of Sanya Phoenix Island International Cruise Terminal Development Co., Ltd.* (三亞鳳凰島國際郵輪港發展有限公司), resulting in the conversion of the Group's creditor's rights against it into equity. For details, please refer to Note 41(a).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the long-term receivables are based on those of the trade receivables as long-term receivables and the trade receivables are from the same customer bases. The provision rates of long-term receivables are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's long-term receivables using a provision matrix:

	2024	2023
Expected credit loss rate	**0.93%**	0.99%
Gross carrying amount *(RMB million)*	**344,244**	292,026
Expected credit losses *(RMB million)*	**3,204**	2,891

(c) The movements in the loss allowance for impairment of other receivables are as follows:

	2024 ***RMB million***	2023 *RMB million*
At beginning of year	**7,435**	5,227
Impairment losses, net	**450**	2,191
Disposal of subsidiaries	**(55)**	–
Amount written off	**(42)**	(8)
Others	**(141)**	25
At end of year	**7,647**	7,435

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates of other receivables are based on the groupings of various customer segments with similar loss patterns (i.e., by service type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) (continued)

Set out below is the information about the credit risk exposure on the Group's other receivables using a provision matrix:

	2024	2023
Expected credit loss rate	**3.66%**	3.64%
Gross carrying amount *(RMB million)*	**119,314**	122,981
Expected credit losses *(RMB million)*	**4,370**	4,472

(d) Deposits mainly represented tender and performance bonds due from customers.

(e) During the year ended 31 December 2024, trade receivables of RMB54,722 million (2023: RMB66,523 million) had been transferred to the banks in accordance with non-recourse factoring agreements. In the opinion of the directors, the substantial risks and rewards associated with the trade receivables have been transferred and therefore the relevant receivables have been derecognised.

(f) The Group has entered into certain agreements with certain financial institution so as to establish ABS and ABN. The ABS and ABN are bonds or notes backed by trade receivables and long-term receivables. The Group sell pools of trade receivables and long-term receivables to a SPV, whose sole function is to buy such assets in order to securitise them. The SPV, which is usually a corporation, then sells them to a trust. The trust repackages the loans as interest-bearing securities and issues them. During the year ended 31 December 2024, the relevant outstanding contract assets, trade receivables and long-term receivables under the ABS and ABN amounted to RMB32,494 million (2023: RMB34,152 million). Such trade receivables and long-term receivables were derecognised as the directors are of the opinion that the substantial risks and rewards associated with the trade receivables and long-term receivables have been transferred and therefore qualified for derecognition.

(g) The Group transferred a portion of its trade receivables to a special purpose entity, which issued asset-backed securities to investors. The Group assumed the credit risk of the transferred trade receivables by subscribing to subordinated asset-backed securities. As at 31 December 2024, receivables transferred under the arrangement but not yet settled were RMB492 million (31 December 2023: RMB560 million). As the Group retained a significant portion of the risk and return related to the relevant trade receivables, the Group did not derecognize the related trade receivables.

(h) The Group entered into accounts receivable factoring arrangements with certain financial institutions and transferred certain accounts receivable to financial institutions. Under this arrangement, if the accounts receivable debtor delays payment and the Group is required to repay the money, the Group retains virtually all of the risks and rewards on the ownership of the financial asset and does not terminate recognition of the financial asset. After the transfer, the Group no longer reserves the right to use it, including the right to sell, transfer or pledge it to other third parties. As at 31 December 2024, trade receivable transferred under the arrangement but not yet settled were RMB3,961 million (31 December 2023: RMB3,808 million) and long-term receivables transferred under the arrangement but not yet settled were RMB6,551 million (31 December 2023: RMB5,734 million).

(i) During the year ended 31 December 2024, outstanding bills receivable of RMB267 million (2023: RMB401 million) were endorsed to suppliers or discounted with banks. In the opinion of directors, the Group has retained the substantial risks and rewards, which include default risks relating to such bills receivable, and accordingly, it continued to recognise the full carrying amounts of the bills receivable. In addition, during the year ended 31 December 2024, outstanding bills receivable of RMB786 million (2023: RMB686 million) were endorsed to suppliers or discounted with banks. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to such bills receivable which were fully derecognised.

(j) As at 31 December 2024, certain of the Group's outstanding trade and other receivables (excluding PPP projects) with a net carrying amount of approximately RMB40,415 million (2023: RMB42,288 million) were pledged to secure general banking facilities and other borrowings, and certain of the Group's outstanding trade receivables from PPP projects with a net carrying amount of approximately RMB209,476 million (2023: RMB176,508 million) have been pledged to secure bank borrowings (notes 30(e) ,28(c)and 43(b)).

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets	**Liabilities**	Assets	Liabilities
	RMB million	***RMB million***	*RMB million*	*RMB million*
Forward currency contracts	**–**	**–**	–	5
– Cash flow hedges	**–**	**–**	–	5
Interest rate swap	**42**	**–**	48	–
Foreign exchange option	**377**	**–**	365	–
Total	**419**	**–**	413	5
Portion classified as non-current:				
Interest rate swap	**–**	**–**	48	–
Foreign exchange option	**377**	**–**	365	–
Current portion	**42**	**–**	–	5

27. CASH AND BANK BALANCES

	2024	2023
	RMB million	*RMB million*
Restricted bank deposits *(note a)*	**6,705**	7,119
Time deposits with an initial term of over three months *(note b)*	**802**	3,611
Subtotal	**7,507**	10,730
Cash and cash equivalents *(note c)*	**134,974**	110,253
Total	**142,481**	120,983

(a) 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 the People's Bank of China by CCCC Finance.

(b) Time deposits with an initial term of over three months are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

(c) As at 31 December 2023, monetary funds in assets held for sale amounted to RMB154 million are classified as cash and cash equivalents.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB103,039 million (2023: RMB84,046 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2024, less than 3% (2023: less than 3%) of the cash and bank balances denominated in currencies other than RMB were 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

28. TRADE AND OTHER PAYABLES

	2024 RMB million	2023 RMB million
Trade and bills payables *(note a)*	**425,779**	391,835
Deposits from suppliers	**47,705**	45,775
Retentions	**72,552**	56,756
Deposits in CCCC Finance *(note b)*	**20,966**	13,530
Other taxes	**42,414**	39,566
Payroll and social security	**2,401**	2,762
Other borrowings *(note c)*	**31,422**	20,244
Accrued expenses and others	**55,045**	47,056
Total	**698,284**	617,524
Portion classified as non-current		
Retentions	**53,998**	43,131
Other borrowings	**3,345**	2,465
Other taxes	**597**	516
Others	**5,034**	7,009
Total non-current portion	**62,974**	53,121
Total current portion	**635,310**	564,403

(a) An ageing analysis of trade and bills payables as at the end of the reporting period is as follows:

	2024 RMB million	2023 RMB million
Within 1 year	**368,932**	343,362
1 year to 2 years	**38,354**	33,762
2 years to 3 years	**10,475**	6,595
Over 3 years	**8,018**	8,116
Total	**425,779**	391,835

(b) CCCC Finance, a subsidiary of the Company, accepted deposits from CCCG and fellow subsidiaries. These deposits were due within one year with an average annual interest rate of 1.0% (2023: 0.8%).

(c) As at 31 December 2024, the borrowings were secured by the Group's trade and other receivables, the borrowings interest ranging approximately from 1.38% to 5%.

28. TRADE AND OTHER PAYABLES (CONTINUED)

(d) The financial liabilities that are part of the Group's supplier finance arrangements are included in trade and other payables.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in Mainland China. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied, and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or later as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

The Group conducts supply chain asset securitisation business through financial institutions. The original creditors (suppliers of the Group) take the accounts receivable claims under the underlying transaction contract, which they hold as a result of selling goods to the Group, providing services, etc., as the underlying assets, and issue securities to investors through the special asset support plan. The Group issues a payment confirmation letter to the special asset support plan, confirming that The Group is obligated to settle the accounts receivable claims held by the special asset support plan upon their maturity. The Group unconditionally and irrevocably fulfils the obligation to pay off the target accounts receivable before the maturity of each accounts receivable claim.

All financial liabilities that are part of the supplier finance arrangements are included in trade and other payables in the statement of financial position.

	31 December 2024 ***RMB million***
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:	
Trade and other payables	**85,778**
Of which suppliers have received payments	**63,706**

For financial liabilities that are part of the supplier finance arrangements included in trade and other payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2024 ***RMB million***	31 December 2023 *RMB million*	1 January 2023 *RMB million*
Contract liabilities arising from:			
Infrastructure construction	**77,008**	63,428	66,267
Infrastructure design	**3,664**	5,397	6,689
Dredging	**3,158**	3,973	3,432
Others	**1,440**	685	1,037
Total	**85,270**	73,483	77,425

Contract liabilities mainly include short-term advances received to render construction, design and dredging services. The increase in the book value of contract liabilities for the year was mainly due to a payment received or a payment due (whichever was earlier) from a customer before the Group transferred the related goods or services.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2024 RMB million	2023 RMB million
Non-current			
Long-term bank borrowings			
– secured	(e)	274,085	266,124
– guaranteed	(f)	12,293	13,215
– unsecured or unguaranteed		101,646	88,290
Subtotal		388,024	367,629
Long-term other borrowings			
– secured	(e)	188	337
– guaranteed	(f)	4,495	3,993
– unsecured or unguaranteed		239	352
Subtotal		4,922	4,682
Corporate bonds		33,662	16,314
Non-public debt instruments		16,625	9,239
Lease liabilities	16(b)	2,264	1,850
Total non-current borrowings		445,497	399,714
Current			
Current portion of long-term bank borrowings			
– secured	(e)	29,036	26,118
– guaranteed	(f)	1,743	2,134
– unsecured or unguaranteed		19,170	12,236
Subtotal		49,949	40,488
Short-term bank borrowings			
– secured	(e)	15,091	6,816
– guaranteed	(f)	648	296
– unsecured or unguaranteed		56,670	41,778
Subtotal		72,409	48,890
Current portion of long-term other borrowings			
– secured	(e)	34	517
– guaranteed	(f)	3	–
– unsecured or unguaranteed		134	69
Subtotal		171	586
Short-term other borrowings			
– secured	(e)	1,710	–
– unsecured or unguaranteed		91	139
Subtotal		1,801	139
Corporate bonds		3,485	6,521
Debentures		7,522	6,030
Non-public debt instruments		4,070	8,332
Lease liabilities	16(b)	1,419	926
Total current borrowings		140,826	111,912
Total borrowings		586,323	511,626

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) The Group's borrowings (excluding lease liabilities) were repayable as follows:

	2024 *RMB million*	2023 *RMB million*
Bank borrowings		
– Within one year or on demand	**122,358**	89,378
– In the second year	**67,581**	52,241
– In the third to fifth years, inclusive	**100,705**	97,762
– Beyond five years	**219,738**	217,626
Subtotal	**510,382**	457,007
Others, excluding lease liabilities		
– Within one year or on demand	**17,049**	21,608
– In the second year	**10,487**	5,965
– In the third to fifth years, inclusive	**40,882**	20,983
– Beyond five years	**3,840**	3,287
Subtotal	**72,258**	51,843
Total	**582,640**	508,850

(b) The carrying amounts of the borrowings are denominated in the following currencies:

	2024 *RMB million*	2023 *RMB million*
Renminbi	**562,315**	481,310
United States dollar	**14,942**	23,850
Euro	**2,310**	3,159
Hong Kong dollar	**90**	91
Japanese yen	**33**	37
Others	**6,633**	3,179
Total	**586,323**	511,626

(c) An analysis of the carrying amounts of borrowings by the type of interest rate is as follows:

	2024 *RMB million*	2023 *RMB million*
Fixed interest rate	**198,496**	149,387
Variable interest rate	**387,827**	362,239
Total	**586,323**	511,626

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(d) Borrowings of the Group, excluding corporate bonds, debentures, non-public debt instruments, and lease liabilities, bore interest at effective rates ranging from 0.75% to 8.23% (2023: 0.89% to 8.09%) per annum at the end of the reporting period, and four overseas banks borrowing bore interest ranging from 5.62% to 18.00% (2023: 9.38% to 18.00%).

(e) As at 31 December 2024 and 2023, the borrowings were secured by the Group's property, plant and equipment (note 14), right-of-use assets (note 16(a)), concession assets and trade receivables from PPP projects (note 17, note 25), inventories (note 23) and trade and other receivables (excluding PPP projects) (note 25).

(f) Guaranteed borrowings were guaranteed by certain subsidiaries of the Company.

(g) As of 31 December, 2024, the Group's bank borrowings subject to covenant requirements had a carrying amount of RMB186,605 million. These covenants relate to financial metrics including the debt-to-asset ratio, current ratio, credit rating, net assets, and net profit.

31. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities

	2024			
	Fair value adjustments of equity investments at fair value through other comprehensive income *RMB million*	**Undistributed profits in subsidiaries** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
31 December 2023	1,757	1,980	6,730	10,467
(Credited)/Charged to profit or loss during the year *(note 11)*	–	(110)	1,835	1,725
(Credited)/Charged to other comprehensive income	1,046	–	(13)	1,033
Business combinations	–	–	210	210
Disposal of subsidiaries	–	–	(25)	(25)
Exchange differences	(62)	–	(173)	(235)
Others	998	–	209	1,207
At 31 December 2024	3,739	1,870	8,773	14,382

31. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2024				
	Impairment of financial assets and contract assets *RMB million*	Tax losses *RMB million*	Discount on long-term receivables *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2023	**7,074**	**4,205**	**452**	**4,474**	**16,205**
Credited to profit or loss during the year *(note 11)*	**1,311**	**1,090**	**83**	**222**	**2,706**
Charged to other comprehensive income	**–**	**–**	**–**	**(345)**	**(345)**
Business combinations	**8**	**–**	**–**	**–**	**8**
Disposal of subsidiaries	**(13)**	**(6)**	**–**	**(38)**	**(57)**
Exchange differences	**(312)**	**(52)**	**(62)**	**277**	**(149)**
At 31 December 2024	**8,068**	**5,237**	**473**	**4,590**	**18,368**

Deferred tax liabilities

	2023			
	Fair value adjustments of equity investments at fair value through other comprehensive income *RMB million*	Undistributed profits in subsidiaries *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2022	2,339	1,965	5,105	9,409
Effect of adoption of amendments to IAS12	–	–	92	92
At 1 January 2023 (restated)	2,339	1,965	5,197	9,501
Charged to profit or loss during the year (restated) *(note 11)*	–	15	1,693	1,708
Credited to other comprehensive income	(654)	–	(31)	(685)
Business combinations	(1)	–	(56)	(57)
Disposal of subsidiaries	–	–	(180)	(180)
Exchange differences	73	–	107	180
At 31 December 2023 (restated)	1,757	1,980	6,730	10,467

31. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2023				
	Impairment of financial assets and contract assets *RMB million*	Tax losses *RMB million*	Discount on long-term receivables *RMB million*	Others *RMB million*	Total *RMB million*
31 December 2022	5,844	3,495	368	3,074	12,781
Effect of adoption of amendments to IAS12	–	–	–	93	93
At 1 January 2023	5,844	3,495	368	3,167	12,874
Credited/(Charged) to profit or loss during the year (restated) *(note 11)*	1,212	768	86	1,024	3,090
Credited/(Charged) to other comprehensive income	(6)	(20)	–	230	204
Business combinations	55	–	–	29	84
Disposal of subsidiaries	15	119	–	8	142
Exchange differences	(46)	(157)	(2)	16	(189)
At 31 December 2023 (restated)	7,074	4,205	452	4,474	16,205

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024		2023	
	Deferred tax assets ***RMB million***	**Deferred tax liabilities** ***RMB million***	Deferred tax assets *RMB million* (Restated)	Deferred tax liabilities *RMB million* (Restated)
The gross balance	**18,368**	**14,382**	16,205	10,467
Offsetting	**(6,833)**	**(6,833)**	(6,088)	(6,088)
Total	**11,535**	**7,549**	10,117	4,379

The Group has not recognised these losses amounting to RMB26,198 million (2023: RMB27,710 million) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 December 2024, the Group's unrecognised deductible provisional difference for deferred tax assets was RMB10,130 million (2023: RMB9,544 million) as the directors believe it is not probable that such deductible temporary differences would be recognised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. DEFERRED TAX (CONTINUED)

The Group's unrecognised tax losses and deductible provisional difference for deferred tax assets are as follows:

	2024 RMB million	2023 RMB million
Tax losses	**26,198**	27,710
Deductible provisional difference	**10,130**	9,544

The above tax losses of RMB81 million are available indefinitely and RMB26,117 million are available within 1 to 5 years for offsetting against future taxable profits of the companies in which the losses arose.

32. RETIREMENT BENEFIT OBLIGATIONS

The Group provided supplementary pension subsidies and medical benefits to its retired or early retired employees in Mainland China who retired prior to 1 January 2006, which are considered to be defined benefit plans, and recognised a liability for the unfunded employee benefit obligations in the consolidated statement of financial position as follows:

	2024 RMB million	2023 RMB million
Present value of defined benefit obligations	**939**	1,009
Portion classified as current portion	**95**	102
Non-current portion	**844**	907

The movements in the present value of the defined benefit obligations are as follows:

	2024 RMB million	2023 RMB million
At 1 January	**1,009**	948
Past service cost	**12**	5
Interest cost	**20**	24
Subtotal	**1,041**	977
Remeasurements		
– Gains from changes in financial assumptions	**51**	14
– Experience gains	**(4)**	(12)
Subtotal	**1,088**	979
Payments	**(149)**	(187)
Business combinations	**–**	221
Liabilities held for sale	**–**	(4)
At 31 December	**939**	1,009

32. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The above obligations were determined based on actuarial valuation performed by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, using the projected unit credit method. The significant actuarial assumptions are as follows:

	2024	2023
Discount rate	**1.50%**	2.50%
Medical cost growth rate	**4.00%-8.00%**	4.00%-8.00%

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Impact on defined benefit obligations	
	2024 *RMB million*	2023 *RMB million*
Discount rate:		
– 0.25% increase	**(16)**	(14)
– 0.25% decrease	**16**	14
Medical cost growth rate:		
– 1.00% increase	**10**	9
– 1.00% decrease	**(9)**	(8)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the retirement benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the retirement benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The following undiscounted payments are expected contributions to the defined benefit plan in future years:

	2024 *RMB million*	2023 *RMB million*
Within 1 year	**95**	102
1 year to 2 years	**105**	119
2 years to 5 years	**255**	284
Over 5 years	**584**	685
Total	**1,039**	1,190

The average duration of the defined benefit plan obligation at the end of the reporting period was 7 years (2023: 7 years).

33. PROVISIONS

	Provision for foreseeable losses on contract assets *RMB million*	**Repair funds** *RMB million*	**Pending lawsuits** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
At 1 January 2024	**1,214**	**1,699**	**129**	**161**	**3,203**
Additional provisions	**530**	**351**	**19**	**165**	**1,065**
Business combination	**–**	**20**	**–**	**–**	**20**
Other changes in the scope of consolidation	**–**	**90**	**–**	**–**	**90**
Utilised/reversed during the year	**(414)**	**(106)**	**(60)**	**(56)**	**(636)**
Disposal of subsidiaries	**–**	**(450)**	**–**	**–**	**(450)**
At 31 December 2024	**1,330**	**1,604**	**88**	**270**	**3,292**
Non-current portion	**1,330**	**1,604**	**88**	**270**	**3,292**

	Provision for foreseeable losses on contract assets *RMB million*	Repair funds *RMB million*	Pending lawsuits *RMB million*	Others *RMB million*	Total *RMB million*
At 1 January 2023	1,608	1,448	45	64	3,165
Additional provisions	497	333	84	77	991
Business combination	–	–	–	49	49
Utilised/reversed during the year	(891)	(43)	–	(29)	(963)
Disposal of subsidiaries	–	(39)	–	–	(39)
At 31 December 2023	1,214	1,699	129	161	3,203
Non-current portion	1,214	1,699	129	161	3,203

34. SHARE CAPITAL AND PREMIUM

	2024 *RMB million*	2023 *RMB million*
Issued and fully paid:		
11,860,135,425 (2023: 11,845,185,425) A shares of RMB1.00 each	**11,860**	11,845
4,418,476,000 (2023: 4,418,476,000) H shares of RMB1.00 each	**4,419**	4,419
Total	**16,279**	16,264

34. SHARE CAPITAL AND PREMIUM (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		RMB million
At 1 January 2023	16,263,661,425	16,264
Issue of restricted shares *(Note (a))*	97,950,000	98
At 31 December 2023 and 1 January 2024	16,263,661,425	16,264
Issue of restricted shares *(Note (b))*	16,450,000	16
Forfeiture of restricted shares *(Note (b))*	(1,500,000)	(1)
At 31 December 2024	**16,278,611,425**	**16,279**

Notes:

(a) During the year 2023, the Company granted 97,950,000 restricted shares to its employees in the Group.

(b) During the year 2024, the Company granted 16,450,000 restricted shares to its employees in the Group, and 1,500,000 restricted shares were repurchased and cancelled.

35. SHARE-BASED PAYMENTS

On 27 April 2023, the Company's general meeting of shareholders approved the 2022 Restricted Stock Incentive Scheme (the "Scheme"). Subsequently, the Company approved the first grant under the Scheme, 97,950,000 restricted shares were granted to employees of the Group. On 5 June 2023, the Company completed the registration of the 97,950,000 restricted shares granted under the Scheme at the Shanghai branch of China Securities Depository and Clearing Co., Ltd.

On 26 January 2024, the Board of Directors of the Company approved the reserved grant under the Scheme. 16,700,000 restricted stock shares were granted to employees of the Group. On 21 February 2024, the Company completed the registration of the 16,450,000 restricted shares granted under the Scheme at the Shanghai branch of China Securities Depository and Clearing Co., Ltd.

The offer for the first grant and the reserved grant of each incentive share was accepted upon payment of RMB5.33 and RMB5.06 for each incentive share by the grantee. The unlocking dates of the incentive shares are the first trading day after 24 months, 36 months and 48 months from the date of share registration. Upon meeting the performance conditions stipulated in the Scheme, 34%, 33% and 33% of the incentive shares shall be unlocked respectively.

Both the first grant and the reserved grant are share-based payments for equity-settled transactions. The fair value of the shares granted was valued by reference to the market prices of the Company's shares at the grant date. The fair value of the restricted shares granted during the period was RMB629 million (RMB6.42 each) and RMB57 million (RMB3.45 each) on the first and the reserved grant dates, of which the Group recognised a share-based payment expense of RMB240 million during the year ended 31 December 2024 (2023: RMB146 million).

Particulars and movements of the incentive shares under the scheme：

Date of grant (based on IFRS 2)	As at 1 January 2024 *(number of shares)*	Granted during the year *(number of shares)*	Forfeited during the year *(number of shares)*	Exercisable as at the end of year *(number of shares)*
27 April 2023	**96,950,000**	**–**	**(2,250,000)**	**94,700,000**
26 January 2024	**–**	**16,700,000**	**(600,000)**	**16,100,000**

36. FINANCIAL INSTRUMENTS CLASSIFIED AS EQUITY

	2024 **RMB million**	2023 *RMB million*
Perpetual securities	**31,000**	35,000

a) Renewable medium-term notes

As approved by the National Association of Financial Market Institutional Investors ("NAFMII"), one tranche of renewable medium-term note was issued by the Company in 2022, with a nominal value of RMB800 million. There is no maturity date for the renewable medium-term note and the holders have no right to receive a return of principal. The initial interest rate of the renewable medium-term notes was 3.88% per annum, which will be reset once in every three years since the issuance date. Pursuant to the terms of the renewable medium-term note, the Company may 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 medium-term note is subject to redemption in whole, at the option of the Company, three years, after the issue date, at its principal amount together with accrued interest.

b) Renewable corporate bonds

As approved by China securities regulatory commission ("CSRC"), two tranches of renewable corporate bonds were issued by the Company in 2021. The first tranche has a nominal value of RMB800 million, and the initial interest rate of this tranche of bonds was 3.6% per annum, which will be reset once in every five years since the issuance date. The second tranche has a nominal value of RMB500 million, and the initial interest rate of this tranche of bonds was 3.53% per annum, which will be reset once in every five years since the issuance date. There is no maturity date for these bonds and the holders have no right to receive a return of principal. Pursuant to the terms of these bonds, the Company may 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 Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

As approved by CSRC, seven tranches of renewable corporate bonds were issued by the Company in 2022. The first tranche has a nominal value of RMB900 million, and the initial interest rate of this tranche of bonds was 3.45% per annum, which will be reset once in every five years since the issuance date. The second, third, and fourth tranche has a nominal value of RMB2,000 million, RMB3,000 million, RMB2,000 million, respectively. The initial interest rate of these tranche of bonds were 2.98%, 3.07%, 2.78% per annum, which will be reset once in every three years since the issuance date. The fifth tranche has a nominal value of RMB1,500 million, and the initial interest rate of this tranche of bonds was 2.69% per annum, which will be reset once in every three years since the issuance date. The sixth tranche has a nominal value of RMB1,500 million, and the initial interest rate of this tranche of bonds was 2.70% per annum, which will be reset once in every three years since the issuance date. The seventh tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds was 3.20% per annum, which will be reset once in every three years since the issuance date. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

As approved by the CSRC, two tranches of renewable corporate bonds were issued by the Company in 2023. The first tranche has a nominal value of RMB1,000 million, and the initial interest rate of this tranche of bonds was 3.10% per annum, which will be reset once in every two years since the issuance date. The second tranche has a nominal value of RMB2,000 million, and the initial interest rate of this tranche of bonds were 3.03% for type one and 3.13% for type two per annum, which will be reset once in every two years for type one and three years for type two since the issuance date. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer classify the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligation to redeem the bonds.

36. FINANCIAL INSTRUMENTS CLASSIFIED AS EQUITY (CONTINUED)

b) Renewable corporate bonds (continued)

As approved by the CSRC, a tranche of renewable corporate bonds was issued by the Company in 2024. This tranche has a nominal value of RMB3,000 million, and the initial interest rate of this tranche of bonds were 2.13% for type one and 2.17% for type two per annum, which will be reset once in every two years for type one and three years for type two since the issuance date. The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two cases, the Company has no rights or obligations to redeem the bonds.

c) Renewable infrastructure debt investment plans

The Company entered into two contracts with investors to implement the infrastructure debt investment plans in 2020. The first contract has a nominal value of RMB6,000 million, the initial interest rate of this contract was 4.80%, 4.72% and 4.77% per annum, which will be reset once three years after ten years of the issuance date. The second contract has a nominal value of RMB4,000 million, the initial interest rate of this contract was 4.69% per annum, which will be reset once three years after ten years of the issuance date. There is no maturity date for these contracts and the investors have no right to receive a return or principal. Pursuant to the terms of these contracts, the Company may 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. These contracts are subject to redemption in whole, at the option of the Company, ten years after the issue date, at its principal amount together with accrued interest.

The directors of the Company are of the opinion that the Company has no contractual obligations to repay the principal or to pay any distribution for these renewable financial instruments and therefore these financial instruments have been classified as equity.

37. RESERVES

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	General reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Hedging reserve *RMB million*	Safety production reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2023	22,058	11,285	873	(65)	10,418	(4)	4,851	305	181,222	230,943
Business combination under common control	39	-	-	-	-	-	-	-	(6)	33
At 1 January 2024	22,097	11,285	873	(65)	10,418	(4)	4,851	305	181,216	230,976
Profit for the year	-	-	-	-	-	-	-	-	23,854	23,854
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	5,307	-	-	-	-	5,307
Cash flow hedges, net of tax	-	-	-	-	-	33	-	-	-	33
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	(283)	-	-	-	-	(283)
Share of other reserves of joint ventures and associates	28	-	-	-	-	-	-	-	-	28
Actuarial loss on retirement benefit obligations, net of tax	-	-	-	(35)	-	-	-	-	-	(35)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(901)	-	(901)
Issuance of perpetual securities	(1)	-	-	-	-	-	-	-	-	(1)
Final 2023 and mid-term 2024 dividend declared	-	-	-	-	-	-	-	-	(7,042)	(7,042)
Share based payment	240	-	-	-	-	-	-	-	-	240
Business combination under common control	(66)	-	-	-	-	-	-	-	-	(66)
Transaction with non-controlling interests	(3,906)	-	-	-	-	-	-	-	-	(3,906)
Interest on perpetual securities	-	-	-	-	-	-	-	-	(1,570)	(1,570)
Transfer to statutory surplus reserve *(a)*	-	1,420	-	-	-	-	-	-	(1,420)	-
Transfer to general reserve *(b)*	-	-	550	-	-	-	-	-	(550)	-
Transfer to safety production reserve *(c)*	-	-	-	-	-	-	470	-	(470)	-
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	(1,064)	-	-	-	1,064	-
At 31 December 2024	18,392	12,705	1,423	(100)	14,378	29	5,321	(596)	195,082	246,634

37. RESERVES (CONTINUED)

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	General reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Hedging reserve *RMB million*	Safety production reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2022	17,751	9,025	778	(64)	13,209	–	3,929	(289)	163,860	208,199
Business combination under common control	(69)	–	–	–	7	–	–	–	707	645
Accounting policy exchange	–	–	–	–	–	–	–	–	1	1
At 1 January 2023	17,682	9,025	778	(64)	13,216	–	3,929	(289)	164,568	208,845
Profit for the year	–	–	–	–	–	–	–	–	24,739	24,739
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(2,729)	–	–	–	–	(2,729)
Cash flow hedges, net of tax	–	–	–	–	–	(4)	–	–	–	(4)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	24	–	–	–	–	24
Share of other reserves of joint ventures and associates	4	–	–	–	–	–	–	–	–	4
Actuarial loss on retirement benefit obligations, net of tax	–	–	–	(1)	–	–	–	–	–	(1)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	594	–	594
Issuance of perpetual securities	(15)	–	–	–	–	–	–	–	–	(15)
Final 2022 dividend declared	–	–	–	–	–	–	–	–	(3,509)	(3,509)
Share based payment	146	–	–	–	–	–	–	–	–	146
Business combination under common control	(185)	–	–	–	–	–	–	–	–	(185)
Spin-off and separate listing of three subsidiaries	4,929	–	–	–	–	–	–	–	–	4,929
Transaction with non-controlling interests	(464)	–	–	–	–	–	–	–	(5)	(469)
Interest on perpetual securities	–	–	–	–	–	–	–	–	(1,393)	(1,393)
Transfer to statutory surplus reserve *(a)*	–	2,260	–	–	–	–	–	–	(2,260)	–
Transfer to general reserve *(b)*	–	–	95	–	–	–	–	–	(95)	–
Transfer to safety production reserve *(c)*	–	–	–	–	–	–	922	–	(922)	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	–	–	–	–	(93)	–	–	–	93	–
At 31 December 2023	22,097	11,285	873	(65)	10,418	(4)	4,851	305	181,216	230,976

37. RESERVES (CONTINUED)

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to owners. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2024, the board of directors proposed an appropriation of 10% (2023: 10%) of the Company's profit after tax, as determined under PRC GAAP, of RMB1,420 million (2023: RMB2,260 million) to the statutory surplus reserve.

(b) General reserve

CCCC Finance, one of the subsidiaries of the Company, is required by the Ministry of Finance to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

The general reserve balance of CCCC Finance as at 31 December 2024 amounted to RMB1,423 million (2023: RMB873 million).

(c) Safety production reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a safety production reserve at different rates ranging from 1.5% to 2% of the total construction contract revenue recognised for the year. The reserve can be utilised for improvements of safety on the construction work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety production reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interests held by non-controlling interests:

	2024	2023
	(%)	*(%)*
CCCC (Beijing) One-term Equity Investment Fund LLP	**40.00**	40.00
CCCC First Highway Engineering Group Co., Ltd.	**18.74**	25.19
CCCC Second Highway Engineering Co., Ltd.	**23.47**	34.84
CCCC Construction Group Co., Ltd.	**19.85**	28.80
CCCC First Harbour Engineering Co., Ltd.	**13.08**	17.61
CCCC Second Harbour Engineering Co., Ltd.	**22.99**	28.50
CCCC Forth Harbour Engineering Co., Ltd.	**6.89**	13.77
Road & Bridge International Co., Ltd.	**25.22**	28.92
CCCC Urban Investment Holding Co., Ltd.	**8.06**	8.06
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd.	**49.00**	48.45
CCCC Design Consulting Group Co., Ltd.	**50.87**	46.12
Gansu Qilianshan Cement Group Co., Ltd.	**15.00**	15.00

Profit/(loss) for the year allocated to non-controlling interests:

	2024	2023
	RMB million	*RMB million*
CCCC (Beijing) One-term Equity Investment Fund LLP	**–**	11
CCCC First Highway Engineering Group Co., Ltd.	**217**	348
CCCC Second Highway Engineering Co., Ltd.	**157**	200
CCCC Construction Group Co., Ltd.	**186**	281
CCCC First Harbour Engineering Co., Ltd.	**188**	225
CCCC Second Harbour Engineering Co., Ltd.	**283**	385
CCCC Forth Harbour Engineering Co., Ltd.	**105**	174
Road & Bridge International Co., Ltd.	**203**	274
CCCC Urban Investment Holding Co., Ltd.	**101**	101
CCCC Design Consulting Group Co., Ltd.	**914**	314
Gansu Qilianshan Cement Group Co., Ltd.	**82**	(11)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Dividends distributed to non-controlling interests:

	2024 ***RMB million***	2023 *RMB million*
CCCC (Beijing) One-term Equity Investment Fund LLP	**–**	42
CCCC First Highway Engineering Group Co., Ltd.	**389**	311
CCCC Second Highway Engineering Co., Ltd.	**221**	199
CCCC Construction Group Co., Ltd.	**292**	282
CCCC First Harbour Engineering Co., Ltd.	**241**	226
CCCC Second Harbour Engineering Co., Ltd.	**395**	392
CCCC Forth Harbour Engineering Co., Ltd.	**184**	174
Road & Bridge International Co., Ltd.	**300**	282
CCCC Urban Investment Holding Co., Ltd.	**101**	101
CCCC Design Consulting Group Co., Ltd.	**349**	–

Accumulated balances of non-controlling interests at the reporting date:

	2024 ***RMB million***	2023 *RMB million*
CCCC (Beijing) One-term Equity Investment Fund LLP	**2,690**	3,739
CCCC First Highway Engineering Group Co., Ltd.	**3,332**	4,111
CCCC Second Highway Engineering Co., Ltd.	**1,868**	2,498
CCCC Construction Group Co., Ltd.	**2,229**	2,874
CCCC First Harbour Engineering Co., Ltd.	**1,925**	2,463
CCCC Second Harbour Engineering Co., Ltd.	**4,023**	4,895
CCCC Forth Harbour Engineering Co., Ltd.	**1,195**	2,123
Road & Bridge International Co., Ltd.	**3,090**	3,488
CCCC Urban Investment Holding Co., Ltd.	**1,313**	1,313
CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd.	**2,301**	2,068
CCCC Design Consulting Group Co., Ltd.	**7,914**	5,979
Gansu Qilianshan Cement Group Co., Ltd.	**1,741**	1,661

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2024	CCCC (Beijing) One-term Equity Investment Fund LLP *RMB million*	CCCC First Highway Engineering Group Co., Ltd. *RMB million*	CCCC Second Highway Engineering Co., Ltd. *RMB million*	CCCC Construction Group Co., Ltd. *RMB million*	CCCC First Harbour Engineering Co., Ltd. *RMB million*	CCCC Second Harbour Engineering Co., Ltd. *RMB million*	CCCC Forth Harbour Engineering Co., Ltd. *RMB million*	Road & Bridge International Co., Ltd. *RMB million*	CCCC Urban Investment Holding Co., Ltd. *RMB million*	CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd *RMB million*	CCCC Design Consulting Group Co., Ltd. *RMB million*	Gansu Qilianshan Cement Group Co., Ltd. *RMB million*
Revenue	-	130,967	76,496	35,382	52,705	80,430	51,519	57,524	9,665	225	12,323	5,224
Profit for the year	1	2,877	2,482	551	1,553	2,318	2,715	2,416	1,473	-	1,787	351
Total comprehensive income	1	2,943	2,524	503	1,599	2,309	2,749	2,474	1,486	-	1,778	351
Current assets	122	102,983	39,454	42,985	50,979	76,736	33,595	36,396	46,026	151	21,031	2,579
Non-current assets	6,878	140,614	60,474	53,599	43,878	64,651	66,028	68,670	41,002	16,515	9,712	10,177
Current liabilities	57	141,401	60,090	60,462	61,331	83,793	45,229	51,169	27,777	3,582	12,207	3,175
Non-current liabilities	-	57,376	17,939	17,136	12,373	26,422	25,090	27,647	33,263	7,714	3,175	408
Net cash flows (used in)/generated from operating activities	(23)	4,912	4,117	(2,261)	2,554	2,127	3,237	1,135	(1,875)	(2,192)	(306)	1,264
Net cash flows (used in)/generated from investing activities	2,454	(6,525)	(552)	(1,278)	(375)	1,600	(5,358)	(5,956)	(5,142)	-	875	(366)
Net cash flows (used in)/generated from financing activities	(2,431)	7,716	(2,358)	3,375	1,142	985	3,612	5,876	9,882	2,306	622	(1,040)
Exchange gains/(losses) on cash and cash equivalents	-	-	(3)	-	-	(12)	(3)	1	-	-	5	-
Net increase/(decrease) in cash and cash equivalents	-	6,103	1,204	(164)	3,321	4,700	1,488	1,056	2,865	114	1,196	(142)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (continued)

2023	CCCC (Beijing) One-term Equity Investment Fund LLP	CCCC First Highway Engineering Group Co., Ltd.	CCCC Second Highway Engineering Co., Ltd.	CCCC Construction Group Co., Ltd.	CCCC First Harbour Engineering Co., Ltd.	CCCC Second Harbour Engineering Co., Ltd.	CCCC Third Harbour Engineering Co., Ltd.	CCCC Forth Harbour Engineering Co., Ltd.	Road & Bridge International Co., Ltd.	CCCC Urban Investment Holding Co., Ltd.	CCCC (Tianjin) Rail Transit Investment and Construction Co., Ltd	CCCC Design Consulting Group Co., Ltd.	Gansu Qilianshan Cement Group Co., Ltd.
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue	–	130,175	73,619	43,131	54,009	88,151	50,249	50,345	54,977	12,337	–	13,369	6,958
Profit for the year	27	2,711	2,301	1,487	1,543	2,228	831	3,409	2,593	2,584	–	1,795	659
Total comprehensive income	27	2,710	2,328	1,484	1,552	2,227	871	3,228	2,580	2,572	–	1,756	659
Current assets	–	83,602	33,123	34,946	42,696	81,058	43,114	28,167	33,146	35,420	28	17,871	2,510
Non-current assets	9,439	129,643	55,101	49,951	44,911	60,696	42,336	58,158	56,117	34,702	12,359	9,621	9,587
Current liabilities	65	114,934	49,626	49,715	53,191	86,193	55,836	42,209	44,770	24,926	1,952	11,649	3,003
Non-current liabilities	–	56,492	18,449	15,325	13,126	24,918	12,452	15,837	20,061	20,995	6,167	3,046	257
Net cash flows (used in)/generated from operating activities	–	1,970	4,584	103	2,377	1,562	3,814	5,055	542	1,307	(2,141)	10	1,919
Net cash flows (used in)/generated from investing activities	42	(25,050)	(4,447)	(4,263)	(4,301)	(3,730)	(2,113)	(6,243)	(7,862)	(13,221)	–	(112)	(585)
Net cash flows (used in)/generated from financing activities	(42)	23,402	855	4,595	2,466	(199)	(681)	1,307	8,956	12,174	2,119	(2,082)	(179)
Exchange gains/(losses) on cash and cash equivalents	–	2	(4)	(6)	–	(7)	10	(26)	(1)	–	–	6	–
Net increase/(decrease) in cash and cash equivalents	–	324	988	429	542	(2,374)	1,030	93	1,635	260	(22)	(2,178)	1,155

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group has below significant non-cash transactions:

	2024 *RMB million*	2023 *RMB million*
Increase in right-of-use assets (excluding leasehold land)	**2,437**	1,951
Bank acceptance bills endorsed settlement of trade and other payables	**640**	1,117

(b) Changes in liabilities arising from financing activities

2024	Bank and other loans *RMB million*	Lease liabilities *RMB million*	Corporate bonds *RMB million*	Debentures *RMB million*	Non-public debt instruments *RMB million*	Dividend *RMB million*	Stock repurchase *RMB million*	Total *RMB million*
At 31 December 2023	482,657	2,776	22,835	6,030	17,571	2,775	522	535,166
Changes from financing cash flows	49,905	(1,607)	12,332	853	1,961	(12,194)	(8)	51,242
New leases	-	2,400	-	-	-	-	-	2,400
Foreign exchange movement	(85)	69	-	-	-	-	-	(16)
Declared dividends	-	-	-	-	-	14,350	-	14,350
Interest expense	20,931	200	873	679	606	-	-	23,289
Increase arising from business combinations	13,213	4	-	-	-	3	-	13,220
Decrease arising from disposal of subsidiaries	(26,070)	-	-	-	564	(2)	-	(25,508)
Others	8,149	(159)	1,107	(40)	(7)	-	83	9,133
At 31 December 2024	548,700	3,683	37,147	7,522	20,695	4,932	597	623,276

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (continued)

2023	Bank and other loans *RMB million*	Lease liabilities *RMB million*	Corporate bonds *RMB million*	Debentures *RMB million*	Non-public debt instruments *RMB million*	Dividend *RMB million*	Stock repurchase *RMB million*	Total *RMB million*
At 31 December 2022	424,965	2,386	20,146	8,532	14,124	2,096	–	472,249
Changes from financing cash flows	57,830	(1,673)	1,838	(3,161)	2,970	(10,775)	–	47,029
New leases	–	1,821	–	–	–	–	–	1,821
Foreign exchange movement	437	–	–	–	–	–	–	437
Declared dividends	–	–	–	–	–	11,457	–	11,457
Interest expense	21,469	232	812	670	467	–	–	23,650
Increase arising from business combinations	11,897	10	–	–	–	–	–	11,907
Decrease arising from disposal of subsidiaries	(39,750)	–	–	–	–	(3)	–	(39,753)
Others	5,809	–	39	(11)	10	–	522	6,369
At 31 December 2023	482,657	2,776	22,835	6,030	17,571	2,775	522	535,166

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 ***RMB million***	2023 *RMB million*
Within operating activities	**2,534**	1,797
Within investing activities	**671**	906
Within financing activities	**1,607**	1,796
Total	**4,812**	4,499

40. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE COMMITMENT

(i) Claims

The Group has been named defendants 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 management can reasonably estimate the outcome of the lawsuits taking into account the legal advice. No provision has been made for those pending lawsuits with a maximum compensation amount of RMB4,347 million (31 December 2023: RMB2,894 million) related mainly to disputes with customers and subcontractors, as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. Pending lawsuits of which the probability of loss is remote or the claim amount is insignificant to the Group were not included in the above.

(ii) Loan guarantees

(a) The Group has acted as the guarantor for several borrowings of RMB3,522 million (31 December 2023: RMB3,714 million) made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the loan guarantee.

(b) The Group provides guarantees to banks for the mortgage loans of the property buyers in certain real estate projects. As at 31 December 2024, the outstanding balance of guarantees provided by the Group was approximately RMB4,592 million (31 December 2023: RMB4,462 million).

(iii) Liquidity support

The Group has entered into certain agreements with financial institutions to set up asset-backed securities (ABS) and asset-backed notes (ABN) arrangements. As at 31 December 2024, out of the ABS and ABN in issue with an aggregate amount of RMB71,254 million (31 December 2023: RMB72,543 million), RMB59,784 million (31 December 2023: RMB67,089 million) had been issued to preferential investors. Under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and return to preferential investors at the due date is not sufficient.

As of 31 December 2024, no provision has been made for the above liquidity supports as management estimates the outflow of resources is not probable.

41. BUSINESS COMBINATIONS

(a) Acquisition of subsidiaries not under common control

In December 2022, the Intermediate People's Court of Sanya, Hainan Province ruled that Sanya Phoenix Island International Cruise Terminal Development Co., Ltd.* (三亞鳳凰島國際郵輪港發展有限公司) and its subsidiaries Sanya Phoenix Island Development Co., Ltd.* (三亞鳳凰島發展有限公司) and Sanya Phoenix Island Real Estate Co., Ltd.* (三亞鳳凰島置業有限公司) (the "Three Companies including Cruise Terminal") should be substantially merged and reorganised (the "Reorganisation Plan"). According to the Reorganisation Plan, the unsecured claims of CCCC Ocean Investment Holding Company Limited* (中交海洋投資控股有限公司) ("CCCC Ocean Investment"), a subsidiary of the Company, to the restructuring entity have been converted into the equity of newly established Sanya Huangzhuo Investment Co., Ltd.* (三亞凰卓投資有限公司) ("Huangzhuo Company"), and it has been served as capital injection into Huangzhuo Company by CCCC Ocean Investment as a restructuring investor. During the year, the Reorganisation Plan has been completed and CCCC Ocean Investment has obtained 60.40% equity in and the control of Huangzhuo Company and included it in the consolidated scope.

In addition, during the year ended 31 December 2024, the Group obtained control over several companies from certain independent third parties, at a total consideration of RMB4,587 million. The Group has elected to measure the non-controlling interests in these companies at the non-controlling interests' proportionate shares of identifiable net assets of these companies.

The fair values of identifiable assets and liabilities of all the acquired companies at the date of acquisition were as follows:

	Acquisition date fair value *RMB million*
Non-current assets	9,207
Current assets	7,022
Current liabilities	(3,584)
Non-current liabilities	(7,796)
Total identifiable net assets at fair value	4,849
Non-controlling interests	(457)
Goodwill on acquisition	201
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(6)
Consideration	4,587

41. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of subsidiaries not under common control (continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2024 ***RMB million***
Cash consideration	**1,606**
Cash and bank balances acquired	**599**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**1,007**

Since the acquisition, the acquirees contributed RMB551 million to the Group's revenue and caused an income of RMB79 million to the Group's profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB768,416 million and RMB30,449 million, respectively.

(b) Acquisition of a subsidiary under common control

During the year, the Group obtained control over China Communications Construction (Xiamen) E-commerce Co., Ltd through a capital increase. In the same year, the Group acquired China Zhibao Investment Co., Ltd. from China Real Estate Development Group Co., Ltd.

Since the merged companies and the Group are both under common control of CCCG before and after the acquisition, the acquisition is accounted for as merger accounting, i.e., the assets and liabilities of the merged companies are consolidated by the Group using the existing book values from the CCCG's perspective, as if the current group structure had been in existence throughout the periods presented, with the difference between the book value of the net assets of the merged companies and the consideration directly credited to equity. The comparative figures of the consolidated financial statements have also been restated as a result of the merger accounting.

The book values of the merged companies' assets and liabilities as at the merger date and 31 December 2023 were as follows:

	Merger date Book value *RMB million*	31 December 2023 Book value *RMB million*
Non-current assets	39	38
Current assets	468	176
Current liabilities	(297)	(119)
Net assets	210	95
Non-controlling interest	64	
Difference directly credited to equity	2	
Cash consideration	144	

41. BUSINESS COMBINATIONS (CONTINUED)

(c) Asset acquisition

During the year, the Group acquired the majority shareholdings previously held by third parties in Guizhou Zhongjiao Guiweng Expressway Co., Ltd. ("Guiweng") at a total cash consideration of RMB844 million and obtained control over the company.

The Group acquired the majority shareholdings previously held by third parties in Hanzhong Zhongjiao Infrastructure Investment Co., Ltd. ("Hanzhong") at a total cash consideration of RMB54 million and obtained control over the company.

On an acquisition-by-acquisition basis, the Group determined these acquisitions to be asset acquisition instead of business acquisition since substantially all of the fair value of the gross assets acquired is concentrated on a single identifiable asset the acquired company.

The financial information of the relevant assets at the time of acquisition is listed as follows:

	Acquisition date *RMB million*
Intangible assets	8,401
Other non-current assets	1,103
Other assets	443
Total liabilities	(7,620)
Fair value of identifiable net assets on acquisition date	2,327
Non controlling interest	(13)
Consideration	2,314
Satisfied by cash	898
Book value of the equity interests previously held by the Group	1,416
An analysis of the cash flows in respect of the asset acquisition is as follows:	
Cash paid for asset acquisition	898
Cash and bank balances of assets acquired	57
Net outflow of cash and cash equivalents in respect of asset acquisition	841

42. DISPOSAL OF SUBSIDIARIES

(i) Information about the subsidiaries being disposed of:

The subsidiaries of the Company, including Guizhou CCCC Anjiang Expressway Co., Ltd.* (貴州中交安江高速公路有限公司), Chongqing CCCC Yuwu Expressway Co., Ltd.* (重慶中交渝武高速公路有限公司), CCCC (Dalian) Real Estate Development Co., Ltd.* (中交(大連)置業發展有限公司) and Hubei CCCC Wushen Expressway Co., Ltd.* (湖北中交武深高速公路有限公司), were disposed of at a total consideration of RMB11,171 million. Upon completion of these transactions, the Group no longer has control over these companies.

(ii) The financial information of subsidiaries disposed of by the Group at the date of disposal is as follows:

	2024 ***RMB million***	2023 *RMB million*
Non-current assets	**34,046**	57,490
– Intangible assets *(note 17)*	**29,042**	41,655
Current assets	**11,277**	3,089
Current liabilities	**(7,210)**	(5,591)
Non-current liabilities	**(27,552)**	(41,720)
Subtotal	**10,561**	13,268
Non-controlling interests	**(614)**	(2,027)
Subtotal	**9,947**	11,241
Gains on disposal of subsidiaries *(note 5)*	**2,219**	518
Total considerations	**12,166**	11,759
Represented by:		
Fair values of residual interests in joint ventures	**879**	4,183
Fair values of residual interests in associates	**96**	584
Financial assets at fair value through profit or loss	**8**	420
Financial assets at fair value through OCI	**12**	–
Consideration	**11,171**	6,572
Total	**12,166**	11,759

(iii) An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2024 ***RMB million***	2023 *RMB million*
Cash received from disposal of subsidiaries in current year	**8,528**	3,578
Cash and bank balances of subsidiaries disposed of	**(4,266)**	(850)
Cash received from disposal of subsidiaries in prior years	**1,297**	1,438
Cash received from equity transfer proceeds received in advance this year	**–**	922
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**5,559**	5,088

(iv) During the year, the Company's subsidiary, Beijing North Huade Neoplan Bus Co., Ltd. ("Huade Neoplan Company"), went into bankruptcy liquidation due to its inability to pay off maturing debts and apparent lack of solvency, and was transferred to the administrator, Beijing Jintai Law Firm. As at the transfer date, the assets of Huade Neoplan Company were RMB116 million, liabilities were RMB900 million, and net liabilities were RMB784 million. Cash and cash equivalents of transferred assets were RMB7 million.

43. PLEDGE OF ASSETS

(a) At 31 December 2024, the restricted deposits were RMB6,705 million (2023: RMB7,119 million).

(b) Details of the Group's assets secured for interest-bearing bank and other borrowings are as follows:

	2024 ***RMB million***	2023 *RMB million*
Property, plant and equipment *(note 14)*	**3,680**	782
Right-of-use assets *(note 16(a))*	**9,388**	9,015
Concession assets and trade receivables from PPP projects *(note 17, note 25)*	**353,893**	306,321
Inventories *(note 23)*	**20,806**	18,199
Trade and other receivables (excluding PPP projects) *(note 25)*	**40,415**	42,288
Total	**428,182**	376,605

44. COMMITMENTS

(i) Capital expenditure commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting period was as follows:

	2024 ***RMB million***	2023 *RMB million*
Intangible assets – concession assets	**111,827**	51,388
Property, plant and equipment	**1,411**	1,713
Others	**921**	–
Total	**114,159**	53,101

(ii) Other commitment

In accordance with the financial services framework agreement between CCCC Finance and CCCG, CCCC Finance provides financial services to CCCG and its subsidiaries. In 2024, the maximum daily balance of loan services under the deposit services and loan services framework agreement is RMB43,617 million, the maximum daily balance of guarantee letter services under the guarantee letter services framework agreement is RMB7,014 million, and the maximum daily balance of bills issuance services and bonds subscription under the other credit services framework agreement is RMB1,946 million.

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2024 *RMB million*	2023 *RMB million*
Transactions with CCCG		
– Revenue from the provision of construction services and construction-related services	6,484	3,416
– Rental income	–	3
– Rental charges	300	296
– Interest expenses on deposits placed in CCCC Finance	7	28
– Loans to CCCG by CCCC Finance	1,000	3,000
– Interest income from loans provided by CCCC Finance	54	84
– Other borrowings from CCCG	13,413	3,961
– Interest expenses on loans	–	39
Transactions with fellow subsidiaries		
– Revenue from the provision of construction and construction-related services	7,923	10,593
– Revenue from sale of goods	579	831
– Rental income	59	30
– Interest expenses on deposits placed in CCCC Finance	156	60
– Loans from fellow subsidiaries	–	100
– Interest expenses on loans	8	5
– Purchases of materials	2,442	2,889
– Subcontracting and service charges	2,333	3,095
– Rental charges	35	36
– Loans to fellow subsidiaries by CCCC Finance	2,640	1,395
– Interest income from loans provided by CCCC Finance	63	24
– Factoring to fellow subsidiaries	607	440
– Interest income from factoring	33	20
– Finance lease loans to fellow subsidiaries	894	699
– Interest income from finance lease loans	52	69

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	2024 *RMB million*	2023 *RMB million*
Transactions with fellow subsidiaries' joint ventures and associates		
– Interest income from finance lease loans	1	5
– Factoring to fellow subsidiaries' joint ventures and associates	–	320
– Interest income from factoring	10	8
– Revenue from the provision of construction and construction-related services	666	573
Transactions with joint ventures and associates		
– Revenue from the provision of construction and construction-related services	48,065	59,815
– Revenue from sale of goods	102	48
– Purchases of materials	209	530
– Subcontracting and service charges	579	2,344
– Rental income	38	45
– Interest expense on deposits placed in CCCC Finance	31	30
– Loans from joint ventures and associates	5,071	7,673
– Interest expenses on loans	36	47
– Loans to a joint venture by CCCC Finance	–	–
– Interest income from loans by CCCC Finance	7	7
– Loans to joint ventures and associates	9,699	6,514
– Interest income from other loans	496	573
– Factoring to joint ventures and associates	160	131
– Interest income from factoring	16	21
– Finance lease loans to joint ventures and associates	–	92
– Interest income from finance lease loans	54	135

These transactions were carried out by reference to the prices and terms that would be available to third parties in the ordinary course of business.

ZPMC is an associate and also a fellow subsidiary of the Company. The transaction with ZPMC and its subsidiaries for 2024 and 2023, and the outstanding balances with ZPMC and its subsidiaries as at 31 December 2024 and 31 December 2023 were included in the category of transactions and balances with fellow subsidiaries.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

Balances with related parties other than government-related entities:

	2024 *RMB million*	2023 *RMB million*
Trade and bills receivables due from		
– CCCG	**637**	478
– Fellow subsidiaries	**2,863**	2,716
– Joint ventures and associates	**7,892**	7,894
– Fellow subsidiaries' joint ventures	**31**	47
Subtotal	**11,423**	11,135
Long-term trade receivables due from		
– CCCG	**2,930**	2,030
– Fellow subsidiaries	**6,440**	6,273
– Joint ventures and associates	**26,120**	20,805
– Fellow subsidiaries' joint ventures	**223**	200
Subtotal	**35,713**	29,308
Prepayments to		
– Fellow subsidiaries	**577**	256
– Joint ventures and associates	**266**	615
– Fellow subsidiaries' joint ventures	**–**	4
Subtotal	**843**	875
Other receivables due from*		
– CCCG	**1,487**	3,541
– Fellow subsidiaries	**4,709**	3,167
– Joint ventures and associates	**9,803**	11,033
– Fellow subsidiaries' joint ventures	**–**	8
Subtotal	**15,999**	17,749
Contract assets		
– CCCG	**–**	203
– Fellow subsidiaries	**93**	2,008
– Joint ventures and associates	**7,845**	5,764
– Fellow subsidiaries' joint ventures	**9**	61
Subtotal	**7,947**	8,036
Total	**71,925**	67,103

* Except for those loans to related parties included in other receivables which are interest-bearing, outstanding balances with related parties are unsecured, interest-free and repayable in cash.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (continued)

	2024 RMB million	2023 RMB million
Trade and bills payables due to		
– Fellow subsidiaries	4,595	4,221
– Joint ventures and associates	1,891	1,757
– Fellow subsidiaries' joint ventures	20	24
Subtotal	6,506	6,002
Long-term trade payables due to		
– CCCG	–	–
– Fellow subsidiaries	2,573	2,715
– Joint ventures and associates	1,153	364
– Fellow subsidiaries' joint ventures	1	7
Subtotal	3,727	3,086
Contract liabilities		
– CCCG	320	81
– Fellow subsidiaries	1,080	521
– Joint ventures and associates	4,803	6,093
– Fellow subsidiaries' joint ventures	27	36
Subtotal	6,230	6,731
Other payables*		
– CCCG	12,465	1,713
– Fellow subsidiaries	17,479	10,184
– Joint ventures and associates	8,918	8,371
– Fellow subsidiaries' joint ventures	1	–
Subtotal	38,863	20,268
Other borrowings		
– Fellow subsidiaries	50	–
Lease liabilities		
– Fellow subsidiaries	9	–
– Joint ventures and associates	123	–
Total	55,508	36,087

* Including deposits from related parties

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Guarantees with related parties:

	2024 RMB million	2023 RMB million
Outstanding loan guarantees provided to		
– Joint ventures	**1,707**	1,952
– Associates	**1,815**	1,762
Total	**3,522**	3,714
Outstanding guarantees provided by CCCG	**9,102**	9,102

(d) Commitments with related parties:

	2024 RMB million	2023 RMB million
Provision of construction services		
– CCCG	**6,602**	5,909
– Fellow subsidiaries	**17,459**	16,010
– Joint ventures and associates	**80,446**	83,389
– Fellow subsidiaries' joint ventures	**1,698**	489
Total	**106,205**	105,797
Purchase of services and goods		
– Fellow subsidiaries	**2,779**	4,136
– Joint ventures and associates	**858**	1,196
Total	**3,637**	5,332

(e) Key management compensation:

	2024 RMB'000	2023 RMB'000
Short term employee benefits	**10,689**	11,036
Post-employment benefits	**659**	659
Total	**11,348**	11,695

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Equity transactions with related parties

During the year ended 31 December 2024, the Group contributed RMB792 million in total to share capitals of companies set up together with fellow subsidiaries of CCCG.

(g) Other transactions with related parties

a) In 2024, the Group obtained control over China Communications E-commerce through a capital increase.

b) In 2024, the Group acquired the majority shareholdings previously held by third parties in Guiweng, a joint venture of the Group, at a total cash consideration of RMB844 million and obtained control over the company.

c) As of 31 December 2024, CCCC Finance, a subsidiary of the Company, provided migrant workers' wage guarantees, advance payment guarantees and performance guarantees to related parties in the amount of RMB913 million (31 December 2023: RMB998 million).

d) In accordance with the financial services framework agreement between CCCC Finance and CCCG, CCCC Finance provides financial services to CCCG and its subsidiaries. In 2024, the maximum daily balance of loan services under the deposit services and loan services framework agreement is RMB43,617 million, the maximum daily balance of guarantee letter services under the guarantee letter services framework agreement is RMB7,014 million, and the maximum daily balance of bills issuance services and bonds subscription under the other credit services framework agreement is RMB1,946 million.

e) As of 31 December 2024, the outstanding balances of the bond investments in China Communications Real Estate Group Co., Ltd., held by CCCC Finance was RMB800 million and during the year, the interest of RMB30 million was accrued and recovered.

f) During the period, the Group signed agreements with ZPMC and CCCG Overseas Real Estate Pte. Ltd. to acquire 25.79% equity interest in CCCC South America Regional Company S.à.r.l.* (中國交建南部美洲區域公司), a subsidiary of CCCG, at a consideration of RMB288 million. Upon completion of the transaction, the Group held 100% equity interest in CCCC South America Regional Company S.à.r.l.

g) During the period, the Company's subsidiaries, CCCC Fourth Harbour Engineering Co., Ltd., CCCC Haosheng City Construction Development Co., Ltd.* (中交豪生城市建設發展有限公司), CCCC East China Investment Limited* (中交華東投資有限公司), CCCC Investment Co., Ltd. and CCCG Real Estate Corporation Limited* (中交地產股份有限公司), intended to reduce the capital of CCCC Huachuang Real Estate (Suzhou) Co., Ltd.* (中交華創地產(蘇州)有限公司) by a total of RMB750 million in the proportion of 10%:10%:10%:10%:60%. The transaction was completed in July 2024.

h) China Harbour Engineering Co., Ltd., a subsidiary of the Company, intends to jointly establish a project company in Botswana with China International Water & Electric Corp. and a local partner in Botswana in the proportion of 55%:30%:15% to invest in the construction and operation of the 100MW photovoltaic power station project in Jwaneng, Botswana. China Harbour Engineering Co., Ltd. holds a 55% equity interest in the project, with a capital contribution in cash of approximately US$11 million (equivalent to approximately RMB78 million), involving a one-off connected transaction amounting to approximately US$11 million. The above transaction has not yet been completed as at the date of approval of this consolidated financial information.

i) On 1 November 2024, CCCG, China Communications Real Estate, CCCG Real Estate (both being subsidiaries of CCCG), CCCC Investment and CFHEC (both being subsidiaries of the Company) entered into the Equity Transfer Agreement, pursuant to which, CCCG, China Communications Real Estate, CCCC Investment and CFHEC have conditionally agreed to sell and CCCG Real Estate has conditionally agreed to acquire 10%, 51%, 15% and 24% equity interests in China Communications Property Service at a consideration of RMB70 million, RMB357 million, RMB105 million and RMB168 million respectively. The transaction was completed in December 2024.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	
	Debt investments	Equity investments	Held for trading		Total
	RMB million	RMB million	RMB million	RMB million	RMB million
Financial assets at fair value through profit or loss	–	–	27,931	–	27,931
Equity investments designated at fair value through other comprehensive income	–	27,180	–	–	27,180
Derivative financial instruments	–	–	419	–	419
Debt investments at amortised cost	–	–	–	1,322	1,322
Trade and other receivables excluding prepayments and other non-financial assets	1,134	–	–	550,693	551,827
Cash and bank balances	–	–	–	142,481	142,481
Total	1,134	27,180	28,350	694,496	751,160

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB million	Financial liabilities at amortised cost RMB million	Total RMB million
Borrowings (excluding lease liabilities)	–	614,062	614,062
Trade and bills payables *(note 28)*	–	425,779	425,779
Deposits from suppliers *(note 27)*	–	47,705	47,705
Retentions *(note 28)*	–	72,552	72,552
Deposits in CCCC Finance *(note 27)*	–	20,966	20,966
Financial liabilities included in other payables and accruals	–	53,815	53,815
Total	–	1,234,879	1,234,879

46. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortised cost	
	Debt investments	Equity investments	Held for trading		Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial assets at fair value through profit or loss	–	–	28,154	–	28,154
Equity investments designated at fair value through other comprehensive income	–	21,425	–	–	21,425
Derivative financial instruments	–	–	413	–	413
Debt investments at amortised cost	–	–	–	1,240	1,240
Trade and other receivables excluding prepayments and other non-financial assets	961	–	–	505,315	506,276
Cash and bank balances	–	–	–	120,983	120,983
Total	961	21,425	28,567	627,538	678,491

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB million	*RMB million*	*RMB million*
Borrowings (excluding lease liabilities)	–	529,094	529,094
Derivative financial instruments	5	–	5
Trade and bills payables *(note 28)*	–	391,835	391,835
Deposits from suppliers *(note 27)*	–	45,775	45,775
Retentions *(note 28)*	–	56,756	56,756
Deposits in CCCC Finance *(note 27)*	–	13,530	13,530
Financial liabilities included in other payables and accruals	–	46,011	46,011
Total	5	1,083,001	1,083,006

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than lease liabilities and those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 *RMB million*	2023 *RMB million*	**2024 *RMB million***	2023 *RMB million*
Financial liabilities				
Non-current				
Bank borrowings	**388,024**	367,629	**387,939**	367,564
Corporate bonds	**33,662**	16,314	**32,876**	16,419
Non-public debt instruments	**16,625**	9,239	**15,834**	8,903
Other borrowings (other than lease liabilities)	**4,922**	4,682	**5,125**	4,719
Total	**443,233**	397,864	**441,774**	397,605

Management has assessed that the fair values of cash and bank balances, financial assets included in trade and other receivables, and financial liabilities included in trade and other payables approximate to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings and non-public debt instruments (excluding lease liabilities) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings and non-public debt instruments (excluding lease liabilities) as at 31 December 2024 were assessed to be insignificant.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise the discounted cash flow model and the market comparable corporate model. The inputs of the valuation technique mainly include future cash flows, PBR (price/book ratio) of companies in same category and unit prices of comparable property.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, including forward currency contracts, interest rate swaps and total return swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts interest rate swaps and total return swaps are the same as their fair values.

As at 31 December 2024, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value measurement categorised within level 3 adopts discounted cash flow method. The unobservable inputs are weighted average capital costs and long-term growth rates.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated by the most appropriate valuation techniques based on assumptions that are not supported by observable market prices or rates, including: (i) market approach by using initial cost of the investment itself or a multiple of earnings, or of revenue depending on the stage of development of an enterprise; and (ii) income approach by using the discounted cash flows or earnings of underlying business based on reasonable assumptions and estimations of expected future cash flows (or expected future earnings), the terminal value, and the appropriate risk-adjusted rate that captures the risk inherent in the projections.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Assets				
Bills receivable	–	1,134	–	1,134
Equity investments designated at fair value through other comprehensive income	21,994	–	5,186	27,180
Financial assets at fair value through profit or loss	672	–	27,259	27,931
Derivative financial instruments				
– Interest rate swap	–	42	–	42
– Foreign exchange option	–	–	377	377
Total	22,666	1,176	32,822	56,664
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	–	–	–

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets and liabilities measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Assets				
Bills receivable	–	961	–	961
Equity investments designated at fair value through other comprehensive income	16,730	–	4,695	21,425
Financial assets at fair value through profit or loss	967	–	27,187	28,154
Derivative financial instruments				
– Interest rate swap	–	48	–	48
– Foreign exchange option	–	–	365	365
Total	17,697	1,009	32,247	50,953
Liabilities				
Derivative financial instruments				
– Forward currency contracts	–	5	–	5

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 *RMB million*	2023 *RMB million*
At 1 January	**32,247**	25,532
Total losses recognised in the consolidated statement of profit or loss included in other gains	**(1,059)**	(963)
Total gains/(losses) recognised in other comprehensive income	**24**	(14)
Purchases	**6,975**	9,387
Disposals	**(5,365)**	(1,695)
At 31 December	**32,822**	32,247

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	Total RMB million
Bank borrowings	–	387,939	–	387,939
Corporate bonds	4,000	28,876	–	32,876
Non-public debt instruments	–	15,834	–	15,834
Other borrowings (other than lease liabilities)	–	5,125	–	5,125
Total	4,000	437,774	–	441,774

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	Total RMB million
Bank borrowings	–	367,564	–	367,564
Corporate bonds	4,000	12,419	–	16,419
Non-public debt instruments	–	8,903	–	8,903
Other borrowings (other than lease liabilities)	–	4,719	–	4,719
Total	4,000	393,605	–	397,605

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price 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 uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

The functional currency of the 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.

As at 31 December 2024, the Group's aggregate net liabilities of RMB6,212 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to currency risks, and a portion of those risks is hedged by using derivative financial instruments when management considers necessary.

As at 31 December 2024, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would have been decreased/increased by approximately RMB155 million (2023: RMB224 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position either as equity investments designated at fair value through other comprehensive income or financial assets or financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarises the impact of increases/decreases of quoted price in open markets on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity price had increased/decreased by 10% with all other variables held constant:

	2024	2023
Increase/decrease in quoted price in open markets	**10%**	10%

	2024 *RMB million*	2023 *RMB million*
Impact on profit before tax for the year	**33**	58
Impact on equity (excluding retained profits)	**2,199**	1,673

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2024 and 2023, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and Hong Kong dollar.

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increase in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2024 and 2023.

As at 31 December 2024, the Group's borrowings of approximately RMB353,154 million (31 December 2023: RMB315,954 million) were at variable rates. As at 31 December 2024, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have decreased/increased by RMB3,532 million (31 December 2023: RMB3,160 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The carrying amounts of cash and bank balances, trade and other receivables except for prepayments and derivative financial instruments, represent the Group's maximum exposure to credit risk in relation to financial assets.

Maximum exposure and year-end staging as at 31 December 2024

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		
	Stage 1 *RMB million*	Stage 2 *RMB million*	Stage 3 *RMB million*	Simplified approach *RMB million*	*RMB million*
Contract assets*	–	–	–	513,746	513,746
Trade and other receivables*	362,833	46,594	1,531	139,771	550,729
Debt investments at amortised cost	–	–	1,322	–	1,322
Restricted bank deposits and time deposits with an initial term of over three months					
– Not yet past due	7,507	–	–	–	7,507
Cash and cash equivalents					
– Not yet past due	134,974	–	–	–	134,974
Guarantees given to banks in connection with facilities granted to associates and joint ventures	3,522	–	–	–	3,522
Total	508,836	46,594	2,853	653,517	1,211,800

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

As at 31 December 2023

	12-month ECLs		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Contract assets*	–	–	–	452,612	452,612
Trade and other receivables*	313,270	42,253	2,920	118,232	476,675
Debt investments at amortised cost	–	–	1,240	–	1,240
Restricted bank deposits and time deposits with an initial term of over three months					
– Not yet past due	10,730	–	–	–	10,730
Cash and cash equivalents					
– Not yet past due	110,253	–	–	–	110,253
Guarantees given to banks in connection with facilities granted to associates and joint ventures	3,714	–	–	–	3,714
Total	437,967	42,253	4,160	570,844	1,055,224

* For contract assets, trade and other receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 and note 25 to the financial statements, respectively.

As at 31 December 2024, the financial assets classified to stage 3 for lifetime ECLs are debt investments at amortised cost, other receivables and long-term receivables with a gross carrying amount of approximately RMB5,237 million (2023: RMB10,051 million). Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables and long-term receivables are disclosed in note 25 to the consolidated financial statements.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk encompasses the risk that the Group cannot meet its financial obligations in full.

The Group's maturity analysis of borrowings that shows the remaining contractual maturities is disclosed in note 30.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the 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 banks and other borrowings.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for trade payables covered by the arrangements are either identical to the payment terms for other trade payables or extended to no more than 180 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given that the payment terms are not significantly extended. Details of the arrangements are disclosed in note 28 to the financial statements.

The table below analyses the Group's non-derivative financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates, and the amounts disclosed in the table are the contractual undiscounted cash flows.

2024

	Less than 1 year *RMB million*	Between 1 and 2 years *RMB million*	Between 2 and 5 years *RMB million*	Over 5 years *RMB million*	Total *RMB million*
Borrowings (excluding lease liabilities)	**155,399**	**91,742**	**170,971**	**265,341**	**683,453**
Lease liabilities	**1,470**	**746**	**977**	**856**	**4,049**
Trade and other payables (excluding statutory and non-financial liabilities)	**591,070**	**40,390**	**18,793**	**3,509**	**653,762**
Total	**747,939**	**132,878**	**190,741**	**269,706**	**1,341,264**

2023

	Less than 1 year *RMB million*	Between 1 and 2 years *RMB million*	Between 2 and 5 years *RMB million*	Over 5 years *RMB million*	Total *RMB million*
Borrowings (excluding lease liabilities)	127,540	71,350	149,461	268,667	617,018
Lease liabilities	926	925	799	644	3,294
Trade and other payables (excluding statutory and non-financial liabilities)	521,638	42,465	8,168	2,254	574,525
Net-settled derivative financial instruments	5	–	–	–	5
Total	650,109	114,740	158,428	271,565	1,194,842

The Group's contractual amounts relating to loan guarantees and liquidity support are disclosed in note 40 of the consolidated financial statements.

Derivative financial instruments comprise forward currency contracts used by the Group to hedge the exposure to foreign currency risk.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) 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 gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash assets and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

The Group has established supplier finance arrangements to manage its working capital, details of which are included in note 28 to the financial statements.

	31 December 2024 ***RMB million***	31 December 2023 *RMB million*
Total borrowings *(note 30)*	**586,323**	511,626
Less: Cash and cash equivalents	**134,974**	110,407
Net debt	**451,349**	401,219
Total equity	**467,815**	459,200
Total capital	**919,164**	860,419
Gearing ratio	**49.1%**	46.6%

The Group's gearing ratio increases from 46.6% to 49.1% on 31 December 2024 as compared with the ratio as at 31 December 2023.

49. EVENT AFTER THE REPORTING PERIOD

On 27 March 2025, the Board of Directors proposed a total annual dividend distribution totalling approximately RMB4,911 million to the shareholders, subject to the shareholders' approval at the forthcoming AGM. Of this amount, the interim dividend of RMB2,280 million approved by the Company's EGM on 29 November 2024 has been recognised as a liability in the financial statements, while the remaining dividend of RMB2,631 million proposed after the end of the reporting period, has not been recognised as a liability at the end of the reporting period.

50. COMPARATIVE AMOUNTS

As stated in note 2.3, due to the acquisition of subsidiaries under common control as mentioned in note 41(b), the comparative information has been restated.

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB million	2023 RMB million
Non-current assets		
Property, plant and equipment	193	171
Right-of-use assets	115	79
Investment properties	1,588	1,645
Intangible assets	850	636
Investments in subsidiaries	179,580	172,171
Investments in joint ventures	6,018	5,480
Investments in associates	13,331	12,832
Financial assets at fair value through profit or loss	1,115	799
Equity investments designated at fair value through other comprehensive income	7,919	5,609
Contract assets	2,267	1,478
Trade and other receivables	3,202	3,150
Loans to subsidiaries	427	427
Amounts due from subsidiaries	780	687
Total non-current assets	217,385	205,164
Current assets		
Inventories	484	488
Contract assets	9,678	7,369
Trade and other receivables	9,589	12,418
Loans to subsidiaries	5,084	3,564
Amounts due from subsidiaries	47,908	42,828
Restricted bank deposits	39	77
Cash and cash equivalents	16,916	23,269
Total current assets	89,698	90,013
Current liabilities		
Trade and other payables	19,399	6,350
Contract liabilities	5,613	3,429
Amounts due to subsidiaries	44,313	62,756
Tax payables	206	1,669
Interest-bearing bank and other borrowings	47,500	32,535
Retirement benefit obligations	2	2
Total current liabilities	117,033	106,741
Net current liabilities	(27,335)	(16,728)
Total assets less current liabilities	190,050	188,436

Continued/…

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2024 *RMB million*	2023 *RMB million*
Total assets less current liabilities	**190,050**	188,436
Non-current liabilities		
Trade and other payables	**331**	186
Deferred income	**5**	5
Amounts due to subsidiaries	**6,857**	6,289
Interest-bearing bank and other borrowings	**20,165**	24,381
Deferred tax liabilities	**2,089**	570
Retirement benefit obligations	**22**	22
Provisions	**19**	4
Total non-current liabilities	**29,488**	31,457
Net assets	**160,562**	156,979
Equity		
Share capital	**16,279**	16,264
Treasury shares	**(597)**	(522)
Share premium	**20,109**	20,049
Financial instruments classified as equity	**31,000**	35,000
Reserves *(note)*	**93,771**	86,188
Total equity	**160,562**	156,979

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2023	**21,798**	**11,833**	**62**	**3,993**	**26**	**48,476**	**86,188**
Profit for the year	–	–	–	–	–	14,203	14,203
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	1,731	–	–	1,731
Share of other comprehensive income of joint ventures and associates	–	–	–	(1)	–	–	(1)
Share of other reserves of joint ventures and associates	9	–	–	–	–	–	9
Actuarial losses on retirement benefit obligations, net of tax	–	–	(3)	–	–	–	(3)
Exchange differences on translation of foreign operations	–	–	–	–	16	–	16
Share-based payment	240	–	–	–	–	–	240
Final 2023 and Mid-term 2024 dividend declared	–	–	–	–	–	(7,042)	(7,042)
Interest on perpetual securities	–	–	–	–	–	(1,570)	(1,570)
Transfer to statutory surplus reserve	–	1,420	–	–	–	(1,420)	–
At 31 December 2024	**22,047**	**13,253**	**59**	**5,723**	**42**	**52,647**	**93,771**

	Capital reserve *RMB million*	Statutory surplus reserve *RMB million*	Remeasurement reserve *RMB million*	Investment revaluation reserve *RMB million*	Exchange reserve *RMB million*	Retained earnings *RMB million*	Total *RMB million*
At 31 December 2022	21,754	9,573	62	5,412	(13)	33,043	69,831
Profit for the year	–	–	–	–	–	22,595	22,595
Changes in fair value of equity instruments designated at fair value through other comprehensive income, net of tax	–	–	–	(1,424)	–	–	(1,424)
Share of other comprehensive loss of joint ventures and associates	–	–	–	5	–	–	5
Exchange differences on translation of foreign operations	–	–	–	–	39	–	39
Equity trading	(87)	–	–	–	–	–	(87)
Issuance of perpetual securities	(15)	–	–	–	–	–	(15)
Share-based payment	146	–	–	–	–	–	146
Final 2022 dividend declared	–	–	–	–	–	(3,509)	(3,509)
Interest on perpetual securities	–	–	–	–	–	(1,393)	(1,393)
Transfer to statutory surplus reserve	–	2,260	–	–	–	(2,260)	–
At 31 December 2023	21,798	11,833	62	3,993	26	48,476	86,188

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of directors on 27 March 2025.

DEFINITIONS

"1+4+N"	the main structure of overseas operations:"1"represents the headquarters of the Company,"4"represents the platform companies (China Harbour Engineering Company Ltd.* (中國港灣工程有限責任公司,"CHEC"), China Road & Bridge Corporation* (中國路橋工程有限責任公司,"CRBC"), overseas engineering branches (海外工程公司) and China International Water & Electric Corp* (中國水利電力對外有限公司,"CIWE")) and"N"represents important sub-subsidiaries
"1+4+O+P"	overseas management structure:"1"represents the headquarters of the Company,"4"represents the platform companies (CHEC, CRBC, overseas engineering branches and CIWE),"O"represents national (regional) organizations and"P"represents project offices
"2022 Incentive Scheme" or "Incentive Scheme"	the 2022 Restricted Share Incentive Scheme of the Company adopted on 27 April 2023
"AGM"	the annual general meeting of the Company for the year 2024 to be held on 16 June 2025
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended from time to time
"Board"	the board of directors of the Company
"BOT"	build, operate and transfer
"CCCC"or "Company"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"CCCC Capital"	CCCC Capital Holdings Limited* (中交資本控股有限公司), a subsidiary of the Company as at the date of this report
"CCCC Design"	CCCC Design & Consulting Group Co., Ltd. (中交設計諮詢集團股份有限公司), a subsidiary of the Company as at the date of this report, whose shares are listed on the Shanghai Stock Exchange under the stock code of 600720
"CCCC Finance"	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this report
"CCCC Haifeng"	CCCC Haifeng Wind Power Development Co., Ltd.* (中交海峰風電發展股份有限公司), a connected subsidiary of the Company as at the date of this report
"CCCC Haifeng Group"	CCCC Haifeng and its subsidiaries
"CCCC Leasing"	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a subsidiary of the Company as at the date of this report
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 59.42% equity interest in the Company
"CCCG Group"	CCCG and its subsidiaries, excluding the Company and its subsidiaries
"Director(s)"	the director(s) of the Company
"EPC"	Engineer-Procure-Construct, being the general contracting of design-procurement-construction
"Group"	the Company itself and all of its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong

TERMS & GLOSSARIES

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"Participants"	the directors, senior management, middle management and core personnel of the Company to be granted with the Restricted Shares under the 2022 Incentive Scheme
"PPP"	Public-Private-Partnership, the cooperative model between governments and private sector, which refers to the mechanisms through which governments build profit sharing, risk pooling and long-term cooperating relationship with the private sector, such as granting exclusivity rights, services purchasing and co-investment, so as to enhance the availability of public products and services and improve supplying efficiency
"PRC"	the People's Republic of China, for the purposes of this report, excluding Hong Kong, Macau and Taiwan
"Qilianshan Cement"	Gansu Qilianshan Cement Group Ltd.* (甘肅祁連山水泥集團有限公司), a connected subsidiary of the Company as at the date of this report
"Restricted Share(s)"	the A Share(s) granted to the Participant(s) according to the conditions and price stipulated in the 2022 Incentive Scheme, which are subject to a lock-up period (being the period during which the Restricted Share(s) shall not be transferred or used as guarantee or for repayment of debts) and can only be unlocked for trading when the unlocking conditions stipulated in the 2022 Incentive Scheme are satisfied
"RMB"or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholder(s)"	the shareholder(s) of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"%"	Percent

I. CORPORATE INFORMATION

Legal name of the Company in Chinese: 中國交通建設股份有限公司
Legal Chinese abbreviation of the Company: 中國交建
Legal name of the Company in English: China Communications Construction Company Limited
Legal English abbreviation of the Company: CCCC
Legal representative of the Company: WANG Tongzhou

II. CONTACT PERSON AND CONTACT DETAILS

Board Secretary: LIU Zhengchang
Company Secretary: YU Jingjing
Address: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Tel: 8610-82016562
Fax: 8610-82016524
E-mail: ir@ccccltd.cn

III. BASIC INFORMATION

Registered address of the Company: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088
Office address of the Company: 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Postal code: 100088
Company website: http://www.ccccltd.cn
E-mail: ir@ccccltd.cn

IV. INFORMATION DISCLOSURE AND PLACE AVAILABLE FOR INSPECTION

Newspapers designated by the Company for disclosure of information (A Shares):
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by China Securities Regulatory Commission for publishing annual reports of A Shares:
www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing annual reports of H Shares:
www.hkexnews.hk

Place available for inspection of the Company's annual reports of A Shares:
19th Floor, 85 De Sheng Men Wai Street, Xicheng District, Beijing, China
Place available for inspection of the Company's annual reports of H Shares:
Room 2805, 28th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong, China

CORPORATE INFORMATION

V. BASIC INFORMATION ON SHARES OF THE COMPANY

Listing place of A Shares: Shanghai Stock Exchange
Abbreviation of A Shares: 中國交建
Stock code of A Shares: 601800

Listing place of H Shares: The Stock Exchange of Hong Kong Limited
Abbreviation of H Shares: CHINA COMM CONS
Stock code of H Shares: 01800

VI. OTHER INFORMATION OF THE COMPANY

Domestic Auditors:
Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue,
Dong Cheng District, Beijing, China
Signing auditors: CHEN Jing and LI Xiaodong

International Auditors:
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Hong Kong legal advisors:
Baker & McKenzie
14/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

PRC legal advisors:
Guantao Law Firm
19/F, Tower B, Xinsheng Plaza, 5 Finance Street, Xicheng District, Beijing, China

Authorised representatives of H Shares: WANG Tongzhou, YU Jingjing

H Share registrar:
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

Room 2805, 28th Floor, Convention Plaza Office Tower,
1 Harbour Road, Wanchai, Hong Kong

www.ccccltd.cn