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中國機械設備工程股份有限公司
China Machinery Engineering Corporation*

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

(於中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1829)

(股份代號: 1829)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

截至2019年12月31日止年度 之業績公告

2019 ANNUAL RESULTS HIGHLIGHTS

- Revenue amounted to RMB28,295.9 million, representing a decrease of RMB566.7 million or 2% from RMB28,862.6 million for the year ended 31 December 2018.
- Gross profit amounted to RMB4,795.1 million, representing an increase of RMB99.1 million or 2% from RMB4,696.0 million for the year ended 31 December 2018.
- Profit from operations amounted to RMB1,932.4 million, representing an increase of RMB380.5 million or 25% from RMB1,551.9 million for the year ended 31 December 2018.
- Net profit attributable to owners of the parent amounted to RMB2,181.2 million, representing an increase of RMB49.7 million or 2% from RMB2,131.5 million for the year ended 31 December 2018.
- The Board recommended to distribute a final dividend of RMB0.1586 (pre-tax) per Share for 4,125,700,000 Shares for 2019, representing a total amount of RMB654,336,020 (pre-tax).

2019年全年業績摘要

- 收入為人民幣28,295.9百萬元，較截至2018年12月31日止年度人民幣28,862.6百萬元減少人民幣566.7百萬元或2%。
- 毛利為人民幣4,795.1百萬元，較截至2018年12月31日止年度人民幣4,696.0百萬元增加人民幣99.1百萬元或2%。
- 經營溢利為人民幣1,932.4百萬元，較截至2018年12月31日止年度人民幣1,551.9百萬元增加人民幣380.5百萬元或25%。
- 歸屬於母公司擁有人的淨溢利為人民幣2,181.2百萬元，較截至2018年12月31日止年度人民幣2,131.5百萬元增加人民幣49.7百萬元或2%。
- 董事會建議派付2019年末期股息，就4,125,700,000股股份每股人民幣0.1586元(稅前)，合共人民幣654,336,020元(稅前)。

The Board is pleased to announce the following audited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 for comparison. The results of the Group were prepared based on the consolidated financial statements, which were prepared in accordance with IFRS issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

董事會欣然宣佈本集團截至2019年12月31日止年度的以下經審計合併業績，連同用於比較的截至2018年12月31日止年度的比較數字。本集團業績乃基於根據國際會計準則理事會頒佈的國際財務報告準則以及香港公司條例的披露要求編製的合併財務報表而編製。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

Year ended 31 December 2019

截至2019年12月31日止年度

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
REVENUE	收入	5	28,295,927	28,862,688
Cost of sales	銷售成本	6	(23,500,827)	(24,166,735)
Gross profit	毛利		4,795,100	4,695,953
Other revenue	其他收入	5	36,303	106,938
Other income/(expenses), net	其他收入／(開支)淨額	5	23,066	(84,556)
Selling and distribution expenses	銷售及分銷開支		(1,112,637)	(1,254,072)
Administrative expenses	行政開支		(1,401,859)	(1,283,522)
Impairment losses on financial and contract assets, net	金融及合同資產 減值虧損淨額		(387,166)	(625,666)
Other operating expenses	其他經營開支		(20,385)	(3,137)
PROFIT FROM OPERATIONS	經營溢利		1,932,422	1,551,938
Finance income	財務收入	6(a)	787,154	1,314,914
Finance expenses	財務開支	6(a)	(129,412)	(208,318)
Net finance income	財務收入淨額	6(a)	657,742	1,106,596
Share of profits and losses of:	應佔以下溢利及虧損：			
Joint ventures	合營公司		27,825	34,167
Associates	聯營公司		198,520	133,066
PROFIT BEFORE TAX	除稅前溢利		2,816,509	2,825,767
Income tax	所得稅	7	(635,253)	(689,926)
PROFIT FOR THE YEAR	年內溢利		2,181,256	2,135,841
Attributable to:	歸屬於：			
Owners of the parent	母公司擁有人		2,181,173	2,131,540
Non-controlling interests	非控股權益		83	4,301
			2,181,256	2,135,841
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	每股盈利			
	母公司普通權益持有人 應佔每股盈利		53(分)	52(分)
Basic and diluted (RMB)	基本及攤薄(人民幣)		53 cents	52 cents

CONSOLIDATED STATEMENT OF 合併綜合收益表
COMPREHENSIVE INCOME

Year ended 31 December 2019

截至2019年12月31日止年度

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年內溢利	2,181,256	2,135,841
OTHER COMPREHENSIVE INCOME/(LOSS)	其他綜合收益／(虧損)		
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:	於後續期間不能重分類進損益的其他綜合收益／(虧損)：		
Remeasurement of defined benefit obligations	重新計量設定受益義務	(640)	(19,360)
Equity investments designated at fair value through other comprehensive income	以公允價值計量且變動計入其他綜合收益的股權投資	56,412	(24,851)
Share of other comprehensive income/(loss) of associates	分佔聯營公司其他綜合收益／(虧損)	25,363	(25,622)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	於後續期間不能重分類進損益的其他綜合收益／(虧損)淨額	81,135	(69,833)
Other comprehensive loss that may be reclassified into profit or loss in subsequent periods:	於後續期間能重分類進損益的其他綜合虧損：		
Exchange differences on translation of financial statements of overseas subsidiaries	換算海外附屬公司的財務報表產生的匯兌差額	(8,545)	(53,376)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	於後續期間能重分類進損益的其他綜合虧損淨額	(8,545)	(53,376)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	年內其他綜合收益／(虧損) (扣除稅項)	72,590	(123,209)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內綜合收益總額	2,253,846	2,012,632
Attributable to:	歸屬於：		
Owners of the parent	母公司擁有人	2,251,114	2,008,234
Non-controlling interests	非控股權益	2,732	4,398
		2,253,846	2,012,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

31 December 2019

2019年12月31日

		31 December 2019 2019年 12月31日 <i>RMB'000</i> 人民幣千元	31 December 2018 2018年 12月31日 <i>RMB'000</i> 人民幣千元
	<i>Notes</i> 附註		
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	2,502,016	2,293,698
Investment properties	投資物業	630,179	640,115
Right-of-use assets	使用權資產	1,788,979	–
Prepaid land lease payments	預付土地租賃款項	–	1,755,868
Intangible assets	無形資產	440,556	464,816
Investments in joint ventures	對合營公司的投資	405,798	380,590
Investments in associates	對聯營公司的投資	1,368,578	1,102,433
Trade and other receivables	貿易及其他應收款項	6,537,503	3,905,768
Deferred tax assets	遞延稅項資產	655,243	561,201
Other non-current assets	其他非流動資產	–	897,782
Equity investments designated at fair value through other comprehensive income	以公允價值計量且變動計入其他綜合收益的股權投資	550,659	425,890
Total non-current assets	非流動資產總額	14,879,511	12,428,161
CURRENT ASSETS	流動資產		
Inventories	存貨	460,842	578,900
Trade and other receivables	貿易及其他應收款項	10,615,938	11,520,437
Contract assets	合同資產	5,203,385	3,977,833
Restricted deposits	受限制存款	1,228,663	1,211,805
Time deposits with original maturity over three months	原始到期日超過三個月 的定期存款	5,811,624	5,013,871
Cash and cash equivalents	現金及現金等價物	15,561,480	21,383,610
Total current assets	流動資產總額	38,881,932	43,686,456
CURRENT LIABILITIES	流動負債		
Borrowings	借貸	444,218	878,403
Contract liabilities	合同負債	13,612,370	14,941,065
Trade and other payables	貿易及其他應付款項	19,653,953	21,811,779
Lease liabilities	租賃負債	27,854	–
Defined benefit obligations	設定受益義務	38,170	33,114
Tax payable	應繳稅項	464,411	527,133
Total current liabilities	流動負債總額	34,240,976	38,191,494
NET CURRENT ASSETS	流動資產淨額	4,640,956	5,494,962
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總額減流動負債	19,520,467	17,923,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) 合併財務狀況表(續)

31 December 2019

2019年12月31日

			31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Borrowings	借貸		111,087	106,356
Trade and other payables	貿易及其他應付款項	11	867,637	746,769
Lease liabilities	租賃負債		36,378	–
Defined benefit obligations	設定受益義務		439,971	462,384
Deferred tax liabilities	遞延稅項負債		106,999	94,360
Total non-current liabilities	非流動負債總額		1,562,072	1,409,869
Net assets	淨資產		17,958,395	16,513,254
EQUITY	權益			
Issued capital	已發行股本	12	4,125,700	4,125,700
Reserves	儲備		13,720,125	12,301,708
Total equity attributable to owners of the parent	母公司擁有人應佔權益總額		17,845,825	16,427,408
Non-controlling interests	非控股權益		112,570	85,846
Total equity	權益總額		17,958,395	16,513,254

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). These financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the “HKSE”). The Group has adopted all those new and revised IFRSs that are first effective for the accounting period beginning January 1 2019 in preparing the financial statements for the year ended 31 December 2019. The Group has not early adopted any new and revised IFRSs that are not yet effective.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value and financial assets at fair value through other comprehensive income (FVOCI). These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand 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 2019. 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).

財務報表附註

2019年12月31日

1. 合規聲明

該等財務報表乃根據國際財務報告準則（「國際財務報告準則」），包括經國際會計準則理事會（「國際會計準則理事會」）批准的全部準則及詮釋）編製。該等財務報表亦符合香港聯合交易所有限公司（「香港聯交所」）主板證券上市規則中適用的披露規定。本集團已在編製截至2019年12月31日止年度的財務報表時採納所有在自2019年1月1日開始的會計期間首次生效的有關新訂及經修訂國際財務報告準則。本集團概無提早採納尚未生效的任何新訂及經修訂國際財務報告準則。

2. 編製基準

該等財務報表乃根據國際財務報告準則（「國際財務報告準則」），包括經國際會計準則理事會（「國際會計準則理事會」）批准的全部準則及詮釋）及香港公司條例的披露要求編製。該等財務報表乃按歷史成本慣例編製，惟以公允價值計量的衍生金融工具及以公允價值計量且其變動計入其他綜合收益的金融資產除外。該等財務報表乃以人民幣（「人民幣」）呈列，而除另有指明外，所有數值均調整至最接近的千位數。

合併基準

合併財務報表包括本公司及其附屬公司（統稱「本集團」）截至2019年12月31日止年度的財務報表。附屬公司為本公司直接或間接控制的實體（包括結構性實體）。當本集團對涉及投資對象的可變回報承擔風險或享有權利，以及能透過對投資對象的權力（即賦予本集團現有以主導投資對象相關活動的既存權利）影響該等回報時，即取得控制權。

When the Company has, directly or indirectly, 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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.

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利，則本集團於評估其是否對投資對象擁有權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃按與本公司相同的報告期及一致的會計政策編製。附屬公司的業績自本集團取得控制權當日起合併於賬目內，並繼續合併直至失去有關控制權當日為止。

損益及其他綜合收益各組成部份均歸屬於本集團母公司的擁有人及非控股權益，即使此舉引致非控股權益出現負數結餘。與本集團成員公司之間的交易有關的所有集團內部資產及負債、權益、收入、開支及現金流量於合併入賬時悉數對銷。

倘有任何事實及情況表明上述三項控制權條件的其中一項或多項有變，本集團會重新評估是否控制被投資方。附屬公司的所有權權益在沒有失去控制權的情況下發生變動，則按權益交易入賬。

倘本集團失去對一家附屬公司的控制權，則終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計換算差額；並確認(i)所收代價的公允價值；(ii)所保留任何投資的公允價值及(iii)損益中任何因此產生的盈餘或虧損。依據本集團直接處置相關資產或負債的相同基準，先前於其他綜合收益內確認的本集團應佔組成部份重新分類至損益或保留溢利(倘適當)。

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC-Int 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, I(SIC)-Int 15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

3. 會計政策變更及披露

本集團已就本年度的財務報表首次採納下列新訂及經修訂國際財務報告準則：

國際財務報告準則第9號的修訂本	具有負補償的提前還款特性
國際財務報告準則第16號	租賃
國際會計準則第19號的修訂本	計劃修訂、縮減或清償
國際會計準則第28號的修訂本	於聯營公司及合營公司的長期權益
國際財務報告詮釋委員會詮釋第23號	所得稅處理之不確定性
國際財務報告準則之年度改進(2015年至2017年週期)	國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號的修訂本

除國際財務報告準則第9號及國際會計準則第19號的修訂本以及國際財務報告準則之年度改進(2015年至2017年週期)(其與本集團財務報表的編製無關)外,新訂及經修訂國際財務報告準則的性質及影響如下:

- (a) 國際財務報告準則第16號取代國際會計準則第17號「租賃」、國際財務報告詮釋委員會詮釋第4號「釐定安排是否包括租賃」、國際準則詮釋委員會詮釋第15號「經營租賃－優惠」及準則詮釋委員會詮釋第27號「評估涉及租賃法律形式交易之內容」。該準則載列確認、計量、呈列及披露租賃之原則,並要求承租人按單一會計模型入賬所有租賃,以確認及計量使用權資產和租賃負債,除卻若干確認豁免。國際財務報告準則第16號下之出租人會計處理與國際會計準則第17號下規定並無實質性改變。出租人繼續採用與國際會計準則第17號類似的原則將租賃分類為經營租賃或融資租賃。

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

本集團通過採用經修訂追溯法採納國際財務報告準則第16號，首次應用日期為2019年1月1日。根據此方法，已追溯應用該準則，並將首次應用該準則的累計影響確認為2019年1月1日保留溢利期初餘額的調整，而2018年的比較資料並無重列並繼續根據國際會計準則第17號及相關詮釋列報。

租賃的新定義

根據國際財務報告準則第16號，一項合約如讓渡在一段時間內控制已識別資產使用的權利以獲取對價，則屬於或包含租賃。倘客戶有權透過使用該項已識別資產獲取絕大部分經濟利益及有權操控該項已識別資產用途，則為讓渡控制權。在首次應用日期，本集團選擇採用過渡期可行權宜方法，僅對於之前應用國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號識別為租賃的合約應用該準則。未根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號識別為租賃的合約不予重新評估。因此，國際財務報告準則第16號的租賃定義僅適用於在2019年1月1日或之後訂立或更改的合約。

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

作為承租人—之前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響的性質

本集團擁有多個物業項目的租賃合約。本集團之前作為承租人根據對租賃是否將資產擁有權的絕大部分報酬與風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團對所有租賃應用單一方法確認和計量使用權資產與租賃負債，惟低價值資產租賃（基於每一項租賃選擇）與租賃期為12個月或以下的租賃（「短期租賃」）（基於每一類相關資產選擇）兩類選擇性豁免除外。本集團確認使用權資產折舊（及減值，如有）及未償付租賃負債之應計利息（為財務成本），而非於自2019年1月1日開始之租賃期內以直線法於經營租賃項下確認租賃開支。

過渡影響

於2019年1月1日的租賃負債乃根據剩餘租賃付款按於2019年1月1日的增量借款利率貼現的現值確認並計入租賃負債。使用權資產乃按照租賃負債的金額計量，並根據與於緊接2019年1月1日前於財務狀況表確認的租賃相關的任何預付或預提租賃付款金額調整。

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

本集團於該日根據國際會計準則第36號對所有該等資產進行減值評估。本集團選擇在財務狀況表中單獨列示使用權資產。

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

本集團於2019年1月1日應用國際財務報告準則第16號時，採用下述選擇性可行權宜方法：

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019, relying on the assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review, and excluding initial direct cost from the right-of-use assets measured on the initial application date when applying IFRS 16.C8(b)(i).
- 對於租賃期將於首次應用日期起計12個月內結束的租賃應用短期租賃豁免
- 對合約中包含續租／終止租賃選擇權的租賃，採用事後確認方式確定租賃期
- 計量2019年1月1日之租賃負債時，對具有合理的類似特質的租賃組合採用單一折現比率，倚賴於緊接二零一九年一月一日前應用國際會計準則第37號對租賃是否繁重的評估，作為進行減值審閱之替代方案，並於應用國際財務報告準則第16.C8(i)號時將初始直接成本從首次應用日期計量的使用權資產中撇除。

Financial impact at 1 January 2019

於2019年1月1日的財務影響

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

於2019年1月1日採納國際財務報告準則第16號的影響如下：

		Increase/ (Decrease) 增加／(減少) RMB'000 人民幣千元
Assets	資產	
Increase in right-of-use assets	使用權資產增加	1,844,073
Decrease in prepaid land lease payments	預付土地租賃款減少	(1,755,868)
Decrease in prepayments	預付款項減少	(2,446)
		<hr/>
Increase in total assets	總資產增加	85,759
		<hr/> <hr/>
Liabilities	負債	
Increase in lease liabilities	租賃負債增加	85,759
		<hr/>
Increase in total liabilities	總負債增加	85,759
		<hr/> <hr/>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

於2019年1月1日的租賃負債與於2018年12月31日的經營租賃承擔對賬如下：

		<i>RMB'000</i> 人民幣千元
Operating lease commitments as at		
31 December 2018	於2018年12月31日的經營租賃承擔	26,468
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	減：與短期租賃及餘下租賃期將於2019年12月31日或之前結束的租賃相關的承擔	714
Add: Payments for optional extension periods not recognised as at 31 December 2018	加：於2018年12月31日未獲確認的可選延期期間的付款	61,482
		<u>87,236</u>
Weighted average incremental borrowing rate as at 1 January 2019	於2019年1月1日的加權平均增量借款利率	4.69%
Discounted operating lease commitments as at 1 January 2019	於2019年1月1日的已貼現經營租賃承擔	<u>85,759</u>
Lease liabilities as at 1 January 2019	於2019年1月1日的租賃負債	<u><u>85,759</u></u>

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(b) 國際會計準則第28號的修訂本釐清國際財務報告準則第9號的範圍豁免僅包括應用權益法的於一間聯營公司或合營公司的權益，並不包括實質上組成於聯營公司或合營公司淨投資一部份的長期權益（尚未就此應用權益法）。因此，實體於入賬有關長期權益時採用國際財務報告準則第9號，而非國際會計準則第28號（包括國際財務報告準則第9號項下的減值規定）。國際會計準則第28號其後應用於淨投資（包括長期權益），惟僅於確認一間聯營公司或合營公司的虧損以及於聯營公司或合營公司的淨投資減值的情況下。本集團於2019年1月1日採納該等修訂時評估其於聯營公司及合營公司的長期權益的業務模式，並得出結論認為，於聯營公司及合營公司的長期權益繼續根據國際財務報告準則第9號按攤餘成本計量。因此，該等修訂對本集團的財務狀況或表現並無任何影響。

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

(c) 倘稅項處理涉及影響國際會計準則第12號的應用的不確定性(通常稱之為「不確定稅務狀況」),則國際財務報告詮釋委員會詮釋第23號處理在該情況下的所得稅(即期及遞延)會計處理方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅,尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。該詮釋具體處理(i)實體是否考慮對不確定稅項進行單獨處理;(ii)實體對稅務機關的稅項處理檢查所作的假設;(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅收抵免及稅率;及(iv)實體如何考慮事實及情況變動。於採納該詮釋時,本集團已考慮其有否因集團內公司間銷售的轉讓定價而產生之任何不確定稅務狀況。根據對本集團的稅務合規情況及轉讓定價研究,本集團認為其轉讓定價政策極可能為稅務機關所接受。因此,該詮釋對本集團的財務狀況或表現並無任何影響。

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Construction contracts: this segment mainly undertakes engineering, procurement and construction (“EPC”) contracting business of overseas infrastructure-related construction projects (including hydropower, thermal power or other engineering projects) in various countries.
- (b) Trading business: this segment mainly engages in the business of importing and/or exporting various machinery, electrical and instrumental products for domestic and overseas customers.
- (c) Services business: this segment mainly engages in providing export-import agency services, design consulting services, tendering agency services, logistics services and other services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit before tax except that share of profits less losses of associates and joint ventures, gain on disposal of a subsidiary, interest income from bank deposits, finance costs related to defined benefit plans, dividend income, fair value gains/losses from the Group’s financial instruments, other income/expenses, unallocated income/expenses as well as head office and corporate income/expenses are excluded from such measurement.

4. 經營分部資料

就管理目的而言，本集團已按產品及服務劃分業務單位，三個可報告之經營分部如下：

- (a) 建造合同：本分部主要在各國從事海外基礎設施相關的施工項目（包括水電、火電或其他工程項目）的工程、採購及施工（「EPC」）承包業務。
- (b) 貿易業務：本分部主要從事為國內外客戶進口及／或出口各種機械、電力及工具產品業務。
- (c) 服務業務：本分部主要從事提供進出口代理服務、設計諮詢服務、招標代理服務、物流服務及其他服務。

管理層單獨監察本集團經營分部的業績，以就資源分配及表現評估作出決策。分部表現乃根據可報告之分部溢利／虧損評估，此乃經調整除稅前溢利／虧損之計量指標。經調整除稅前溢利／虧損乃貫徹以本集團除稅前溢利計量，惟應佔聯營公司及合營公司之溢利減虧損、處置附屬公司收益、銀行存款之利息收入、與設定受益計劃有關之財務成本、股息收入、本集團金融工具之公允價值收益／虧損、其他收入／開支、未分配收入／開支以及總部及企業收入／開支不計入該計量內。

Segment assets exclude investments in associates and joint ventures, prepaid land lease payments, intangible assets, deferred tax assets, time deposits, cash and cash equivalents, other non-current assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude defined benefit obligations, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Segment revenue, results, assets and liabilities

Year ended 31 December 2019	截至2019年 12月31日止年度	Construction contracts 建造合同 RMB'000 人民幣千元	Trading business 貿易業務 RMB'000 人民幣千元	Services business 服務業務 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment revenue (note 5):	分部收入(附註5):				
Sales to external customers	銷售予外部客戶	19,771,168	6,461,975	2,062,784	28,295,927
Intersegment sales	分部間銷售	633,776	14,955	57,621	706,352
Reportable segment revenue	可報告分部收入	20,404,944	6,476,930	2,120,405	29,002,279
Reportable segment profit	可報告分部溢利	1,767,086	319,958	364,050	2,451,094
Finance income on receivables from customers	應收客戶款項的財務收入	143,549	123,607	2,729	269,885
Finance costs (other than interest on lease liabilities)	財務成本(租賃負債 利息除外)	3,293	69,701	6,057	79,051
Depreciation and amortisation	折舊及攤銷	28,100	9,046	20,756	57,902
Provision/(reversal of provision) for impairment losses	減值虧損撥備/(撥備撥回)				
- Trade and other receivables	- 貿易及其他應收款項	331,055	3,504	10,729	345,288
- Contract assets	- 合同資產	40,415	(343)	1,804	41,876
- Inventories	- 存貨	-	1,060	-	1,060
Reportable segment assets	可報告分部資產	17,515,565	6,297,429	2,647,801	26,460,795
Reportable segment liabilities	可報告分部負債	28,369,072	7,894,754	4,474,025	40,737,851

Capital expenditure for the year is not allocated to segments as such expenditure is managed on a group basis.

分部資產不包括於聯營公司及合營公司之投資、預付土地租賃款項、無形資產、遞延稅項資產、定期存款、現金及現金等價物、其他非流動資產及其他未分配總部及企業資產，此乃由於該等資產以集團為基礎管理。

分部負債不包括設定受益義務、應付稅項、遞延稅項負債及其他未分配總部及企業負債，此乃由於該等負債以集團為基礎管理。

各分部間的銷售及轉撥乃參考向第三方銷售所採用之售價，按當時市價進行交易。

(a) 分部收入、業績、資產及負債

年內資本開支未攤分予各分部，乃由於有關開支以集團為基礎管理。

Year ended 31 December 2018	截至2018年 12月31日止年度	Construction contracts 建造合同 RMB'000 人民幣千元	Trading business 貿易業務 RMB'000 人民幣千元	Services business 服務業務 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment revenue (note 5):	分部收入(附註5):				
Sales to external customers	銷售予外部客戶	18,280,930	8,476,535	2,105,223	28,862,688
Intersegment sales	分部間銷售	724,325	166,471	313,028	1,203,824
Reportable segment revenue	可報告分部收入	19,005,255	8,643,006	2,418,251	30,066,512
Reportable segment profit	可報告分部溢利	1,567,250	81,661	444,454	2,093,365
Finance income on receivables from customers	應收客戶款項的財務收入	203,643	71,185	–	274,828
Finance costs	財務成本	129,630	40,050	1,538	171,218
Depreciation and amortisation	折舊及攤銷	6,452	2,934	22,269	31,655
Provision/(reversal of provision) for impairment losses	減值虧損撥備/(撥備撥回)				
– Trade and other receivables	– 貿易及其他應收款項	595,422	7,184	27,529	630,135
– Contract assets	– 合同資產	(4,469)	–	–	(4,469)
– Inventories	– 存貨	–	1,537	–	1,537
Reportable segment assets	可報告分部資產	16,829,240	6,171,792	1,902,942	24,903,974
Reportable segment liabilities	可報告分部負債	31,406,436	7,994,214	4,085,957	43,486,607
Capital expenditure for the year is not allocated to segments as such expenditure is managed on a group basis.					年內資本開支未攤分子各分部，乃由於有關開支以集團為基礎管理。

(b) Reconciliation of reportable segment revenue, profit/loss, assets and liabilities

(b) 可報告分部收入、溢利／虧損、資產及負債的對賬

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue:	收入：		
Reportable segment revenue	可報告分部收入	29,002,279	30,066,512
Elimination of intersegment revenue	分部間收入抵銷	(706,352)	(1,203,824)
		<u>28,295,927</u>	<u>28,862,688</u>
Profit:	溢利：		
Reportable segment profit	可報告分部溢利	2,451,094	2,093,365
Share of profits and losses of joint ventures	應佔合營公司溢利及虧損	27,825	34,167
Share of profits and losses of associates	應佔聯營公司溢利及虧損	198,520	133,066
Dividend income from equity investments at fair value through other comprehensive income	按公允價值計量且其變動計入其他綜合收益的股權投資的股息收益	3,822	3,868
Investment income on financial assets	金融資產投資收益	31,838	93,111
Other income/(expenses), net	其他收入／(開支)淨額	(66,504)	23,979
Other operating expenses	其他經營開支	(2,922)	(1,600)
Interest income from bank deposits	來自銀行存款之利息收入	246,843	267,881
Interest cost recognised in respect of defined benefit retirement plans	就設定受益退休計劃確認的利息成本	(15,190)	(18,430)
Unallocated foreign exchange gains	未分配之匯兌收益	144,516	364,442
Depreciation and amortisation	折舊及攤銷	(203,333)	(168,082)
Profit before tax	除稅前溢利	<u>2,816,509</u>	<u>2,825,767</u>

(b) Reconciliation of reportable segment revenue, profit/loss, assets and liabilities (Continued)

(b) 可報告分部收入、溢利／虧損、資產及負債的對賬(續)

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Assets:	資產：		
Reportable segment assets	可報告分部資產	26,460,795	24,903,974
Elimination of intersegment receivables	分部間應收款項抵銷	<u>(6,188,703)</u>	<u>(5,370,896)</u>
		20,272,092	19,533,078
Restricted deposits	受限制存款	1,228,663	1,211,805
Time deposits with original maturity over three months	原始到期日超過三個月的定期存款	5,811,624	5,013,871
Cash and cash equivalents	現金及現金等價物	15,561,480	21,383,610
Property, plant and equipment	物業、廠房及設備	2,502,016	2,293,698
Right-of-use assets	使用權資產	1,788,979	-
Prepaid land lease payments	預付土地租賃款項	-	1,755,868
Intangible assets	無形資產	440,556	464,816
Long-term assets	長期資產	50,529	82,136
Investments in joint ventures	對合營公司的投資	405,798	380,590
Investments in associates	對聯營公司的投資	1,368,578	1,102,433
Deferred tax assets	遞延稅項資產	655,243	561,201
Other non-current assets	其他非流動資產	-	897,782
Equity investments designated at fair value through other comprehensive income	以公允價值計量且其變動計入其他綜合收益的股權投資	550,659	425,890
Other unallocated assets	其他未分配資產	<u>3,125,226</u>	<u>1,007,839</u>
		53,761,443	56,114,617
Liabilities:	負債：		
Reportable segment liabilities	可報告分部負債	40,737,851	43,486,607
Elimination of intersegment payables	分部間應付款項抵銷	<u>(6,051,065)</u>	<u>(5,002,235)</u>
		34,686,786	38,484,372
Lease Liabilities	租賃負債	64,232	-
Defined benefit obligations	設定受益義務	478,141	495,498
Tax payable	應付稅項	464,411	527,133
Deferred tax liabilities	遞延稅項負債	106,999	94,360
Other unallocated liabilities	其他未分配負債	<u>2,479</u>	<u>-</u>
		35,803,048	39,601,363

(c) Geographical information

(c) 地理區域資料

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue from external customers	來自外部客戶的收入		
Mainland China	中國大陸	6,979,859	9,703,766
Pakistan	巴基斯坦	2,993,292	4,740,988
Iraq	伊拉克	2,835,243	651,594
The Republic of Angola	安哥拉共和國	2,040,697	3,523,316
Ivory Coast	科特迪瓦	1,876,906	1,306,505
Zambia	贊比亞	1,262,949	688,208
Cameroon	喀麥隆	1,204,789	1,172,322
Kenya	肯尼亞	1,167,681	31,491
Laos	老撾	1,103,762	900,835
United States	美國	862,285	690,489
Others	其他	5,968,464	5,453,174
		28,295,927	28,862,688

The revenue information above is based on the locations of the customers.

以上收入資料乃按客戶地域劃分。

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Mainland China	中國大陸	5,879,035	5,481,563
Others	其他	91,633	973,367
		5,970,668	6,454,930

The non-current asset information above is based on the locations of the assets and excludes investments in joint ventures and associates, financial instruments and deferred tax assets.

以上非流動資產資料乃按資產所在地域劃分，不包括對合營公司和聯營公司的投資、金融工具及遞延稅項資產。

(d) Information about major customers

(d) 有關主要客戶之資料

No revenue was generated from sales to a single customer which amounted to more than 10% of the Group's revenue for the year ended 31 December 2019 (2018: Nil).

截至2019年12月31日止年度，並無銷售所產生的收入佔本集團收入10%以上的單一客戶(2018年：無)。

5. REVENUE, OTHER REVENUE AND EXPENSES **5. 收入、其他收入及開支**

An analysis of revenue, other revenue and other expenses, net is as follows:

收入、其他收入及其他開支淨額分析如下：

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<i>Revenue from contracts with customers</i>	客戶合同收入	28,148,430	28,723,649
<i>Revenue from other sources</i>	其他來源收入		
Gross rental income from investment property operating leases:	來自投資物業經營租賃的租賃收入總額：		
Other lease payments, including fixed payments	其他租賃付款 (包括定額付款)	147,497	139,039
		28,295,927	28,862,688

Revenue

收入

(i) Disaggregated revenue information

(i) 經分拆收入資料

For the year ended 31 December 2019

截至2019年12月31日止年度

Segments	分部	Construction contracts 建造合同	Trading business 貿易業務	Services business 服務業務	Total 合計
Type of goods or service	貨物或服務類型				
Construction contracts	建造合同	19,771,168	-	-	19,771,168
Trading business	貿易業務	-	6,461,975	-	6,461,975
Services business	服務業務	-	-	2,062,784	2,062,784
Total revenue	收入總額	19,771,168	6,461,975	2,062,784	28,295,927
Geographic markets	地區市場				
Asia	亞洲	9,550,976	4,630,109	1,911,582	16,092,667
Africa	非洲	7,964,334	357,527	87,159	8,409,020
Europe	歐洲	945,133	452,013	29,920	1,427,066
South America	南美洲	985,635	31,314	30,891	1,047,840
North America	北美洲	325,090	953,763	370	1,279,223
Oceania	大洋洲	-	37,249	2,862	40,111
Total revenue	收入總額	19,771,168	6,461,975	2,062,784	28,295,927
Timing of revenue recognition	確認收入時間點				
Construction transferred over time	於一段時間內轉讓的建造	19,771,168	-	-	19,771,168
Trading transferred at a point of time	於某個時間點轉讓的貿易	-	6,461,975	-	6,461,975
Services transferred over time	於一段時間內轉讓的服務	-	-	2,062,784	2,062,784
Total revenue	收入總額	19,771,168	6,461,975	2,062,784	28,295,927

For the year ended 31 December 2018

截至2018年12月31日止年度

Segments	分部	Construction contracts 建造合同	Trading business 貿易業務	Services business 服務業務	Total 合計
Type of goods or service	貨物或服務類型				
Construction contracts	建造合同	18,280,930	-	-	18,280,930
Trading business	貿易業務	-	8,476,535	-	8,476,535
Services business	服務業務	-	-	2,105,223	2,105,223
		<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>
Total revenue	收入總額	<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>
Geographic markets	地區市場				
Asia	亞洲	8,101,783	6,086,276	1,911,751	16,099,810
Africa	非洲	7,572,529	162,075	104,932	7,839,536
Europe	歐洲	1,020,420	1,412,562	28,631	2,461,613
South America	南美洲	1,140,609	351,300	45,732	1,537,641
North America	北美洲	445,589	434,904	13,069	893,562
Oceania	大洋洲	-	29,418	1,108	30,526
		<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>
Total revenue	收入總額	<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>
Timing of revenue recognition	確認收入時間點				
Construction transferred over time	於一段時間內轉讓的建造	18,280,930	-	-	18,280,930
Trading transferred at a point of time	於某個時間點轉讓的貿易	-	8,476,535	-	8,476,535
Services transferred over time	於一段時間內轉讓的服務	-	-	2,105,223	2,105,223
		<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>
Total revenue	收入總額	<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>

Set out below is the reconciliation of the revenue to the amounts disclosed in the segment information:

收入與分部資料中披露的金額之對賬載列如下：

For the year ended 31 December 2019

截至2019年12月31日止年度

Segments	分部	Construction contracts 建造合同	Trading business 貿易業務	Services business 服務業務	Total 合計
Revenue	收入				
External customers	外部客戶	19,771,168	6,461,975	2,062,784	28,295,927
Intersegment sales	分部間銷售	<u>633,776</u>	<u>14,955</u>	<u>57,621</u>	<u>706,352</u>
		20,404,944	6,476,930	2,120,405	29,002,279
Intersegment adjustments and eliminations	分部間調整及抵銷	<u>(633,776)</u>	<u>(14,955)</u>	<u>(57,621)</u>	<u>(706,352)</u>
Total revenue	收入總額	<u>19,771,168</u>	<u>6,461,975</u>	<u>2,062,784</u>	<u>28,295,927</u>

For the year ended 31 December 2018

截至2018年12月31日止年度

Segments	分部	Construction contracts 建造合同	Trading business 貿易業務	Services business 服務業務	Total 合計
Revenue	收入				
External customers	外部客戶	18,280,930	8,476,535	2,105,223	28,862,688
Intersegment sales	分部間銷售	<u>413,935</u>	<u>135,172</u>	<u>647,950</u>	<u>1,197,057</u>
		18,694,865	8,611,707	2,753,173	30,059,745
Intersegment adjustments and eliminations	分部間調整及抵銷	<u>(413,935)</u>	<u>(135,172)</u>	<u>(647,950)</u>	<u>(1,197,057)</u>
Total revenue	收入總額	<u>18,280,930</u>	<u>8,476,535</u>	<u>2,105,223</u>	<u>28,862,688</u>

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 :

下表載列本報告期間所確認包含在報告期初合同負債中的收入金額：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	已確認收入(計入報告期初的合同負債中)：		
Construction contracts	建造合同	4,959,574	4,130,752
Trading business	貿易業務	591,757	516,583
Services business	服務業務	340,812	225,318
		<u>5,892,143</u>	<u>4,872,653</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction contracts

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 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 a certain period as stipulated in the contracts.

Trading business

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

(ii) 履約責任

有關本集團的履約責任的資料概述如下：

建造合同

履約責任會隨著服務提供而予以履行，而付款一般於出具發票日期起計180天內到期支付。由於本集團收取最終付款的權利取決於合同所訂明的若干期間內客戶對服務質量的滿意度，若干百分比的付款由客戶保留，直至質保期結束為止。

貿易業務

履約責任於交付產品後履行，而付款支付一般於交付後30至90日內到期支付，惟新客戶(一般需要提前付款)除外。

Services business

The performance obligation is satisfied over time as services are recognised over the performance progress of the services in accordance with the proportion of the accumulated and actual contract costs in the total estimated contract costs.

The remaining performance obligations expected to be recognised relate to construction services that are to be satisfied within one to five years.

服務業務

隨著服務提供而履行的履約責任乃按照估計合同成本總額中累計及實際合同成本比例隨著服務履約進程予以確認。

剩餘履約合同義務主要與建造合同相關，其預計未來1年至5年確認收入。

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<u>Other revenue</u>	<u>其他收入</u>		
Dividend income from equity investments at fair value through other comprehensive income	按公允價值計量且其變動計入其他綜合收益的股權投資股息收入	3,822	3,868
Investment income on financial assets	金融資產投資收益	31,838	93,111
Government grants	政府補貼	643	9,959
		36,303	106,938
<u>Other (expenses)/income, net</u>	<u>其他(開支)/收入淨額</u>		
Net (losses)/gains on disposal of items of property, plant and equipment	處置物業、廠房及設備項目的(虧損)/收益淨額	(1,734)	14,020
Net losses on foreign currency forward exchange contracts	外匯遠期合約的虧損淨額	(9,130)	(85,648)
Gain on bargain purchase recognised in other income	於其他收入確認的折價購買收益	4,577	-
Others	其他	29,353	(12,928)
		23,066	(84,556)

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

(a) Finance income and finance expenses

Finance income on receivables from customers	應收客戶款項的財務收入		
Foreign exchange gains	匯兌收益		
Interest income	利息收入		
Finance income	財務收入		
Interest cost recognised in respect of defined benefit obligations	就設定受益義務確認 的利息成本		
Interest expenses on borrowings	借貸利息開支		
Interest on lease liabilities	租賃負債利息		
Bank charges and others	銀行費用及其他		
Finance expenses	財務開支		
Net finance income recognised in profit or loss	於損益確認的財務 收入淨額		

(b) Staff costs

Salaries, wages and other benefits	薪金、工資及其他福利		
Contributions to defined contribution retirement plans	設定退休供款計劃的供款		
Expenses recognised in respect of defined benefit retirement plans	就設定受益退休計劃確認 的開支		

6. 除稅前溢利

本集團之除稅前溢利已扣除／(計入)：

(a) 財務收入及財務開支

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Finance income	787,154	1,314,914
Interest cost recognised in respect of defined benefit obligations	15,190	18,430
Interest expenses on borrowings	79,051	171,218
Interest on lease liabilities	3,148	—
Bank charges and others	32,023	18,670
Finance expenses	129,412	208,318
Net finance income recognised in profit or loss	657,742	1,106,596

(b) 員工成本

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Salaries, wages and other benefits	1,819,211	1,857,845
Contributions to defined contribution retirement plans	232,205	214,083
Expenses recognised in respect of defined benefit retirement plans	1,520	6,460
Staff costs	2,052,936	2,078,388

(c) Other items

(c) 其他項目

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Amortisation	攤銷			
– Prepaid land lease payments	– 預付土地租賃款項		–	47,859
– Intangible assets	– 無形資產		25,996	24,842
– Long-term assets	– 長期資產		40,764	10,361
			66,760	83,062
Depreciation	折舊			
– Property, plant and equipment	– 物業、廠房及設備		96,588	98,863
– Investment properties	– 投資物業		15,380	17,812
– Right-of-use assets	– 使用權資產		82,507	–
			194,475	116,675
Impairment losses/(reversal of impairment) on	減值虧損/(減值撥回)			
– Trade and other receivables	– 貿易及其他應收款項	10(b)	345,288	630,135
– Inventories	– 存貨		1,060	1,537
– Contract assets	– 合同資產		41,876	(4,469)
– Investments in associates	– 對聯營公司的投資		16,404	–
			404,628	627,203
Operating lease charges	經營租賃費用			
– Lease of properties	– 租賃物業		–	42,625
– Rental expenses for short-term leases and lease of low-value assets	– 短期租賃費用及低價值資產租賃費用		25,102	–
– Lease of other assets	– 租賃其他資產		281	1,087
			25,383	43,712
Auditors' remuneration, including disbursements	核數師薪酬，含代墊費用		10,127	9,580
Rental income from investment properties	來自投資物業的租賃收入			
– Gross rental	– 毛租金		147,497	139,039
– Direct outgoings	– 直接支出		(43,831)	(35,615)
Net rental	淨租金		103,666	103,424
Cost of construction contracts	建造合同成本		16,210,843	14,794,835
Cost of goods sold	商品銷售成本		5,854,632	7,987,184
Cost of services provided	所提供服務的成本		1,435,352	1,384,716
			23,500,827	24,166,735

7. INCOME TAX

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% is applied to the Company's mainland China subsidiaries for the years ended 31 December 2019 and 2018, except for certain mainland China subsidiaries of the Company which were entitled to the preferential tax rate of 15% (2018: 15%) because they are recognised as high and new technology enterprises by the local governments in the PRC, and certain mainland China subsidiaries of the Company which were entitled to the preferential tax rate of 20% since 2019 because they are small and micro businesses.

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

7. 所得稅

根據中國相關法律及法規，本公司的中國內地附屬公司於截至2019年及2018年12月31日止年度適用的法定企業所得稅稅率為25%，惟本公司的若干中國內地附屬公司因被中國地方政府認定為高新技術企業而有權享有15%（2018年：15%）的優惠稅率，及自2019年起本公司的若干中國內地附屬公司因其為小型微利企業而有權享有20%的優惠稅率除外。

香港利得稅乃就年內在香港產生的估計應課稅溢利按16.5%（2018年：16.5%）的稅率提撥。於其他地區的應課稅利潤乃按本集團營運所在的國家（或司法權區）的適用稅率計算稅項。

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current income tax – Mainland China	即期所得稅－中國大陸		
Charge for the year	本年度變動	741,194	863,250
(Overprovision)/Underprovision in prior years	過往年度(超額撥備)/ 撥備不足	(30,954)	7,302
Current income tax – Hong Kong	即期所得稅－香港		
Charge for the year	本年度變動	9,734	1,084
Overprovision in prior years	過往年度超額撥備	(13,361)	(610)
Current income tax – Others	即期所得稅－其他		
Charge for the year	本年度變動	10,808	5,908
Underprovision in prior years	過往年度撥備不足	2,437	3,275
Deferred income tax	遞延所得稅	(84,605)	(190,283)
Total tax charge for the year from continuing operations	來自持續經營業務的年度稅 項支出總額	<u>635,253</u>	<u>689,926</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

按本公司及其大多數附屬公司所註冊國家(或司法權區)的法定稅率計算之除稅前溢利適用之稅項開支與按實際稅率計算之稅項開支的對賬如下：

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before tax from continuing operations	來自持續經營業務的 除稅前溢利	2,816,509	2,825,767
Tax at the statutory tax rate	按法定稅率計算的稅項	704,127	706,442
Lower tax rate(s) for specific provinces or enacted by local authority	特定省份或地方當局制定 的較低稅率	(8,523)	(20,230)
Profits and losses attributable to joint ventures and associates	合營公司及聯營公司 應佔溢利及虧損	(56,586)	(41,808)
Income not subject to tax	毋需課稅收益	(28,241)	(19,294)
Adjustments in respect of current tax of previous periods	就過往期間即期稅項作出 的調整	(41,878)	9,967
Expenses not deductible for tax	不可扣稅開支	73,068	45,971
Tax losses utilised from previous periods	使用過往期間的稅項虧損	(2,300)	(151)
Others	其他	(4,414)	9,029
Tax charge at the Group's effective rate from continuing operations	來自持續經營業務的按本集團 實際稅率計算的稅項支出	635,253	689,926

The share of tax attributable to associates and joint ventures amounting to RMB49,630,000 (2018: RMB33,266,000) and RMB6,956,000 (2018: RMB8,542,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

應佔聯營公司及合營公司稅項分別為人民幣49,630,000元(2018年：人民幣33,266,000元)及人民幣6,956,000元(2018年：人民幣8,542,000元)，已計入合併損益表「應佔合營公司及聯營公司溢利及虧損」內。

8. DIVIDENDS

8. 股息

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Proposed final dividend of RMB0.1586 (2018: RMB0.2067) per ordinary share	擬派末期股息每股普通股 人民幣0.1586元 (2018年：人民幣0.2067元)	654,336	852,782

The proposed final dividend for the year ended 31 December 2019 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

擬派的截至2019年12月31日止年度末期股息須獲本公司股東於應屆股東週年大會上批准。

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of the profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividends after deducting enterprise income tax at the rate of 10%.

按照國家稅務總局頒佈的通知(國稅函[2008]第897號)，本公司自2008年及以後的所得利潤向其非居民企業股東派發股息時，需要代扣10%的企業所得稅。對於名列本公司股東名冊的所有非個人股東(即被視為非居民企業的股東)，本公司將在扣除10%的所得稅後派發股息。

Due to the repeal of Guoshuifa [1993] No. 45 Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income, the Company is required from 4 January 2011 under the Individual Income Tax Law of the PRC and its implementation rules and regulations to withhold and pay individual income tax at rates ranging from 10% to 20% when it distributes dividends to its non-PRC resident individual shareholders out of the profit earned in 2010 and beyond.

由於《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]第45號)已經廢止，自2011年1月4日起本公司應根據《中華人民共和國個人所得稅法》及其實施條例及規定，自2010年及以後所得利潤向非中國居民個人股東派發股息時，須代扣代繳10%至20%的個人所得稅。

9. 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, and the weighted average number of 4,125,700,000 (2018: 4,125,700,000) ordinary shares.

The calculation of basic earnings per share is based on:

Earnings

Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation

盈利
計算每股基本盈利所用的
歸屬於母公司普通權益
持有人的溢利

2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
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2,181,173	2,131,540
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Number of shares
股份數目

2019 2019年 Thousand shares 千股	2018 2018年 Thousand shares 千股
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Shares

Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation

股份
計算每股基本盈利所用的
年內已發行普通股的
加權平均數

4,125,700	4,125,700
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The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

9. 歸屬於母公司普通權益持有人的每股盈利

每股基本盈利乃按年內歸屬於母公司普通權益持有人的溢利及普通股的加權平均數4,125,700,000股(2018年:4,125,700,000股)計算。

每股基本盈利的計算如下：

截至2019年及2018年12月31日止年度，本集團並無潛在攤薄已發行普通股。

10. TRADE AND OTHER RECEIVABLES

10. 貿易及其他應收款項

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Bills receivable	應收票據		241,784	162,411
Trade receivables	貿易應收款項		7,690,695	7,250,344
Long-term trade receivables	長期貿易應收款項		3,406,978	3,371,567
Less: Allowance for doubtful debts	減：呆賬撥備	(b)	(2,194,989)	(1,919,227)
Trade and bills receivables	貿易應收款項及應收票據	(a)	9,144,468	8,865,095
Advances to suppliers	預付供應商款項		2,669,127	3,416,686
Other receivables	其他應收款項		2,684,646	2,659,934
Derivative financial instruments	衍生金融工具		19,036	552
Debt investments	債權投資		2,751,962	598,581
Less: Allowance for doubtful debts	減：呆賬撥備	(b)	(115,798)	(114,643)
			5,339,846	3,144,424
Total	總計		17,153,441	15,426,205
Portion classified as non-current assets	分類為非流動資產的部分		(6,537,503)	(3,905,768)
Current portion	流動部分		10,615,938	11,520,437

(a) Ageing analysis

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

(a) 賬齡分析

根據發票日期，於報告期末的貿易應收款項及應收票據經扣除虧損撥備的賬齡分析如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within 3 months	3個月以內	5,710,029	5,820,715
3 months to 6 months	3個月至6個月	761,387	299,755
6 months to 1 year	6個月至1年	1,022,380	1,297,292
Over 1 year	1年以上	1,650,672	1,447,333
		9,144,468	8,865,095

(a) Ageing analysis (Continued)

There are no unified standard credit terms granted to customers of the construction contracts, trading business and services business. The credit terms granted to customers of the construction contracts are negotiated individually on a case-by-case basis and set forth in the relevant contracts. The credit terms granted to customers of the trading business and services business are normally about three to six months. The bills receivable are generally due within 180 days from the date of issuance.

(b) Impairment of trade and other receivables

The movements in the loss allowance for impairment of trade and other receivables are as follows:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
At beginning of year	於年初	<u>2,033,870</u>	<u>1,415,246</u>
Impairment losses recognised	已確認的減值虧損	497,535	678,248
Impairment losses reversed	已撥回的減值虧損	(152,247)	(48,113)
Amount written off as uncollectible	撇銷不可收回的金額	(60,656)	(11,511)
Other	其他	<u>(7,715)</u>	<u>—</u>
At end of year	於年末	<u><u>2,310,787</u></u>	<u><u>2,033,870</u></u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. 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.

(a) 賬齡分析 (續)

建造合同、貿易業務及服務業務的客戶並無獲授統一標準信貸期。授予建造合同業務客戶的信貸期乃按個別情況逐次獨立協定，並載列於有關合同內。授予貿易業務及服務業務客戶的信貸期一般約為三至六個月。應收票據一般於發行日期起計180日內到期。

(b) 貿易及其他應收款項減值

貿易及其他應收款項減值虧損撥備的變動如下：

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
At beginning of year	<u>2,033,870</u>	<u>1,415,246</u>
Impairment losses recognised	497,535	678,248
Impairment losses reversed	(152,247)	(48,113)
Amount written off as uncollectible	(60,656)	(11,511)
Other	<u>(7,715)</u>	<u>—</u>
At end of year	<u><u>2,310,787</u></u>	<u><u>2,033,870</u></u>

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別的貿易應收款項的賬齡釐定。該計算反映概率加權結果、貨幣時值及於報告日期可得的有關過往事項、當前條件及未來經濟條件預測的合理及可靠資料。

**(b) Impairment of trade and other receivables
(Continued)**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

		Gross carrying amount	Expected credit losses	Expected credit loss rate
		總賬面值 (RMB'000) (人民幣千元)	預期信貸 虧損 (RMB'000) (人民幣千元)	預期信貸 虧損率
Within 1 year	一年內	3,795,157	16,091	0.42%
1 year to 2 years	一年至兩年	1,037,297	32,045	3.09%
2 years to 3 years	兩年至三年	172,907	24,847	14.37%
Over 3 years	超過三年	391,376	302,568	77.31%
		5,396,737	375,551	

As at 31 December 2018

		Gross carrying amount	Expected credit losses	Expected credit loss rate
		總賬面值 (RMB'000) (人民幣千元)	預期信貸 虧損 (RMB'000) (人民幣千元)	預期信貸 虧損率
Within 1 year	一年內	3,457,528	34,951	1.01%
1 year to 2 years	一年至兩年	637,546	20,237	3.17%
2 years to 3 years	兩年至三年	163,393	27,352	16.74%
Over 3 years	超過三年	399,944	332,530	83.14%
		4,658,411	415,070	

(b) 貿易及其他應收款項減值 (續)

下表使用撥備矩陣載列有關本集團貿易應收款項信貸風險狀況的資料：

於2019年12月31日

		Gross carrying amount	Expected credit losses	Expected credit loss rate
		總賬面值 (RMB'000) (人民幣千元)	預期信貸 虧損 (RMB'000) (人民幣千元)	預期信貸 虧損率
Within 1 year	一年內	3,795,157	16,091	0.42%
1 year to 2 years	一年至兩年	1,037,297	32,045	3.09%
2 years to 3 years	兩年至三年	172,907	24,847	14.37%
Over 3 years	超過三年	391,376	302,568	77.31%
		5,396,737	375,551	

於2018年12月31日

		Gross carrying amount	Expected credit losses	Expected credit loss rate
		總賬面值 (RMB'000) (人民幣千元)	預期信貸 虧損 (RMB'000) (人民幣千元)	預期信貸 虧損率
Within 1 year	一年內	3,457,528	34,951	1.01%
1 year to 2 years	一年至兩年	637,546	20,237	3.17%
2 years to 3 years	兩年至三年	163,393	27,352	16.74%
Over 3 years	超過三年	399,944	332,530	83.14%
		4,658,411	415,070	

(c) The amounts due from related parties of the Group included in the trade and other receivables are analysed as follows:

(c) 應收本集團關聯方款項(計入貿易及其他應收款項)分析如下：

		2019 2019年 <i>RMB'000</i> 人民幣千元	2018 2018年 <i>RMB'000</i> 人民幣千元
SINOMACH	國機	449,964	902,995
Fellow subsidiaries	同系附屬公司	23,411	52,367
Associates	聯營公司	6,894	7,941
Joint venture	合營公司	244	299
		<u>480,513</u>	<u>963,602</u>

These balances are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to the major customers of the Group.

該等結餘為無擔保、不計息並按相近於本集團主要客戶獲提供的信貸期償還。

(d) As at 31 December 2019 and 31 December 2018, none of the Group's borrowings were secured by the Group's trade receivables.

(d) 於2019年12月31日及2018年12月31日，本集團概無借貸由本集團的貿易應收款項作為抵押。

11. TRADE AND OTHER PAYABLES

11. 貿易及其他應付款項

		2019 2019年 <i>RMB'000</i> 人民幣千元	2018 2018年 <i>RMB'000</i> 人民幣千元
Bills payable	應付票據	168,658	137,157
Trade payables	貿易應付款項	15,282,324	16,538,909
		<u>15,450,982</u>	<u>16,676,066</u>
Accrued salaries, wages and benefits	應計薪金、工資及福利	779,462	843,845
Other taxes payable	其他應繳稅項	188,424	232,599
Long-term payables	長期應付款項	139,447	267,435
Long-term payables due within one year	一年內到期之長期應付款項	588,014	789,582
Derivative financial instruments	衍生金融工具	37,796	53,741
Other payables	其他應付款項	3,337,465	3,695,280
		<u>20,521,590</u>	<u>22,558,548</u>
Less: Portion classified as current liabilities	減：分類為流動負債的部分	<u>(19,653,953)</u>	<u>(21,811,779)</u>
Non-current portion	非流動部分	<u>867,637</u>	<u>746,769</u>

An ageing analysis of the bills payable and trade payables as at the end of the reporting period, based on the invoice date, is as follows:

根據發票日期，於報告期末的應付票據及貿易應付款項的賬齡分析如下：

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月以內	6,050,888	5,627,392
3 months to 6 months	3個月至6個月	675,672	739,826
6 months to 1 year	6個月至1年	1,884,214	1,819,844
Over 1 year	1年以上	6,840,208	8,489,004
		15,450,982	16,676,066

The trade payables are non-interest-bearing and are usually paid within the agreed period, usually due within 180 days. The bills payable are generally due within 180 days from the date of issuance.

貿易應付款項為不計息，通常於協定期間內支付且通常於180日內到期。應付票據通常於發行日期起計180日內到期。

The amounts due to related parties of the Group included in trade payables, which are unsecured, interest-free and have no fixed terms of repayment, are analysed as follows:

應付本集團關聯方款項(計入貿易應付款項)分析如下，該等款項為無擔保、免息，且並無固定還款期：

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
SINOMACH	國機	3,903	101,514
Fellow subsidiaries	同系附屬公司	515,792	840,214
Joint ventures	合營公司	50,809	36,797
Associates	聯營公司	24,850	32,261
		595,354	1,010,786

12. ISSUED CAPITAL

12. 已發行股本

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Ordinary shares, issued and fully paid	已發行及繳足的普通股		
Domestic shares of RMB1.00 each	每股人民幣1.00元的內資股	3,217,430	3,217,430
H shares of RMB1.00 each	每股人民幣1.00元的H股	908,270	908,270
		4,125,700	4,125,700

I. INDUSTRY OVERVIEW

In 2019, the world economy remained at the period of deep adjustment after the international financial crisis. Global economic and trade growth slowed down, and the sources of turbulence and risks increased. Growth in major developed economies continued to decline, and downward pressure on emerging economies increased. The unilateralism and protectionist policies adopted by the U.S. government affected the world economy to a large extent. The efficiency of monetary and fiscal policies in various countries, especially the developed economies, weakened. Insufficient global demand also severely restrained the global economic growth.

Domestically, China's economy achieved overall stability with steady development. Huge progress was made in building a moderately prosperous society in all aspects. Preliminary accounting shows that the GDP for the year ended 31 December 2019 was RMB99,086.5 billion, representing a year-on-year growth of 6.1% based on comparable price calculation, which met the expected growth target of 6% to 6.5%; The per capita GDP was RMB70,892, which reached USD10,276 at the average annual exchange rate, hitting the mark of exceeding USD10,000 for the first time. But at the same time, attention must be paid to the fact that China is still in the primary stage of socialism and will remain so for a long time to come. China remains the largest developing country in the world. With the intertwined issues on economic structure, system and cycle in China, the combined impact of shifting into new gears in economy, teething problems in restructuring and digestion of previous stimulation policy further deepened, and the downward pressure on the economy continued to increase.

I. 行業概覽

2019年，世界經濟仍處在國際金融危機後的深度調整期，全球經濟貿易增長放緩，動蕩源和風險點增多。主要發達經濟體增速持續下行，新興經濟體下行壓力加大。美國政府推行單邊主義和保護主義政策對世界經濟影響較大，各國尤其是發達經濟體的貨幣與財政政策的效果減弱，全球總需求不足也嚴重抑制了世界經濟的增長。

從國內來看，我國經濟運行總體平穩、穩中有進，全面建成小康社會取得新的重大進展。初步核算，截至2019年12月31日止年度國內生產總值人民幣990,865億元，按可比價格計算，比上年增長6.1%，符合6%至6.5%的預期目標；人均國內生產總值人民幣70,892元，按照年平均匯率折算達到10,276美元，首次突破1萬美元大關。但同時必須清醒看到，我國仍處於並將長期處於社會主義初級階段的基本國情沒有變，我國是世界最大發展中國家的國際地位沒有變，我國的經濟結構性、體制性、周期性問題相互交織，「三期疊加」影響持續深化（「三期」是指增長速度換擋期、結構調整陣痛期、前期刺激政策消化期），經濟下行壓力持續加大。

A. International Engineering Contracting Business

In 2019, foreign contracted engineering business in China achieved a turnover of RMB1,192.75 billion, representing a year-on-year increase of 6.3% (equivalent to USD172.9 billion, representing a year-on-year increase of 2.3%). Newly signed contracts amounted to RMB1,795.33 billion, representing a year-on-year increase of 12.5% (equivalent to USD260.25 billion, representing a year-on-year increase of 7.6%). Among which, 6,944 new contracts in connection with foreign contracting works amounting to USD154.89 billion were signed in 62 countries along “the Belt and Road”, accounting for 59.5% of the PRC’s newly contracted foreign projects over the same period, representing a year-on-year increase of 23.1%; the business turnover was USD97.98 billion, accounting for 56.7% of the total amount over the same period, representing a year-on-year increase of 9.7%.

In general, the development of foreign contracted engineering business in China can be described as mixed in 2019. The Chinese government successfully held the second “the Belt and Road” international cooperation summit forum, which provided new impetus for promoting the long-term stable development of “the Belt and Road” infrastructure cooperation and achieving high-quality development. However, in the meantime, the world economy remained sluggish with reduced enthusiasm in foreign investment. In view of the ups and downs in Sino-US trade frictions and frequent tensions in certain regions, industry development faced unabated external risks. The main features are as follows:

A. 國際工程承包業務

2019年，我國對外承包工程業務完成營業額人民幣11,927.5億元，同比增長6.3%（折合1,729億美元，同比增長2.3%），新簽合同額人民幣17,953.3億元，同比增長12.5%（折合2,602.5億美元，同比增長7.6%）。在「一帶一路」沿線的62個國家新簽對外承包工程項目合同6,944份，新簽合同額1,548.9億美元，佔同期我國對外承包工程新簽合同額的59.5%，同比增長23.1%；完成營業額979.8億美元，佔同期總額的56.7%，同比增長9.7%。

總的來說，2019年，我國對外承包工程業務發展形勢可謂喜憂參半。中國政府成功舉辦第二屆「一帶一路」國際合作高峰論壇，為推動「一帶一路」基建合作行穩致遠、實現高質量發展提供新的動力。但與此同時，世界經濟持續低迷，國際投資熱度減弱，中美貿易摩擦跌宕起伏，部分地區緊張局勢頻現，行業發展面臨的外部風險有增無減。主要呈現以下特點：

Firstly, the overall business size remained stable with increasing number of contracts signed for major projects. The amount of newly signed contracts and business turnover both maintained growth for the year. The amount of newly signed contracts and business turnover in 62 countries along “the Belt and Road” accounted for half of the annual total. The ability of enterprises to undertake large projects continued to enhance. The number of newly signed projects with a contract value of more than USD50 million and more than USD100 million both increased compared with the same period last year. Contracts were signed for the chemical complex project in Baltic, the Phulbari ultra-supercritical coal-fired power plant in Bangladesh, the telecommunications operations and maintenance services project in Myanmar.

一是業務規模整體平穩，大項目簽約量保持增長。全年的新簽合同額和完成營業額均保持了增長，在「一帶一路」沿線的62個國家的新簽合同額和完成營業額佔全年總額的半壁江山。企業承攬大項目能力持續增強，新簽合同額5,000萬美元以上的項目和1億美元以上均較上年同期有所增加。波羅的海化工綜合體項目、孟加拉國普爾巴里超超臨界燃煤電站、緬甸電信運維服務項目相繼簽約。

Secondly, the investment in engineering sector made steady progress, and the economic and social benefits of industry development significantly improved. The increasing number of infrastructure projects undertaken by direct investment, BOT (build-operate-transfer), PPP (public-private partnership), and equity cooperation year by year showed that the pace of industrial transformation and upgrading accelerated significantly. By paying more attention to the cooperation with upstream and downstream enterprises in the industrial chain, the companies in the industry actively participated in the investment and construction in overseas economic and trade cooperation zones, and strive to build the overseas economic and trade cooperation zones into important carriers and platforms for co-construction of “the Belt and Road” and the promotion of international cooperation on production capacity, which encouraged local taxation and employment in an effective manner, and facilitated local economic and social development, thereby bringing tangible benefits to local people.

二是工程類投資業務穩步推進，行業發展的經濟社會效益顯著提升。直接投資、BOT(建設、經營、移交)、PPP(公共私營合作制)、股權合作等方式承攬的基建項目逐年增多，行業轉型升級的步伐明顯加快。行業企業更加注重與產業鏈上下游企業的合作，積極參與境外經貿合作區投資與建設，將境外經貿合作區打造成為共建「一帶一路」、促進國際產能合作的重要載體和平台，有效拉動了當地的稅收和就業，促進了當地經濟、社會的發展，給當地人民帶來了實實在在的好處。

Thirdly, corporate strategy for overseas development became clearer, and sustainable development has gradually become a common vision in the industry. According to changes in the business development conditions, many enterprises specified their development strategy as “giving priority to overseas market” while restructuring their internal resources and accelerating their planning on overseas business; some enterprises joined hands with each other to develop overseas market through cooperation funds, industry alliances and other means, in order to leverage the comprehensive advantages of Chinese funds, Chinese standards, Chinese technology, and Chinese equipment; some enterprises innovated in carrying out tripartite cooperation and multilateral cooperation, so as to integrate global resources in terms of financing, technology and labor, and actively undertake difficult and iconic major projects.

三是企業海外發展戰略更加清晰，可持續發展漸成行業共識。根據業務發展形勢的變化，許多企業明確制定了「海外優先」的發展戰略，重整內部資源，加快海外業務佈局；有的企業通過合作基金、產業聯盟等方式「聯合出海」，發揮中國資金、中國標準、中國技術、中國裝備的綜合優勢；有的企業創新開展三方合作、多方合作，在全球範圍內整合融資、技術和人力資源，積極承攬高難度、標志性大項目。

Fourthly, downward pressure on the industry increased, and traditional competitive advantages weakened. The global economy has slowed down as a whole since 2019. Certain developing countries entered a peak period of debt repayment, and significantly reduced the number of contracted infrastructure projects. As the international multilateral financial institutions have been paying increasing attention to social and environmental sustainability issues, companies faced more stringent requirements when participating in international project bidding. The competent government authorities and relevant financial institutions in China also strengthened their supervision over overseas investments. Some projects were delayed or put on hold due to financing difficulties. Companies were subject to increasing difficulty in business expansion in general. In view of the conditions of the industry, against the backdrop of rising labor costs, more intense market competition and generally narrowing financing channels, the traditional competitive advantages of companies in the international infrastructure market have been weakening, giving rise to a great need to break the development bottleneck in terms of financing capabilities, risk management and application of new technologies to create new competitive advantages.

四是行業下行壓力增大，傳統競爭優勢減弱。2019年以來，全球經濟整體放緩，部分發展中國家進入債務還款高峰期，基建項目發包量明顯減少。國際多邊金融機構日益關注社會和環境可持續議題，企業參與國際項目招投標面臨更為嚴苛的要求。國內政府主管部門、相關金融機構也加強了境外投資監管，部分項目因融資難題被延後或擱置，企業普遍感受到業務拓展難度加大。從行業自身情況來看，在人力成本持續上漲、市場競爭更加激烈、融資渠道普遍收窄的形勢下，企業在國際基建市場的傳統競爭優勢正在減弱，極需從融資能力、風險管控、新技術應用等方面破解發展瓶頸，打造新的競爭優勢。

Fifthly, the overall regional security situation constantly shifted, and the development environment of infrastructure was subject to multiple risks. In 2019, with significantly heightened geopolitical risks and turbulence all over the world, risks to social security continued to increase, the economic downward pressure continued to accumulate and enterprises faced the grimness of bankruptcy. For instance, the risk of terrorism in Pakistan, India, Myanmar and other countries in Asia was prominent, religious and extremist organizations reinforced their penetration, tensions continued to build in Kashmir at the India-Pakistan Border, and the security environment in South Asia showed a trend of further deterioration. Crisis in Latin America was severe, with the risk characteristics mainly manifested as high uncertainty in policies, weak economic growth, exchange rate risks and hyperinflation, and political and social turmoil in one nation would spread and extend into other nations in the region. Affected by the above factors, the development of global infrastructure industry continued to face higher institutional and personnel security risks.

五是地區整體安全形勢多變，諸多風險影響基礎設施發展環境。2019年，地緣政治風險顯著升高，世界各地動亂頻發，社會安全風險持續加劇，全球經濟下行壓力不斷積累，企業破產形勢嚴峻。比如：亞洲地區的巴基斯坦、印度、緬甸等國恐襲風險凸顯，宗教及極端勢力組織滲透不斷加強，印巴邊境克什米爾地區緊張局勢持續加劇，南亞地區安全環境呈現進一步惡化趨勢。拉美地區更是危機重重，風險特徵主要表現為政策不確定性較高，經濟增長疲軟，匯率風險和惡性通貨膨脹，發生在一國之內的政治和社會動蕩向整個地區多國蔓延和擴散。受以上多方面因素影響，全球基礎設施行業發展面臨越來越高的機構和人員安全風險。

B. Trading Business

In 2019, China's foreign trade faced profound changes in domestic and foreign conditions, with increasing instability factors and uncertainties, resulting in a complex and severe environment. Nevertheless, the foreign trade imports and exports in China still recorded steady growth in terms of volume and quality. The total value of foreign trade imports and exports amounted to RMB31.54 trillion, representing an increase of 3.4% over 2018. Among which, amounts of export amounted to RMB17.23 trillion, up by 5%; amounts of import amounted to RMB14.31 trillion, up by 1.6%; and trade surplus reached RMB2.92 trillion, expanding by 25.4%. Trading for the year primarily demonstrated the following features:

Firstly, the scale of trade made steady progress. In 2019, the scale of imports and exports increased quarter by quarter, with imports and exports amounted to RMB7.03 trillion in the first quarter, RMB7.68 trillion in the second quarter, RMB8.26 trillion in the third quarter and RMB8.59 trillion in the fourth quarter.

B. 貿易業務

2019年，我國外貿面臨的國內外條件發生深刻變化，不穩定不確定因素增加，形勢複雜嚴峻。在這種情況下，我國外貿進出口仍然實現了量的穩定增長和質的穩步提升。貿易進出口總值人民幣31.54萬億元，比2018年增長3.4%。其中，出口人民幣17.23萬億元，增長5%；進口人民幣14.31萬億元，增長1.6%；貿易順差人民幣2.92萬億元，擴大25.4%。全年的貿易運行主要呈現以下特點：

一是貿易規模穩中有進。2019年進出口規模逐季攀升，第一季度進出口值為人民幣7.03萬億元、第二季度為人民幣7.68萬億元、第三季度為人民幣8.26萬億元、第四季度達到人民幣8.59萬億元。

Secondly, the trade structure continued to optimize. The international market layout was further optimized. The share of imports and exports to emerging markets increased by 1.7% to 59.5%. In particular, the share to the countries along “the Belt and Road” increased to 29.3%. The domestic regional layout became more balanced. The shares of exports in the central and western regions increased by 1.4% to 18.3%. Commodity structure continued to be optimized. The exports of electromechanical products increased by 4% with its share reaching 58.4%. The vitality of private enterprises has been increasing. Their share of exports increased by 3.6% to 51.4%, exceeding 50% for the first time. The trade structure was further optimized. The share of exports of general trade increased by 1.8% to 58%.

Thirdly, the quality of trade further improved. The exports of high-quality, high-tech, and high-value-added products recorded rapid growth. The unit export prices of integrated circuits, photovoltaics, machine tools and medical devices achieved double-digit growth. Sixty-five transformation and upgrading bases for foreign trade were newly identified. Six public platforms for international marketing services at national level for the first batch were determined. Cross-border e-commerce retail imports and exports increased by 30.3%. The number of overseas warehouses exceeds 1,000, with a network covering the whole world. The pilot scheme for the export of second-hand cars in ten provinces and cities was initiated, and eight processing trade bonded maintenance projects for the new batch were encouraged for implementation in advance.

二是貿易結構持續優化。國際市場佈局進一步優化，對新興市場進出口佔比提高1.7%至59.5%。其中，與「一帶一路」沿線國家佔比提高至29.3%。國內區域佈局更加均衡，中西部地區出口佔比提高1.4%至18.3%。商品結構持續優化，機電產品出口增長4%，佔比達58.4%。民營企業主體活力不斷增強，出口佔比提高3.6%至51.4%，首次超過50%。貿易結構進一步優化，一般貿易出口佔比提高1.8%至58%。

三是貿易質量不斷提升。高質量、高技術、高附加值產品出口快速增長。集成電路、光伏、機床、醫療器械等出口單價實現2位數增長。新確定外貿轉型升級基地65家，認定首批6個國家級國際營銷服務公共平台。跨境電商零售進出口增長30.3%。海外倉數量超過1,000個，覆蓋面輻射全球。啟動10省市二手車出口試點，支持8個新一批加工貿易保稅維修項目先行先試。

Fourthly, the contribution to national economic and social development increased. The sustained and stable development of foreign trade strongly facilitated open economy construction and coordinated development of the national economy in China, as well as accelerated the process of industrialization and urbanization. The import tax and trade surplus throughout the year made significant contribution to improving the balance of payments, increasing foreign exchange reserves, and maintaining the stability of the RMB exchange rate.

Fifthly, trading played an important role in the development of global economy and trade. Against the background of continued decline in global demand, China's economy sustained long-term upward trend with stability, and expanded imports to provide countries around the world with an extensive market and valuable opportunities for cooperation. The 2nd China International Import Expo was successfully held, at which, 3,800 companies from 181 countries, regions and international organizations contracted to participate in the exhibition. On a one-year basis, the cumulative intent for transaction amounted to USD71.13 billion, providing a unique platform for showcase and exchange among countries, and strengthening the world's confidence in mutual development with China.

四是對國民經濟社會發展貢獻增強。外貿持續穩定發展，有力推動了我國開放型經濟建設和國民經濟協調發展，加快了工業化和城鎮化進程。全年的進口環節稅收和貿易順差，為改善國際收支、增加外匯儲備、保持人民幣匯率穩定作出積極貢獻。

五是對全球經濟貿易發展發揮重要作用。在全球需求持續下滑的背景下，中國經濟穩中向好長期向好，積極擴大進口，為世界各國提供廣闊的市場和寶貴的合作契機。成功舉辦第二屆中國國際進口博覽會，來自181個國家、地區和國際組織的3,800家企業簽約參展。按一年計，累計意向成交711.3億美元，為各國提供了獨特的展示和交流平台，增強了世界與中國共同發展的信心。

Sixthly, the ranking of major trading partners changed, ASEAN has become the second largest trading partner of China. In 2019, the largest trading partner remained the EU, with imports and exports to the EU of RMB4.86 trillion, representing an increase of 8%. Imports and exports to ASEAN amounted to RMB4.43 trillion, representing an increase of 14.1%. Imports and exports to the United States amounted to RMB3.73 trillion, representing a decrease of 10.7%. The fourth largest trading partner was Japan, with imports and exports to Japan of RMB2.17 trillion, representing an increase of 0.4%. In addition, China's imports and exports to countries along "the Belt and Road" amounted to RMB9.27 trillion, representing an increase of 10.8%, which was 7.4 percentage points higher than the overall growth rate.

C. Services Business

Overall, opportunities and challenges coexisted in the design consulting industry of Services Business.

On the one hand, high-quality development and construction of "the Belt and Road" presented new opportunities. In recent years, supply-side structural reform has been promoted in the survey and design industry to accelerate the change of the situation of serious homogeneity. Drawing on others' successful experience and focusing on integrated innovation, the core technology of the industry substantially became autonomous. With rapid improvement in core competitiveness, the overall industry entered world-class level and achieved high-quality development.

六是主要貿易夥伴位次發生變化，東盟成為我國第二大貿易夥伴。2019年，第一大貿易夥伴仍然是歐盟，對歐盟進出口人民幣4.86萬億元，增長8%；對東盟進出口人民幣4.43萬億元，增長14.1%；對美國進出口人民幣3.73萬億元，下降10.7%；第四大貿易夥伴是日本，對日本進出口人民幣2.17萬億元，增長0.4%。此外，我國對「一帶一路」沿線國家進出口人民幣9.27萬億元，增長10.8%，高出整體增速7.4個百分點。

C. 服務業務

服務業務中的設計諮詢行業，總體形勢仍然是機遇和挑戰並存。

一方面是高質量發展和「一帶一路」建設帶來新的機遇。近年來，勘察設計行業積極推進供給側結構性改革，加快改變同質化嚴重的局面，通過博採眾長、集成創新，行業核心技術基本實現自主化，核心競爭能力得到快速提升，總體水平進入世界一流方陣，實現了高質量發展。

The size of the industry continued to expand, and science and technology activities were unprecedentedly active. A number of highly difficult and advanced world-leading engineering projects, such as Shanghai Tower, China Zun, Hong Kong-Zhuhai-Macao Bridge, Sky Eye and Beijing Daxing International Airport, have refreshed the list of Chinese miracles and become the latest interpretation of the brand of “Chinese Engineering Design”. The companies in the industry united together and achieved fruitful results in the construction of “the Belt and Road”. With firmer pace of “going out” and broader overseas market, the competitive landscape further improved. Leveraging significant technological advantages in metallurgical, cement, chemical, petrochemical and power industries, competitiveness in overseas markets continued to enhance. At the same time, national strategies, such as rural revitalization strategy, building a beautiful China, regional coordinated development strategy, and promoting simultaneous development of new industrialization, informatization, urbanization and agricultural modernization, provided numerous opportunities for the survey and design industry.

行業規模持續擴大，科技活動空前活躍；一批高難度、最新最先進的世界頂級工程項目，如上海中心、中國尊、港珠澳大橋、天眼、北京大興國際機場等，刷新了中國奇蹟，成為「中國工程設計」品牌的最新註釋；行業企業共建「一帶一路」取得豐碩成果，「走出去」步伐更加堅定，海外市場愈加寬闊，競爭態勢不斷向好，冶金、水泥、化工、石化、電力等行業技術優勢明顯，海外市場競爭力持續增強。與此同時，鄉村振興戰略、建設美麗中國、區域協調發展戰略、推進新型工業化、信息化、城鎮化、農業現代化同步發展等國家戰略都為勘察設計行業提供了眾多機遇。

On the other hand, the survey and design industry is undergoing a dynamic, complex, fuzzy and intertwined drastic change. The internal impetus for corporate development and the core competitiveness of the industry are changing, posing new challenges to the development of enterprises in the industry. At present, the market demand-driven industrial upgrading represented by customization, intelligent manufacturing, and transition from products to services is accelerating. The industry competition landscape has been transforming from a “pyramid” structure to a “dumbbell” structure. More market participants are joining with new business thinking models, new resource endowments, and new operating models. The reform of the organizational structure of engineering construction has given rise to new service content, which promoted the general contracting of projects and the entire process of engineering consulting, and further expanded business chain and business content of the enterprises in the industry. Uncertainty in market demand, the borderless nature of resources, the market-oriented flow of human resources and the diversification of value demands, and the requirements of a multilateral and three-dimensional value network have become increasingly prominent.

II. BUSINESS OVERVIEW

A. International Engineering Contracting Business

We are a leading international engineering contractor and service provider in China, focusing on the EPC projects, particularly in the power industry. Our International Engineering Contracting Business is the Company’s traditional core business, accounting for about 69.9% of the Company’s total revenue in 2019.

另一方面則是勘察設計行業正處在一個動態、複雜、模糊、交融的大變局中，企業發展的內在動力、行業核心競爭力正在發生改變，對行業企業的發展帶來新的挑戰。目前，以市場需求所驅動的個性化定制、智能製造、從產品向服務轉型等為代表的產業升級正在加速演進；產業競爭格局正在從「金字塔」結構向「啞鈴型」結構轉型，更多的市場參與者以全新的商業思維模式、全新的資源稟賦、全新的運作模式加入其中；工程建設組織模式改革催生新的服務內容，工程總承包和全過程工程諮詢大力推進，行業企業的業務鏈條和業務內容不斷拓展；市場需求的不確定性、資源的無邊界特點、人力資源的市場化流動與價值訴求多元化、多邊立體的價值網絡要求等趨勢日益凸顯。

II. 業務概覽

A. 國際工程承包業務

我們是中國領先的國際工程承包與服務商，主要專注於EPC項目，特別專長於電力能源行業。我們的國際工程承包業務為本公司傳統核心業務，約佔2019年本公司總收入的69.9%。

In 2019, despite the complex situation of slower global economic growth and the significant increase in domestic and international risks and challenges, the Company focused on national strategies and its principal business, practically pushed forward the optimization of market layout and continued to improve the market-oriented operation mechanism, achieving the stable development of “seeking progress while maintaining stability with emphasis on both quality and quantity”.

The Company ranked ninth in the Top 100 Chinese Contractors in Terms of Revenue from Completed Overseas Engineering Business in 2019 (《2019年中國對外承包工程業務完成營業額前100家企業》) issued by the Ministry of Commerce of the PRC. The Company ranked 9th in the overall list and 7th in overall list for power projects in the 2019 Ranking in the Key Industries in Terms of Contract Amount of Overseas Large-scale Complete Equipment Engineering Projects (《2019年企業境外大型成套設備工程項目重點行業簽約排名》) issued by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products. In addition, it ranked 1st in terms of contracted overseas projects in the metallurgical and mining equipment industry, 3rd in new energy projects, 4th in power transformer projects, 5th in water treatment industry, and 9th in rail transportation industry.

2019年，在全球經濟增速放緩、國內外風險挑戰明顯上升的複雜局面下，本公司緊緊鎖定國家戰略與公司主業，切實推進市場佈局優化，持續完善市場化經營機制，實現了穩中求進、質量並舉的穩健發展。

在中國商務部公佈的《2019年中國對外承包工程業務完成營業額前100家企業》排名中，本公司名列第9位。在中國機電產品進出口商會發佈的《2019年企業境外大型成套設備工程項目重點行業簽約排名》中，本公司排名總榜第9位、電力項目總體第7位；此外，還分別在冶金礦山裝備行業海外項目簽約額排名第1、新能源項目排名第3、輪變電項目排名第4、水處理行業排名第5、軌道交通行業排名第9。

The following table sets forth the details of the International Engineering Contracting Business for the year ended 31 December 2019 and the comparative figures for the year ended 31 December 2018:

下表載列截至2019年12月31日止年度國際工程承包業務詳情，以及截至2018年12月31日止年度的比較數字：

Unit: RMB million
單位：人民幣百萬元

				2019	% of Total	2018	Year-on-year Growth/ (Decline)
				2019年	總額的%	2018年	按年增長/ (減少)
Revenue	收入	Power	電力能源	12,337.1	62.4%	12,537.2	(1.6)%
		Transportation and Telecommunications	交通運輸及電子通訊	593.3	3.0%	1,335.6	(55.6)%
		Non-Core Sectors	非核心行業	6,840.7	34.6%	4,408.1	55.2%
		Total	總計	19,771.1	100.0%	18,280.9	8.2%
Gross profit	毛利	Power	電力能源	2,388.4	67.1%	2,517.8	(5.1)%
		Transportation and Telecommunications	交通運輸及電子通訊	175.9	4.9%	343.6	(48.8)%
		Non-Core Sectors	非核心行業	996.0	28.0%	624.7	59.4%
		Total	總計	3,560.3	100.0%	3,486.1	2.1%

1. *The effects of optimizing the market layout with focus on “the Belt and Road” is obvious.*

Based on its own business advantages and seizing the policy and market opportunities in the countries and regions along “the Belt and Road”, the Company focused on adjusting the global market layout and achieved significant results. During 2019, in the African market, the Company signed Equatorial Guinea Malabo Gas Turbine Power Station Project, Nigeria Proton Combined Cycle Power Station Project and other highway projects in Ivory Coast and Zambia. In the Asian market, the Tajik aluminum plant improvement project was included in the list of achievements of President Xi Jinping’s visit to Tajikistan, and the signing of the Pakistani agricultural framework cooperation agreement was witnessed by Vice President Wang Qishan. The Mehmur Cement Plant Project in Iraq was signed and the modification and signing of the construction of the Salah Al-Din power plant project in Iraq was completed. In the European market, the signing of the commercial contract for the Varna Port Construction Project of Bulgaria was witnessed by Premier Li Keqiang. CNCEC, a subsidiary of the Company, signed agricultural cooperation agreements with two Ukrainian companies respectively. In the Oceanian market, CNCEC, a subsidiary of the Company, signed a new villa construction project in Melbourne, Australia. Together with the existing projects of the Company, as at the end of 2019, a global market layout was formed with simultaneous development in Asia and Africa, new developments in Europe and South America, and several achievements made in North America and Oceania.

1. 以「一帶一路」為主線的市場佈局優化效果明顯

公司立足自身業務優勢，把握「一帶一路」相關國家和地區的政策和市場機遇，著力調整全球市場佈局，取得明顯成效。2019年，在非洲市場，簽約赤道幾內亞馬拉博燃機電站項目、尼日利亞普羅頓聯合循環電站項目以及科特迪瓦、贊比亞等公路項目；在亞洲市場，塔吉克鋁廠改造項目列入習近平主席訪問塔吉克斯坦成果清單、巴基斯坦農業框架合作協議簽署獲王岐山副主席見證，伊拉克邁赫穆爾水泥廠項目簽約、伊拉克薩拉哈丁電站項目完成修改簽約；在歐洲市場，保加利亞瓦爾納港口項目商務合同簽約獲李克強總理見證，公司所屬中成套與烏克蘭兩家公司分別簽署農業領域合作協議；在大洋洲市場，公司所屬中成套新簽澳大利亞墨爾本別墅建設項目。加之目前公司在手執行項目，截至2019年年底，公司已形成亞洲、非洲並舉，歐洲、南美洲跟進，北美洲、大洋洲屢有斬獲的全球市場佈局。



Note: The map is provided only for illustrative purposes and not drawn to scale. It is not intended to accurately show the exact location of our engineering contracting projects.

附註：此地圖僅供說明用途，並非按比例編繪。地圖的目的並非準確顯示我們的工程承包項目的精確位置。

The following table sets forth a breakdown of the revenue from the Group's International Engineering Contracting Business by geographic locations for the year ended 31 December 2019:

下表載列截至2019年12月31日止年度按地理位置劃分的本集團國際工程承包業務收入明細：

		2019 2019年 RMB million 人民幣百萬元	% of Total 總額的%
Asia	亞洲	9,551.0	48.3%
South America	南美洲	985.6	5.0%
North America	北美洲	325.1	1.6%
Africa	非洲	7,964.3	40.3%
Europe	歐洲	945.1	4.8%
Total	總計	19,771.1	100.0%

2. *The carry-forward development capability of existing projects continues to improve*

Currently, the Company has projects executed in the five continents (i.e. Asia, Africa, Europe, America and Oceania). What's more important is that the capability of relevant implementing projects driving the carry-forward development of new projects is growing. The successful implementation and transfer of the photovoltaic power plant project in Nikopol, Ukraine created a good reputation for the Company in Ukraine and surrounding markets and brought new opportunities for projects. The Mongolian Sainshanda wind power project actively explored a new model of project management with good implementation effect. The expansion and construction project of the combination circulation power station in Basra, Iraq officially started. For the Company's first investment-led EPC project-Pakistan Thar phase I, two power plant units were put into commercial operation, and the coal mine project entered the operation and maintenance stage, while the successful implementation of the new model also brought good results of the phase II being into effect and the phase III being about to be into effect. The pre-acceptance certificate for the SOYO combined cycle power plant project in Angola was obtained. The KIPETO wind power project in Kenya implemented a unique community management, established a scientific and sound Health, Safety and Environment ("HSE") management framework, and the localized labor reached 85%. The Argentina Belgrano Cargo Railway Rehabilitation Project, the signing of which was witnessed by President Xi Jinping, completed 98% of the work volume, and was actively promoting the effectiveness of supplementary projects and the development of new projects.

2. *在手執行項目的滾動開發能力持續提升*

目前，公司在全球五大洲（亞洲、非洲、歐洲、美洲、大洋洲）均有在手執行項目。更為重要的是，相關執行項目帶動新項目滾動開發的能力日益增長。烏克蘭尼克波爾光伏電站項目順利執行和移交，為公司在烏克蘭及周邊市場打造了良好口碑，帶來了新的項目機會；蒙古賽因山達風電項目積極探索項目管理新模式，執行效果良好；伊拉克巴士拉聯合循環電站擴建項目正式開工。公司首個投資帶動EPC項目—巴基斯坦塔爾一期，兩台電站機組已投入商業運行，煤礦項目進入運維階段；新模式的成功實踐，還帶來二期生效、三期即將生效的良好效果。安哥拉索約聯合循環電廠項目取得預驗收證書；肯尼亞基佩托風電項目實施了富有特色的社區管理，建立起科學健全的健康、安全及環境（「HSE」）管理架構，屬地化用工達到85%。習近平主席曾經見簽的阿根廷貝爾格拉諾貨運鐵路改造項目，已完成工程量的98%，正在積極推進增補工程生效及新項目開發。

3. Another major breakthrough was achieved in new energy market development

The Company has been focusing on new energy market expansion in recent years and achieved a series of significant results in 2019. The biogas power generation project in Dnipro, Ukraine was another major breakthrough for the Company in the field of new energy followed by the wind power, photovoltaic and geothermal power projects. In 2019, the Company continued to facilitate the construction of photovoltaic power stations, signed the Laos Ministry of Defense No. 02 Integrated Agricultural Park photovoltaic power plant project, Lupu Mountain photovoltaic power plant project in Ukraine, Kedah photovoltaic power plant project and Kelantan photovoltaic power plant project in Malaysia. CNEEC, a subsidiary of the Company, signed the Ambalema photovoltaic power plant project in Colombia. The Company ranked 3rd in the 2019 Ranking of Chinese Enterprises in the Power Industry in Terms of Contract Amount of Overseas New Energy Projects (《2019年中國電力行業境外新能源項目簽約額企業排名》) issued by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products.

3. 新能源市場開發再次取得重要突破

近年來，本公司一直注重新能源市場開拓，2019年更取得了一系列重要成績。烏克蘭第聶伯市沼氣發電項目，是本公司繼風電、光伏、地熱發電項目後，在新能源領域取得的又一重大突破。2019年，本公司繼續發力光伏電站建設，先後簽署了老撾國防部02號綜合農業園光伏電站項目、烏克蘭盧普山尼光伏電站項目、馬來西亞吉打州光伏電站項目以及吉蘭丹州光伏電站項目；公司所屬中電工簽署了哥倫比亞安巴萊馬光伏電站項目。在中國機電產品進出口商會發佈的《2019年中國電力行業境外新能源項目簽約額企業排名》中，本公司排名第3位。

4. *Continuously expand new areas of the market*

In the field of coal mine construction, a contract for the construction project of the 3-million-ton coal mine and coal preparation plant in Dubowski, Karaganda, Kazakhstan was signed. In the field of new-type urbanization and infrastructure construction, the contracts for the third phases of the development housing project of the Saudi Ministry of Housing and Construction, the Bahrain affordable housing, and the Burundi National Police Hospital Project were signed. In the field of digitalization and communication construction, the Company signed the Nigerian border safety net project, and urged the communication tower project in Myanmar and the safety net phase II project in Ghana to start as soon as possible. The Company also continued to put efforts in developing industrialization projects: the foundation of the Boron Carbide project in Bandarma, Turkey was laid and received a congratulatory message from the Turkish President Erdogan. During the Second “the Belt and Road” Forum for International Cooperation, CNCEC signed the ANH blast furnace ferronickel smelting project in Indonesia.

4. 不斷開拓市場新領域

煤礦建設領域，簽約哈薩克斯坦卡拉乾達杜博夫斯基年產300萬噸煤礦及選煤廠建設項目。新型城鎮化和基建領域，簽約沙特住建部發展性住房項目三期、巴林保障房、布隆迪國家警察醫院項目。數字化通訊建設領域，簽約尼日利亞邊境安全網項目，力促緬甸通信塔項目、加納安全網二期項目盡早開工。本公司還持續大力開拓工業化項目：土耳其班德爾馬市碳化硼項目奠基，收到土耳其總統埃爾多安的賀電；中成套在第二屆「一帶一路」國際合作高峰論壇企業家大會期間，簽署了印尼ANH高爐鎳鐵冶煉項目。

The following table sets forth the operational details of the International Engineering Contracting Business for the year ended 31 December 2019 and the comparative figures for the year ended 31 December 2018:

下表載列截至2019年12月31日止年度國際工程承包業務的運營詳情，以及截至2018年12月31日止年度的比較數字：

Unit: USD million
單位：百萬美元

				As at 31 December 2019 於2019年 12月31日	% of Total 總額的%	As at 31 December 2018 於2018年 12月31日	Increase/ (Decrease) 增長/ (減少)
Value of newly signed contracts	新簽約 合同 金額	Power	電力能源	1,497.0	26.4%	1,336.4	12.0%
		Transportation and Telecommunications	交通運輸及 電子通訊	681.7	12.0%	844.2	(19.2)%
		Non-Core Sectors	非核心行業	3,497.6	61.6%	2,525.5	38.5%
	Total	總計	5,676.3	100.0%	4,706.1	20.6%	
Backlog	未完成 合同量	Power	電力能源	5,530.1	61.0%	7,255.1	(23.8)%
		Transportation and Telecommunications*	交通運輸及 電子通訊*	330.6	3.7%	456.1	(27.5)%
		Non-Core Sectors	非核心行業	3,203.3	35.3%	2,936.1	9.1%
	Total	總計	9,064.0	100.0%	10,647.3	(14.9)%	

* The amount of the contracts, for which income was recognized by net amount, was deducted from the backlog.

* 以淨額確認收入的合同金額已在未完成合同量中扣除。

5. The progress of regionalization and localization was accelerated

At present, the Company has set up three regional platforms in the global main target markets, namely the Middle East-Arab Regional Center in Dubai, United Arab Emirates (“UAE”), the central and eastern European regional center in Belgrade, Serbia, and the First Regional Center for Africa in Nairobi, Kenya. In southern Africa, CNCEC has set up a regional agricultural center. At the same time, the Company’s construction of an overseas investment and financing platform based on China Everbest, a subsidiary of the Company, has been completed.

5. 區域化屬地化建設進度加快

截至目前，本公司已在全球主要目標市場設立了三個區域平台，分別是位於阿拉伯聯合酋長國（「阿聯酋」）迪拜的中東－阿區域中心、位於塞爾維亞貝爾格萊德的中東歐區域中心和位於肯尼亞內羅畢的非洲第一區域中心。在南部非洲，中成套設立農業區域中心。與此同時，本公司以子公司香港華盛昌為基礎的境外投資平台業已完成搭建工作。

6. *The management and service capabilities of whole industry chain and full life cycle projects are improving*

Since 2019, on the basis of the previous mergers and acquisitions and restructuring, the Company has strengthened the integration of institutional mechanism. By relying on the professional power of enterprises including JiKan Research Institute, China Machinery R&D, CHPI, Scientech International, Zhongnan, Jiangsu Pangwo Power, the Company has built its own team for EPC project preliminary consultation, equipment supervision and manufacturing, construction supervision and operation and maintenance services, forming a standardized whole industry chain management plan for EPC projects. Project procurement management was strengthened to conduct dynamic management of suppliers' qualities, which also strengthened the review and approval management control of non-tendering procurement activities. The construction of HSE standardized project management system was fully commenced. The initial after-sales service working mechanism framework was also formulated.

6. *全產業鏈與全生命週期項目管理和服務能力日益增強*

2019年以來，本公司在前期並購重組的基礎上，加強體制機制整合，依託機勘院、中機院、哈成套、興電國際、中南公司、龐沃電力等企業的專業力量，打造起EPC項目前期諮詢、設備監造、施工監理、運維服務的自有隊伍，形成了EPC項目全產業鏈標準化管理方案。強化項目採購管理，實行了對供應商資質的動態管理，強化了對非招標採購活動的審批管控。全面啓動了項目HSE標準化管理體系建設。售後服務工作機制框架也已初步形成。

7. A number of technological measures strengthening main business operations were implemented.

Revolving around the improvement of EPC technological content and competitiveness in the international high-end market, the Company strengthened the scientific research and conversion of technological achievements that are closely connected to its main businesses in 2019. The acceptance of the power plant factory modularization project led by Zhongnan was completed; the main body of the overseas remote comprehensive monitoring system of the project jointly developed with CHPI was completed; Zhongnan completed the technical manual of photo-thermal power generation, China Machinery R&D completed the Sponge City, Civil Engineering, Municipal Environmental Protection Engineering, and technical manual of prefabricated building. The Company also carried out connection and communication on various technical topics with GE, Thyssenkrupp Industrial Solutions, XD Group, Taiyuan Heavy Industry Co., Ltd, ST Lanpec Technologies Limited and other companies, providing practical technical support for its core business expansion.

7. 一批強化主業經營的科技措施相繼落地

圍繞提升EPC科技含量和國際高端市場競爭力，本公司在2019年強化了緊密結合主營業務的科研攻關和科技成果轉化。中南公司牽頭的電站工廠化模塊化課題完成驗收；與哈成套聯合開發的項目海外遠程綜合監控系統主體建設完成；中南公司完成了光熱發電技術手冊，中機院完成了海綿城市、土木工程、市政環保工程、裝配式建築技術手冊。本公司還與通用電氣、蒂森克虜伯工程技術有限公司、西電集團、太原重工股份有限公司、甘肅藍科石化高新裝備股份有限公司等公司進行了多項技術專題對接交流，為核心業務開拓提供了切實的技術支撐。

8. *Continuous innovation in investment and financing models*

To constantly satisfy the needs of core business development, the Company set up an international export credit agency database and an international financial institution database in 2019. On the basis of consolidating cooperation with traditional policy banks, Chinese-funded commercial banks and Sinosure, the Company increased cooperation with new international investment and financing institutions, sovereign wealth fund, international export credit insurance agencies, and the local financial institutions in the countries and regions where we carry out projects. The Company adapted to certain project features and its operational needs, and actively promoted its seller's credit re-financing business.

8. 投融資模式不斷創新

為不斷滿足核心業務發展需要，2019年本公司搭建了國際性出口信貸機構庫和國際性金融機構庫。在鞏固與傳統政策性銀行、中資商業銀行及中國信保合作基礎上，加大了與新型國際投融資機構、主權基金、國際性出口信貸保險機構、項目所在國及區域本地金融機構的業務聯繫與合作。適應部分項目特色及公司經營需求，積極推進賣貸再融資業務。

9. Continue to optimize EPC general contracting ecology

The Company continued to refine the industry alliance cooperation with DEC and XD Group, and continuously deepened its strategic cooperation with leading industry companies such as GE and Siemens AG. Apart from the collaborative development and construction of specific projects, the Company also held The First High-Level Forum with DEC and held conference with GE on sub-Saharan Africa regional cooperation in 2019. In addition, the Company continued to steadily expand the “friend circle” in 2019 and signed strategic cooperation agreements with the Wally Group in United States, GIGA Group in Pakistan, China YTO and CNCDC.

B. Trading Business

In 2019, even though the trading business was faced with the uncertainties brought by the continuously developing trade frictions between China and the United States and global trade protectionism, the operational risks arising from domestic economic contraction as well as the transformation pressure from the adjustment of business segments, the Company explored segmented areas in depth, focused on core businesses and market, optimized management, increased efficiency and averted risks, ensuring the sound operation of segment business operations.

9. 持續優化EPC總承包生態圈

與東方電氣、西電集團的產業聯盟合作不斷細化，與通用電氣、西門子等行業領軍企業的戰略合作不斷深入。除了在具體項目上的合作開發和建設外，2019年本公司還與東方電氣召開了產業聯盟第一次高層論壇，與通用電氣召開了撒哈拉以南非洲區域合作啓動會。此外，2019年本公司繼續穩步擴大「朋友圈」，與美國沃利集團、巴基斯坦GIGA集團、中國一拖、中國煤炭開發公司簽署了戰略合作協議。

B. 貿易業務

2019年，貿易業務面對持續發展的中美貿易摩擦和全球貿易保護主義帶來的不確定性因素、國內經濟收縮帶來的經營風險和板塊業務調整帶來的轉型壓力，深挖細分領域、聚焦核心業務與市場，優化管理、提高效能、規避風險，保證了板塊經營業務的穩健運行。

The following table sets forth the details of the Trading Business for the year ended 31 December 2019 and the comparative figures for the year ended 31 December 2018:

下表載列截至2019年12月31日止年度貿易業務詳情連同截至2018年12月31日止年度的比較數字：

Unit: RMB million
單位：人民幣百萬元

				2019	% of Total	2018	Year-on- year Growth/ (Decline) 按年增長/ (減少)
				2019年	總額的%	2018年	
Revenue	收入	International trade	國際貿易	5,475.4	84.7%	7,003.4	(21.8)%
		Domestic trade	國內貿易	986.6	15.3%	1,473.1	(33.0)%
		Total	總計	<u>6,462.0</u>	<u>100.0%</u>	<u>8,476.5</u>	<u>(23.8)%</u>
Gross profit	毛利	International trade	國際貿易	538.3	88.6%	418.1	28.7%
		Domestic trade	國內貿易	69.1	11.4%	71.3	(3.1)%
		Total	總計	<u>607.4</u>	<u>100.0%</u>	<u>489.4</u>	<u>24.1%</u>

1. Strengthen feature products and core business

In recent years, the development ideas of high-end casting and forging parts and new energy as the feature products and services, integrated corporate trading with EPC as the core being a guide and active exploration of new models such as “Trade + Internet” have been formed for the trading business of the Company. In 2019, the focus of trading business became clearer and its development deepened: CMIPC continued to advance the research and development of the “Four Wheels and One Track” (i.e. driving wheel, guiding wheel, supporting wheel, sprocket wheel and track of engineering heavy equipment) and completed the design of the first set of hydraulic shovel high manganese steel tracks independently developed; in addition to the introduction of high-speed rail brake discs, CMIPC began to supply metro brake discs to the Chengdu Metro in batches; the East China Division took its own intellectual property as a guide and actively promoted the “Trade + Internet” business in the US and Europe; East Resources launched warehousing-style trading in Canada and achieved a breakthrough in “Engineering Projects + Trade”; CMEC General Machinery steadily improved cross-border e-commerce trade with the help of the CMEC Hong Kong platform.

1. 強化拳頭產品與核心業務

近年來，本公司貿易業務已形成以高端鑄鍛件、新能源為拳頭產品和服務，以EPC為核心的綜合商社型貿易為主導，積極探索貿易+互聯網等新模式的發展思路。2019年，貿易業務聚焦更加明確、發展更加深入：中設裝備持續推進「四輪一帶」（工程重型裝備的驅動輪，引導輪，支重輪，托鏈輪，履帶）的研發，自主開發的首套液壓鏟高錳鋼履帶完成設計工作；除推出高鐵剎車盤外，中設裝備還開始向成都地鐵批量供貨地鐵剎車盤；華東事業部以自有知識產權為先導，積極在美歐推進「貿易+互聯網」業務；中經東源在加拿大開展倉儲式貿易，實現了「工程項目+貿易」的突破；中設通用機械借助中設香港平台，穩健提升跨境電商貿易。

2. *Strengthen connection between trade and main businesses*

The Company's strategic planning was actively implemented in the trading business. Revolving around "the Belt and Road" overseas industrialization projects, the connection between trading business and the Company's overseas regionalization platform was advanced, while the cooperation and integration of the Company's central and eastern European regional center and the Middle East-Arab Regional Center was advanced steadily. The construction of the trading business' own regional center continued to deepen. The "Southeast Asia Regional Trade Center" and "The Caribbean Regional Trade Center" were operating smoothly, while construction of "Central America Integrated Trade Center" and "North American Integrated Business Center" was in progress.

2. 強化貿易與主業對接

貿易業務積極落實公司戰略規劃，圍繞海外「一帶一路」工業化項目，推進貿易業務與公司海外區域化平台的對接，與公司中東歐區域中心、中東－阿區域中心的合作與融合穩步推進。貿易業務自身的區域中心建設也不斷深化，「東南亞區域貿易中心」「加勒比區域貿易中心」運行良好，「中美洲綜合貿易中心」和「北美綜合業務中心」也在持續建設中。

3. *Strengthen connection between trade and policies*

Since 2019, the focus of trading business has been on domestic policy research, and business transformation and upgrading have been advanced on the basis of domestic market optimization. The Company became connected with Ningxia Health Commission on “Internet + Medical Health”. In 2019, the Company also increased in-depth cooperation with local governments and university research institutes as it signed a strategic cooperation framework agreement with Dingzhou municipal government of Hebei province, and signed a cooperation agreement with Ocean University of China.

3. 強化貿易與政策對接

2019年以來，貿易業務持續盯緊國內政策研究，以完善國內市場為基礎，推進業務轉型升級。公司與寧夏衛健委就「互聯網+醫療健康」進行了對接。此外，2019年，公司還繼續擴大與地方政府、大學研究機構的深入合作，與河北省定州市政府簽署了戰略合作框架協議，與中國海洋大學簽署了合作協議。

4. *Strengthen management to maintain profitability*

Compared to the listed industry peers in the international trade segment, the profitability of the Company's trading business remained at a relatively good level. In order to maintain high profitability in trading business under the pressure from market contraction, the Company carried out comprehensive readjustment and inspection on trading business and operational process by strengthening its efforts in management, regulating the operational processes of subsidiaries and effectively controlling risks, drafted and issued the Management Regulations of Operational Process of Trading Business, formulated the Positive List of CMEC Trading Business and revised the Negative List of CMEC Trading Business. In addition, the Company is advancing the implementation of trading business restructuring plan, further achieving the reform, restructuring and regulated governance of subsidiaries.

4. 強化管理以保持盈利能力

對比上市公司的國際貿易板塊同行企業，公司貿易業務的盈利能力依然處於較好的水平。為保持在市場收縮壓力下貿易業務盈利能力的高位運行，公司以加大管理力度、規範各子公司業務操作流程、有效控制風險為抓手，對貿易業務與流程進行了全面梳理檢查，起草和頒佈了《貿易業務流程管理規定》、制定了《CMEC貿易業務正面清單》、修訂了《CMEC貿易業務負面清單》。此外，公司正在推進貿易業務重組方案落地實施，進一步實現子公司改革重組和規範治理。

C. Service Business

The design consulting business of Services Business maintained its high-speed growth momentum with its development direction closely revolving around transformation towards technology-based engineering company. The Company continued to promote innovation in technology, business and management, continuously optimized business structure and enhanced the capability of whole industry chain service as well as market competitiveness. Significant results were achieved in business expansion, while the project quality and profitability continued to improve.

C. 服務業務

服務業務中的設計諮詢業務繼續維持高速增長態勢，緊緊圍繞向「科技型工程公司」轉型的發展方向，不斷推進科技創新、業務創新和管理創新，持續優化業務結構，提升全產業鏈服務能力和市場競爭力，業務拓展成效顯著，項目質量和盈利能力繼續提升。

1. *Become a stronger support for the Company's core business*

Under the guidance of the Company's overall development strategies, China Machinery R&D and JiKan Research Institute provided quality preliminary consultation and technical services in professional fields such as overseas civil engineering, municipal projects, power engineering projects, survey, mapping and geotechnical construction based on their own technical advantages with an aim to "become a design and technical service platform for CMEC's engineering contracting business"; they prepared engineering technology manuals and supported the market development of the Company's overseas business; they also carried out on-site investigation and research on the technical service and design consultation market of engineering projects in countries including Ivory Coast, UAE and Angola, and provided solutions for the technical requirements and difficulties of overseas projects, continuing the exploration in design and consultation internationalization. The Company continued to strengthen the connection and cooperation with the Agency for International Economic Cooperation of the Ministry of Commerce, and sent personnel to participate in the technical supervision and inspection and design feasibility verification of foreign aid projects in countries including Nepal, Pakistan, Mauritania, Cameroon, continuing to enhance the capability of technical services in foreign aid projects.

1. 對公司核心業務的支撐作用日益增強

在公司總體發展戰略指導下，中機院和機勘院立足自身技術優勢，以「成為CMEC工程承包業務的設計與技術服務平台」為目標，在海外土木工程、市政工程、電力工程項目，勘察、測繪、岩土施工等專業領域為公司核心業務提供了優質的前期諮詢和技術服務；編寫工程技術手冊，支撐公司海外業務的市場開發；對科特迪瓦、阿聯酋、安哥拉等國進行了工程項目技術服務及設計諮詢市場的實地調研，為海外項目技術需求和難點問題提供解決方案，持續走出設計諮詢國際化的探索步伐。持續加強與商務部國際經濟合作事務局的對接與合作，派員參加了尼泊爾、巴基斯坦、毛里塔尼亞、喀麥隆等國別援外項目的技術監督檢查和設計方案論證工作，不斷提升援外項目技術服務能力。

2. Constantly improving professional ability to open up the domestic market

China Machinery R&D successively ranked on the “Top 60 Chinese Engineering Design Companies” jointly issued by American Engineering News-Record (ENR) magazine, and China Construction Times magazine, constantly ranking forefront among the nationwide survey and design units in terms of design revenue. In 2019, China Machinery R&D strengthened the merger, acquisition and reorganization of small and medium-sized design enterprises in Yunnan, Guizhou, Jiangsu and other regions which were suitable for its own development characteristics, and realistically and rationally arranged the business layout in the southeast and southwest regions.

JiKan Research Institute has grown steadily in traditional professional sectors such as engineering survey, surveying and mapping engineering, engineering inspection and engineering contracting. In 2019, it also accelerated the development of civil and municipal construction, and was approved as a “whole-process consulting pilot unit” by the Housing and Construction Department of Shaanxi Province.

2. 開拓國內市場的專業能力不斷提升

中機院連續登榜美國《工程新聞記錄》(ENR)和中國《建築時報》共同發布的「2019中國工程設計企業60強」，在全國勘察設計單位中的設計營業收入排名穩居前列。2019年，中機院加強了對雲南，貴州，江蘇等地區適合自身發展特點的中小型設計企業的並購重組，現實合理的佈局東南、西南地區的經營格局。

機勘院在傳統優勢專業板塊如工程勘察、測繪工程、工程檢測、工程承包增長穩定，2019年還加速開拓民建、市政領域建設，獲批陝西省住建廳「全過程諮詢試點單位」。

3. Excellent scientific and technological innovation and effective conversion of achievements

Technology incubator projects such as intelligent manufacturing in the motor industry, informationalized mapping technology across space, sky and ground surfaces, fabricated construction engineering technology, as well as research on and application of engineering construction conditions in countries along “the Belt and Road” have already independently undertaken or obtained 103 contracts cumulatively to support other production units during the incubation period, with a contract value exceeding RMB200 million. In addition, in 2019 the Company was granted with 93 patents, of which 16 were invention patents, 68 were utility model patents and 9 were appearance patent; and a total of 34 software copyrights were registered. JiKan Research Institute was awarded one first prize of Shaanxi Provincial Science and Technology Progress Award, one first prize of China Machinery Industry Science and Technology Award (Technology Invention Award), Mao Yisheng Science and Technology Award-Geotechnical Engineering Technology Innovation Award (Collective Award); China Machinery R&D was awarded one second prize of the 2019 China National Machinery Industry Science and Technology Award.

3. 科技創新與成果轉化卓有成效

電機行業智能製造、空天地信息化測繪技術、裝配式建築工程技術、「一帶一路」沿線國家工程建設條件研究與應用等科技孵化項目，在孵化期內已獨立承攬或支持其他生產部門的合同累計103項，合同額超過人民幣2億元。此外，2019年度，公司共獲得授權專利93項，其中發明專利16項，實用新型專利68項，外觀專利9項；共登記軟件著作權34項。機勘院榮獲陝西省科技進步一等獎1項，中國機械工業科學技術一等獎（技術發明獎）1項，茅以升科學技術獎—岩土工程技術創新獎（集體獎）；中機院榮獲2019年度「中國機械工業集團科學技術獎」二等獎1項。

The following table sets forth the details of the Services Business for the year ended 31 December 2019 and the comparative figures for the year ended 31 December 2018:

下表載列截至2019年12月31日止年度服務業務詳情連同截至2018年12月31日止年度的比較數字：

				<i>Unit: RMB million</i>		<i>單位：人民幣百萬元</i>	
		2019	% of Total	2018	Year-on-year Growth/ (Decline)		
		2019年	總額的%	2018年	按年增長/ (減少)		
Revenue	收入	Design consulting services	設計諮詢服務	1,094.4	53.0%	1,040.8	5.1%
		Logistics services	物流服務	340.6	16.5%	290.7	17.2%
		Export-import agency services	進出口代理服務	41.1	2.0%	41.1	0.0%
		Tendering agency services	招標代理服務	40.8	2.0%	33.2	22.9%
		Others	其他	545.9	26.5%	699.4	(21.9)%
		Total	總計	<u>2,062.8</u>	<u>100.0%</u>	<u>2,105.2</u>	<u>(2.0)%</u>
Gross profit	毛利	Design consulting services	設計諮詢服務	245.0	39.0%	253.7	(3.4)%
		Logistics services	物流服務	140.2	22.3%	103.8	35.1%
		Export-import agency services	進出口代理服務	39.9	6.4%	38.7	3.1%
		Tendering agency services	招標代理服務	15.5	2.5%	11.5	34.8%
		Others	其他	186.8	29.8%	312.8	(40.3)%
		Total	總計	<u>627.4</u>	<u>100.0%</u>	<u>720.5</u>	<u>(12.9)%</u>

D. Emerging Business

In 2019, the three major emerging business segments, namely asset management, engineering logistics and agriculture development, were formed, continuously strengthening the foundation for the gradual expansion of the Company's current businesses and scope of operation, the increase in the level of business income and profitability.

In terms of asset management, the Company's overall guidance on investment management has been formulated, which formed the preliminary post-investment management guidance. The construction and operation of five CMEC Plaza projects have been steadily progressing, of which certain projects are about to be transferred and used while certain projects are carrying out the second-phase project research.

In respect of engineering logistics, the business further focuses on mining and oilfield companies, and has formed mining projects with the Congo (Zambia)-Zambia copper belt as the core, the PetroChina oilfield project with the Niger market as the core, and the oilfield project with the Chad market as the core. The Company strengthened management, implemented the key projects in hand properly, and continued to maintain the leading position and market share in the engineering logistics industry.

As to agricultural development, the Company followed up the amino acid investment project of the China-Ukraine International Agricultural Demonstration Cooperation Park; actively explored the EPC+ integrated operation-led development model in the field of smart grid and agricultural engineering.

D. 新興業務

2019年，以資產管理、工程物流、農業開發為基礎形成的3大新興業務板塊已逐漸落地生根，為公司逐步擴大現有業務和經營範圍、提高業務收入和利潤水平持續夯實基礎。

資產管理方面，制定了公司投資管理工作總體指導意見，形成了初步的投後管理指導意見；五個中設廣場項目建設與運營穩步推進，部分項目即將移交使用，部分項目正在進行二期研究。

工程物流方面，業務著眼點進一步對準礦山和油田企業，形成了以剛果（金）－贊比亞銅礦帶為核心的礦山類項目、尼日爾市場為核心的中石油油田項目、乍得市場為核心的油田項目；加強管理，做好在手執行的重點項目，持續保持工程物流行業領先地位和市場佔有率。

農業開發方面，跟進中烏國際農業示範合作園區氨基酸投資項目；在智能電網、農業工程領域，積極探索EPC+綜合運作主導型開發模式。

E. Important Events

1. *Acquisition of 64.82% equity interest in CHPI*

On 17 December 2019, the Company and Science and Technology Research Institute entered into the Acquisition Agreement (the “Acquisition”), pursuant to which the Company agreed to acquire 64.82% equity interest in CHPI which was held by Science and Technology Research Institute for an aggregate consideration of RMB100,885,800. As at the date of this announcement, the Acquisition is not completed.

Reference is made to the circular of the Company dated 25 November 2017, which disclosed CHPI had been undergoing a work relating to the benefit plan of retired employees that required the approval from relevant PRC governmental authorities, and thus on 26 October 2017, CNEEC disposed of CHPI to Science and Technology Research Institute at nil consideration. As the above work was completed, the commitment regarding the reorganization of CNEEC into the Company was fully undertaken through the Acquisition. In addition, on the one hand, the

E. 重要事件

1. 收購哈成套64.82%股權

於2019年12月17日，本公司與科技研究院訂立收購協議（「收購事項」），據此，本公司同意以人民幣100,885,800元的總代價收購科技研究院所持哈成套64.82%的股權。截至本公告日期，收購事項尚未完成。

茲提述本公司日期為2017年11月25日的通函，其中披露由於哈成套在進行有關須經相關中國政府機關批准的退休僱員福利計劃的工作尚在進行中，因此於2017年10月26日，中電工以零代價向科技研究院出售哈成套。基於上述工作已完成，通過收購事項，本公司將完整地履行中電工重組進入本公司的承諾。此外，通過收購事項，一方面，本公司主業全產業鏈能力將進一步提升，尤其是本公司國際工程承包板塊的前端設計、過程監控和後端運維能力將得到有效補充，進一步加強

full industry chain capabilities of the Company's major business will be further improved through the Acquisition. In particular, the front-end design, process monitoring and back-end operation and maintenance capabilities of the Company's international engineering contracting segment will be effectively supplemented, which will further enhance the comprehensive competitiveness of the Company's major business. On the other hand, the professional technical team of the Company will be further supplemented in an effective manner, the technical talent pool is enhanced, and enhance the core competitiveness of the Company.

Details for the transaction are set out on the Company's announcement made on 17 December 2019 on the respective websites of the Stock Exchange and the Company.

本公司主業綜合競爭力；另一方面，本公司的專業技術隊伍將得到進一步有效補充，提高本公司技術人才儲備，提升本公司的核心競爭力。

有關交易的詳情請參見本公司於聯交所網站及本公司網站分別刊發的日期為2019年12月17日的公告。

F. Impact of COVID-19 pneumonia epidemic

Since the nationwide outbreak of COVID-19 in January 2020, the Company has actively responded to and strictly implemented various provisions and requirements of the Party and the governments at all levels for the prevention and control of the epidemic. In order to succeed in both epidemic prevention and production. The Company and its branches and subsidiaries have resumed work successively since February 3 with relevant regulations in their respective regions.

COVID-19 pneumonia epidemic is expected to have a certain impact on the Company's production and operation, and the extent of the impact will depend on the progress and duration of the epidemic prevention, and the implementation of worldwide prevention and control policies. The Company will take various measures to minimize the impact, and conduct in-depth research on changes in market demand caused by COVID-19 epidemic to prepare for market development in the "post-epidemic" era.

The Company will continue to pay close attention to the development of COVID-19 epidemic, and evaluate and actively respond to its impact on the Company's financial position and operating results.

F. 新型冠狀病毒肺炎疫情的影響

自新型冠狀病毒的傳染疫情從2020年1月起在全國爆發以來，公司積極響應並嚴格執行黨和國家各級政府對病毒疫情防控的各項規定和要求，為做到防疫和生產兩不誤，本公司及各分(子)公司自2月3日起遵照各所在地區相關規定陸續開始復工。

預計此次新冠肺炎疫情將對本公司的生產和經營造成一定的影響，影響程度取決於疫情防控的進展情況、持續時間以及全球防控政策的實施情況。本公司將採取各種措施，努力將影響降至最低，並深入研究「新冠疫情」引起的市場需求變化，為「後疫情」時代開發市場做好準備。

本公司將持續密切關注新冠疫情的發展情況，並評估和積極應對其對本公司財務狀況、經營成果等方面的影響。

III. FINANCIAL POSITION AND OPERATING RESULTS

The following discussion should be read in conjunction with the financial statements of the Group together with the accompanying notes included in this results announcement and other sections therein.

1. Overview

The Group's profitability basically remained stable in 2019. Profit before taxation decreased by 0.3% to RMB2,816.5 million in 2019 as compared to RMB2,825.8 million in 2018.

2. Revenue

The Group generated its revenue from the International Engineering Contracting Business, Trading Business and Services Business. The Group's revenue decreased by 2.0% to RMB28,295.9 million in 2019 as compared to RMB28,862.6 million in 2018.

III. 財務狀況及經營業績

在閱讀下述討論時，請一併參閱包含在本業績公告及其他章節中本集團的財務報表及附註。

1. 概覽

本集團的盈利於2019年基本持平。2019年除稅前溢利為人民幣2,816.5百萬元，較2018年的人民幣2,825.8百萬元減少0.3%。

2. 收入

本集團的收入來自國際工程承包業務、貿易業務及服務業務。2019年，本集團的收入為人民幣28,295.9百萬元，較2018年的人民幣28,862.6百萬元下降2.0%。

The following table sets out, for the periods indicated, the amount and percentage of our total revenue by each of our three business segments:

下表載列於所示期間三個業務分部各自的金額及佔總收入的百分比：

		Year ended 31 December 截至12月31日止年度			
		2019 2019年		2018 2018年	
		(RMB million) (人民幣百萬元)	% of Total 總額的%	(RMB million) (人民幣百萬元)	% of Total 總額的%
International Engineering Contracting Business	國際工程承包業務				
Power	電力能源	12,337.1	43.6%	12,537.2	43.4%
Transportation and Telecommunications	交通運輸及電子通訊	593.3	2.1%	1,335.6	4.6%
Non-Core Sectors	非核心行業	6,840.7	24.2%	4,408.1	15.3%
Subtotal	小計	19,771.1	69.9%	18,280.9	63.3%
Trading Business	貿易業務				
International trade	國際貿易	5,475.4	19.3%	7,003.4	24.3%
Domestic trade	國內貿易	986.6	3.5%	1,473.1	5.1%
Subtotal	小計	6,462.0	22.8%	8,476.5	29.4%
Services Business	服務業務	2,062.8	7.3%	2,105.2	7.3%
Total	總計	28,295.9	100.0%	28,862.6	100.0%

1) International Engineering Contracting Business

The Group's revenue generated from the International Engineering Contracting Business increased by 8.2% to RMB19,771.1 million in 2019 as compared to RMB18,280.9 million in 2018, primarily due to the increase in the revenue generated from the Non-Core Sectors.

The revenue generated from the Power Sector decreased by 1.6% to RMB12,337.1 million in 2019 as compared to RMB12,537.2 million in 2018, basically maintaining the same level as the corresponding previous year.

1) 國際工程承包業務

2019年，本集團的國際工程承包業務收入為人民幣19,771.1百萬元，而2018年則為人民幣18,280.9百萬元，增幅為8.2%，主要由於非核心行業收入有所增加。

2019年電力能源行業收入為人民幣12,337.1百萬元，比2018年人民幣12,537.2百萬元減少1.6%，與上年同期基本持平。

The revenue generated from the Transportation and Telecommunications Sector decreased by 55.6% to RMB593.3 million in 2019 as compared to RMB1,335.6 million in 2018, primarily due to the significant progress in the railway improvement project in South America in the corresponding previous year, which was approaching its end this year.

The revenue generated from the Non-Core Sectors increased by 55.2% to RMB6,840.7 million in 2019 as compared to RMB4,408.1 million in 2018, primarily due to the significant progress in the water plant projects in Africa and Asia and the lithium carbonate plant project in South America during the year.

2) Trading Business

The Group's revenue generated from the Trading Business decreased by 23.8% to RMB6,462.0 million in 2019 as compared to RMB8,476.5 million in 2018, primarily due to the decrease in the revenue from international trade and domestic trade.

The revenue generated from the international trade decreased by 21.8% to RMB5,475.4 million in 2019 as compared to RMB7,003.4 million in 2018, primarily due to the Company's increased efforts in management and control of trading businesses with low gross profit margin and high capital occupation pressure, in order to lower the operating risks of trading businesses more effectively.

2019年交通運輸及電子通訊行業收入為人民幣593.3百萬元，比2018年人民幣1,335.6百萬元減少55.6%，主要由於上年同期南美洲的鐵路改造項目有較大進展，今年該項目已接近尾聲。

2019年非核心行業收入為人民幣6,840.7百萬元，比2018年人民幣4,408.1百萬元增加55.2%，主要由於位於非洲以及亞洲的水廠建設項目以及位於南美洲的碳酸鋰廠建設項目本年有較大進展。

2) 貿易業務

2019年，本集團的貿易業務收入為人民幣6,462.0百萬元，而2018年則為人民幣8,476.5百萬元，降幅為23.8%，主要由於國際貿易以及國內貿易收入均有所下降。

2019年，國際貿易收入為人民幣5,475.4百萬元，比2018年人民幣7,003.4百萬元減少21.8%，主要由於公司強化了對部分低毛利率、資金佔壓大的貿易業務的管控力度，從而更加有效的降低貿易業務的經營風險。

The revenue generated from the domestic trade decreased by 33.0% to RMB986.6 million in 2019 as compared to RMB1,473.1 million in 2018, primarily due to the Company's disposal and adjustments to certain trading subsidiaries according to the strategic requirements to strengthen risk management and control of Trading Business.

3) Services Business

The Group's revenue generated from the Services Business decreased by 2.0% to RMB2,062.8 million in 2019 as compared to RMB2,105.2 million in 2018, primarily due to revenue from the franchise electricity sale was affected by the local drought, which was decreased compared with the same period last year.

3. Cost of sales

The Group's cost of sales decreased by 2.8% to RMB23,500.8 million in 2019 as compared to RMB24,166.7 million in 2018, primarily due to the corresponding reduction of costs due to the reduction of revenue.

2019年，國內貿易收入為人民幣986.6百萬元，比2018年人民幣1,473.1百萬元減少33.0%，主要由於公司基於強化貿易業務風險管控的戰略要求，對個別貿易類子公司的業務進行了處置和調整。

3) 服務業務

2019年，本集團的服務業務收入為人民幣2,062.8百萬元，而2018年則為人民幣2,105.2百萬元，降幅為2.0%，主要由於特許經營權售電收入受當地大旱的影響較上年同期有所下降。

3. 銷售成本

2019年，本集團的銷售成本為人民幣23,500.8百萬元，而2018年則為人民幣24,166.7百萬元，降幅為2.8%，主要是由於收入減少導致成本相應減少。

4. Gross profit and gross profit margin

(i) *Gross profit of the Group in 2019 consists of the followings:*

4. 毛利及毛利率

(i) 2019年本集團毛利構成情況如下：

		Year ended 31 December 截至12月31日止年度			
		2019 2019年	% of Total	2018 2018年	% of Total
		(RMB million) (人民幣百萬元)	總額的%	(RMB million) (人民幣百萬元)	總額的%
International Engineering Contracting Business	國際工程承包業務				
Power	電力能源	2,388.4	49.8%	2,517.8	53.7%
Transportation and Telecommunications	交通運輸及電子通訊	175.9	3.7%	343.6	7.3%
Non-Core Sectors	非核心行業	996.0	20.8%	624.7	13.3%
Subtotal	小計	<u>3,560.3</u>	<u>74.3%</u>	<u>3,486.1</u>	<u>74.3%</u>
Trading Business	貿易業務				
International trade	國際貿易	538.3	11.2%	418.1	8.9%
Domestic trade	國內貿易	69.1	1.4%	71.3	1.5%
Subtotal	小計	<u>607.4</u>	<u>12.6%</u>	<u>489.4</u>	<u>10.4%</u>
Services Business	服務業務	<u>627.4</u>	<u>13.1%</u>	<u>720.5</u>	<u>15.3%</u>
Total	總計	<u><u>4,795.1</u></u>	<u><u>100.0%</u></u>	<u><u>4,696.0</u></u>	<u><u>100.0%</u></u>

(ii) *Gross profit margins of the Group in 2019 are set out below:*

(ii) 2019年本集團毛利率載於下表：

		Year ended 31 December	
		截至12月31日止年度	
		2019	2018
		2019年	2018年
		(%)	(%)
International Engineering Contracting Business	國際工程承包業務	18.0%	19.1%
Power	電力能源	19.4%	20.1%
Transportation and Telecommunications	交通運輸及電子通訊	29.6%	25.7%
Non-Core Sectors	非核心行業	14.6%	14.2%
Trading Business	貿易業務	9.4%	5.8%
International trade	國際貿易	9.8%	6.0%
Domestic trade	國內貿易	7.0%	4.8%
Services Business	服務業務	30.4%	34.2%
Total	總計	16.9%	16.3%

The Group's gross profit increased by 2.1% to RMB4,795.1 million in 2019 as compared to RMB4,696.0 million in 2018. This increase is mainly attributable to the increase in the gross profit of International Engineering Contracting Business and Trading Business as compared to the corresponding previous year.

2019年，本集團的毛利為人民幣4,795.1百萬元，而2018年則為人民幣4,696.0百萬元，增幅為2.1%。此增幅主要由於國際工程承包業務及貿易業務毛利較上年同期有所增加。

1) International Engineering Contracting Business

1) 國際工程承包業務

(a) Gross Profit

(a) 毛利

The gross profit generated from the International Engineering Contracting Business increased by 2.1% to RMB3,560.3 million in 2019 as compared to RMB3,486.1 million in 2018, primarily due to the significant increase in the gross profit of Non-Core Sectors.

2019年，國際工程承包業務毛利為人民幣3,560.3百萬元，而2018年則為人民幣3,486.1百萬元，增加2.1%，主要是由於非核心行業毛利增加較大。

The gross profit generated from the Power Sector decreased by 5.1% to RMB2,388.4 million in 2019 as compared to RMB2,517.8 million in 2018, primarily due to the decline in gross profit margin of projects with significant progress made during the year as compared to that of previous projects.

The gross profit generated from the Transportation and Telecommunications Sector decreased by 48.8% to RMB175.9 million in 2019 as compared to RMB343.6 million in 2018, primarily due to the significant progress in the railway improvement project in South America in the corresponding previous year, which was approaching its end this year.

The gross profit generated from the Non-Core Sectors increased by 59.4% to RMB996.0 million in 2019 as compared to RMB624.7 million in 2018, primarily due to the significant progress of the water plant projects in Africa and Asia and the lithium carbonate plant project in South America during the year.

2019年，電力能源行業毛利為人民幣2,388.4百萬元，而2018年為人民幣2,517.8百萬元，減少5.1%，主要由於當年有較大進展的項目毛利率較之前的項目毛利率有所降低。

2019年，交通運輸及電子通訊行業毛利為人民幣175.9百萬元，而2018年為人民幣343.6百萬元，減少48.8%，主要由於上年同期南美洲的鐵路改造項目有較大進展，今年該項目已接近尾聲。

2019年，非核心行業毛利為人民幣996.0百萬元，比2018年的人民幣624.7百萬元增加59.4%，主要由於位於非洲以及亞洲的水廠建設項目以及位於南美洲的碳酸鋰廠建設項目本年有較大進展。

(b) *Gross Profit Margin*

The gross profit margin generated from the International Engineering Contracting Business decreased to 18.0% in 2019 as compared to 19.1% in 2018, primarily due to the decline in the gross profit margin from the Power Sector as compared to the corresponding previous year.

The gross profit margin generated from the Power Sector slightly decreased to 19.4% in 2019 as compared to 20.1% in 2018, primarily due to the decline in gross profit margin of projects with significant progress made during the year as compared to that of previous projects.

The gross profit margin generated from the Transportation and Telecommunications Sector was 29.6% in 2019 as compared to 25.7% in 2018, primarily due the increase in gross profit margin after further verification of the cost of the railway improvement project in South America as it approached its end during this year.

The gross profit margin generated from the Non-Core Sectors was 14.6% in 2019 as compared to 14.2% in 2018, primarily due to the relatively high gross profit margin of the water plant project in Africa.

(b) *毛利率*

2019年，國際工程承包業務毛利率下降至18.0%，而2018年則為19.1%，主要由於電力能源業務毛利率較上年同期有所下降。

2019年，電力能源行業毛利率為19.4%，2018年則為20.1%，較上年同期略有減少，主要由於當年有較大進展的項目毛利率較之前的項目毛利率有所降低。

2019年，交通運輸及電子通訊行業毛利率為29.6%，而2018年則為25.7%，主要由於本年度南美洲的鐵路改造項目執行接近尾聲，對成本進一步核實後毛利率有所增加。

2019年，非核心行業毛利率為14.6%，而2018年則為14.2%，主要由於位於非洲的水廠建設項目毛利率較高。

2) *Trading Business*

(a) *Gross Profit*

The gross profit generated from the Trading Business increased by 24.1% to RMB607.4 million in 2019 as compared to RMB489.4 million in 2018, primarily due to the increase in gross profit from international trade.

The gross profit generated from international trade increased by 28.7% to RMB538.3 million in 2019 as compared to RMB418.1 million in 2018, primarily due to the increase of gross profit in the imported food selling business.

The gross profit generated from domestic trade decreased by 3.1% to RMB69.1 million in 2019 as compared to RMB71.3 million in 2018, due to the Company's disposal and adjustments to business of certain trading subsidiaries according to the strategic requirements to strengthen risk management and control of Trading Business. The decrease in revenue from Trading Business also led to the decrease in gross profit.

2) 貿易業務

(a) 毛利

2019年，貿易業務毛利為人民幣607.4百萬元，比2018年的人民幣489.4百萬元增加24.1%，主要由於國際業務毛利有所增加。

2019年，國際貿易業務毛利為人民幣538.3百萬元，比2018年的人民幣418.1百萬元增加28.7%，主要由於進口糧食銷售業務毛利有所增加。

2019年，國內貿易業務毛利為人民幣69.1百萬元，比2018年的人民幣71.3百萬元減少3.1%，由於公司基於強化貿易業務風險管控的戰略要求，對個別貿易類子公司的業務進行了處置和調整，貿易業務收入下降導致毛利也有所減少。

(b) *Gross Profit Margin*

The gross profit margin of the Trading Business was 9.4% in 2019, as compared with 5.8% in 2018, which was primarily due to the increase in the gross profit margin of international trade and domestic trade.

The gross profit margin of the international trade was 9.8% in 2019, as compared with 6.0% in 2018, which was primarily due to the relatively high gross profit margin in the imported food selling business.

The gross profit margin of the domestic trade was 7.0% in 2019, as compared with 4.8% in 2018, which was primarily due the increase in the volume of the casting product business with relatively high gross profit margin in 2019.

3) *Services Business*

(a) *Gross Profit*

The gross profit of the Services Business decreased by 12.9% to RMB627.4 million in 2019 as compared to RMB720.5 million in 2018, primarily due to revenue from the franchise electricity sale was affected by the local drought, which was decreased compared with the same period last year, while the daily operating costs maintained basically the same level with the previous year, which led to the decrease in gross profit.

(b) *毛利率*

2019年，貿易業務毛利率為9.4%，2018年為5.8%，主要由於國際貿易以及國內貿易毛利率均有所增長。

2019年，國際貿易業務毛利率為9.8%，而2018年為6.0%，主要由於進口糧食銷售業務毛利率較高。

2019年，國內貿易業務毛利率為7.0%，2018年為4.8%，主要由於2019年毛利率較高的鍛件產品業務量有所增長。

3) *服務業務*

(a) *毛利*

2019年，服務業務毛利為人民幣627.4百萬元，比2018年的人民幣720.5百萬元減少12.9%，主要由於特許經營權售電收入受當地大旱的影響較上年同期有所下降，而日常運營成本與往年基本持平導致毛利減少。

(b) *Gross Profit Margin*

The gross profit margin of the Services Business was 30.4% in 2019, as compared with 34.2% in 2018, which was primarily due to revenue from the franchise electricity sale was affected by the local drought, which was decreased compared with the same period last year while the daily operating costs were basically the same with the previous year, which led to the decrease in gross profit margin.

5. Other revenue

The Group's other revenue amounted to RMB36.3 million in 2019 as compared to RMB106.9 million in 2018, mainly due to the impact of new wealth management regulations on revenue generated from wealth management products, which decreased compared to the corresponding previous year.

6. Other income and expenses, net

The Group's other income and expenses, net amounted to RMB23.1 million in 2019 as compared to income of RMB(84.6) million in 2018, mainly attributable to the increase in gain from fair value changes of foreign currency forward exchange contracts.

7. Selling and distribution expenses

The Group's selling and marketing expenses decreased by 11.3% to RMB1,112.6 million in 2019 as compared to RMB1,254.1 million in 2018, mainly attributable to the decrease in labor costs.

(b) *毛利率*

2019年，服務業務毛利率為30.4%，而2018年則為34.2%，主要由於特許經營權售電收入受當地大旱的影響較上年同期有所下降，而日常運營成本與往年基本持平導致毛利率下降。

5. 其他收入

2019年，本集團的其他收入為人民幣36.3百萬元，而2018年則為人民幣106.9百萬元，主要由於理財產品收益受到資管新規影響較上年同期有所減少。

6. 其他收支淨額

2019年，本集團的其他收支淨額為人民幣23.1百萬元，而2018年則為收入人民幣(84.6)百萬元，主要由於遠期外匯合約公允價值變動盈利增加。

7. 銷售及分銷開支

2019年，本集團的銷售及市場營銷開支為人民幣1,112.6百萬元，而2018年則為人民幣1,254.1百萬元，降幅為11.3%，主要由於人工成本有所減少。

8. Administrative expenses

The Group's administrative expenses increased by 9.2% to RMB1,401.9 million in 2019 as compared to RMB1,283.5 million in 2018, mainly attributable to the increase in labor costs and intermediary services expenses.

9. Impairment losses on financial and contract assets/other operating expenses

The Group's impairment losses on financial and contract assets and other operating expenses decreased by 35.2% to RMB407.6 million in 2019 as compared to RMB628.8 million in 2018, mainly attributable to the high provision for impairment on receivables as a result of implementation of new accounting standards in the previous year.

10. Profit from operations

The Group's profit from operations increased by 24.5% to RMB1,932.4 million in 2019 as compared to RMB1,551.9 million in 2018, mainly attributable to the increase in gross profit, as well as the decrease in selling and distribution expenses and decrease in impairment losses on financial and contract assets, net.

11. Finance income/finance expenses

In 2019, the Group's finance income amounted to RMB787.2 million as compared to RMB1,314.9 million in 2018, representing a decrease of 40.1% as compared to the corresponding previous year, mainly attributable to greater exchange gain recorded during the last year.

8. 行政開支

2019年，本集團的行政開支為人民幣1,401.9百萬元，而2018年則為人民幣1,283.5百萬元，增幅為9.2%，主要由於人工成本及中介機構服務費有所增加。

9. 金融及合同資產減值虧損／其他經營開支

2019年，本集團的金融及合同資產減值虧損和其他經營開支為人民幣407.6百萬元，而2018年則為人民幣628.8百萬元，降幅為35.2%，主要由於上年度受執行新會計準則影響，應收賬款減值撥備金額較高。

10. 經營溢利

2019年，本集團的經營溢利為人民幣1,932.4百萬元，而2018年則為人民幣1,551.9百萬元，增幅為24.5%，主要由於毛利增加、銷售及分銷開支減少及金融及合同資產減值虧損淨額減少。

11. 財務收入／財務開支

2019年，本集團的財務收入為人民幣787.2百萬元，而2018年則為人民幣1,314.9百萬元，較上年同期減少40.1%，主要由於上年匯兌收益較大。

In 2019, the Group's finance expenses amounted to RMB129.4 million as compared to RMB208.3 million in 2018, representing a decrease of 37.9% as compared to the corresponding previous year, mainly attributable to high discounted interest expense as a result of the Company's sell-out of accounts receivable for the engineering contracting projects in the previous year.

Thus, in 2019, net finance income of the Group amounted to RMB657.8 million as compared to RMB1,106.6 million in 2018.

12. Income tax

The Group's income tax decreased by 7.9% to RMB635.3 million in 2019 as compared to RMB689.9 million in 2018, mainly attributable to the adjustment of income tax expenses of previous periods.

13. Profit for the year

As a result of the foregoing, the Group's net profit for the year increased by 2.1% to RMB2,181.3 million in 2019 as compared to RMB2,135.8 million in 2018 and its net profit margin was 7.7% in 2019 as compared to 7.4% in 2018.

14. Net profit attributable to owners of the parent

The net profit attributable to owners of the parent increased by 2.3% to RMB2,181.2 million in 2019 as compared to RMB2,131.5 million in 2018.

15. Net profit attributable to the holders of non-controlling interests

The net profit attributable to the holders of non-controlling interests of the Group amounted to RMB0.1 million in 2019 as compared to net profit of RMB4.3 million in 2018, representing a decrease from the corresponding previous year.

2019年，本集團的財務開支為人民幣129.4百萬元，而2018年則為人民幣208.3百萬元，較上年同期減少37.9%，主要由於上年公司對工程承包項目應收賬款賣斷引起的貼現利息支出較大。

因此，2019年，本集團的財務收入淨額為人民幣657.8百萬元，2018年為財務淨收入人民幣1,106.6百萬元。

12. 所得稅

2019年，本集團的所得稅為人民幣635.3百萬元，而2018年則為人民幣689.9百萬元，降幅為7.9%。主要由於對以前期間所得稅費用的調整的影響。

13. 年內溢利

由於上文所述，2019年，本集團的年內淨溢利為人民幣2,181.3百萬元，而2018年則為人民幣2,135.8百萬元，增幅為2.1%，其於2019年的淨溢利率為7.7%，而2018年則為7.4%。

14. 歸屬於母公司擁有人的淨溢利

2019年，歸屬於母公司擁有人的淨溢利為人民幣2,181.2百萬元，而2018年則為人民幣2,131.5百萬元，增幅為2.3%。

15. 歸屬於非控股權益持有人淨溢利

2019年，歸屬於本集團非控股權益持有人淨溢利為人民幣0.1百萬元，2018年為淨溢利人民幣4.3百萬元，較上年同期有所減少。

16. Liquidity and capital resources

As at 31 December 2019, the Group's cash and cash equivalents decreased by 27.2% to RMB15,561.5 million, compared to RMB21,383.6 million as at 31 December 2018.

As at 31 December 2019, the Group's borrowings amounted to RMB555.3 million, compared to RMB984.8 million as at 31 December 2018, representing a decrease of 43.6%. Short-term borrowings amounted to RMB444.2 million (including RMB8.9 million of long-term borrowings due within one year) and long-term borrowings amounted to RMB111.1 million.

The borrowings were denominated in either RMB, US dollars or Japanese Yen and were subject to interest rates ranging from 1.00% to 7.24% per annum.

17. Capital expenditures

The Group's capital expenditures consisted primarily of the purchase of property, plant and equipment, intangible assets and land lease prepayments. In 2019, the Group's capital expenditure was RMB306.1 million, representing a decrease of 39.3% as compared to RMB503.9 million in 2018, mainly attributable to the completion of some of the infrastructure projects.

18. Gearing ratio

In 2019, the Group's gearing ratio (total borrowings divided by total assets) was 1.0%, representing a slight decrease as compared to 1.8% in 2018, mainly attributable to the decrease in short-term borrowings.

19. Major acquisition and disposals and significant investments

Please see the paragraph headed "II. BUSINESS OVERVIEW – E. Important Events" on page 73 of this announcement.

16. 流動資金及資本資源

於2019年12月31日，本集團持有現金及現金等價物為人民幣15,561.5百萬元，而於2018年12月31日則為人民幣21,383.6百萬元，降幅為27.2%。

於2019年12月31日，本集團借貸為人民幣555.3百萬元，而於2018年12月31日則為人民幣984.8百萬元，降幅為43.6%。短期借貸為人民幣444.2百萬元(含一年內到期的長期借貸人民幣8.9百萬元)，長期借貸為人民幣111.1百萬元。

該等借貸均以人民幣、美元或日元計值並以每年利率1.00%至7.24%計息。

17. 資本開支

本集團的資本開支主要包括購買物業、廠房及設備、無形資產及預付土地租賃款項。2019年，本集團的資本開支為人民幣306.1百萬元，而2018年則為人民幣503.9百萬元，降幅為39.3%，主要由於基建項目部分已完工。

18. 槓桿比率

2019年，本集團的槓桿比率(借貸總額除以總資產)為1.0%，與2018年的1.8%相比略有減少，主要是由於短期借款的減少。

19. 重大收購及出售及重大投資

請參閱本公告第73頁「II. 業務概覽 – E. 重要事件」一段。

20. Contingent liabilities

We were involved in a number of legal proceedings and claims against either our Company or subsidiaries of our Company in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other legal proceedings cannot be determined at present, the Directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity or operating results of the Group.

21. Event after reporting period

On 30 March 2020, the Board resolved that a final dividend of RMB0.1586 per share is to be distributed to the Shareholders, subject to approval of the Shareholders at the forthcoming annual general meeting. Such final dividend proposed after the end of the reporting period has not been recognised as liabilities as at the end of the reporting period.

On 17 December 2019, the Company and Science and Technology Research Institute entered into an equity transfer agreement, pursuant to which the Company agreed to acquire, and Science and Technology Research Institute agreed to dispose of, 64.82% equity interest in CHPI which was held by Science and Technology Research Institute for an aggregate consideration of RMB100,885,800, subject to the terms and conditions of such agreement. The acquisition is expected to be completed in April 2020.

20. 或有負債

我們於日常業務中涉及多宗針對本公司或本公司附屬公司的法律訴訟及申訴。雖然目前未能確定該等或有事件、訴訟或其他法律程序的結果，董事相信任何由此引致的負債不會對本集團的財務狀況、流動資金或經營業績產生重大不利影響。

21. 報告期後的事項

2020年3月30日，董事會決議向股東派發每股人民幣0.1586元的末期股息，惟須獲股東於應屆股東週年大會上批准。於報告期末後擬派的末期股息尚未確認為報告期末的負債。

2019年12月17日，本公司與科技研究院簽訂股權轉讓協議，根據該協議及其條款及條件的規限下，本公司已同意以人民幣100,885,800元的總對價收購科技研究院持有的哈成套64.82%股份，而科技研究院亦同意出售該部分股權。該收購事項預計於2020年4月完成。

IV. RISK FACTORS AND RISK MANAGEMENT

The Company is exposed to various types of risks, including currency risk, interest rate risk, credit risk, liquidity risk, competition risk, investment risk and personnel change risk, etc., in the normal course of business. Our management continuously pays attention to these risks and monitors us to take appropriate measures in accordance with the articles of association of the Company and related systems and implement them in a timely and effective manner, so as to ensure that those risks are manageable.

1. Currency Risk

Currency risk arises primarily from sales and purchases and our International Engineering Contracting Business overseas and overseas financing which give rise to receivables, payables and cash balances that are primarily denominated in U.S. dollars and Euros. As a matter of related policy and in compliance with the PRC laws and regulations, we are not allowed to widely engage in hedging activities. Therefore, we entered into foreign currency forward contracts to lock in the value in RMB for some of our future cash receipts, primarily in respect of the proceeds of our international engineering contracting projects to reduce our currency risk and to obtain certainty of forecasted income generated from the deferred payments to be received from the project owners. The Group maintains and follows the internal policies and controls for managing the use of derivative financial instruments and will not participate in pure speculative arbitrage activities.

IV. 風險因素及風險管理

公司在日常業務過程中面臨多類風險，包括貨幣風險、利率風險、信用風險、流動資金風險、競爭風險、投資風險以及人員變動風險等。我們的管理層持續保持對該等風險的關注並督促我們依據公司制訂的章程及相關制度採取適當的措施且及時有效的執行，以確保該等風險可控。

1. 貨幣風險

貨幣風險主要來自海外的銷售、採購及國際工程承包業務以及海外融資產生之主要以美元及歐元計價的應收款項、應付款項及現金結餘。由於按照相關政策及中國法律和法規，我們不得廣泛從事對沖活動，因此我們主要就國際工程承包項目的收款訂立遠期外匯合約，以鎖定我們部分未來現金收入的人民幣價值，務求降低貨幣風險及確保從項目業主獲得由於延遲付款所產生的預測收入。本集團維繫及遵守有關規範使用衍生金融工具的內部政策及控制，不參與純粹的投機套利活動。

2. Interest Rate Risk

Interest rate risk arises primarily from borrowings and bank deposits, of which the borrowings bearing interests at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. The Company regularly reviews and monitors the mix of our fixed and variable rate borrowings, either through managing the contractual terms of interest-bearing financial assets and liabilities or using of interest rate swaps in order to manage our interest rate risks.

3. Credit Risk

Our credit risk is primarily attributable to trade and other receivables. The Company has a comprehensive credit policy in place and our exposure to these credit risks is monitored on an ongoing basis. With respect to the International Engineering Contracting Business, credit terms granted are negotiated individually on a case-by-case basis and are set forth in the relevant engineering contracting contracts. The Company conducts monthly reviews of credit risks and end-of-credit-term period reviews to determine if the Group needs to make any necessary provisions for credits that we have extended to customers. We evaluate our customer's credit status and repayment capability through establishing an appropriate business evaluation system. Meanwhile, we implemented the policy to buy export credit insurance. For the Trading Business, the Company and the trading subsidiaries are required to buy unified export credit insurance from Sinosure; for the International Engineering Contracting Business financed by export seller's credit, the Group typically buys export credit insurance from Sinosure for its projects to meet its financing needs as well as to control credit risk for trade and other receivables.

2. 利率風險

利率風險主要來自借貸及銀行存款，其中按浮動利率及固定利率計息的借貸分別使我們面臨現金流量利率風險及公允價值利率風險。本公司通過管理計息金融資產及負債的合同條款或對利率掉期的使用定期檢討及監察固定利率借貸與浮動利率借貸的比例，以管理利率風險。

3. 信用風險

信用風險主要來自貿易及其他應收款項。本公司已制定完備的信貸制度並持續監控面臨的該等信用風險。就國際工程承包業務，我們給予的信貸期視乎個別情況通過協商釐定，並載列於有關工程承包合同。本公司每月基於信貸期末審查信用風險，以決定本集團是否須就給予客戶的信貸作出任何必要撥備。我們通過建立合適的業務評估系統，評估客戶的信用狀況及付款能力。同時，我們實行購買出口信用保險制度。就貿易業務，本公司及其貿易附屬公司須向中國信保購買統一出口信用保險；就由出口賣方信貸融資的國際工程承包業務，本集團一般會為其項目向中國信保購買出口信用保險，以應付財務需要以及控制貿易及其他應收款項的信用風險。

4. Liquidity Risk

Liquidity risk is the risk that the Group is unable to raise sufficient funds at the balance sheet date to meet its financial obligations when they fall due. In response to liquidity risk, the Company prepares both annual and quarterly financial budgets which include budgeting for capital and utilization of credit facilities to plan and consolidate various financial resources to meet the needs of its business, operations and development. Furthermore, the Group monitors and maintains a level of cash and cash equivalents the management considered adequate to finance its operations and mitigate the effects of fluctuations in cash flow.

5. Competition Risk

The Group competes with both domestic and foreign contractors for the International Engineering Contracting Business. Competition generally stems from price, design, variety of the services provided, service quality, financial solutions, business models and environmental standards. Similar to other Chinese contractors in the industry, the Group faces competition from engineering contractors with advanced technology from the developed countries such as the U.S., Japan and various European countries as the latter have relatively large competitive advantages in global branch networks, information collection, management and construction capabilities, adaptability and brand recognition, among other areas. The Company will continue to leverage our competitive advantage

4. 流動資金風險

流動資金風險指本集團於結算日未能籌集足夠資金以應付到期的財務負債的風險。為應對流動資金風險，本公司編製年度和季度財務預算，包括對資本和信用額度動用的預算，以計劃和鞏固各種財務資源滿足其業務、營運及發展的需要。此外，本集團監察及維持管理層認為足以為其營運提供資金及減少現金流量波動影響的現金及現金等價物水平。

5. 競爭風險

本集團就其國際工程承包業務與國內外的承包商競爭。競爭主要由價格、設計、所提供服務的多樣性、服務質量、融資方案、業務模式及環境標準所造成。如同行業中其他中國承包商，本集團面對來自發達國家（如美國、日本及多個歐洲國家）且具備領先技術的工程承包商的競爭，後者在（其中包括）全球分支網絡、信息搜集、管理及施工能力、適應性及品牌認知度等各個方面擁有較大的競爭優勢。本公司將繼續藉助在價格方面的競爭優勢，尤其在發展中國家的項目，並受益於具有競爭力的勞動力成本和設備價格。本公司亦將繼續把握中國政府

in pricing, especially for projects in the developing countries, benefiting from more competitive labor cost and equipment price. The Company will also continue to leverage the cooperation between the PRC government and foreign governments (especially those of the developing countries) to compete with both domestic and foreign contractors.

The Group competes with both Chinese and foreign companies for the international trading business. Competition with Chinese companies engaged in the international trading business focuses on price, range of products and range of suppliers and clients, whereas competition with foreign companies focuses on the price and quality of products manufactured by Chinese and foreign suppliers. While competition in the international trading market is intense, given this market is considerably vast, the Company will continue to compete with the Chinese and foreign companies by capitalizing on our financing capabilities and value-adding services. With more than 40 years of operating history in the international trading business, the Directors believe the Group has an edge over our PRC competitors within the industry in terms of our extensive sales and marketing networks, long-established experiences in the international trading market, well-trained business talents, strong capabilities in providing financing solutions and good reputation.

與外國政府(尤其是該等發展中國家政府)之間的合作,與國內外承包商競爭。

本集團與中外公司就國際貿易業務進行競爭。與從事國際貿易業務的中國公司競爭集中於價格、產品範圍及供貨商及客戶的範圍的競爭,而與國外公司的競爭則集中於中外供貨商生產產品的價格及質量的競爭。儘管國際貿易市場競爭激烈,然而由於該市場非常巨大,本公司將利用自身的融資能力及增值服務繼續與中外公司競爭。憑藉在國際貿易業務40多年的經營歷史,董事相信,本集團所擁有的廣泛銷售及市場營銷網絡、在國際貿易市場長期累積的經驗、訓練有素的商業人才、提供融資方案的強大能力及良好的聲譽,令本集團比中國同行競爭者更具優勢。

6. Investment Risk

Investment risk mainly represents any discrepancy between actual return and anticipated return from investment. Investment risk is caused by factors which are out of the Company's control or contingent factors which cannot be ascertained when making an investment decision, relevant advance payments for certain projects, decrease of investment in infrastructure by non-governmental investment institutions resulting from changes in policies, significant outlay of working capital over extended period of time, and governmental approvals from and regulatory compliance with various governmental departments when implementing the investment projects. The Company has set up an investment review committee and engaged independent third parties such as financial advisors, taxation advisors and legal counsels during the investment process to carry out comprehensive due diligence, analysis and deliberation with a view to improving the level of decision-making in investment and managing investment risks.

6. 投資風險

投資風險主要指投資的實際回報與預期回報之間的差異。導致投資風險的原因包括受本公司控制範圍之外的因素或作出投資決定時無法確定的隨機因素的影響、墊付若干項目的有關款項、政策變動造成非政府投資機構對基礎設施建設的投資減少、在較長期間內動用大量營運資金以及執行投資項目需自不同政府部門取得政府批准或需遵守有關政府部門的監管規例等。本公司已成立投資審查委員會，並在投資過程中聘請財務顧問、稅務顧問、法律顧問等獨立第三方機構進行充分的盡職調查及分析論證，以提高投資決策水平、管控投資風險。

7. Country Risk from Overseas Business

Currently, most of the projects of our International Engineering Contracting Business are conducted overseas, especially in developing countries or less-developed regions including some countries and regions in constant social or political turbulence. Our International Engineering Contracting Business may therefore be subject to constantly changing economic, regulatory, social and political conditions in the overseas jurisdictions in which we conduct business or operate our projects. To the extent that the Group's overseas business or operations is affected by unexpected and adverse foreign economic, regulatory, social and political conditions, the Group may experience project disruptions, losses of assets and personnel, and other indirect losses. In some of the high-risk locations where the Group has employees, business or operations, the Group may incur additional costs in safeguarding our personnel and assets. The Company typically seeks to manage potential losses through contractual arrangement which protects us against liabilities due to force majeure and provides for indemnities from project owners, subcontractors and suppliers, as well as purchase of construction, installation and engineering all-risks insurance and third-party liability insurance.

7. 海外業務國別風險

目前，我們大部分的國際工程承包業務項目於海外進行，尤其是在發展中國家或發展較落後的地區，當中包括一些社會或政治持續動盪的國家及地區。因此，國際工程承包業務在我們進行業務或經營項目的海外司法權區內可能受到上述國家不斷改變的經濟、監管、社會及政治情況影響。倘本集團的海外業務或營運受到意料之外及不利的外國經濟、監管、社會及政治情況影響，本集團可能經歷項目受阻、資產及人員損失及其他間接虧損。在一些本集團擁有僱員、業務或營運的高風險地區內，本集團或會產生額外成本以保障我們的人員及資產。本公司一般尋求透過合同安排規避我們因不可抗力事件而承擔的責任及規定項目業主、分包商及供貨商作出彌償保證，並借著投購建築、安裝及工程一切險以及第三方責任保險，以控制潛在虧損。

8. Safety and Quality Risk

Due to the nature of construction work involved in our International Engineering Contracting Business, the Group's projects may involve certain inherently dangerous activities, including operations on aerial platform, underground construction, use of heavy machinery and working with flammable and explosive materials. Despite that the Company ensures compliance with the requisite safety requirements and standards, we are subject to the inherent risks of geological catastrophes, fire, toxic gas, equipment failure and explosion and so on. Besides, our employees are subject to the personal risks caused by unstable safety environment. Any personal injury or loss of life our employees may suffer, damage to or destruction of properties and equipment and other losses caused by force majeure would result in the delay in our engineering contracting projects, extended construction time and efforts of our management, suspension of our operations or even imposition of legal liabilities. The Company endeavors to lower our exposure to the abovementioned potential risks associated with our International Engineering Contracting Business by taking measures including making contractual arrangements with the project owners in the event of disruption to the projects due to force majeure, seeking indemnities from the project owners, subcontractors and suppliers, purchasing construction, installation and engineering all-risks insurance, third-party liability insurance and personal accident insurance, strengthening our internal control system on ensuring a safe and high quality working environment for our projects, as well as maintaining close communications with the project owners and local governmental authorities.

8. 安全及質量風險

由於我們的國際工程承包業務所參與的建築工程的性質，本集團的項目可能涉及若干本質上危險的活動，包括在架空平台工作、地下建設、使用重型機械及於工作時使用易燃及爆炸性物料。儘管本公司確保遵守必要的安全要求及標準，我們仍面臨地質災難、火災、毒氣、設備故障及爆炸等固有風險。此外，我們的僱員還面對因不穩定安全環境而產生的人身風險。僱員可能遭受的人身傷害及身亡、財產及設備受損或受到破壞及其他不可抗力事件造成的損失，可能導致我們的工程承包項目延誤、工程時間延長及管理工作加重、營運暫停，甚至須承擔法律責任。本公司透過採取多項措施，包括與項目業主就不可抗力事件而導致項目受阻訂立合約安排，尋求項目業主、分包商及供貨商作出彌償保證，以及投購建築、安裝及工程一切險、第三方責任保險以及人身意外傷害保險，強化我們的內部監控系統以確保項目具備安全及優質的工作環境，以及與項目業主及地方政府機關維持緊密聯繫，務求降低我們所面臨上述與我們的國際工程承包業務有關的潛在風險。

9. Post-project Transfer Risk

Our international engineering contracting projects are contractually completed after the warranty period expires and the project owner issues a final acceptance certificate. During the course of actual use and operation by the project owner, operational or quality issues may arise due to natural factors such as hurricanes and tsunamis or improper operation or maintenance by the project owner's operational staff. According to the contracts, the Group is then no longer liable for any warranty obligations or other liabilities. However, since some projects are associated with national interests and people's livelihood or bear significant influences in the local areas, any flaws or defects in quality that occur after project completion may adversely compromise our reputation, as well as having a negative impact on customers' overall evaluation on us. Some of the project owners may require us to bear costs for continuous maintenances or replacement of relevant components, causing us losses not foreseeable under the contracts. Since corporate reputation is the cornerstone for our expansion of markets, the Company will continue to step up the training for the project owner's operational staff and endeavor to enter into operational maintenance support contracts with the project owners, so as to enhance the operational and maintenance capabilities of the project owners' operational staff and avoid or reduce the quality issues caused by improper manual handling as far as possible. At the same time, the Company emphasizes on the cultivation of core markets and the sustainable development of our business while attaching importance to collecting opinions and comments from customers, actively communicating with customers, as well as being committed to maintaining good social benefits and corporate interests.

9. 工程移交後風險

我們的國際工程承包項目在質保期結束並由項目業主簽發最終接收證書之後即已在合同意義上全部完成。在項目業主實際使用及運行過程中，工程可能會因為颶風、海嘯等自然因素或者項目業主運營人員操作或維護不當的原因產生運行或質量問題，此時根據合同本集團不再承擔任何質保義務或其他責任。但是，由於某些工程關乎國計民生或在當地有較大影響，項目完工後產生的任何質量瑕疵或缺陷，可能會給我們的聲譽帶來不利影響，導致客戶對我們的整體評價降低。部分項目業主可能會要求我們繼續投入成本進行維修或更換相應組件，由此將給我們帶來合同預期之外的損失。企業聲譽是我們開拓市場的基石，本公司將繼續加大對項目業主運營人員的培訓力度，盡力與項目業主簽訂運行維護支持合同，提高項目業主運營人員的運行維護水平，儘量避免或減少因人為操作不當原因導致的質量問題發生。同時，本公司注重業務開發的核心市場培養和可持續發展，注重收集客戶的意見和建議，與客戶積極溝通，努力維護良好的社會效益和企業利益。

10. Corruption Risk

Currently, the PRC government has been strengthening its anti-corruption efforts and governments of various countries for which we have undertaken works are also enhancing their regulatory efforts in anti-commercial bribery. Personal non-compliance or corruption of any employee will bring material adverse impact to the reputation of our Company. Being an international engineering contractor and service provider, the Group cannot avoid carrying out necessary and work-related communications with the PRC government, governments of countries where our works are conducted, Chinese financial institutions and project owners. During this process, we may be exposed to risks associated with personal non-compliance of employees or even corruption risks. The Company will continuously strengthen its internal control and further improve its anti-corruption regime as well as strengthening accountabilities. The Company has already, at the same time, embarked on staff's compliance trainings, so as to enhance the compliance awareness of the staff and increase their compliance consciousness.

10. 舞弊風險

當前，中國政府反腐敗力度日趨加強，我們承攬工程的各國政府亦日益強化反商業賄賂的監管力度，任何僱員的個人違規或舞弊行為，將會給公司聲譽帶來重大不利影響。本集團作為國際工程承包與服務商，與中國政府、工程所在國政府、中國金融機構、項目業主不可避免地進行必要的溝通及工作聯繫，在此過程中，我們可能面臨涉及僱員個人違規的風險，甚至舞弊風險。本公司將持續加強內部控制，進一步完善公司反舞弊制度，強化責任追究，同時已經開展員工合規培訓，提高彼等合規意識，增強彼等遵規守法的自覺性。

11. Sanctions Risk

We are a company incorporated in the PRC and we comply with all applicable PRC laws and regulations, undertake the international commitments and international obligations made by China and the relevant resolutions passed by the United Nations Security Council. However, as a result of our international activities, we are also subject to the laws and regulations of the various countries and regions in which we do business. In order to prevent and control the risk of sanctions, we established an export control internal compliance program (ICP) within the Company. The Company's ICP adopts the principle of comprehensive control (CATCH-ALL), and the scope and content of the ICP control will be adjusted in time in accordance with the changes in the international export control situation and the possible impact on the business of the Company. In particular, if any of our transactions is conducted in or through the United States, or otherwise involves U.S. persons, U.S. dollar clearing in the United States or U.S.-origin goods, U.S. sanctions regulations may be applicable to some or all of such transactions.

11. 制裁風險

我們為在中國註冊成立的公司，須遵守所有適用的中國法律法規，承擔中國的國際承諾和國際義務、聯合國安理會的有關決議。然而，由於從事國際業務，我們亦須遵守我們開展業務所在不同國家及地區的法律法規。為了防控制裁風險，我們在公司內部建立了出口管制內控合規機制(ICP)。公司ICP採取的是全面控制原則(CATCH-ALL)，並且ICP的管控範圍和內容將結合國際出口管制形勢變化和可能給公司業務帶來的影響而及時調整。尤其是，倘我們的任何交易在美國或通過美國開展，或以其他方式涉及美籍人士、於美國的美元結算或美國原產貨品，則美國制裁法規可能適用於部分或全部該等交易。

In recent years the U.S. sanctions landscape has evolved substantially, especially those targeted at Iran and Cuba. 16 January 2016 marked the “Implementation Day”, which marked the full execution of sanctions relief promised to Iran as part of the Joint Comprehensive Plan of Action (JCPOA) as negotiated by Iran, the P5+1 (United States, Russia, China, France, United Kingdom, Germany) and the EU and endorsed by the UN (“**Iran Nuclear Deal**”). In exchange for curtailing certain nuclear-related activities, Iran was granted relief from certain U.S., EU, and UN sanctions. However, the United States announced on 8 May 2018 that it will withdraw from the Iran Nuclear Deal and restore sanctions against Iran. So the Company decided to terminate all business ties in Iran thereafter from a prudent perspective and the Company has no existing or implemented project in Iran.

As to Cuba, following a resumption of formal diplomatic ties between the two countries under the Obama administration and the removal of Cuba from the U.S. government’s State Sponsors of Terrorism list, a series of amendments to OFAC’s Cuban Assets Control Regulations and Section 746.4 of Export Administration Regulations administered by the Bureau of Industry and Security of United States Department of Commerce expanded the range of transactions in which U.S. persons are allowed to engage with Cuba. However, beginning in November 2017, the Trump administration began to reverse some (but not all) of the changes made by the Obama administration and to re-tighten the U.S. embargo against Cuba. These changes

近年來，美國制裁格局大幅演變，尤其是針對伊朗及古巴的制裁。2016年1月16日為「執行日」，標誌著向伊朗承諾的制裁解除（為伊朗、P5+1（美國、俄羅斯、中國、法國、英國、德國）及歐盟談判並經聯合國認可的聯合全面行動計劃(JCPOA)的一部分)得到全面執行（「**伊朗核協議**」）。作為伊朗減少若干核相關活動的交換，伊朗免於美國、歐盟及聯合國的若干制裁。然而，美國於2018年5月8日宣佈將退出伊朗核協議並恢復對伊朗的制裁。因此，本公司審慎決定終止在伊朗的所有業務關係，且本公司在伊朗並無現有或已實施項目。

至於古巴，繼古巴、美國兩國於奧巴馬政府執政時恢復正式外交關係及美國政府將古巴從國家恐怖主義支持者名單中剔除後，對外國資產管制局的古巴資產管制條例及美國商務部工業與安全局所實施的出口管理條例第746.4條作出的一系列修訂，擴展了美籍人士可在古巴進行的交易範圍。然而，從2017年11月開始，特朗普政府開始撤回奧巴馬政府所施行的部分（並非全部）變革，並重新收緊美國對古巴的禁運。這些變革包括國務院增設「與古巴有關的受限制實體及子實體名單」，當中列明「在古巴軍事、情報或保安部門或人員的控制下或為其行事」的實體（「**古巴限制名單**」）。美籍人士被禁止與古巴限制名單所列的實體進行某些直接金融交易。此外，大部分供古巴限制名單所列的實體使用的

included the creation of the State Department “List of Restricted Entities and Subentities Associated with Cuba” that identifies entities that are “under the control of, or act for or on behalf of, the Cuban military, intelligence, or security services or personnel” (the “**Cuba Restricted List**”). U.S. persons are prohibited from engaging in certain direct financial transactions with entities on the Cuba Restricted List. Additionally, the Commerce Department will deny licenses in most cases for exports of U.S.-origin items for use by entities on the Cuba Restricted List. Furthermore, on 4 March 2019, the Trump administration announced that it would authorize U.S. nationals to file a limited range of civil claims against entities operating in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 (also known as the Helms-Burton Act). Following the regulatory changes in the United States and taking into account the local economic conditions, no potential project carried out in Cuba has been approved by the general manager of the Company. The Company has no existing or implemented project in Cuba and has expressed no willingness to carry out business in Cuba market recently. Pursuant to our ICP control, every potential project carried out in Cuba must be (1) reviewed by the Company’s internal export compliance office, (2) reviewed by outside legal counsel, and (3) approved by the general manager of the Company.

美國產品均不獲商務部授予出口許可證。另外，在2019年3月4日，特朗普政府宣佈將授權美國國民根據1996年《古巴自由與民主聲援法》(亦稱為《赫爾姆斯－伯頓法》)第三章對古巴境內的實體提出有限的民事訴訟。因應美國的監管變化並考慮到當地的經濟狀況，本公司總經理並未批准在古巴進行任何潛在項目。本公司在古巴並無現有或已實施的項目，並且近期內亦無意在古巴市場開展業務。根據我們的ICP管控，在古巴開展的每個潛在項目均須(1)經本公司內部的出口管制辦公室審核；(2)經外部的法律顧問審核；及(3)獲本公司總經理批准。

Notwithstanding the Trump Administration's revised sanctions policies vis-à-vis Iran and Cuba, we believe we have been in compliance with the Sanctions Undertakings made at the time of the Listing as regards to economic sanctions. We also believe that our internal control policies targeted at sanctions compliance, and in particular our internal compliance program on export control, are sound and sufficient to assist us in navigating the evolving international sanctions landscape. Despite the far-reaching and complex nature of U.S. sanctions programs, our limited activities in the United States and rigorous internal control policies will minimize our exposure and liability to any potential sanctions violations. Of course, it is not possible to foresee which countries or organizations the U.S. government may place under sanctions in the future. However, previous U.S. administrations, including the Trump administration, have provided either a "wind-down" period, or issued a general or specific license, in order to allow affected firms to terminate operations and withdraw from countries placed under new sanctions. Though the termination or forfeiture of any business operations or revenue in relation to any newly sanctioned counterparties, industries, projects or countries, may cause an adverse impact on our operations, financial condition, or ability to carry on business in the jurisdictions concerned, we strive to reduce such hazards through proactive political and economic risk assessment, along with timely legal advice from experienced external counsel. Furthermore, as a result of the foregoing, the Company's exposure in Cuba is so limited that any adverse impact from changes to Cuba sanction by the United States will be minimal.

雖然特朗普政府修訂對伊朗及古巴的制裁政策，但我們認為，我們一直遵守上市時就經濟制裁所作的承諾。我們亦認為，我們針對制裁合規的內部控制政策，尤其是針對出口控制的內部合規方案屬健全，足以在國際制裁格局演變的進程中為我們導航。儘管美國制裁計劃十分深遠複雜，但我們在美國進行的業務有限，且內部控制政策嚴格，將最大限度降低違反潛在制裁的風險及責任。當然，我們不可能預見未來美國政府會對哪些國家或組織實施制裁。然而，往屆美國政府（包括特朗普政府）會給予「緩衝」期，或是頒發一般或特別許可證，以使受影響的公司終止在新受制裁的國家內經營或撤離該等國家。儘管終止與任何新受制裁交易方、行業、項目或國家相關的業務活動，或沒收相關收入可能對我們在所涉及司法管轄區的經營、財務狀況或從事業務的能力造成不利影響，但我們爭取透過積極的政治經濟分析評估，並且及時向經驗豐富的外部顧問尋求法律意見來減少該等危害。此外，由於如上所述本公司在古巴開展活動面臨的風險有限，故美國變更對古巴的制裁對我們產生的不利影響極小。

12. Personnel Change Risk

Personnel change risk refers to the risk of affecting the Company's operations due to the resignation or leaving office of the Company's senior management personnel. As the Company is a listed company controlled by the state, we have higher requirements for the professional conduct and integrity of senior management personnel. Under such a high standard, situations in which senior management personnel resigns due to personal reasons, systematic personnel transfers or being no longer suitable for serving positions in the Company may occur. However, we have formulated, and will continue to improve, the articles of association of the Company and related rules and regulations, in order to ensure the orderly and efficient normal operation of the Company in spite of temporary absence of individual senior management personnel, with a sound awareness of rules and effective systems. At the same time, in order to avoid frequent changes in senior management personnel and to ensure the stability of the Company's management, we will also continue to strengthen compliance supervision of personnel and further enhance the overall compliance awareness of senior management personnel. Therefore, we believe that personnel change risk is a controllable risk during the standardized and refined operation of the Company.

12. 人員變動風險

人員變動風險是指公司的高層管理人員辭任、離任，導致公司運營可能受影響的風險。因本公司屬於國有控股上市公司，對高層管理人員的職業操守、廉潔奉公等具有更高要求。在此高標準下，高層管理人員因自身原因辭任、系統人事調動或不適宜繼續在本公司擔任職務的情形可能發生。但是，我們已經制定、亦將不斷完善制定公司章程、相關規則制度等，以健全的規則意識和有效制度保障公司若在個別高層管理人員暫時缺位的異常狀況下仍能夠有序、高效地正常運轉；同時，為避免高層管理人員變動頻繁，保證公司管理層的穩定性，我們也將持續加強對人員的合規督導，進一步提高高層管理人員的全方位合規意識。因此，我們認為人員變動風險是公司規範、精良化運轉過程中的可控風險。

13. Other Risk

The Company is subject to factors such as natural disasters, epidemics and other outbreaks of diseases. If any of the above situations occurs, the financial condition, potential revenue, asset value and liabilities of the Company may be affected. The recent outbreak of the novel coronavirus disease and the resulting government controls (such as restricted entry and exit, traffic interruptions, etc.) may affect the construction and operation of the engineering projects of the Company, leading to adverse impacts such as delays in construction and increased costs. In order to minimize the negative impact of the recent novel coronavirus disease, the Company will further strengthen communication with customers and adopt measures such as various prevention measures for epidemics and flexible employment in strict accordance with regulations to mitigate the impact brought about by the epidemic while diversifying and reducing the risk through diversification of customers.

13. 其他風險

本公司面臨自然災害、流行傳染病和其它疫情爆發等因素影響。如上述任一情形發生，則可能影響本公司的財務狀況、潛在收益、資產價值和負債。近期新冠肺炎疫情的爆發及因此衍生的政府管制（如出入境受限、交通中斷等），可能會影響到本公司的工程項目的施工及運轉，進而帶來工期延誤、成本增加等不利影響。為儘量減少近期新冠肺炎帶來的負面影響，公司將進一步加強與客戶之間的溝通，嚴格按照規定採取各項防疫手段、靈活用工等措施，緩解疫情帶來的影響，並通過客戶的多元化分散並降低風險。

V. OUTLOOK

In 2020, the Company will further reaffirm its position as industry leader, and practically create a leading force in modern equipment manufacturing service industry. The Company will focus on implementing system reform aiming to enhance vitality and core competitiveness, thereby stimulating the exploring capability of micro-entity and business. The Company will also reinforce bottom-line thinking, and promote quality development of the Company.

(I) Business Development Strategy

1. *Engineering Contracting Business*

- (1) **Proper resources allocation between traditional market and emerging market.** The Company will advocate deep cultivation in traditional market, carefully manage first-tier businesses, and conduct research on operating strategies and key development areas based on the “One Country, One Policy” principle. In respect of emerging market, the Company will track progress of projects on selective basis, and closely monitor policy changes in order to understand the directions of industry support.

V. 前景展望

2020年，公司將進一步明確現代裝備製造服務業領軍力量的定位，切實打造現代裝備製造服務業領軍力量；著力開展增強活力和核心競爭力的體制機制改革，激活微觀主體及業務開拓活力；強化底線思維，促進公司的高質量發展。

(一) 業務發展戰略

1. 工程承包業務

- (1) 在傳統市場與新興市場合理配置資源。倡導在傳統市場深耕細作，認真梳理一線業務，一國一策地研究經營策略和開發重點。對新興市場，要有選擇地跟踪項目，密切注意政策變化，掌握產業扶持方向。

- (2) **Create and develop projects by closely monitoring market demands.** The Company will continue to keep its eyes on key new energy projects, new-type urbanization projects and agriculture projects. Through proactive adoption of construction-operation integration and investment-construction-operation integration, the industry chain and value chain of engineering contracting business will be extended.
- (3) **Continue to deepen the layout in markets along the “Belt and Road”.** Adhering to established principles, the Company will continue deepen the market expansion for regionalization construction, introduce more resources and technology investment, and strengthen project development in markets along “the Belt and Road”.
- (4) **Focus on improving contract signing quality and contract conversion rate.** It is essential for the Company to capture influential projects within the region or industry, projects that can generate impressive cash flows and economic benefits, as well as projects with sustainable commercial mode. Moreover, the Company will put more resources in countries with good economy prospects.
- (2) **緊跟市場需求創造和開發項目。**持續重點跟踪新能源項目、新型城鎮化項目和農業項目。積極運用建營一體化、投建營一體化等方式，延伸承包工程產業鏈和價值鏈。
- (3) **持續深化「一帶一路」沿線市場佈局。**按照以往的既定原則，持續深入區域化屬地化建設的市場開拓導向，引導更多資源和技術投入，強化「一帶一路」沿線市場項目開發。
- (4) **重點提高簽約質量和生效轉化率。**要抓住地區或行業有重大影響力的項目，要抓住可以產生現金流、經濟收益好、發展可持續的項目，要抓住有後續商業模式的項目，要在經濟景氣度高的國家投入更多資源。

- (5) **Focus on enhancing professionalism.** Based on the direction towards professionalism, the Company will guide and promote the building up of professional job assignment and capability in business division.
- (6) **Facilitate the establishment of open regional platform.** Based on the actual needs for business development, the Company will proactively facilitate the construction of regional centers and the establishment of new regional centers under united planning and coordination.

2. *Trading Business*

- (1) The Company is willing to conduct transformation and upgrade, and actively adapt to overseas business development. The Company will put greater efforts in department construction, as well as enhance its capability in strategy implementation, risk control and management, and the ability to offer guidance, service and support to businesses.
- (2) The Company will put greater efforts in resources management and reorganization of certain subsidiaries, improve rectification mechanism, explore emerging businesses, and offer precise support for promising entities and teams.

- (5) 著重加強專業化能力建設。公司將按照專業化導向，引導並推動事業部進行專業化分工和能力建設。
- (6) 推進開放式區域平台建設。根據業務開發的實際需求，統一規劃、統一協調，積極穩妥地進行區域中心建設和新區域中心的設立。

2. 貿易業務

- (1) 要勇於轉型升級，主動適應海外市場業務發展的需要。要加大部門建設，提高戰略執行能力、風險控制和管理能力以及對業務的引領、服務、支撐能力。
- (2) 要加大資源整合和部分子公司重整力度，完善容錯糾錯機制，探索開拓新興業務，對好的企業和團隊予以精準扶持。

- (3) The Company will continue to strengthen its unique competitive edges in overseas trading, and further improve key products and feature products.
- (4) The Company will enhance innovation, seize political signals, strive to seize political opportunities, and actively explore and promote biomass power generation, healthcare and other business opportunities.

3. Service Business

- (1) Enhance support to main businesses. The China Machinery R&D and JiKan Research Institute will maintain the leading positions in their respective leading areas, put greater efforts in making design consultation and technology standards “going out”, and enhance the Company’s capability in integrating and controlling domestic and international standards.

- (3) 要持續增強海外貿易特色優勢，進一步做實主打產品和拳頭產品。
- (4) 要加強創新，敏銳抓住政策信號，努力搶抓政策機遇，積極探索並推進生物質發電、大健康等商機。

3. 服務業務

- (1) 加強對主業的支撐力度。中機院和機勘院要保持在各自優勢領域的領先地位，加大設計諮詢及技術標準「走出去」的力度，升級公司對國內國際兩個標準的融合能力和把控能力。

- (2) Strengthen the interaction between domestic and overseas markets. For domestic market, business expansion shall focus on quality development instead of low-level expansion. It is essential to have accurate connection with major operations, and proactively adapt to the “going out and bringing in” policy for major operations. The Company will focus on increasing market supply, instead of inventory consumption or reallocation of existing businesses.
- (3) Facilitate the launch of technology development and planning. The Company will implement the strategies decided at the technology conference, facilitate the launch of technology development and planning, as well as prepare for the connection plans for different business segments.
- (4) Guide the market development for technology. Aiming for gaining market benefits, the Company will further promote the practical cultivation of specific technologies and the conversion of scientific and technological achievements.
- (2) 強化國內國際兩個市場聯動。國內業務開拓要高質量發展，不要低水平擴張；要與主業經營精準對接，積極配合主業走出去和引進來；要做市場增量，而不是消耗存量或對已有業務的再分配。
- (3) 加快科技發展規劃出台。落實科技大會的決策部署，加快出台科技發展規劃並做好各業務板塊的對接計劃。
- (4) 引導技術市場化發展。以市場效益為目標導向，進一步將專項科技孵化和科技成果轉化落在實處。

(II) Corporate Management Strategy

In respect of management, the Company will focus on the comprehensive deepening of reforms, so as to enhance management efficiency and improve procedure management. The Company will also focus on enhancing efficiency, and establishing comprehensive, dimensional centralized management system and operating system. The Company will continue to strengthen and improve management mechanism and system with its characteristics; continue to rectify bureaucratic culture in headquarters; enhance cost and expense control; greatly promote internal coordination; further improve risk control system; ensure safety production; enhance the standard and ability in human resources guarantee; focus on long-term development and prepare for the “14th 5-Year Plan”; and properly perform other fundamental management.

(二) 公司管理戰略

在管理方面，公司將著力以全面深化改革提升管理效能，強化流程管理，著重提高效率，建立起全方位、立體化的集團化管理體系和運行機制。不斷加強和完善自身特色管理制度與體系；持續整治總部機關化作風；強化成本費用管理；大力推進內部協同；進一步完善風險防控機制；常抓不懈安全生產工作；提升人力資源保障的水平與能力；著眼長遠發展，做好「十四五」規劃編製；紮實做好其他各項基礎管理工作。

FINAL DIVIDEND

The Board recommended the distribution of a final dividend of RMB0.1586 (pre-tax) per Share for 4,125,700,000 Shares for the year ended 31 December 2019, representing a total amount of RMB654,336,020 (pre-tax).

According to the articles of association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars.

The proposed final dividend is subject to Shareholders' approval at the upcoming annual general meeting of the Company (the "AGM"). Subject to approval, the final dividend is expected to be distributed on or before 30 September 2020 to the holders of Domestic Shares and H Shares whose names appear in the register of member of the Company on the record date for dividend distribution. The Company will issue a separate announcement regarding the date of the upcoming AGM, the record date for the payment of H Share dividends and the dates of closure of register of members of the Company.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code (except for code provision A.2.7 of the CG Code) during the year ended 31 December 2019 and up to the date this announcement.

Pursuant to the requirements under code provision A.2.7 of the CG Code, the chairman should at least annually hold one meeting with the independent non-executive directors without the presence of other directors. Due to the arrangement for the timing of the 2019 meeting, no meeting could be arranged for the chairman and independent non-executive directors in 2019. The Company plans to arrange a meeting between the chairman and independent non-executive directors within 2020.

末期股息

董事會建議派付截至2019年12月31日止年度的末期股息，就4,125,700,000股股份每股人民幣0.1586元(稅前)，合共人民幣654,336,020元(稅前)。

根據本公司章程規定，股息將以人民幣計值和宣派。內資股的股息將以人民幣支付，而H股的股息則以港元支付。

擬派發的末期股息須經股東於本公司應屆股東週年大會(「股東週年大會」)上批准。經批准後，末期股息預計於2020年9月30日或之前分派予於股息分派記錄日期名列本公司股東名冊的內資股及H股持有人。本公司將就應屆股東週年大會日期、支付H股股息的記錄日期及本公司暫停辦理股份過戶登記日期刊發獨立公告。

企業管治

本集團致力於維持企業管治的高標準以確保股東利益及提高企業價值及問責性。本公司已採用《企業管治守則》作為其企業管治守則。本公司於截至2019年12月31日止年度及直至本公告日期一直遵守《企業管治守則》所載的守則條文，惟《企業管治守則》之守則條文A.2.7條除外。

按照《企業管治守則》之守則條文A.2.7條規定，董事長應至少每年與獨立非執行董事舉行一次沒有其他董事出席的會議。由於2019年會議時間安排原因，2019年內沒能為董事長與獨立非執行董事安排召開會議。本公司計劃於2020年內為董事長與獨立非執行董事之間安排召開會議。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as its own code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiry of all the Directors and Supervisors, all the Directors and Supervisors confirmed that they had complied with the Model Code during the year ended 31 December 2019.

The Company also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished price-sensitive information or inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2019, the Company did not redeem any of its H Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

AUDITORS

Ernst & Young (安永會計師事務所) and Ernst & Young Hua Ming LLP (Special General Partnership) (安永華明會計師事務所(特殊普通合夥)) were appointed as the Company's international and domestic auditors, respectively, for the year ended 31 December 2019. The 2019 consolidated financial statements of the Company prepared in accordance with IFRS have been audited by Ernst & Young.

證券交易的標準守則

本公司已採納《標準守則》，作為董事及監事進行證券交易的行為守則，其條款不遜於《標準守則》所載的規定準則。對全體董事及監事查詢後，全體董事及監事均確認，彼等於截至2019年12月31日止年度一直遵守《標準守則》。

本公司亦已採納一套條款不遜於《標準守則》所訂標準的僱員證券交易行為守則，以供可能掌握本公司未公開價格敏感資料或內幕消息的相關僱員遵照規定買賣本公司證券。

購買、出售或贖回上市證券

截至2019年12月31日止年度，本公司並無贖回其於聯交所上市的任何H股，而本公司或其任何附屬公司亦無購買或出售任何該等股份。

核數師

截至2019年12月31日止年度，安永會計師事務所及安永華明會計師事務所(特殊普通合夥)分別獲委任為本公司國際核數師及境內核數師。根據國際財務報告準則編製的本公司2019年合併財務報表已由安永會計師事務所審核。

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company established the Audit Committee and adopted the written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system. The Audit Committee comprises one non-executive Director, Mr. ZHANG Fusheng and two independent non-executive Directors, namely Mr. LIU Li (committee chairman) and Ms. LIU Hongyu.

The Audit Committee has jointly reviewed with the management on the accounting standards, and discussed internal control and financial reporting matters (including the review of the annual results) of the Group. The Group's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2019 ANNUAL REPORT ON THE RESPECTIVE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmec.com). In accordance with the requirements under the Listing Rules which are applicable to the reporting period, the 2019 annual report containing all the information about the Company set out in this preliminary announcement of results for the year ended 31 December 2019 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

審計委員會審閱全年業績

本公司已遵照《企業管治守則》成立審計委員會，並採納其書面職權範圍。審計委員會的主要職責為審閱及監督財務申報程序及內部監控制度。審計委員會由一名非執行董事（即張福生先生）及兩名獨立非執行董事（即劉力先生（委員會主席）及劉紅宇女士）組成。

審計委員會已與管理層共同審閱會計準則，並討論了本集團的內部控制及財務報告事宜（包括審閱全年業績）。本集團於截至2019年12月31日止年度的全年業績已經審計委員會審閱。審計委員會認為，全年業績已遵從適用會計準則及法律法規，而本公司亦已作出適當披露。

分別於聯交所及本公司的網站刊登經審計合併全年業績及2019年年報

本全年業績公告分別於聯交所網站（www.hkexnews.hk）及本公司網站（www.cmec.com）上刊登。根據適用於報告期的《上市規則》規定，本公司將於適當時候向股東寄發載有該截至2019年12月31日止年度業績初步公告中所載的關於本公司所有數據的2019年年報，並分別在聯交所及本公司的網站上刊登。

DEFINITIONS AND GLOSSARY OF 定義及技術術語表 TECHNICAL TERMS

“ASEAN” 「東盟」	Association of Southeast Asian Nations 東南亞國家聯盟
“Audit Committee” 「審計委員會」	the audit committee of the Board 董事會審計委員會
“Board” 「董事會」	the board of Directors 董事會
“CG Code” 「《企業管治守則》」	the Corporate Governance Code set out in Appendix 14 to the Listing Rules 載於《上市規則》附錄十四之《企業管治守則》
“China Everbest” 「香港華昌盛」	China Everbest Development International Limited (華盛昌發展有限公司), a wholly-owned subsidiary of our Company incorporated in Hong Kong with limited liability on 12 August 1988 華盛昌發展有限公司，一家於1988年8月12日在香港註冊成立的本公司全資附屬有限責任公司
“China Machinery R&D” 「中機院」	China Machinery International Engineering Design & Research Institute Co., Ltd.* (中機國際工程設計研究院有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company 中機國際工程設計研究院有限責任公司，一家於中國註冊成立的公司並為本公司全資附屬公司
“China YTO” 「中國一拖」	YTO Group Corporation (中國一拖集團有限公司) 中國一拖集團有限公司
“CHPI” 「哈成套」	Harbin Power System Engineering and Research Institute Co., Ltd.* (哈爾濱電站設備成套設計研究所有限公司), a corporation established in the PRC on 14 January 1997 哈爾濱電站設備成套設計研究所有限公司，一家於1997年1月14日在中國註冊成立的公司
“CMIPC” 「中設裝備」	China Machinery Industrial Products Co., Ltd.* (中設集團裝備製造有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on 6 February 2002 with limited liability 中設集團裝備製造有限責任公司，一家於2002年2月6日在中國成立的本公司全資附屬有限責任公司

<p>“CNCDC”</p> <p>「中國煤炭開發公司」</p>	<p>China National Coal Development Co., LTD. (中國煤炭開發有限責任公司), previously known as China National Coal Development Corporation established in 1981, is a wholly-owned subsidiary of China National Coal Group</p> <p>中國煤炭開發有限責任公司，隸屬於中國中煤能源集團有限公司，是中國中煤能源股份有限公司的全資子公司，前身是1981年成立的中國煤炭開發總公司</p>
<p>“CNCEC”</p> <p>「中成套」</p>	<p>China National Complete Engineering Corporation* (中國成套工程有限公司), a corporation established in the PRC on 5 September 1985 and wholly-owned by the Company</p> <p>中國成套工程有限公司，一家於1985年9月5日在中國成立的企業，由本公司全資擁有</p>
<p>“CNEEC”</p> <p>「中電工」</p>	<p>China National Electric Engineering Co., Ltd.* (中國電力工程有限責任公司), a limited liability company incorporated in the PRC in October 1979 (including all CNEEC subsidiaries, except where the context otherwise requires), which is wholly-owned by SINOMACH</p> <p>中國電力工程有限責任公司，一家於1979年10月在中國註冊成立的有限責任公司(包括中電工所有附屬公司，除非文義另有所指)，由國機全資擁有</p>
<p>“Company”, “our Company” or “CMEC”</p> <p>「公司」、「本公司」或「CMEC」</p>	<p>China Machinery Engineering Corporation* (中國機械設備工程股份有限公司), a joint stock company with limited liability incorporated in the PRC on 18 January 2011, and except where the context indicates otherwise, includes (i) our predecessors and (ii) with respect to the period before our Company became the holding company of its present subsidiaries, the business operated by it and its present subsidiaries or (as the case may be) its predecessors</p> <p>中國機械設備工程股份有限公司，一家於2011年1月18日在中國註冊成立的股份有限公司；除非文義另有所指，否則包括：(i)我們的前身及(ii)就本公司成為其現時附屬公司的控股公司前的期間而言，其及其現時附屬公司或(視情況而定)其前身經營的業務</p>
<p>“Core Sectors”</p> <p>「核心行業」</p>	<p>the core sectors of our International Engineering Contracting Business which are the power sector, transportation and telecommunications sector</p> <p>我們國際工程承包業務的核心行業為電力能源行業、交通運輸行業及電子通訊行業</p>
<p>“DEC”</p> <p>「東方電氣」</p>	<p>Dongfang Electric Corporation</p> <p>中國東方電氣集團有限公司</p>

“developing countries”	refers to the 139 countries worldwide with low income, low middle income and upper middle income economies which as defined by World Bank are those with gross national income (GNI) per capita less than USD12,475
「發展中國家」	世界銀行所定義收入處於低水平、中低水平及中高水平的全球139個國家，其人均國民總收入低於12,475美元
“Director(s)” 「董事」	the director(s) of our Company 本公司董事
“Domestic Share(s)” 「內資股」	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi 我們股本中的普通股，每股面值為人民幣1.00元，乃以人民幣認購及繳足
“East Resources” 「中經東源」	China-East Resources Import & Export Co., Ltd.* (中經東源進出口有限責任公司), a wholly-owned subsidiary of our Company established in the PRC on 22 July 1993 with limited liability 中經東源進出口有限責任公司，一家於1993年7月22日在中國成立的本公司全資附屬有限責任公司
“EPC” 「EPC」	a common form of contracting arrangement whereby the contractor is commissioned by the project owner to carry out such project work as design, procurement, construction and trial operations, or any combination of the above, either through the contractor’s own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project 承包安排的常見形式，即承包商受項目擁有人的委託進行設計、採購、施工及試工等項目工作，或任何上述的組合（無論是通過承包商本身的人員或分包部分或所有項目工作），並對項目的質量、安全、工期及成本負責
“EU” 「歐盟」	European Union 歐洲聯盟
“GDP” 「國內生產總值」	the gross domestic product 國內生產總值
“GE” 「通用電氣」	General Electric Company, a company incorporated in the United States, whose principal activities include, among others, engineering and power generation services 通用電氣公司，在美國註冊成立的公司，主要業務為（其中包括）工程及發電服務

<p>“Group”, “we” and “us” 「集團」或「我們」</p>	<p>the Company and, except where the context otherwise requires, all its subsidiaries 本公司及除文義另有所指外，其所有附屬公司</p>
<p>“H Share(s)” 「H股」</p>	<p>overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, subscribed for and traded in HK\$ and which are listed on the Main Board in the Stock Exchange 我們普通股本中的境外上市外資股，每股面值人民幣1.00元，以港元認購及買賣，並於聯交所主板上市</p>
<p>“Hong Kong dollars” or “HK\$” 「港元」</p>	<p>Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC 港元，中國香港特別行政區法定貨幣</p>
<p>“Hong Kong Companies Ordinances” 「香港公司條例」</p>	<p>the Companies Ordinances, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time 經不時修訂、補充或以其他方式修改的香港法例第622章公司條例</p>
<p>“IFRS” 「國際財務報告準則」</p>	<p>International Financial Reporting Standards 國際財務報告準則</p>
<p>“independent third party(ies)” 「獨立第三方」</p>	<p>person(s) or company(ies) which is (are) independent of the directors, supervisors, controlling shareholder, substantial shareholder and the chief executive (such terms as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them 獨立於本公司或其任何附屬公司董事、監事、控股股東、主要股東及行政總裁(定義見《上市規則》)或任何一方的聯繫人的個人或公司</p>
<p>“International Engineering Contracting Business” 「國際工程承包業務」</p>	<p>the International Engineering Contracting Business conducted by our Group with a primary focus on EPC projects 由本集團開展，並以EPC項目為重點的國際工程承包業務</p>
<p>“JiKan Research Institute” 「機勘院」</p>	<p>China JiKan Research Institute of Engineering Investigations and Design Co., Ltd.* (機械工業勘察設計研究院有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company 機械工業勘察設計研究院有限公司，一家於中國註冊成立的公司並為本公司全資附屬公司</p>
<p>“Listing” 「上市」</p>	<p>listing of our H Shares on the Stock Exchange 我們的H股在聯交所上市</p>

<p>“Listing Rules” 「《上市規則》」</p>	<p>the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time 《聯交所證券上市規則》(經不時修訂)</p>
<p>“Model Code” 「《標準守則》」</p>	<p>the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules 《上市規則》附錄十所載《上市發行人董事進行證券交易的標準守則》</p>
<p>“Non-Core Sectors” 「非核心行業」</p>	<p>any sectors that do not fall within the Core Sectors of our International Engineering Contracting Business 任何並非屬於我們國際工程承包業務核心行業的行業</p>
<p>“OFAC” 「外國資產管制局」</p>	<p>the Office of Foreign Assets Control of the US Department of the Treasury 美國財政部屬下外國資產管制局</p>
<p>“PRC” or “China” 「中國」</p>	<p>The People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，僅就本公告而言，不包括中國香港特別行政區、中國澳門特別行政區及台灣</p>
<p>“RMB” or “Renminbi” 「人民幣」</p>	<p>Renminbi yuan, the lawful currency of the PRC 人民幣元，中國法定貨幣</p>
<p>“Science and Technology Research Institute” 「科技研究院」</p>	<p>SINOMACH Academy of Science and Technology Co., Ltd.* (國機集團科學技術研究院有限公司), a limited liability company established in the PRC, which is wholly-owned by SINOMACH 國機集團科學技術研究院有限公司，一家於中國成立的有限責任公司，由國機全資擁有</p>
<p>“Services Business” 「服務業務」</p>	<p>the design consulting services, logistics services, tendering agency services, export-import agency services and other services conducted by the Group 本集團開展的設計諮詢服務、物流服務、招標代理服務、進出口代理服務及其他服務</p>
<p>“Share(s)” 「股份」</p>	<p>share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, including our Domestic Shares and H Shares 本公司股本中每股面值人民幣1.00元的股份，包括內資股及H股</p>

“Shareholder(s)” 「股東」	holder(s) of our Share(s) 我們的股份持有人
“SINOMACH” 「國機」	China National Machinery Industry Corporation* (中國機械工業集團有限公司), a state-owned enterprise established in the PRC on 21 May 1988, our controlling shareholder 我們的控股股東中國機械工業集團有限公司，一家於1988年5月21日在中國成立的國有企業
“Sinasure” 「中國信保」	China Export & Credit Insurance Corporation (中國出口信用保險公司), a policy-oriented insurance company specializing in export credit insurance in the PRC and an independent third party 中國出口信用保險公司，一家在中國專營出口信用保險的政策性保險公司和獨立第三方
“Stock Exchange” 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“subsidiary(ies)” 「附屬公司」	has the meaning ascribed thereto under the Listing Rules 具有《上市規則》賦予該詞的涵義
“Supervisor(s)” 「監事」	the supervisor(s) of the Company 本公司監事
“the Belt and Road” 「一帶一路」	the Silk Road Economic and the 21st-Century Maritime Silk Road 絲綢之路經濟帶和21世紀海上絲綢之路
“Trading Business” 「貿易業務」	the international and domestic trading business conducted by our Group 本集團進行的國際和國內貿易業務
“UN” 「聯合國」	the United Nations 聯合國
“United States” or “U.S.” or “US” 「美國」	the United States of America, its territories, its possessions and all areas subject to its jurisdiction 美利堅合眾國，其領土、屬地及受限於其司法管轄權的所有地區

“US dollars” or “U.S. dollars” or “USD” 「美元」	United States dollars, the lawful currency of the United States 美元，美國的法定貨幣
“XD Group” 「西電集團」	China XD Group Co., Ltd. 中國西電集團公司
“Zhongnan” 「中南公司」	China Power Construction Engineering Consulting Central Southern Co., Ltd.* (中國電力建設工程諮詢中南有限公司), a corporation established in the PRC on 28 September 2012. It is based on a framework of strategic cooperation between CMEC and Central Southern China Electric Power Design Institute (“CSEPDI”) of China Power Engineering Consulting Group. CMEC and CSEPDI have joint ownership of the company based on the transfer of shares from the latter to the former 中國電力建設工程諮詢中南有限公司，是在CMEC和中國電力工程顧問集團中南電力設計院（「中南院」）戰略合作框架基礎上，由中南院通過股份轉讓形式，雙方共同持股的子公司，改製成立於2012年9月28日
“%” 「%」	per cent. or percentage 百分比

* *Denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*

* 指中國公司或實體名稱的英文譯名或相反情況，僅供識別。

By Order of the Board
China Machinery Engineering Corporation*
BAI Shaotong
Chairman

承董事會命
中國機械設備工程股份有限公司
董事長
白紹桐

Beijing, the PRC, 30 March 2020

中國北京，2020年3月30日

As at the date of this announcement, the Executive Director is Mr. FANG Yanshui; the Non-executive Directors are Mr. BAI Shaotong, Mr. YU Benli and Mr. ZHANG Fusheng; and the Independent Non-executive Directors are Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung.

於本公告日期，執行董事為方彥水先生；非執行董事為白紹桐先生、余本禮先生及張福生先生；以及獨立非執行董事為劉力先生、劉紅宇女士、方永忠先生及吳德龍先生。

* *For identification purposes only*

* 僅供識別