中國中鐵股份有限公司

CHINA RAILWAY GROUP LIMITED

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

(Stock Code: 390)

RESULTS ANNOUNCEMENT FOR THE YEAR OF 2019

The board of directors (the "**Board**" or "**Board of Directors**") of China Railway Group Limited (the "**Company**" or "**China Railway**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019.

1 CORPORATE INFORMATION

Basic Information

Stock Name:	China Railway (A Share)	China Railway (H Share)
Stock Code:	601390	390
Stock Exchange on which Shares are Listed:	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered Address:	918, Block 1, No. 128, South 4th Ring Road West, Fengtai District, Beijing, People's Republic of China	
Postal Code:	100070	
Website:	www.crec.cn	
E-mail:	ir@crec.cn	

Contact Details

Name:	He Wen
Address:	Block A, China Railway Square, No. 69 Fuxing Road, Haidian District, Beijing, People's Republic of China
Postal Code:	100039
Telephone:	86-10-5187 8413
Facsimile:	86-10-5187 8417
E-mail:	ir@crec.cn

2 SUMMARY OF ACCOUNTING DATA

2.1 Key Accounting Data Prepared under International Financial Reporting Standard ("IFRS")

2.1.1 Summary of consolidated income statement

	For the year ended 31 December					Change 2019 vs 2018
	2019	2018	2017	2016	2015	
			RMB million			*%*
Revenue						
Infrastructure Construction	**762,084**	646,914	611,095	559,223	544,207	17.8
Survey, Design and Consulting Services	**17,031**	15,095	13,761	12,312	10,711	12.8
Engineering Equipment and Component Manufacturing	**24,322**	20,787	18,521	17,063	15,782	17.0
Property Development	**43,662**	43,991	30,951	32,976	29,260	-0.7
Other Businesses	**70,402**	67,730	53,074	42,671	40,044	3.9
Inter-segment Eliminations and Adjustments	**(66,658)**	(54,134)	(38,629)	(31,389)	(40,062)	
Total	**850,843**	740,383	688,773	632,856	599,942	14.9
Gross Profit	**79,864**	71,658	62,729	49,789	48,686	11.5
Profit before Tax	**33,187**	24,945	20,828	18,772	17,017	33.0
Profit for the Year	**25,379**	17,436	14,204	12,703	11,786	45.6
Profit for the Year attributable to Owners of the Company	**23,678**	17,198	16,067	12,509	12,258	37.7
Basic Earnings per Share *(RMB)*	**0.950**	0.718	0.669	0.517	0.530	32.3

2.1.2 Summary of consolidated balance sheet

	As at 31 December					Change 2019 vs 2018
	2019	2018	2017	2016	2015	
			RMB million			*%*
Assets						
Current Assets	**709,770**	652,040	641,668	595,147	565,601	8.9
Non-current Assets	**346,271**	290,473	202,254	159,198	147,904	19.2
Total Assets	**1,056,041**	942,513	843,992	754,345	713,505	12.0
Liabilities						
Current Liabilities	**676,034**	622,475	579,303	506,603	470,447	8.6
Non-current Liabilities	**134,679**	98,057	95,061	98,746	103,820	37.3
Total Liabilities	**810,713**	720,532	674,364	605,349	574,267	12.5
Total Equity	**245,328**	221,981	169,558	148,996	139,238	10.5
Total Equity and Liabilities	**1,056,041**	942,513	843,992	754,345	713,505	12.0

2.2 Differences between Chinese Accounting Standard ("CAS") and IFRS

	Net Assets as at 31 December 2019 *RMB million*	**Profit for the Year Ended 31 December 2019** *RMB million*
Amount attributable to the ordinary shareholders of the Company stated in the financial statements prepared in accordance with CAS	221,458	23,678
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of a subsidiary	(148)	–
Amount attributable to the owners of the Company stated in the financial statements prepared in accordance with IFRS	221,310	23,678

3 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3.1 Changes in Shares

3.1.1 Changes in shares

(i) Changes in shares

	Before the change		Increase/decrease in the change (+, -)		After the change	
	Number	Percentage (%)	Issuance of new shares	Sub-total	Number	Percentage (%)
I. Shares with selling restrictions	0	0	1,726,627,740	1,726,627,740	1,726,627,740	7.03
1. Shares held by the State	0	0	0	0	0	0
2. Shares held by the State-owned legal person	0	0	1,548,489,232	1,548,489,232	1,548,489,232	6.30
3. Shares held by other domestic shareholders	0	0	178,138,508	178,138,508	178,138,508	0.73
Including: Shares held by domestic non-State-owned legal person	0	0	178,138,508	178,138,508	178,138,508	0.73
Shares held by domestic natural person	0	0	0	0	0	0
4. Shares held by foreign shareholders	0	0	0	0	0	0
Including: Shares held by foreign legal person	0	0	0	0	0	0
Shares held by foreign natural person	0	0	0	0	0	0
II. Tradable shares without selling restrictions	22,844,301,543	100	0	0	22,844,301,543	92.97
1. RMB-denominated ordinary shares	18,636,911,543	81.58	0	0	18,636,911,543	75.85
2. Domestically-listed foreign shares	0	0	0	0	0	0
3. Overseas listed foreign shares	4,207,390,000	18.42	0	0	4,207,390,000	17.12
4. Other	0	0	0	0	0	0
III. Total number of ordinary shares	22,844,301,543	100	1,726,627,740	1,726,627,740	24,570,929,283	100.00

(ii) Explanation on changes in shares

Upon the approval of the China Securities Regulatory Commission ("**CSRC**") in the Zheng Jian Xu Ke [2019] No. 913 file on 21 May 2019, the Company non-publicly issued 1,726,627,740 RMB-denominated ordinary shares by way of acquisition of assets by issuance of shares, and such shares shall not be transferred within 12 months from the date of completion of the issuance. On 19 September 2019, the Company completed the share registration procedure regarding the additional shares issued under the acquisition of assets by issuance shares and obtained the Registration Certificate for Change in Securities from Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The total share capital of the Company changed to be 24,570,929,283 shares. The targets of issuance and the number of subscribed shares are set out in the table below.

Unit: Shares

No.	**Counterparty**	**Number of shares**
1	China Reform Holdings Corporation Ltd.	387,050,131
2	China Great Wall Asset Management Co., Ltd.	372,192,507
3	China Orient Asset Management Co., Ltd.	223,271,744
4	China Structural Reform Fund Corporation Limited	223,296,399
5	Suida (Jiaxing) Investment Partnership (LLP)	178,138,508
6	BOC Financial Asset Investment Co., Ltd.	119,095,464
7	China Cinda Asset Management Co., Ltd.	74,715,953
8	ICBC Financial Asset Investment Co., Ltd.	74,433,517
9	BOCOM Financial Asset Investment Co., Ltd.	74,433,517
Total		**1,726,627,740**

(iii) Impacts of changes in share on the financial indicators of earnings per share, net assets per share for the most recent year and the most recent period

Financial indicator (under CAS)	**Whole year of 2019**		**Fourth Quarter of 2019 (October to December)**	
	Taking into account the issuance of additional shares	**Without taking into account the issuance of additional shares**	**Taking into account the issuance of additional shares**	**Without taking into account the issuance of additional shares**
Earnings per share (RMB)	0.950	0.968	0.332	0.358
Net assets per share (RMB)	9.990	10.746	9.990	10.746

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

Not applicable

3.1.2 Changes in shares with selling restrictions

Unit: Shares

Name of shareholder	Number of shares with selling restrictions at the beginning of the year	Number of shares released from selling restrictions during the year	Increase in the number of shares with selling restrictions during the year	Number of shares with selling restrictions at the end of the year	Reasons for selling restrictions	Date of releasing selling restrictions
China Reform Holdings Corporation Ltd.	0	0	387,050,131	387,050,131	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
China Great Wall Asset Management Co., Ltd.	0	0	372,192,507	372,192,507	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
China Orient Asset Management Co., Ltd.	0	0	223,271,744	223,271,744	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
China Structural Reform Fund Corporation Limited	0	0	223,296,399	223,296,399	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
Suida (Jiaxing) Investment Partnership (LLP)	0	0	178,138,508	178,138,508	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
BOC Financial Asset Investment Co., Ltd.	0	0	119,095,464	119,095,464	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
China Cinda Asset Management Co., Ltd.	0	0	74,715,953	74,715,953	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
ICBC Financial Asset Investment Co., Ltd.	0	0	74,433,517	74,433,517	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
BOCOM Financial Asset Investment Co., Ltd.	0	0	74,433,517	74,433,517	Selling restrictions imposed by non-public issuance of A shares	2020.9.19
Total	**0**	**0**	**1,726,627,740**	**1,726,627,740**		

3.2 Information on Securities Issuance and Listing

3.2.1 Information on securities issuance as of the end of the reporting period

Type of Stocks and Their Derivative Securities	Issuance Date	Issuance Price	Number of Shares Issued	Listing Date	Number of Shares Permitted to Be Listed	Trading Termination Date
Ordinary Share						
RMB-denominated Ordinary Share	2019.9.19	RMB6.75 per share	1,726,627,740	2019.9.21	1,726,627,740	–

Description of securities issuance as of the end of the reporting period:

Upon the approval of the CSRC in the Zheng Jian Xu Ke [2019] No. 913 file on 21 May 2019, the Company non-publicly issued 1,726,627,740 RMB-denominated ordinary shares by way of acquisition of assets by issuance of shares, and such shares shall not be transferred within 12 months from the date of completion of the issuance. On 19 September 2019, the Company completed the share registration procedure regarding the additional shares issued under the acquisition of assets and by issuance of shares and obtained the Registration Certificate for Change in Securities from Shanghai Branch of Securities from China Securities Depository and Clearing Corporation Limited. The total share capital of the Company changed to be 24,570,929,283 shares. More details of such issuance are set out in the Announcement of China Railway Group Limited on Results of the Acquisition of Assets by Issuance of Shares of the Company and Changes in Share Capital disclosed on the website of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") on 23 September 2019 and the website of the Shanghai Stock Exchange on 24 September 2019 respectively.

3.2.2 Information on changes in total ordinary shares and shareholding structure and changes in the structure of assets and liabilities of the company

(i) Impact of changes in ordinary shares on the total number of shares and shareholding structure

Type of shares	Prior to the issuance		Upon completion of the issuance	
	Number (Shares)	Percentage (%)	Number (Shares)	Percentage (%)
I. Tradable shares with selling restrictions				
Tradable A shares with selling restrictions	–	–	1,726,627,740	7.03
Tradable H shares with selling restrictions	–	–	–	–
II. Tradable shares without selling restrictions				
Tradable A shares without selling restrictions	18,636,911,543	81.58	18,636,911,543	75.85
Tradable H shares without selling restrictions	4,207,390,000	18.42	4,207,390,000	17.12
III. Total number of shares	22,844,301,543	100.00	24,570,929,283	100.00

(ii) Impact of changes in ordinary shares on the structure of assets and liabilities

Unit: ten thousand Currency: RMB

Financial Indicator (under CAS)	**Taking into account the issuance of additional shares**	**Without taking into account the issuance of additional shares**
Total Assets	1,056,185,927	1,056,185,927
Total Liabilities	810,710,931	810,710,931
Owners' Equity	245,474,996	245,474,996
Liabilities to Assets Ratio (%)	76.76	76.76

(iii) Existing shares held by internal employees

Not applicable.

3.3 Information of Shareholders and Ultimate Controller

3.3.1 Number of shareholders

Total number of shareholders of ordinary shares as at the end of the reporting period	621,215
Total number of shareholders of ordinary shares at the end of the month preceding the date of this announcement	620,519
Total number of shareholders of preference shares with reinstated voting rights as at the end of the reporting period	0
Total number of shareholders of preference shares with reinstated voting rights at the end of the month preceding the date of this announcement	0

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

Unit: Shares

Shareholdings of the top ten shareholders

No.	Name of shareholder	Increase/ decrease during the reporting period	Total number of shares held at the end of the period	Shareholding percentage (%)	Number of shares with selling restriction	Number of pledged or frozen shares: Conditions of share	Number of pledged or frozen shares: Number	Nature of shareholder
1	China Railway Engineering Group Company Limited ("**CREC**") *(Note 1)*	15,827,500	11,598,764,390	47.21	0	Nil	0	State-owned legal person
2	HKSCC Nominees Limited *(Note 2)*	164,638,563	4,173,233,799	16.98	0	Nil	0	Other
3	China Securities Finance Corporation Limited	0	683,615,678	2.78	0	Nil	0	Other
4	China Reform Holdings Corporation Ltd.	387,050,131	387,050,131	1.58	387,050,131	Nil	0	State-owned legal person
5	China Great Wall Asset Management Co., Ltd.	372,192,507	372,192,507	1.51	372,192,507	Nil	0	State-owned legal person
6	Guoxin Investment Co., Ltd.	-164,241,014	260,662,995	1.06	0	Nil	0	State-owned legal person
7	Central Huijin Asset Management Ltd.	0	235,455,300	0.96	0	Nil	0	State-owned legal person
8	China Structural Reform Fund Corporation Limited	223,296,399	223,296,399	0.91	223,296,399	Nil	0	State-owned legal person
9	China Orient Asset Management Co., Ltd.	223,271,744	223,271,744	0.91	223,271,744	Nil	0	State-owned legal person
10	The Hong Kong Securities Clearing Company Limited	52,119,164	210,997,012	0.86	0	Nil	0	Other

Statement on the related relations and concerted actions between the shareholders above	CREC, the controlling shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

Shareholdings of the top ten shareholders of shares without selling restrictions

No.	Name of shareholder	Number of shares held without selling restrictions	Type and number of shares Type	Number
1	CREC *(Note 1)*	11,434,370,390	RMB-denominated ordinary shares	11,434,370,390
		164,394,000	Overseas listed foreign shares	164,394,000
2	HKSCC Nominees Limited *(Note 2)*	4,173,233,799	Overseas listed foreign shares	4,173,233,799
3	China Securities Finance Corporation Limited	683,615,678	RMB-denominated ordinary shares	683,615,678
4	Guoxin Investment Co., Ltd.	260,662,995	RMB-denominated ordinary shares	260,662,995
5	Central Huijin Asset Management Ltd.	235,455,300	RMB-denominated ordinary shares	235,455,300
6	The Hong Kong Securities Clearing Company Limited	210,997,012	RMB-denominated ordinary shares	210,997,012
7	Beijing Chengtong Financial Control Investment Co., Ltd.	162,780,809	RMB-denominated ordinary shares	162,780,809
8	Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600
8	Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	131,135,600	RMB-denominated ordinary shares	131,135,600

No.	Name of shareholder	Number of shares held without selling restrictions	Type and number of shares	
			Type	Number
9	ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse China Securities Financial Asset Management Plan	119,642,589	RMB-denominated ordinary shares	119,642,589
10	Hexie Health Insurance Co., Ltd. – Traditional – General Insurance Product	97,372,138	RMB-denominated ordinary shares	97,372,138

Statement on the related relations and concerted actions between the shareholders above	CREC, the controlling shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

Note 1: During the period from 20 November 2018 and 20 May 2019, CREC acquired additional 23,788,100 A shares of the Company through centralized price bidding on Shanghai Stock Exchange, representing approximately 0.1276% of the total issued shares of the Company. Following the increase in shareholding, CREC held 11,598,764,390 shares of the Company (including 11,434,370,390 A shares and 164,394,000 H shares), representing approximately 47.21% of the total number of shares of the Company.

Note 2: H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number of H shares held by CREC is already deducted.

Note 3: The data shown in the table is based on the register of members of the Company as at 31 December 2019.

3.3.3 Shareholdings of top ten shareholders of shares with selling restrictions and terms of selling restrictions

Unit: Shares

No.	Name of shareholder of shares with selling restrictions	Number of shares held with selling restrictions	Permission for public trading for shares with selling restrictions: Permitted timing for public trading	Permission for public trading for shares with selling restrictions: Number of new shares permitted for public trading	Terms of selling restrictions
1	China Reform Holdings Corporation Ltd.	387,050,131	2020.9.21	0	12 months
2	China Great Wall Asset Management Co., Ltd.	372,192,507	2020.9.21	0	12 months
3	China Structural Reform Fund Corporation Limited	223,296,399	2020.9.21	0	12 months
4	China Orient Asset Management Co., Ltd.	223,271,744	2020.9.21	0	12 months
5	ABC Capital Management Co., Ltd. – Suida (Jiaxing) Investment Partnership (LLP)	178,138,508	2020.9.21	0	12 months
6	BOC Financial Assets Investment Co., Ltd.	119,095,464	2020.9.21	0	12 months
7	China Cinda Asset Management Co., Ltd.	74,715,953	2020.9.21	0	12 months
8	ICBC Financial Asset Investment Co., Ltd	74,433,517	2020.9.21	0	12 months
9	BOCOM Financial Asset Investment Co., Ltd.	74,433,517	2020.9.21	0	12 months

Statement on the related relations and concerted actions between the shareholders above	CREC, the controlling shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

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

Not applicable

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

As at 31 December 2019, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"):

Holder of A shares

Name of substantial shareholders	Capacity	Number of A shares held *(Shares)*	Nature of interest	Approximate percentage of issued A shares *(%)*	Approximate percentage of total issued shares *(%)*
CREC	Beneficial owner	11,434,370,390	Long position	56.15	46.54

Holders of H shares

Name of substantial shareholders	Capacity	Number of H shares held *(Shares)*	Nature of interest	Approximate percentage of issued H shares *(%)*	Approximate percentage of total issued shares *(%)*
BlackRock, Inc.	Interest of controlled corporations	299,718,684	Long position	7.12	1.22
		1,053,000	Short position	0.03	0.004
National Council for Social Security Fund of the PRC	Beneficial owner	332,600,000	Long position	7.91	1.35
The Bank of New York Mellon Corporation	Interest of controlled corporations	247,294,624	Long position	5.88	1.01
		242,045,149	Lending Pool	5.75	0.99
Deutsche Bank Aktiengesellschaft	*(Note 1)*	229,803,271	Long position	5.46	0.94
		123,424,962	Short position	2.93	0.50
		10,406,000	Lending Pool	0.25	0.04
Lehman Brothers Holdings Inc.	Interest of controlled corporations	210,186,560	Long position	5.00	0.86
		94,560,550	Short position	2.25	0.38

Notes:

1 *According to the Corporate Substantial Shareholder Notice filed by Deutsche Bank Aktiengesellschaft with the Hong Kong Stock Exchange dated 13 January 2014, the interests held by Deutsche Bank Aktiengesellschaft were held in the following capacities:*

Capacity	***Number of H shares (Long position)***	***Number of H shares (Short position)***
Beneficial owner	*139,171,310*	*123,424,962*
Person having a security interest in shares	*17,515,361*	*–*
Interest of controlled corporations	*54,042,600*	*–*
Custodian corporation	*10,406,000*	*–*
Others	*8,668,000*	*–*

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

	Long Position				*Short Position*			
Name of substantial shareholders	*Listed equity derivative payment in kind*	*Listed equity derivatives settled in cash*	*Non-listed equity derivatives payment in kind*	*Non-listed equity derivatives settled in cash*	*Listed equity derivatives payment in kind*	*Listed equity derivatives settled in cash*	*Non-listed equity derivatives payment in kind*	*Non-listed equity derivatives settled in cash*
Black Rock, Inc.	–	–	–	*1,618,000*	–	–	–	*1,053,000*
Deutsche Bank Aktiengesellschaft	–	–	–	*17,624,000*	–	–	–	*10,166,000*
Lehman Brothers Holdings Inc.	–	–	*10,000,000*	–	–	–	*60,000*	–

Apart from the foregoing, as at 31 December 2019, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

3.5 Information on Controlling Shareholder and Ultimate Controller

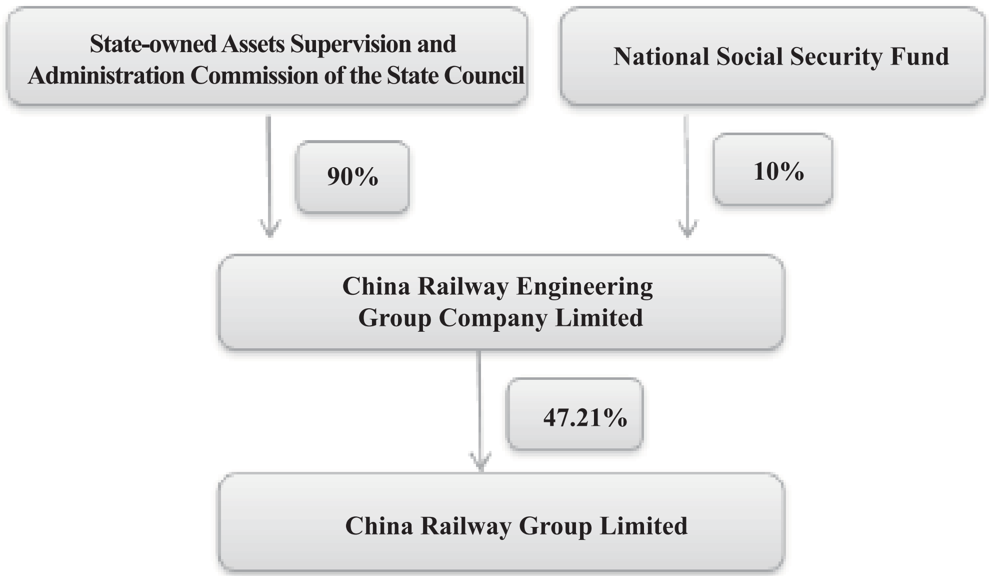
3.5.1 Details of controlling shareholder

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

3.5.2 Details of ultimate controller

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

3.5.3 The diagram of the interests and controlling relationships between the Company and the ultimate controller



3.6 Other Legal Person Shareholders with Shareholding over 10%

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

3.7 Information on the Restrictions on Reduction of Shareholding

Not applicable

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Review and Outlook

History gets richer during times of change, while dreams blossom when one tries to reach higher. We had an extraordinary year in 2019 and we enter 2020 full of promise. Looking back over the past year, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we have remained committed to our mission of creating value and contributing to the society. Guided by the entrepreneurial spirit of "pursuing excellence and making bold strides", we are seizing the day and living it to the fullest, forged ahead, and successfully accomplished our goals and tasks. Major economic indicators, such as new orders signed, revenue and profit, have reached record highs, resulting in high-quality development based on high-level, large-scale operations.

This year, our corporate governance has become more standardized and efficient. We fully implemented the spirit of the Fourth Plenary Session of the 19th Central Committee of the Communist Party of China (CPC) and vigorously modernized our governance system and capabilities. We successfully completed our leadership transition; continued to improve our decision-making mechanisms and decision-making processes; and comprehensively strengthened the establishment of a dedicated team of directors and supervisors on assignment. We further promoted management laboratory activities, enhancing the establishment of Company's managerial mechanism and basic business management, optimized the management chain, improved management mechanisms and processes, and won the most national management innovation awards this year. We attach great importance to the development of a talent pool and are focused on strengthening the cultivation of high-end talent. Respect for labor, respect for knowledge, respect for talent, and respect for creation have become inevitable trends.

This year, we have become more dynamic in our reform and innovation. We continued to pursue both development and reform, prudently carried out mergers and reorganizations, streamlined and improved our internal management in an orderly manner, and launched institutional reforms abroad, in order to constantly cultivate new driving forces for the Company's development. We fully implemented the "three transformations" proposed by General Secretary Xi Jinping. Relying on three national key laboratories and 106 national and provincial technology centers, we tackled key core technologies and common industrial challenges in the engineering field. A large number of world-class construction technologies and equipment products have emerged to fill the gap between domestic and international technologies. We strived to create value, coordinated and optimized the allocation of various resources, promoted the adjustment and optimization of business structures, and actively entered rising markets, such as urban complex development, ecological restoration and urban renovation, water and environmental protection, to further expand our business. We continued to orientate ourselves towards customers' needs, and strived to transform from being a traditional construction contractor to a modern service provider for the construction industry. We strengthened our marketing innovation, deepened regional operations, optimized three-dimensional operations, made every effort to build a high-end industrial value chain, improved our ability to integrate industry with finance and management across the full cycle, and ensured the effective alignment of our operations with market conditions, achieving stronger growth momentum.

This year, China Railway has been able to full demonstrate its key strengths. With a global vision and a focus on national strategy, China Railway contributed its wisdom, planning capabilities and strength to global economic and social development. We have been actively involved in the construction of the Beijing-Tianjin-Hebei Integration Plan, Xiong'an New Area, the Yangtze River Delta Economic Belt, the ecological protection of the Yellow River Basin, the Guangdong-Hong Kong-Macau Greater Bay Area and the Hainan Free Trade Zone, giving full play to the advantages of the entire industrial chain and promoting the implementation of a large number of major projects. We have proactively sought to make building China into a strong transportation country a key part of our strategy and vigorously promoted a spirit of craftsmanship. A number of key infrastructure projects, including Beijing Daxing International Airport, Beijing-Zhangjiakou High-Speed Railway and Wuhan Yangsigang Yangtze River Bridge, have been completed, and the "China name card" – represented by Chinese roads, bridges and high-speed railways – has been continuously updated. We actively integrated ourselves into the Belt and Road global market layout to build a China Railway "ocean liner"; continued to improve deployments in foreign markets to share the positive story of China overseas; and continued to achieve breakthroughs in high-end markets along the Belt and Road route. The China-Laos Railway, Jakarta-Bandung High-Speed Railway, Bangladesh Padma Bridge and other landmark projects under the Belt and Road Initiative have made good progress. We have enhanced our corporate brand reputation and impact by exchanging documents on the construction of the railways from Muse to Mandalay with the Ministry of Transport and Communications of Myanmar in the presence of President Xi Jinping and Myanmar State Counsellor Aung San Suu Kyi, and signing an agreement on the restoration of the Malaysian city project in the presence of Malaysian Prime Minister Mahathir Mohamad.

This year, our development philosophy will be more upright and far-reaching. We continued to accelerate our development in line with risk prevention and control measures, as well as strengthened internal controls and management. Progress was made in preventing major risks arising from debt, investment and financing, overseas operations, safety and quality, and compliance risks. We adhered to the concept of joint contribution and shared development, assumed major responsibilities, actively fulfilled our social responsibilities, as well as played our part to alleviate poverty. Three poverty-stricken counties have been lifted out of poverty with our assistance. We adhered to the concept of green and sustainable development, as well as developed and put green equipment and technology into use, in order to actively protect our blue skies, clear water, clean land and green mountains. Green development is rooted in the core values of the Company. We continued to promote positive energy and celebrated the 70th anniversary of the founding of the People's Republic of China with the China Railway version of the song "My Motherland and Me" and the original song "Cantabile Flourishing Age".

At the beginning of 2020, in the face of the outbreak of COVID-19, we resolutely responded to the call of the Party and the country. With the community's shared vision and desire for mankind to combat the epidemic, we rallied domestic and international forces and joined the frontlines of the battle against the virus. We promptly assisted with the construction of the Wuhan Fire God Mountain Hospital and Mobile Cabin Hospital, Guizhou Fire God Mountain Hospital, Xi'an Xiaotangshan Hospital and a large number of other "places of hope", and made every effort to purchase and donate medical supplies, becoming one of the "most beautiful retrograders" in the battle against the epidemic. We were flexible to adjust ourselves to the change, turning a crisis into an opportunity. We have coordinated our efforts to promote epidemic prevention and treatment, as well as the resumption of work and production, with the aim to further contribute to the construction of key projects, the healthy and stable development of the Company, and the steady growth of the national economy.

Humans are the peak of a high mountain, as long as you are willing to climb. The curtain has been drawn for the year of 2020. We will focus on the strategic positioning of our "diversified and construction-oriented related business", and make overall plans for both domestic and international markets. We will follow trends, deepen enterprise reform, improve quality and efficiency, and accelerate transformation and upgrades. We will strive to improve our business chain, refine the management chain, strengthen our industrial chain, consolidate our value chain, and expand our energy chain. We will enhance our competitiveness, innovation, control, influence and ability to resist risks facing the Company, and strive to build a globally competitive world-class enterprise, in order to reward employees and shareholders with excellent performance and make great achievements in this new era.

We firmly believe that as long as we double our efforts, we will be able to achieve our mission!

4.2 Business Overview

The Group is one of the largest multi-functional integrated construction groups in the world, which enables us to offer a full range of construction and industrial products and related services to our customers. The Group holds an industrial leading position in fields such as infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing. The Group also diversifies its business and expands its value-added services by exploiting into other businesses such as property development, merchandise trading, investment and operation of infrastructure, mining development and finance. After years of practice and development, the Group's businesses have established a close upstream-downstream relationship among themselves, with the infrastructure construction business supporting the engineering equipment and component manufacturing, survey, design and consulting and merchandise trading business; infrastructure investment, property development and mining development businesses supporting the survey, design and consulting services and infrastructure construction business; survey, design and consulting services supporting the infrastructure construction business; engineering equipment and component manufacturing business providing construction equipment (such as bridge girder erection machine and shield) and the necessary components (such as turnout, bridge steel structure and rail transit electrification equipment) for infrastructure construction; merchandise trading business supplying materials (such as steel and cement) for infrastructure construction; and finance business offering financing services for infrastructure investment and property development. All these have gradually formed a vertically integrated construction industry chain with outstanding principal business supplemented by diversified relevant business horizontally.

4.2.1 Industry development overview

(1) Infrastructure construction business

Domestically, with the steady advance of the national transportation infrastructure plan, China has gradually strengthened its infrastructure construction capacity, accelerated the upgrading of energy conservation standards on construction, and significantly improved the level of green development in the construction sector. In 2019, investment in fixed assets continued to grow steadily across the country, with investment in infrastructure continuing to gain momentum, investment in some areas of weakness strengthened, and investment in central and western regions accelerated. For the year of 2019, China's investment in fixed assets in transportation amounted to RMB3.2 trillion, and the investment scale remained at a high level. In September 2019, the CPC Central Committee and the State Council issued the Outline for the Construction of a Transportation Power, drawing an ambitious blueprint for high-quality development of transportation. In terms of railways, the scale of investment in fixed assets in railways during the period of 13th Five-year Plan was relatively stable, maintaining at RMB800 billion. In 2019, the investment projects of RMB802.9 billion were completed, new railway lines with a total length of 8,489 kilometers were put into operation, and the length of railways in operation nationwide reached over 139,000 kilometers (among which, the length of high-speed railways reached 35,000 kilometers). In terms of roads and waterways, since 2017, China's fixed asset investment in roads and waterways has been running at a high level, basically around RMB2.3 trillion. The state steadily implemented the National Highway Network Plan 2020-2030 in highway construction, and gradually improved the network system of modern comprehensive transportation infrastructure through investment policy guidance. In respect of urban rail transit, steady progress was made in urban rail transit projects nationwide in 2019, with a total length of 968.77 kilometers of new lines put into operation, representing an increase of 32.94% over the previous year. As of the end of 2019, a total of 6,730.2 kilometers of urban rail transit lines were in operation in 40 cities across Mainland China. In addition, with the implementation of such documents as "Opinions on Promoting Standardized Development of Government-Private Capital Cooperation", "Regulations on Government Investment", "Notice on Strengthening Investment and Construction Management of PPP projects in accordance with Laws and Regulations" and the continuous standardization and improvement of the PPP model by the state, the implementation rate of PPP projects and the rate of operation have been gradually increased. The number of cancelled projects is gradually reduced, the quality of PPP projects in the database is constantly improved, and the PPP model has gradually entered the stage of stable and sustainable development. As of December 31, 2019, the Ministry of Finance had a total of 12,341 PPP projects with a total investment of RMB17.78 trillion, of which 9,383 projects were in the database with an investment of RMB14.48 trillion.

Internationally, against the backdrop of sluggish world economic recovery, rising anti-globalization and trade protectionism, the infrastructure development index of the countries along the Belt and Road in 2019 dropped slightly, but still remained at a high level. There is a huge demand for connectivity projects such as roads, railways, ports and airports in various countries, and there are more diverse sources of funds for participating in and supporting the Belt and Road infrastructure construction. For the year of 2019, the value of new contracts from countries and regions along the Belt and Road entered into by enterprises in China was US$154.89 billion, accounting for 59.5% of the value of new contracts of foreign contracting projects of China during the same period, representing a year-on-year growth of 23.1%; the turnover completed was US$97.98 billion, accounting for 56.7% of the total turnover during the same period, representing a year-on-year growth of 9.7%.

(2) Survey, design and consulting services business

Being a technology- and intelligence-intensive production-based service industry, the survey, design and consulting services business offers technical and management services throughout the decision-making and implementation process of the construction work of various industries, including construction, transportation, electricity and irrigation works. It has a leading position in project construction, plays an important supporting role in improving the investment benefits and social benefits of construction projects, and is a key link in project construction. With the steady growth of China's infrastructure investment in 2019, the survey, design and consulting market as a whole also kept growing. In particular, with the further expansion of the service supply capacity of engineering survey and design and consulting units, its service scope gradually extended to the whole life cycle of construction projects of engineering consulting industry chain, including investment decision-making consultation and evaluation after consultation, are gradually gaining access to energy conservation and emissions reduction, green low carbon economic consulting, land use and ecological environmental protection, safety evaluation, circular economy and comprehensive utilization of resources, consulting and project operation management consulting, and other fields. In the meantime, the operating income of traditional survey and design business kept decreasing and the industry profit was decreasing. In the future, with the steady implementation of national infrastructure construction, further promotion of the concept of "innovative, coordinated, green, open and shared" development, and the in-depth implementation of Guiding Opinions on Promoting the Development of Engineering Consulting Services in the Whole Process, the survey, design and consulting industry will maintain a sustained, healthy and rapid development trend, and cultivating and developing the comprehensive consulting in investment decision-making and the consulting throughout the project construction process will become a new trend, so as to provide high-quality intellectual and technical services for fixed asset investment and project construction activities, comprehensively improve investment efficiency, the quality of project construction and operational efficiency, and promote high-quality development. At the same time, the survey, design and consulting services business is also facing new challenges, mainly reflected in the increasingly fierce inter-industry and cross-industry competition and competition in the entire industry chain. The market will impose increasingly strict requirements on the enterprises in terms of various aspects including innovation capability, technical know-how, quality standard, business scope and service price.

(3) Engineering equipment and component manufacturing business

The State Council issued a series of industrial plans including Made in China 2025 and 13th Five-Year Plan for the Development of National Strategic Emerging Industries, which laid down the transformation and upgrading direction of the manufacturing industry in China in the following decade. During the period of the 13th Five-Year Plan, China's fixed asset investment in railways will stay at a high level, and there is still much room for highways, bridges, urban rail transit, irrigation works and underground development. In addition, with the in-depth promotion of joint pursuit of the Belt and Road Initiative, the markets of turnouts, tunnel construction equipment and services and construction machinery will continue to grow. In terms of policies, the release of the Action Plan for Promoting the Production and Application of Green Building Materials and the Guiding Opinions on Vigorously Developing Prefabricated Construction has provided strong policy support for the development of the steel structure industry. With the increasing application of steel structure products with the characteristics of "green, environmental friendly and circular economy" such as municipal bridge steel structure and high-rise building steel structure, the market demand for steel structure will further expand. However, the intensified competition in the industry has brought about some new changes in the market environment. To a certain extent, it has brought uncertain effects on the demand for tunnel construction equipment, turnout products for urban rail transit and electric equipment products in the future. In 2019, the added value of large-scale industries recorded a year-on-year increase of 5.7%. In particular, the added value of high-tech manufacturing industry increased by 8.8% year-on-year.

(4) Property development business

In 2019, with the continuous adjustment of China's economic structure, the real estate industry shifted from high-speed growth to steady growth. All localities resolutely implemented the plans of the CPC Central Committee and the State Council, and adhered to the general position that houses are for living in, not for speculation. It was clearly stated for the first time that "real estate should not be used as a means to stimulate the economy in the short term", and the long-term management and regulation mechanism that is based on the city's policies, and stabilize land prices, housing prices and expectations was fully implemented. With respect to land market transaction, the financing channels of the real estate industry have been tightened, and the turnover and transaction amount of the national land market have been significantly reduced. According to the National Bureau of Statistics, the land purchased by real estate developers totaled 258.22 million square meters in 2019, representing a year-on-year decrease of 11.4%. The land transaction price was RMB1.4709 trillion, representing a year-on-year decrease of 8.7%. With respect to the turnover of commodity housing market, the overall turnover of the year remained stable, the residential transaction area increased slightly, and the office and commercial housing transaction area significantly shrank. In 2019, China's investment in real estate development totaled RMB13,219.4 billion, representing a year-on-year increase of 9.9%. The sales area of commodity housing was 1715.58 million square meters, representing a year-on-year decrease of 0.1%. In particular, the sales area of residential housing increased by 1.5%, the sales area of office buildings decreased by 14.7% and the sales area of commercial housing decreased by 15.0%. The sales amount of commodity housing was RMB15,972.5 billion, representing a year-on-year increase of 6.5%. In particular, the sales amount of residential housing increased by 10.3%, the sales amount of office buildings decreased by 15.1% and the sales amount of commercial housing decreased by 16.5%. In terms of the competition pattern of real estate enterprises, data show that the performance scale and industry concentration degree of real estate enterprises in China have been further improved, and the growth rate of the industry's overall sales has slowed down. Leading real estate enterprises are accelerating the stock depletion, improving their own organic development capacity, strengthening the management and control of investment risks, and steadily promoting diversified development while centering on the main business of real estate.

4.2.2 Business development overview

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

In 2019, the Group organized the main operation entities at all levels to earnestly implement the three-year special action plan and innovative development plan of the SASAC for deepening the reform of state-owned enterprises, and promoted the comprehensive reform of mixed ownership and "double hundred action" in an orderly manner. The internal restructuring was carried out steadily, and the mixed ownership reform was carried out with the help of the capital market to select the companies with synergies with the main businesses of the Group. We made great efforts to expand the kinetic energy chain and truly lead the high-quality development of the Company with creation and innovation.

In 2019, the Group continued to maintain its leading position in the market, constantly deepened the reform of operation system and mechanism, expanded the operation scale and made efforts to ensure the growth of quantity. We worked on the reform of management system and mechanism to achieve quality improvement. On the basis of adhering to the traditional contract operation and continuously deepening the investment and financing operation, we have effectively expanded the specific operation modes of various business models and further improved the Group's market competitiveness.

In 2019, with the continual expansion of the Group's production and operation scale, especially the investment scale, the Group continued to pay equal attention to broadening income source and reducing expenditure, vigorously strengthened the research, management and control of the enterprise macro-cost and micro-cost, vigorously carried out centralized management of capital and procurement of materials, actively expanded financing channels and enhanced the proportion of direct financing, resulting in a decrease in management costs from various aspects. In 2019, the average financing cost of the Group was 4.52%, representing a year-on-year decrease of 0.1 percentage point. The financing cost continued to decline. The Group successfully completed the first market-oriented debt-to-equity conversion project in China's construction industry. As the state-owned capital investment and operation companies, financial asset management and other institutions became new shareholders of the Company, the shareholder structure of the Company was further optimized; as the controlling equity interests of the expressway asset platform company has been successfully transferred, the introduction of excellent expressway investors effectively reduced the Company's liability and increased the return on asset.

In 2019, the Group further strengthened the "red line" awareness and "bottom line" thinking, firmly established the concept of caring for people, safe development and "zero accident", and actively promoted the laboratory activities of project management and the standardized and refined management of safety to ensure that the Group's safe production situation was generally stable, and the quality of projects was steady and controllable.

In 2019, the value of new contracts of the Group was RMB2,164.87 billion, representing a year-on-year increase of 27.9%. In particular, the value of new contracts of domestic business was RMB2,037.27 billion, representing a year-on-year increase of 28.4%; the value of new contracts of overseas business was RMB127.6 billion, representing a year-on-year increase of 21.6%. As at the end of the reporting period, the value of contract backlog of the Group was RMB3,171.37 billion, with an increase of 9.3% as compared with the end of 2018. The value of new contracts by business segment is set out as below:

Unit: 100 million Currency: RMB

Value of New Contracts

Business segments	**2019**	**2018**	**Increase/ decrease over same period last year** *(%)*
Infrastructure construction business	**17,946.3**	14,346.3	25.1
Including: Railway	**3,112.4**	2,540.8	22.5
Highways	**3,090.6**	3,016.3	2.5
Municipal works and others	**11,743.2**	8,789.2	33.6
Among which: Urban rail transit	**2,014.0**	2,364.0	-14.8
Municipal works	**4,644.9**	3,066.8	51.5
Housing construction	**4,360.3**	2,489.0	75.2
Survey, design and consulting services	**288.1**	221.1	30.3
Engineering equipment and component manufacturing	**420.9**	368.0	14.4
Property development	**696.8**	530.0	31.5
Other businesses	**2,296.6**	1,456.2	57.7
Total	**21,648.7**	16,921.6	27.9

(1) Infrastructure construction business

The Group has always been a leader in China's infrastructure construction industry. As one of the largest construction contractors in the world, the Group has 18 general contracting projects for railway construction at special grade, accounting for over 50% of the total number of general contracting projects for railway construction at special grade in China; 27 general contracting projects for highway construction at special grade, accounting for 19.3% of the total general contracting projects for highway construction at special grade; 19 general contracting projects for engineering construction at special grade and 10 general contracting projects for municipal public engineering at special grade. The Group is the largest construction group in the fields of railway infrastructure and urban rail transit infrastructure in China. It has the only National Key Laboratory of High Speed Railway Construction Technology, National Key Laboratory of Bridge Structural Stability and Safety and National Key Laboratory of Shield Tunneling and Drilling Technology in China, representing the most advanced technological level in terms of railway and urban rail transit construction in China. In addition, the Group is one of the major infrastructure construction forces in the construction of the Belt and Road Initiative. It is the main contractor of the representative projects along the Belt and Road including China-Laos Railway, the Indonesian Jakarta-Bandung High-speed Railway and the Budapest-Belgrade Railway. About 85% of the new overseas business contracts entered into by the Group in 2019 are from countries along the Belt and Road. In the domestic market, the Group's share in the railway's large and medium-sized infrastructure market has remained above 45%, its share in the urban rail transit infrastructure market is over 40%, and its share in the expressway infrastructure market is over 10%.

In 2019, the value of the Group's new contracts of infrastructure construction business was RMB1,794.63 billion, representing a year-on-year increase of 25.1%. As at the end of 2019, the value of the Group's contract backlog of infrastructure construction business was RMB3,164.18 billion, representing an increase of 17.8% from the end of 2018. **From a business area perspective:** ① **In respect of railway business**, thanks to the increase in the total scale of bidding for large and medium-sized railway infrastructure projects by various railway bureaus and key railway companies, the amount of new contracts in the Group's railway business increased, and the new contracts reached RMB311.24 billion in 2019, representing a year-on-year increase of 22.5%. The contract backlogs amounted to RMB617.95 billion, representing a year-on-year increase of 10.8%. The Group's market share in domestic large and medium-sized railway construction reached 50.5% in 2019, maintaining the first place in China. ② **In respect of highway business**, in 2019, the growth rate of national highway fixed asset investment was basically unchanged, and the amount of new contracts in the Group's highway business increased slightly. The new contracts amounted to RMB309.06 billion, representing a year-on-year increase of 2.5%. Among them, the highway orders obtained by the investment mode (PPP, BOT, etc.) had a large year-on-year growth, while the highway orders obtained by the construction contract mode are relatively reduced. The contract backlogs amounted to RMB562.00 billion, representing a year-on-year increase of 9.2%. ③ **In respect of municipal works and other businesses**, benefiting from the acceleration of urbanization and the promotion of the construction of major city clusters, the Group has strengthened the market development of urban construction. The value of new contracts signed for municipal and other businesses reached RMB1,174.32 billion, representing a year-on-year increase of 33.6%. The contract backlogs amounted to RMB1,984.23 billion, representing a year-on-year increase of 22.9%. Among them, the new contracts for municipal business reached RMB464.49 billion, representing a year-on-year increase of 51.5%; new contracts for the housing construction business amounted to RMB436.03 billion, representing a year-on-year increase of 75.2%. The new contracts for urban rail transit business totaled RMB201.40 billion, representing a year-on-year decrease of 14.8%. **From a business model perspective:** In 2019, the amount of new contracts for infrastructure construction obtained by the Group through the construction contracting mode was RMB1,410.07 billion, representing a year-on-year increase of 27.6%. The new contracts for infrastructure construction obtained through investment mode reached RMB384.56 billion, representing a year-on-year increase of 16.6%.

During the reporting period, key projects under construction and investment projects contracted or participated in by the Group progressed smoothly. A number of key projects participated by the Group have been put into operation or completed successfully, including important supporting projects for the Beijing Winter Olympic Games, Beijing-Zhangjiakou High-speed Railway, China's first intelligent high-speed railway, and Haoji Railway, the world's longest heavy-haul railway. Wuhan Yangsigang Yangtze River Bridge, the longest double-deck suspension bridge in the world constructed by the Group, and Wufengshan Yangtze River Bridge for Lianzhen Railway, the world's first suspension bridge for high-speed railway constructed by the Group, have been put into service. The south main tower of Shanghai-Nantong Yangtze river bridge, the world's largest double-span cable-stayed bridge for railway and highway constructed by the Group, was successfully capped. The construction of Chengdu-Kunming Railway, the Shangqiu-Hefei-Hangzhou High-speed Railway, the Beijing Metro, the Guangzhou Metro, the China-Laos Railway, the Jakarta-Bandung High-Speed Railway, the Padma Bridge railway connecting line in Bangladesh and other key projects under construction proceeded in an orderly manner. The Xi'an-Chengdu High-speed Railway, the Yunnan-Guizhou Railway and the Parrot Island Yangtze River Bridge were awarded the FIDIC outstanding project award and the excellent project award respectively.

(2) Survey, design and consulting services business

As a backbone enterprise in China's survey and design and consulting industry, the Group has played an important leading role in the field of engineering construction, especially in assisting in the formulation of construction codes and quality acceptance standards of the railway industry. In ENR's 2019 ranking of the world's 150 largest design companies and 225 largest international design companies, China railway ranked 20th and 94th respectively.

In 2019, the value of new contracts of the Group's survey, design and consulting services business was RMB28.81 billion, representing a year-on-year increase of 30.3%, mainly because of the growth of the overseas survey and design business undertaken by the Group. As at the end of 2019, the Group's contract backlog of survey, design and consulting services business was RMB54.60 billion, representing an increase of 32.0% from the end of 2018. In 2019, the planning work of Sichuan-Tibet Railway in which the Group participated and which has attracted worldwide attention, has been efficiently and orderly pushed ahead. The Padma Bridge railway connecting line project in Bangladesh, whose survey and design work was undertaken by the Group, commenced construction. The Hong Kong-Zhuhai-Macau Bridge, the world's longest cross-sea bridge whose design and construction were undertaken by the Group, was formally commissioned.

(3) Engineering equipment and component manufacturing business

The Group has a leading position in the field of high-end equipment manufacturing related to transportation infrastructure such as railways, highways, urban rail transit and underground engineering in the country and even the world. The Group is the world's largest shield/TBM R&D manufacturer in terms of sales volume, the world's largest steel structure manufacturer of turnouts and bridges, and the largest railway construction equipment manufacturer in China. In the domestic market, the Group's market share of high-speed turnout business with high technical requirements (above 250 km/h) is approximately 65%, and its market share in heavy-haul turnout market is over 50%. In the urban rail transit business, the market share of turnout is over 60%. The market share in the market of large steel structure bridge is over 60%. The market share in the 300km/h or above high-speed railway catenary components is more than 70%. China Railway Hi-Tech Industry Co., Ltd. (600528.SH), a controlling subsidiary of the Company, is the only industrial enterprise in A share market that mainly engages in rail transit and underground excavation of high-end equipment. It has outstanding competitiveness in scientific and technological innovation strength, core technology advantages, production and manufacturing level, brand awareness and other aspects.

In 2019, the value of new contracts of the engineering equipment and component manufacturing business of the Group was RMB42.09 billion, representing a year-on-year increase of 14.4%. As at the end of 2019, the Company's contract backlog of engineering equipment and component manufacturing business was RMB54.16 billion, representing an increase of 35.1% from the end of 2018. The Group's market share in large steel structure bridges exceeds 60%; and in the high speed switch with high technical barriers (above 250km/h), its market share is about 65%. As Asia's largest and the world's second largest shield research and development manufacturer, the Company has maintained the leading position in tunnel construction equipment and related services market in China for consecutive years, and ranked first in terms of production and sales volume in the world for three consecutive years from 2017 to 2019. In 2019, the Group sold 109 units of shield/TBM and 91 units of rebuilt shield, and manufactured 109 units of shield/TBM. Meanwhile, while continuing to consolidate the domestic shield market, the Group stepped further into the international market, selling its shield products to 20 countries and regions including Singapore, Italy, Denmark and France.

(4) Property development business

The Group is one of 16 central enterprises that the SASAC has identified as taking the real estate development as the main business. The Group's real estate development business complied with the national policy guidance and adhered to the new development concept. We carefully studied the new policies, identified new markets, set up new targets, constantly optimized the project mix, and played the role of "real estate +". We enhanced efforts to develop the market for building properties on subways, developing urban areas, industrial parks, and renovating old urban neighborhoods, strengthened risk prevention and control, and paid more attention to investment safety and return on investment, with an aim to effectively improve the efficiency and performance of real estate project development.

In 2019, the Group had a total of 204 secondary property development projects located in 50 cities including Beijing, Shanghai, Guangzhou and Shenzhen. During the reporting period, the Group's property development business achieved a sales amount of RMB69.68 billion, representing a year-on-year increase of 31.4%, and its sales area was 5.03 million square meters, representing a year-on-year increase of 16.4%. The area that has commenced construction was 8.07 million square meters, representing a year-on-year increase of 62.4%; the area that has completed construction was 3.15 million square meters, representing a year-on-year decrease of 24.1%. As at the end of 2019, the Group's property projects under construction cover an area of 41.23 million square meters, and the land reserve area to be developed was 16.876 million square meters.

(5) Other businesses

Mining business

In 2019, there was no major change in the fundamentals of the non-ferrous metals industry. However, with the intensification of economic and trade frictions, the subsequent evolution of the global economic situation is not optimistic, and the prices of industrial products will increasingly show the downward pressure. Therefore, for commodities, the market will be more volatile, and the marginal impact will gradually weaken. In the process of infrastructure construction at home and abroad, the Group has obtained a number of mineral resources projects through acquisitions and mergers based on "fiscalization of resources" and "exchange of resources for projects". China Railway Resources Group Co., Ltd., the Company's wholly-owned subsidiary, is responsible for the development business of mineral resources. The Group's mining business is mainly based on the management and development of mines. Currently, it wholly owns, controls or holds shares in 5 modern mines at home and abroad. The main mineral products produced and sold include concentrate of copper, cobalt, molybdenum, lead and zinc, copper cathode and cobalt hydroxide. In 2019, the prices of copper, cobalt, lead and zinc, the main mineral products of the Group, were in a downward trend, while the price of molybdenum remained on the rise. At present, the Group's retained resources/reserves mainly include copper of approximately 9 million tons, cobalt of approximately 600,000 tons, and molybdenum of approximately 700,000 tons. In particular, the retained reserves of copper, cobalt and molybdenum are in the leading position in the same industry in China, and its mines' production capacity for copper and molybdenum has been at the forefront in the same industry in China.

Financial business

The financial business of the Group has always followed the principle of developing business around the main businesses, and formed a strategic synergy with the main businesses. At present, it mainly engages in trust, fund, factoring, insurance broker and financial leasing. In 2019, the national economic growth slowed down, financial credit spreads further narrowed, and financial enterprises faced significantly more risks and challenges. The Group continued to promote the high-quality development of the enterprise, while adhering to the general tone of seeking improvement in stability, and the same requirements are applicable to the financial sector business. Taking China Railway Trust Co., Ltd. ("**China Railway Trust**"), the main player in the financial sector, as an example, since the acquisition of China Railway Trust by the Group, the timely payment rate of historically issued products has been kept at 100%, enjoying a good reputation in the industry, and its rating by the CBIRC and China Trustee Association has been kept at the forefront of the industry. Under the macro policy of "maintaining financial stability", China Railway Trust is gradually transforming from developing high-risk trust business to developing low-risk business. Although it shows a decrease in revenue in the short term, in the long term, the development of China Railway Trust will be more stable under the strategy of "risk control". Since the beginning of this year, the Group has further strengthened the risk management of financial business and financial enterprises in accordance with the requirements of the regulatory authorities. At present, the financial businesses carried out by the Group are running steadily and the risks are controllable.

Merchandise trading business

The merchandise trading business of the Group represents the trading business carried out by the trading enterprises at all levels of the Group relying on the demand advantage, product advantage and resource channel advantage and centralized purchase and supply based on the main businesses of the Company. It mainly serves the internal trading demand of the Group and provides external services in an appropriate manner. China Railway Material Trade Co., Ltd, a wholly-owned subsidiary of the Company, has established a national-wide operation and service network, and maintained good cooperative relationship with domestic large-scale production enterprises of steel, cement, petrochemical, components for communications engineering, signal engineering, electrical engineering and electrification engineering, building decoration materials and other products. It carries out centralized procurement and supply of major materials at the company level, and supplies materials to other domestic construction enterprises.

PPP (BOT) operation business

The Group obtains operational rail transit, expressway, water utilities and other assets through investment and construction, and achieves operating income by providing operation and management services and collecting fees according to relevant charging standards. As of the end of the reporting period, the Group operated 37 PPP (BOT) projects, including rail transit, expressway, water supplies, municipal roads, industrial parks and underground pipe corridors, with the operating period ranging from 8 to 40 years. The Group operated 11 expressways with a total length of 952 kilometers, contributing more than 90% of the revenue of PPP (BOT) operation business during the reporting period. The Company disposed of the 51% equity interest in Guangxi China Railway Communications Expressway Management Co., Ltd. ("**CRCE**"), the platform company holding the operating assets of such 11 expressways in December 2019, upon which the Company still holds 49% equity interests in CRCE and the revenue arised from which will decrease. However, as the other PPP (BOT) investment projects undertaken by the Group have been completed and entered the operation period, the revenue and profit of the Group's PPP (BOT) operation business will gradually increase.

In 2019, mining development projects such as Luming Molybdenum Mine in Yichun, Heilongjiang controlled by the Group and Sicomines Copper-Cobalt Mine in which the Group invested have been operating smoothly. Thanks to the comprehensive enhancement of on-site production management, the production system of exploitation, processing and smelting was under smooth operation, the output of major non-ferrous metal products increased steadily compared with the same period last year. The overall operation of the investment and operation projects for expressways and sewage treatment plants of the Group remained satisfactory. In order to improve the operation efficiency of expressway assets and reduce the operating cost, the Group listed and transferred 51% equity interests of 11 operating highways, and introduced excellent strategic investors of highways by the end of 2019. The merchandise trading business focused on the internal centralized procurement of the Group and achieved stable external operations. Thanks to an increase in market demand, the financial business grew at a high speed. By further consolidating internal resources, the Group solidly promoted the integration of industry and finance, created innovative investment and financing models and set up an industry-chain financial service system, which in turn helped to supplement the development of its principal operations.

4.2.3 Scientific research investment and technological achievements

As one of the country's first "innovation-oriented enterprises" awarded by the Ministry of Science and Technology, the State-owned Assets Supervision and Administration Commission of the State Council and the All-china Federation of Trade Unions, the Group has 3 national laboratories (the National Key Laboratory of High Speed Railway Construction Technology, National Key Laboratory of Bridge Structural Stability and Safety and National Key Laboratory of Shield Tunneling and Drilling Technology), 7 postdoctoral workstations, 1 national local joint research center, 23 provincial research and development centers (laboratories), 18 nationally recognized technology centers and 98 provincially recognized technical centers. It has also set up 20 professional R&D centers and invested in the national technology innovation center for Sichuan-Tibet railway.

In 2019, to meet the needs of the actual development and engineering construction, the Group implemented new research projects focusing on Sichuan-Tibet railway bridge construction technology, high speed railway construction technology, bridge construction technology, tunnel and underground project construction technology, communications engineering, signal engineering, electrical engineering and electrification engineering technology, construction equipment and industrial products manufacturing technology, building technology, energy conservation and emissions reduction, and other new areas of technology, intelligent manufacturing and information technology. To cope with the actual needs for the production and operation of the Company, we focused on the research of reasonable structure system of super large span highway and railway dual-use bridge (1500m class), the key technology of super large diameter rock tunneling machine, the construction of super large razor shell type subterranean cavern and the key technology of safety guarantee during the service period based on such key projects as the Beijing-Zhangjiakou-Railway, Xi'an-Shiyan Railway, Guiyang-Nanning Railway, Xi'an-Yan'an High-speed Railway, Beijing-Xiong'an Intercity Railway, Shanghai-Nantong Yangtze River Bridge, Shenzhen-Zhongshan River Passage, Beijing Metro, Shenzhen Metro, Qingdao Metro, Fuzhou Metro, Chengdu Metro, and Hangzhou Metro.

In 2019, the Group won 4 National Prizes for Progress in Science and Technology, 1 Technological Invention Award, 14 Zhan Tianyou Civil Engineering Prizes, and 328 provincial and ministerial science and technology achievement awards. We have 2,065 authorized patents, including 311 invention patents. "Shield tunneling machine for tunnel connection and its tunneling method" won the gold prize of the 20th China Patent Prize. 3 patents, namely "integrated ballastless track", "hyperboloid ball bearing with anti-lifting beam and anti-falling beam function", "a rotatable spoke used for the blade of shield tunneling machine" won the outstanding awards. 542 engineering methods received provincial and ministerial level recognition.

4.2.4 Establishment and implementation of safety and quality system

In 2019, the Group conscientiously implemented and complied with the standards of the quality management system, environmental management system, occupational health and safety management system (international quality management system: ISO 9001:2015; national quality management systems: GB/T 19001-2016/ISO 9001:2015 and GB/T 50430-2007; international environmental management system: ISO 14001:2015; international environmental management system: GB/T 24001-2016/ISO 14001:2016; international occupational health and safety management system: GB/T 28001-2011/OHSAS 18001:2007). It also strictly implemented the domestic and international industrial standards and continuously improved its internal quality assurance system to make sure that its system and rules (including the Measures for Supervision on and Management of Construction Quality) are effectively compatible with those currently in force in relation to construction quality control, quality assurance and management, quality accident handling, and accountability for accidents, and that the management process is in an orderly and controllable condition, thus providing a solid foundation for the highly effective operation of the Group's quality management system. During the year, 10 projects of the Group won the Luban Prize, 57 projects won the National Outstanding Quality Project Award and 20 projects entered the list of national construction sites for safe construction and standardized production. The brand reputation of the construction quality of the Group was further enhanced.

4.2.5 Implementation of environmental protection measures

The details are set out in the "Environmental protection information" under the "Significant Events" on page 90 to page 92 of this announcement.

4.2.6 Compliance with laws and regulations

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

4.2.7 Maintenance of relationship with stakeholders

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

4.2.8 Prospects

At the beginning of 2020, downside risks to the global economy have increased with the spread of COVID-19 worldwide, continued trade frictions, turmoil in financial markets, and escalating geopolitical tensions. With the uncertainty factors further intertwined and the emerging of some risks and hidden dangers, the corporate operation will be faced with more difficulties. However, at present and for some time to come, the basic trend of steady and long-term growth in China's economy has not changed. In particular, the central economic work council and meetings held by CPC Central Committee and the State Council in the first quarter have put forward a series of measures to stabilize growth, which will provide new benefits for the development of construction enterprise. **Firstly**, the more active counter-cyclical adjustment policy will provide new opportunities for the development of the Group. According to the spirit of the central economic work council, the economy should operate within a reasonable range, and counter-cyclical adjustment policies should be intensified accordingly. Strengthening infrastructure development remains a major focus for steady growth, with particular emphasis on new types of infrastructure development. Intercity high-speed railway and intercity rail transit is one of the seven key "new infrastructure" sectors, indicating that investment in transportation infrastructure will continue to grow. In 2020, China will invest RMB800 billion in fixed assets in railways, RMB1.8 trillion in roads and waterways, and RMB90 billion in civil aviation. The investment remains high. In addition, the implementation of the renovation of old urban areas has further strengthened urban renewal and the improvement of housing stock. The "urban renovation" and "renovation of shanty towns" have a huge volume, and the market size is estimated to reach RMB3-5 trillion, with an annual volume of approximately RMB1 trillion. In particular, the meeting of the Political Bureau of the CPC Central Committee held on 27 March 2020 further pointed out that the adjustment and implementation of macro-policy will be strengthened. A comprehensive package of macro-policy measures will be studied and proposed as an active response, the active fiscal policy should be more active and effective, the prudent monetary policy should be more flexible and moderate, fiscal deficit rate could be raise appropriately, special treasury bonds could be issued, the size of special local government bonds could be increased, so as to guide the downward of loan market interest rate, and maintain a reasonable abundant liquidity. **Secondly**, the constantly optimized regional economic pattern will provide a new world for the development of the Company. The state will continue to accelerate the implementation of the regional development strategy, promote the construction of the Xiong'an new area, implement measures to protect the Yangtze River Economic Belt, promote ecological protection and high-quality development of the Yellow River basin, and improve the comprehensive carrying capacity of central cities and city clusters. The development plan of the Yangtze River Delta, the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area, and the master plan of the new land-sea corridor in western China will be fully implemented, which will provide a broad stage for the development of the Company. With the improvement of urbanization and the continuous increase of urban population, urban rail transit, represented by metro and light rail, will become an important means to promote green travel, create smart cities and ease congestion by virtue of its advantages of low per capita energy consumption, large carrying capacity and interconnectivity. **Thirdly**, infrastructure investment funds and increased approval efforts will provide new impetus for the development of the Company. The CPC Central Committee pointed out that it is necessary to speed up the issuance and use of special local government bonds, and step up the initial preparation and construction of key projects. The State Council has made clear that special debt funds of local governments are not allowed to be used in land reserve and real estate related areas, and it will expand the scope of use of special debt, focusing on railway, rail transit, urban parking and other transport infrastructure. The Ministry of Finance has explicitly instructed local governments to expand their issuance of special bonds, and guided the local governments to make reserves and preliminary preparations for projects so as to form effective investment as soon as possible, in accordance with the principle of "funds follow projects". The NDRC and other ministries and commissions have launched initiatives to accelerate the start of construction of major projects, speed up the project approval, encourage the implementation of new investment projects, and require the early commencement and work resumption of the major railway, highway, waterway and airport projects under the 14th Five-year Plan shall be achieved. According to publicly released data, Beijing, Guangdong, Jiangsu and Fujian plan to invest about RMB6.7 trillion in key projects in 2020, and the total investment scale of key projects announced by 15 provinces is about RMB37 trillion. **Fourthly**, the intensive introduction of a series of favorable policies and preferential policies will provide new conditions for the development of the Company. The state has made great efforts to reduce the burden on enterprises by introducing a series of policies of reducing taxes and fees. In addition, in order to ease the impact of COVID-19, the State Council further issued tax relief, credit support and other preferential measures to strengthen the role of fiscal and monetary policies in counter-cyclical adjustment, and ease market liquidity, which is conducive to the development of capital-intensive enterprises such as infrastructure construction and real estate enterprises. **Fifthly**, the continued deepening of high-level opening-up will provide new space for the development of the Company. The decision of the fourth plenary session of the 19th CPC Central Committee made it clear that we shall open up, larger scope, wider range and at a deeper level. "Bringing in" and "going out" have always been complementary. China's opening-up at a higher level will create more space for us to "go global" on a larger scope, in a wider range and at a deeper level. The construction of Belt and Road has been further promoted, and new cooperation models keeps emerging. Countries along the Belt and Road have strengthened policy communication, improved the business environment, increased infrastructure spending, and encouraged cross-border investment and cooperation. From the perspective of future development trend, driven by the acceleration of industrialization and urbanization in relevant countries, the construction demand of transportation infrastructure will be further released. Infrastructure connectivity projects such as roads, railways, ports and airports will inject stronger impetus into international infrastructure development. All these will provide new favorable conditions for the development of the Company.

While facing opportunities, we are also facing challenges. From the perspective of the future development trend of the industry, the investment momentum in infrastructure still needs to be strengthened, and the current financing mode of infrastructure investment projects needs to be further innovated. Excessive reliance on government credit and fiscal funds shall be reversed, and financing constraints may affect investment progress. With the transfer of infrastructure industry to new infrastructure projects based on new technologies, and national requirements for energy conservation and environmental protection constantly raised, how to realize new technology innovation and meet the requirements of energy conservation and environmental protection while ensuring the progress of engineering construction projects has become a practical problem for the Company. Meanwhile, the risk factors of frequent international local wars and conflicts, the rise of "anti-globalization" and the aggravation of international trade frictions still exist, which bring uncertainties and potential risks to the international operation of Chinese construction enterprises. Judging from the current situation, affected by the outbreak of COVID-19 in 2020, the short-term economy suffered a significant impact, which also brought some uncertainties to the growth of the gross output value of the construction industry and the new contracts in the first and second quarters of 2020.

However, generally, the fundamentals for the continuous development of the construction market remain unchanged. The Group will still be undergoing a critical period in terms of strategies and opportunities. We are confident and determined in promoting the sustainable development of the Group.

4.2.9 Operating plan

In 2020, the Group plans to achieve total revenue of approximately RMB900 billion, operating costs of approximately RMB808 billion, four types of expenses of approximately RMB53 billion. It is estimated that the new contracts to be entered into will amount to approximately RMB2,200 billion. The Group will promptly adjust its operation plan to suit market conditions and to reflect the actual implementation of the plan.

4.3 Financial Performance Overview

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

In the year of 2019, the Group achieved revenue of RMB850.843 billion, representing a year-on-year increase of 14.9%. Profit for the year increased by 45.6% year-on-year to RMB25.379 billion while profit for the year attributable to owners of the Company increased by 37.7% year-on-year to RMB23.678 billion.

A comparison of the financial results for 2019 and 2018 is set forth below.

4.4 Consolidated Results of Operations

Revenue

In 2019, the Group's total revenue increased year-on-year by 14.9% to RMB850.843 billion. It was mainly due to the increase in revenue from the Group's infrastructure construction business.

Cost of sales and services and gross profit

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits, subcontracting cost and depreciation and amortization expenses. In 2019, the Group's cost of sales and services recorded a year-on-year increase of 15.3% to RMB770.979 billion while gross profit of the Group increased year-on-year by 11.5% to RMB79.864 billion. The overall gross profit margin for 2019 was 9.4%, representing a decrease of 0.3 percentage point as compared to that for 9.7% in 2018. Among which, gross profit margin of the infrastructure construction business basically remained the same as last year while there was an increase in gross profit margin for engineering equipment and component manufacturing business and property development business and a decrease in gross profit margin for survey, design and consulting services business and other businesses.

Other income

The Group's other income primarily consists of dividend income and subsidies from government. In 2019, the Group's other income was RMB1.996 billion, decreased by 16.1% from RMB2.379 billion of last year. The decrease of other income was primarily due to the decrease in dividend income.

Other expenses

The Group's other expenses primarily includes expenditures on research and development. In 2019, other expenses increased by 22.9% from RMB13.436 billion of last year to RMB16.511 billion, mainly due to the Group's continuous advancement on scientific research and technological innovation and further increased input in research and development.

Net impairment losses on financial assets and contract assets

The Group's net impairment losses on financial assets and contract assets mainly includes impairment loss on trade and other receivables, other financial assets at amortised cost and contract assets. In 2019, the Group's net impairment losses on financial assets and contract assets decreased year-on-year by 39.8% to RMB4.507 billion, mainly attributable to the decrease in impairment losses on trade and other receivables.

Other gains and losses, net

The Group's other gains and losses mainly include gains and losses on disposal/write-off of financial assets/liabilities, joint ventures, associates and subsidiaries, foreign exchange gains/losses, impairment loss on property, plant and equipment and other assets and changes in the fair value of financial assets through profit and loss. The other gains of RMB5.705 billion in 2019 (2018: other gains of RMB1.034 billion) primarily included gains of RMB4.955 billion from the disposal of 51% equity interests in CRCE and related debts.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. In 2019, the Group's selling and marketing expenses amounted to RMB4.605 billion, representing a year-on-year increase of 30.2%. Such increase was mainly due to the continuous strengthening in marketing effort brought by the deepened implementation of regional and three-dimensional operation as well as the strengthening in selling effort on property development projects and industrial products. The selling and marketing expenses as a percentage of the total revenue for 2019 was 0.5%, basically remained the same as that for 2018.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. In 2019, the Group's administrative expenses increased year-on-year by 11.7% to RMB24.474 billion. Such increase was mainly due to the normal increase in staff salary with the increase in profitability. Administrative expenses as a percentage of revenue for 2019 was 2.9%, decreased by 0.1 percentage point as compared to 3.0% for 2018.

Finance costs, net

In 2019, the Group's net finance costs (finance costs less finance income) was RMB6.741 billion, representing an increase of 25.2% from 2018. It was mainly due to the increase in interest expenses brought by the increase in interest-bearing liabilities and the increase in discount expense from ABN and ABS.

Profit before tax

As a result of the foregoing factors, the profit before tax for 2019 increased by RMB8.242 billion, or 33.0% to RMB33.187 billion from RMB24.945 billion for 2018.

Income tax expense

In 2019, the Group's income tax expense increased year-on-year by 4.0% to RMB7.808 billion. By excluding the impact of land appreciation tax, the effective income tax rate of the Group decreased by 3.2 percentage points from 21.1% for 2018 to 17.9% for 2019. Such decrease was mainly due to the increase in profitability of subsidiaries by increasing quality and efficiency and further enhancement on entitling various preferential income tax treatments, such as high and new technology enterprises, development of the Western Region and deduction of research and development expenditures.

Profit for the year attributable to owners of the Company

In 2019, profit for the year attributable to owners of the Company increased by 37.7% to RMB23.678 billion from RMB17.198 billion for 2018.

4.5 Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2019 are set forth in the table below.

Business Segment	Revenue	Growth Rate	Profit Before Tax	Growth Rate	Profit Before Tax Margin[1]	Revenue as a Percentage of Total	Profit Before Tax as a Percentage of Total
	RMB million	*(%)*	*RMB million*	*(%)*	*(%)*	*(%)*	*(%)*
Infrastructure Construction	762,084	17.8	20,936	22.4	2.7	83.1	57.4
Survey, Design and Consulting	17,031	12.8	962	-37.4	5.6	1.9	2.6
Engineering Equipment and Component Manufacturing	24,322	17.0	1,999	30.5	8.2	2.7	5.5
Property Development	43,662	-0.7	3,652	-20.7	8.4	4.8	10.0
Other Businesses	70,402	3.9	8,950	1,085.4	12.7	7.5	24.5
Inter-segment Elimination and Adjustments	(66,658)		(3,312)				
Total	850,843	14.9	33,187	33.0	3.9	100.0	100.0

1 *Profit before tax margin is the profit before tax divided by the revenue.*

Infrastructure construction business

Revenue from the Group's infrastructure construction business is mainly derived from construction of railway, highway and municipal works. Revenue from the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In 2019, the revenue from the infrastructure construction business accounted for 83.1% of the total revenue of the Group (2018: 81.4%). In 2019, the State comprehensively strengthened the effort on the area of weaknesses of infrastructure field and infrastructure construction field is becoming increasingly significant in the role of stabilizing growth. Benefiting from the favourable policies on stable growth, stable investment and bolstering areas of weaknesses, the Group continuously implemented the reform on production and management system and achieved further increase in productivity. The Group recorded a significant increase in revenue from railway, highway and municipal works. In 2019, the revenue of infrastructure construction business increased by 17.8% year-on-year to RMB762.084 billion. Gross profit margin and profit before tax margin of the infrastructure construction business for 2019 was 7.1% and 2.7% respectively (2018: 7.0% and 2.6% respectively), which remained basically the same as that for last year.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. In 2019, benefiting from the steady increase in investment of the domestic infrastructure construction market, revenue of survey, design and consulting services business recorded RMB17.031 billion, representing a year-on-year increase of 12.8%. Gross profit margin and profit before tax margin for the segment for 2019 was 27.0% and 5.6% respectively (2018: 27.5% and 10.2% respectively). The decrease in gross profit margin and profit before tax margin were mainly due to ① the rigid growth in staff costs; and ② moderate increase in outsourcing costs brought by the complete utilization of manpower resulting from the rapid growth in business scale with the aim to maximize marginal profitability.

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway-related equipment, bridge steel structures and construction machinery. In 2019, based on the target of becoming "domestic leading and international first class" high and new technology equipment manufacturing enterprise and based on the direction of transforming and upgrading to service-oriented manufacturing, the Group deepened internal reform, grasped business opportunities and continuously optimized resources allocation. The Group's revenue of the engineering equipment and component manufacturing business of the Group increased by 17.0% year-on-year to RMB24.322 billion. Gross profit margin and profit before tax margin was 23.1% and 8.2% respectively for 2019 (2018: 22.5% and 7.4% respectively). The increase in gross profit margin and profit before tax margin was mainly due to the increase in percentage of sales of high-speed turnouts, sound barrier and catenary components which have higher gross profit margin.

Property development business

In 2019, the Group strictly adhered to the national policy on property market, further strengthened the effort on the transformation and upgrading and the increase in quality and profitability of the property development business. The Company devoted to fostering its brand competitivity in property industry, diversify the marketing models and accelerate selling of real estate projects and strived to overcome the adverse impact brought by the national macro-control policies on property market. In 2019, revenue from property development business recorded RMB43.662 billion, decreased by 0.7% year-on-year. Gross profit margin and profit before tax margin was 25.1% and 8.4% (2018: 24.1% and 10.5% respectively). The increase in gross profit margin was mainly due to the recognition of revenue from projects with higher gross profit margin in the period while the decrease in profit before tax margin was mainly attributable to the increase in selling and marketing expenses.

Other businesses

In 2019, the Group strived to progressively implementing the "limited and interrelated" diversification strategy, revenue from other businesses increased year-on-year by 3.9% to RMB70.402 billion in 2019. Gross profit margin for 2019 was 21.3%, representing a decrease from 24.4% for 2018. Profit before tax for 2019 was RMB8.950 billion (2018: RMB0.755 billion), mainly due to gains of RMB4.955 billion from the disposal of 51% equity interest in CRCE and related debts and a decrease of RMB3.823 billion in impairment losses on assets. Among which, ① revenue from operation of PPP and BOT projects was RMB3.526 billion, representing a year-on-year decrease of 8.8% while gross profit margin was 43.0%, representing a year-on-year increase of 3.1 percentage points; ② revenue from mining was RMB5.728 billion, representing a year-on-year increase of 16.3% while gross profit margin was 46.9%, representing a year-on-year decrease of 0.7 percentage point; ③ revenue from merchandise trading was RMB46.305 billion, representing a year-on-year increase of 4.7% while gross profit margin was 6.3%, representing a year-on-year decrease of 2.0 percentage points; and ④ revenue from financial business was RMB3.692 billion, representing a year-on-year decrease of 8.6% while gross profit margin was 80.1%, representing a year-on-year decrease of 2.4 percentage points.

In 2019, the Group firmly grasped the core task of high-quality development, and actively resolved the downward pressure on the prices of some mineral products. The overall development and sales of mineral resources remained stable. In the whole year, the Group sold 142,917.04 tons of cathode copper, 70,562.23 tons of copper concentrate (containing copper), 2,645.90 tons of cobalt hydroxide (containing cobalt), 16,853.35 tons of molybdenum concentrate (containing molybdenum), 17,323 tons of lead concentrate (containing lead), 18,995 tons of zinc concentrate (containing zinc), 42,848 kg of lead concentrate (containing silver), and 86,141 grams of lead concentrate (containing gold). As at 31 December 2019, the Group's mineral reserves are as follows:

Unit: 100 million Currency: RMB

No.	Project name	Mineral resources Type	 Grade	Resource/Reserve Unit	 Quantity	Equity ratio *(%)*	Planned total investment of China Railway	Accumulated investment of China Railway	Investment in the reporting period	Planned completion date	Project progress
1	Luming Molybdenum Mine, Yichun City of Heilongjiang	Molybdenum	0.086%	10,000 tons	66.6	83	60.17	60.26	0	Completed	In normal production
2	Luishia Copper-Cobalt Mine, Compagnie Minière de Luisha S.A.S, Congo	Copper Cobalt	2.299% 0.105%	10,000 tons	58.3 2.7	72	21.38	19.2	0.68	2020	In normal operation, system improvement project in progress
3	MKM Copper-Cobalt Mine, La Minière De Kalumbwe Myunga sprl, Congo	Copper Cobalt	2.155% 0.253%	10,000 tons	3.7 0.4	80.2	11.95	12.35	0	Completed	In normal production
4	SICOMINES Copper-Cobalt Mine, La Sino-congolaise Des Mines S.A., Congo	Copper Cobalt	3.141% 0.244%	10,000 tons	794.7 61.7	41.72	45.86	21.14	0.27	2021	Phase 1 in normal production, phase 2 under construction
5	Wulan Lead and Zinc Mine, Xinxin Company, Mongolia	Lead Zinc Silver	1.564% 3.199% 66.59g/t	10,000 tons 10,000 tons Ton	21.1 43.1 897	100	21.86	21.86	0	Completed	In normal production
6	Muhaer Lead and Zinc Mine, Xinxin Company, Mongolia	Lead Zinc Silver	0.95% 3.21% 114.54g/t	10,000 tons 10,000 tons Ton	6.1 20.7 736.9	100	/	/	0		Not yet exploited
7	Gold mine, Guoxin Eerdesi Company, Mongolia	Gold	3g/t	Ton	3	100					Not yet exploited
8	Lead and Zinc Mine, Chafu, Xianglong Mineral Co., Ltd., Mongolia	Lead Zinc Silver	7% 5.09% 200.39g/t	10,000 tons 10,000 tons Ton	8.9 6.5 256.8	100	3.3	3.3		/	Ceased production

Note: The "Planned total investment of China Railway" and "Accumulated investment of China Railway" in the table include the Company's acquisition cost of project equity and the Company's direct investment in project construction; to more accurately reflect the Company's mineral resources investment data, some investment data were adjusted or corrected accordingly.

4.6 Cash Flow

In 2019, the net cash inflow from operating activities of the Group amounted to RMB22.198 billion, representing an increase in net cash inflow of RMB10.236 billion from RMB11.962 billion for 2018, which was mainly due to ① the increase in advance from customers resulting from active strengthening in operation by the Group; ② the strengthened effort on recognition and settlement of receivables as well as strengthened cash flow planning; and ③ acceleration on fund recovery resulting from active implementation of certain asset securitization business.

In 2019, the net cash outflow from investing activities of the Group amounted to RMB40.179 billion, representing an increase in net cash outflow of RMB0.846 billion from RMB39.333 billion for 2018, which was mainly due to the increase in cash paid for equity investment in investment projects.

In 2019, the net cash inflow from financing activities of the Group amounted to RMB38.215 billion, representing an increase in net cash inflow of RMB10.308 billion from RMB27.907 billion for 2018, which was mainly due to the increase in external financing.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's total capital expenditure for 2019 was RMB31.722 billion (2018: RMB26.575 billion), which was mainly due to the increase in service concession arrangements from BOT/PPP projects.

The following table sets forth the Group's capital expenditure by business segment in 2019.

For the year ended 31 December 2019	**Infrastructure construction** *RMB million*	**Survey, design and consulting services** *RMB million*	**Engineering equipment and component manufacturing** *RMB million*	**Property development** *RMB million*	**Other businesses** *RMB million*	**Total** *RMB million*
Property, plant and equipment	7,045	327	1,064	633	2,176	11,245
Land use rights	809	151	1	321	(98)	1,184
Investment properties	364	–	–	220	10	594
Intangible assets	726	11	256	18	16,326	17,337
Mining assets	–	–	–	–	24	24
Right-of-use assets	753	53	4	122	406	1,338
Total	**9,697**	**542**	**1,325**	**1,314**	**18,844**	**31,722**

Working capital

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Inventories	**40,945**	38,553
Properties under development for sale	**133,776**	99,400
Trade and bills receivables	**139,080**	124,386
Trade and bills payables	**353,258**	343,801
Turnover of inventory (days)	**19**	19
Turnover of trade and bills receivables (days)	**56**	79
Turnover of trade and bills payables (days)	**163**	181

At the end of 2019, the balance of the Group's inventories and properties under development for sale were increased by 6.2% and 34.6% respectively from the end of 2018. It was mainly due to ① the increase in investment of property development causing the increase in property inventories including land reserve; and ② the increase in commodity stocks resulting from part of non-delivered orders from industrial enterprises at the year end. The Group's inventory turnover days was 19 days in 2019, remained basically the same as that for 2018.

Trade and bills receivables

At the end of 2019, trade and bills receivables increased by 11.8% from the end of 2018 to RMB139.080 billion. The turnover days of trade and bills receivables was 56 days in 2019, representing a decrease of 23 days as compared to 79 days in 2018. According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than one year and the trade and bills receivables of more than one year accounted for 16.0% (31 December 2018: 29.4%) of the total receivables, which reflected the sound receivables management capability of the Group.

The following table sets forth the ageing analysis of the Group's trade and bills receivables (net of impairment) as at 31 December 2019 and 2018, based on invoice date.

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Less than one year	**116,793**	87,863
One year to two years	**11,395**	20,566
Two years to three years	**4,078**	8,467
Three years to four years	**1,872**	3,168
Four years to five years	**809**	1,599
More than five years	**4,133**	2,723
Total	**139,080**	124,386

Trade and bills payables

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. The Group's trade and bills payables increased by 2.8% from the end of 2018 to RMB353.258 billion as at the end of 2019. The turnover days of trade and bills payables was 163 days in 2019, representing a decrease of 18 days from 181 days in 2018. According to the ageing analysis of the Group's trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 7.0% (31 December 2018: 8.3%) of the total payables.

The following table sets forth the ageing analysis of the Group's trade and bills payables as at 31 December 2019 and 2018, based on invoice date.

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Less than one year	**328,356**	315,376
One year to two years	**14,270**	17,644
Two years to three years	**5,153**	5,243
More than three years	**5,479**	5,538
Total	**353,258**	343,801

4.7 Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2019 and 2018. As at 31 December 2019, 48.6% of the Group's borrowings were short-term borrowings (31 December 2018: 53.5%). The Group is generally capable of making timely repayments.

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Bank borrowings		
Secured	**40,756**	29,317
Unsecured	**123,919**	113,892
	164,675	143,209
Long-term debentures, unsecured	**46,848**	30,672
Other borrowings		
Secured	**688**	2,162
Unsecured	**19,034**	14,877
Total	**231,245**	190,920
Long-term borrowings	**118,934**	88,808
Short-term borrowings	**112,311**	102,112
Total	**231,245**	190,920

Bank borrowings carry interest rates ranging from 0.75% to 9.50% (31 December 2018: 0.75% to 12.50%) per annum. Long-term debentures carry fixed interest rates ranging from 2.88% to 4.88% (31 December 2018: 2.88% to 4.88%) per annum. Other borrowings carry interest rates ranging from 4.35% to 7.00% (31 December 2018: 4.11% to 6.30%) per annum.

The following table sets forth the maturity of the Group's borrowings as at 31 December 2019 and 2018.

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Less than one year	**112,311**	102,112
One year to two years	**33,644**	31,900
Two years to five years	**54,970**	35,849
More than five years	**30,320**	21,059
Total	**231,245**	190,920

As at 31 December 2019 and 2018, the Group's floating-rate borrowings amounted to RMB93.527 billion and RMB72.610 billion respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 31 December 2019 and 2018. The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars and Euros.

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
RMB	**230,655**	179,432
USD	**173**	11,259
Euro	**25**	51
Others	**392**	178
Total	**231,245**	190,920

The following table sets forth the details of the Group's secured borrowings as at 31 December 2019 and 2018.

	As at 31 December			
	2019		2018	
	Secured borrowings *RMB million*	**Carrying amount of pledged assets and contract value of certain rights** *RMB million*	Secured borrowings *RMB million*	Carrying amount of pledged assets and contract value of certain rights *RMB million*
Property, plant and equipment	**7**	**3**	7	6
Intangible assets	**12,238**	**21,802**	15,953	24,368
Properties under development for sale	**14,346**	**33,637**	11,750	25,032
Trade receivables	**2,911**	**4,491**	–	–
Trade receivables from fellow subsidiaries of the Group	**661**	**1,357**	521	567
Contract assets	**11,281**	**26,926**	3,248	9,915
Total	**41,444**	**88,216**	31,479	59,888

As at 31 December 2019, the Group's unused credit line facility from banks was RMB960.220 billion (31 December 2018: RMB637.388 billion).

The Group strived for optimizing business direction and asset structure, strengthening resources allocation and financial control, increasing equity capital and profitability, reducing low efficiency enterprises and assets, preventing and mitigating material operating risks, reasonably balancing operation development and decrease in leverage and further enhancing development quality. As at 31 December 2019, the Group's gearing ratio (total liabilities/total assets) was 76.8%, representing an increase of 0.4 percentage point as compared with 76.4% as at 31 December 2018. It was mainly due to: ① the increase in scale of assets and liabilities resulting from the growth in business scale and change in business structure as well as the insufficient settlement from project owners; and ② the simultaneous increase in right-of-use assets and lease liabilities due to the adoption of new accounting standard on leases.

In 2019, the Group completed the issuance of 3 tranches of corporate bonds totaled RMB9 billion with coupon rate of 3.59%-3.99% per annum and the issuance of 4 tranches of medium-term notes totaled RMB7.5 billion with coupon rate of 3.57%-4.18% per annum. Besides, in 2019, the Group has transferred trade receivables of RMB51.508 billion and RMB16.062 billion under the issuance of ABN and ABS and factoring agreements, respectively.

4.8 Contingent Liabilities

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

	As at 31 December	
	2019	2018
	RMB million	*RMB million*
Pending lawsuits		
– arising in the ordinary course of business *(Note 1)*	**3,446**	3,615
Outstanding guarantees *(Note 2)*	**46,209**	32,510

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

Note 2: The Group has provided guarantees to banks in respect of banking facilities utilized by certain related companies and third parties resulting in certain contingent liabilities. The following table sets forth the maximum exposure of these guarantees to the Group.

	As at 31 December			
	2019		*2018*	
	Amount	***Expiry period***	*Amount*	*Expiry period*
	RMB million		*RMB million*	
Guarantees given to banks in respect of banking facilities to:				
Associates	***8,374***	***2020-2042***	*2,904*	*2019-2025*
Joint ventures	***1,190***	***2028***	–	–
A government-related entity	***60***	***2020***	*60*	*2019*
Property purchasers	***36,075***	***2020-2038***	*28,992*	*2019-2038*
An investee of the Group	***5***	***2030***	–	–
A former associate	***505***	***2027***	*554*	*2027*
	46,209		*32,510*	

4.9 Business Risks

The risks faced by the Group include macroeconomic risk, international operation risk, investment risk, quality risk, work safety risk and cash flow risk in the ordinary course of business.

(1) **Macroeconomic risk:** Due to changes in the international economic environment, political relations, trade barriers, and changes of domestic economy situation, materials resources circumstances, market supply and demand, or other factors, the Group may face an disadvantage market environment, a decline in product's market share, higher default rates of long-term contracts, overcapacity or cash flow constraints, which brings uncertainty to the Group's normal operations, sustainable development and expected operating gains.

(2) **International operation risk:** It refers to the risk that due to the influence of international political situation, foreign policy changes, administrative intervention from government, economic, social, environmental or technological changes and other factors, which may lead to the failure to normally perform the contracts in the Group's overseas investment and contracted projects.

(3) **Investment risk:** It refers to the risk that due to the uncertainty of investment results arising from uncontrollable external factors, insufficient research and feasibility studies prior to project investment, inappropriate project implementation and management, significant changes in external macro environment and policies and other factors, which may lead to an investment return lower than expected or an investment failure of the Group.

(4) **Quality risk:** It refers to the risk that there would be uncertainty about quality of products due to a lack of effective management in the product's production cycle, and such uncertainty may cause damage to the corporate reputation, economic losses and external regulatory penalties.

(5) **Work safety risk:** It refers to the risk that due to a lack of effective management in the implementation of management scheme and measures, technology management, subcontract management, equipment management, accident handling, etc., and as a result the Group may have serious work safety accidents and potential safety hazards.

(6) **Cash flow risk:** It refers to the risk that the Group may incur economic losses or damage of reputation in the event of failure to meet the requirements of timely payment, investment expenses or timely repayment of the Company's debts in its operations due to improper management of cash flow.

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

5 SIGNIFICANT EVENTS

5.1 The Plan for Profit Distribution on Ordinary Shares or Capitalisation of Capital Reserves

5.1.1 Formulation, implementation or adjustment of the cash dividend policy

(1) Specific policies for profit distribution

According to the Articles of Association of the Company (the "**Articles of Association**"), the specific policies for profit distribution of the Company are as follows:

(i) Form of profit distribution: The Company distributes profits in cash, stock or a combination of cash and stock. The Company can make interim profit distributions when conditions permit.

(ii) Specific conditions, proportion and interval of the Company's cash dividends: Under the premise of ensuring the Company's continuous operation and long-term development, if the Company is profitable in the year and the accumulated undistributed profit is positive and there are no major investment plans or other major cash expenditures, the Company will distribute the profits in cash after appropriation to the statutory reserves and other reserves in full. In any three consecutive years, the Company's accumulated profits distributed in cash shall not be less than 30% of the annual average distributable profits realized in the three years; the annual profits distributed in cash shall generally not be less than 10% of the distributable profits realized in the year. The Company may not distribute cash dividends under the following special circumstances:

① The auditors issue a non-standard unqualified audit report on the Company's financial report for the year.

② The operating net cash flow is negative in the year.

If the abovementioned conditions for cash dividends are met, the Company in principle shall distribute cash dividends once a year, and the Company's Board of Directors can propose the Company to make interim cash dividends based on the Company's profitability and capital demand.

(iii) Specific conditions for the Company to issue stock dividends:

The Company can propose a stock dividend distribution plan when the Company is in good operating condition, and the Board of Directors believes that the Company's stock price does not match the Company's share capital and that issuing stock dividends is beneficial to the overall interests of all shareholders of the Company, under the premise that the abovementioned conditions for cash dividends are met.

(2) Implementation of the cash dividend policy during the reporting period

Profits are distributed in cash under the profit distribution plan of the Company for 2018. Pursuant to the profit distribution plan considered and passed at the 2018 annual general meeting convened on 25 June 2019, a cash dividend of RMB1.28 (tax inclusive) per 10 shares based on the total share capital of 22,844,301,543 shares as at 31 December 2018 was declared by the Company, totaling RMB2,924,070,597.50 and representing 17% of net profit attributable to the listed company's shareholders under the consolidated financial statements for the year of 2018 of the Company. The announcement on the profit distribution of A shares was published on 16 July 2019 on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the website of Shanghai Stock Exchange. As at 29 July 2019, the implementation of the profit distribution plan of the Company for 2018 has been completed.

(3) Profit distribution plan for 2019

Pursuant to the relevant requirements of the Company Law and the Articles of Association, taking into account factors such as shareholder returns and the capital requirements of the Company for its business development, and in accordance with the "Resolution on the Profit Distribution Plan for 2019 of the Company" which was passed at the 36th meeting of the fourth session of the Board, the details of the profit distribution plan are set out below: the retained profits of the Company at the beginning of 2019 was RMB49,906,924,530.36 based on the audited financial report of the Company for 2019. After taking into account the added net profit realised by the Company of RMB13,601,467,227.98 during the year and deducting the cash dividends for 2019 and interest payments on perpetual notes amounting to RMB4,660,487,331.13, and with 10% of the net profit of the Company, i.e. RMB1,360,146,722.80, being appropriated to its surplus reserve, the distributable profit of the Company to shareholders amounted to RMB57,487,757,704.41 for the year. A cash dividend of RMB1.69 per 10 shares (tax inclusive) is proposed to be distributed. Based on the Company's total share capital of 24,570,929,283 shares as at 31 December 2019, the total amount of such dividend is RMB4,152,487,048.83 (tax inclusive), representing 17.5% of net profit attributable to the Company's shareholders under the consolidated financial statements for the current year of the Company. Upon the distribution, the remaining retained profit of the Company amounting to RMB53,335,270,655.58 will be carried forward to the next year.

The independent directors of the Company have expressed their opinions on the plan, and the above plan is still subject to the approval of the 2019 annual general meeting of the Company. Minority shareholders will be offered sufficient opportunities to express their views and requests at the 2019 annual general meeting of the Company through the combination of on-site open voting and online voting to ensure that their legal rights are fully safeguarded.

(4) Information on the profit distribution for 2019

In 2019, the Company intends to make a cash dividend at 17.5% of net profit attributable to the listed company's shareholders under the consolidated financial statements for the current year of the Company, which is lower than the proportion in the guidelines, mainly based on the following considerations:

(i) Situation and characteristics of the industry of the Company

In terms of the external macro environment, affected by the COVID-19 epidemic, the internal and external environment facing China's economic development is becoming increasingly complicated and the economy is under further downward pressure. The growth rate of the infrastructure construction market has gradually slowed down, and industry competition has become fiercer.

In terms of the domestic and international infrastructure construction market, the Company is still in a period of great opportunities. Firstly, the implementation of major national strategies is accelerated. Development plans such as the co-development of Beijing-Tianjin-Hebei, integration of the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Xiong'an New District, Hainan Free Trade Zone, Yangtze River Economic Belt, and the Ecological Protection of the Yellow River Basin have successively put into implementation, and a large number of infrastructure construction projects have been accelerated. Secondly, the policy dividend comes into being thanks to the strengthening of areas of weakness in the infrastructure. China has stepped up counter-cyclical adjustments, strengthened and improved the "stability in six key areas" measures, and the favorable factors of the infrastructure construction market have shown constantly. Areas such as the high-speed rail, urban rail, renovation of shanty towns, renovation of old quarters, logistics network construction, water conservancy and hydropower, ecological environment protection and urban renewal have unlimited business opportunities and huge development space. Thirdly, technological innovation and industrial upgrading have injected reform momentum. With the rapid rise of new technologies such as artificial intelligence, big data, cloud computing, and blockchain, and the widespread use of new materials and processes, a large number of new industries, new formats, and new models have been born. Fourthly, the policy hedging the impact of the outbreak has boosted development confidence. With the implementation of the country's boosting policies for finance and taxation, and measures to stabilize growth in various places, the construction market is facing recovery and compensatory growth opportunities. Fifthly, the Belt and Road Initiative has developed in depth, providing significant opportunities for expanding overseas markets.

(ii) The Company's development stage and its own business model

At present, the Company is at a stage of rapid development and strategic upgrade. While the business scale has been expanding year by year, the Company is strengthening further reform, core competitiveness enhancement and development quality improvement, especially the scale of investment is increasing year by year, which causes more funding pressure on the Company.

(iii) Profitability level and demands on the funds of the Company

In recent years, based on the steady growth of the Company's operating scale and the sound operation of various types of business, the Company's profitability has been continuously improved, profits have increased year by year, and each year's annual profits has recorded the best in history; for the year of 2019, the Company's net profit attributable to shareholders of the Company increased by 37.68% year-on-year, and the basic earnings per share increased by 32.31% year-on-year. In 2020, in order to successfully complete the Company's in-hand infrastructure construction contract and the expected new contracts signed in the year, a certain scale of construction equipment needs to be purchased. The capital expenditures indicate a large amount of funds are required. The Company's investment in infrastructure PPP projects is large, and the investment and construction funds are in great demand in 2020. At the same time, real estate projects under construction need more development efforts in order to quickly return funds. The Company will rationally arrange fund requirements according to business development needs, improve the efficiency of fund use and serve the Company's sustainable and healthy development, so as to create greater benefits for the Company.

(iv) Reasons for the Company's low level of cash dividends

The construction sector, to which the Company belongs, is a sector with adequate competition. In this sector, market competition is extremely intensified, general gross profit margin is low, asset-liability ratio is high, amounts of receivables and stocks are high and construction projects are all-sided, single buildings are large-sized and the production cycle is long, so the Company has large demands on the funds in order to maintain daily operation and turnover, and shall not adopt high cash dividend policies.

In order to seize market opportunities, continue to deepen the Company's strategies, enhance structural adjustments and transformation and upgrading, and seek new growth points for benefits, a large amount of capital investment is required in the areas of infrastructure business and overseas business, and appropriate retained earnings need to be accumulated to resolve fund issues during development.

(v) The exact purpose of the Company's retained undistributed profits and estimated earnings

In 2020, the theme of development of the Company is to accelerate the adjustment of industrial structure based on adherence to the traditional core businesses of the infrastructure sector, strive to promote relevant diversified development and go all out to create more and greater value or returns for the Company and its shareholders. The Company will firmly seize new market opportunities and stabilize capital expenditures such as fixed assets, intangible assets, and equity investments to meet the needs of production and development. At the same time, the Company will continue to consolidate and expand shares on traditional advantageous markets such as the railways, highways and urban rails, increase investment in incremental markets, make good use of relevant national supportive policies, and effectively expand room for development in new areas and markets such as the urban construction, environmental governance, new infrastructure construction, public health service infrastructure and prefabricated buildings. The Company will further enhance the intensity of reform, proactively adapt to the investment and financing system reform and market situation, change the investment concept, and accelerate the transformation from a contractor to an "investor + builder + operator".

(vi) All the independent directors of the Company express the following independent opinions on the reasonability of the above 2019 profit distribution plan: ① When formulating the 2019 profit distribution plan, the Company has considered the characteristics of the construction sector, to which the Company belongs, the development stage, the operation mode and funds demands of the Company and other relevant factors and the plan complies with the actual conditions of the Company. ② The proportion of the cash dividends in 2019 to the net profit attributed to the shareholders of the Company presented in the consolidated statement of profit of the year is 17.5%, higher than the distribution proportion of 2018, and the net profit keeps rising in each year and the distribution base continues to grow, which, on one hand, guarantees the continuity and sustainable development of the profit distribution policy of the Company and complies with the policy specified in the Articles of Association on cash dividends and middle-and-long-term plans of returns to shareholders, and, on the other hand, not only brings reasonable returns to investment to investors, but also keeps the operation of the Company normal. Therefore, we believe that the 2019 profit distribution plan of the Company is reasonable, and the independent directors agree on the profit distribution plan.

5.1.2 The plan or budgets for dividend distribution for ordinary shares or capitalisation of capital reserves of the Company for the latest three years (including the reporting period)

Unit: RMB100 million Currency: RMB

Year of dividend distribution	Number of bonus shares for every 10 shares *(share)*	Dividend amount per 10 shares (tax inclusive) *(RMB)*	Number of shares for every 10 shares *(share)*	Amount of cash dividend (tax inclusive)	Net profit attributable to shareholders of the parent company during the year of dividend distribution under the consolidated financial statements	Percentage in net profit attributable to shareholders of the parent company under the consolidated financial statements *(%)*
2019	0	1.69	0	41.52	236.78	17.5
2018	0	1.28	0	29.24	171.98	17
2017	0	1.13	0	25.81	160.67	16

5.1.3 The inclusion of shares repurchased through cash offer in cash dividend

Not applicable

5.1.4 If profits for the reporting period and the distributable profit of the parent company to ordinary shareholders are positive and no profit distribution plan in cash for the ordinary shares is proposed, the Company should disclose the reasons as well as the use and intended use of the retained profits in details

Not applicable

5.2 Performance Status of Undertakings

5.2.1 Undertakings made by undertaking parties, including the ultimate controller, shareholders, related parties, acquirers of the Company and the Company given or subsisting in the reporting period

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Timing and duration of undertaking	Whether there is a deadline for performance	Whether duly complied	If not duly complied, describe the specific reasons	If not duly complied, describe future plans
IPO-related undertakings	Dealing with competition in the industry	CREC	Upon the establishment of China Railway in accordance with the law, CREC and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or assist in the engagement or participation in any business that competes, or is likely to compete with the core businesses of China Railway and its subsidiaries. If CREC or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the core businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and undertakes that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CREC or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CREC warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.	No	No	Yes	/	/
Undertakings related to refinancing	Other undertakings	CREC	If China Railway is subject to administrative penalties or currently under formal investigation due to any undisclosed violation of laws and regulations in respect of the delay in developing acquired land, land speculation, hoarding of properties and driving up of property prices by price-rigging, which cause losses to China Railway and its investors, CREC shall bear the liability for compensation according to the requirements of the relevant laws and administrative regulations and as required by the securities regulatory authorities.	Long term	No	Yes	/	/

Note 1: *For details of the relevant undertakings made by the Company and CREC during the material asset restructuring of China Railway Erju Co., Ltd. (renamed as China Railway Hi-Tech Industry Co., Ltd. in March 2017, stock code: 600528), a subsidiary of the Company, please refer to the Report on the Material Asset Swap and Share Issuance for Asset Acquisition, Fundraising and Related Party Transaction of China Railway Erju Co., Ltd. (Revision) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 21 September 2016. The Company and CREC are currently duly complying with all the undertakings.*

Note 2: *The Company issued the Letter on Extending the Performance Term of Undertakings on Certain Contingencies to China Railway Hi-Tech Industry Co., Ltd. on 20 December 2018, pursuant to which, the performance term of the undertaking in relation to apply for ownership certificates for defective real estate was changed, which was considered and approved by the shareholders' general meeting of China Railway Hi-Tech Industry Co., Ltd. on 12 March 2019. Details of which please refer to the Announcement of China Railway High-tech on Extending the Performance Term of Undertakings on Certain Contingencies by the Controlling Shareholder of the Company published at the website of Shanghai Stock Exchange (http://www.sse.com.cn) on 29 December 2018.*

Note 3: *For details of the relevant undertakings made by the Company and CREC during the share issuance for asset acquisition, please refer to the Report on the Share Issuance for Asset Acquisition of China Railway Group Limited (Revision) published on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on 31 May 2019. The Company and CREC are currently duly complying with all the undertakings.*

5.2.2 If the Company has made a profit forecast to its assets or projects, and the profit estimate period is within the reporting period, the Company's explanation on whether its assets or projects would meet its profit forecast and the reasons thereof

Not applicable

5.2.3 Fulfillment of undertakings and its impact on goodwill impairment test

Not applicable

5.3 Fund Appropriation and Progress of Collection During the Reporting Period

Not applicable

5.4 Explanation of the Company on the "Modified Audit Report" from Auditors

Not applicable

5.5 Analysis and Explanation of the Company on the Reasons for and Impacts of the Changes in Accounting Policies or Accounting Estimates or Correction of Material Accounting Errors

5.5.1 Analysis and explanation of the Company on the reasons for and impacts of the changes in accounting policies or accounting estimates

The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 21 – Leases, Accounting Standards for Business Enterprises No. 12 – Debt Restructuring, Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets, Notice on Revising and Issuing the 2019 Versions of General Corporate Financial Statement Templates (Cai Kuai [2019] No. 6), and Notice of the Ministry of Finance on Revising and Issuing the Format of 2019 Consolidated Financial Statements (Cai Kuai [2019] No. 16) (the "**Notices**"), respectively in 2018 and 2019. The Company has prepared the financial statements for 2019 in accordance with the above amendments and Notices. The change of accounting policies was made by the Company according to the relevant regulations issued by the Ministry of Finance as of the date of this announcement, combining the specific circumstances of the Company. For details on the impact on the Company, please refer to the notes in the financial report in section 6 of this announcement.

5.5.2 Analysis and explanation of the Company on the reasons for and impacts of correction of material accounting errors

Not applicable

5.5.3 Communications with former auditors

Not applicable

5.5.4 Others

Not applicable

5.6 Appointment and Removal of Auditors

Unit: Ten thousand   Currency: RMB

	Current engagement
Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP
Remuneration of domestic accounting firm	3,110
Term of domestic accounting firm	3 years
Name of international accounting firm	PricewaterhouseCoopers
Remuneration of international accounting firm	220
Term of international accounting firm	3 years

	Name	Remuneration
Accounting firm for internal control audit	PricewaterhouseCoopers Zhong Tian LLP	180

Explanation on the appointment and removal of auditors

On 29 March 2019, two resolutions including the Resolution on the Appointment of Auditors for 2019 and the Resolution on the Appointment of Internal Control Auditors for 2019 were considered and passed at the twentieth meeting of the fourth session of the Board. These resolutions were then considered and passed at the 2018 annual general meeting of the Company on 25 June 2019. The Company has engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2019 and engaged PricewaterhouseCoopers Zhong Tian LLP as the internal control auditors for 2019. For details of such changes, please refer to the Announcement of China Railway Group Limited on Resolutions of Annual General Meeting of 2018 disclosed by the Company on the website of the Shanghai Stock Exchange on 26 June 2019.

5.7 Risk of Suspension of Listing

5.7.1 Reason for suspension of listing

Not applicable

5.7.2 Response measures to be adopted by the Company

Not applicable

5.8 Delisting and the Reasons Thereof

Not applicable

5.9 Matters Relating to Insolvency or Restructuring

Not applicable

5.10 Material Litigation and Arbitration

Not applicable

5.11 Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders, Ultimate Controller and Acquirer

Not applicable

5.12 Integrity of the Company, its Controlling Shareholders and Ultimate Controllers during the Reporting Period

Not applicable

5.13 Share Incentive Scheme, Employee Stock Ownership Plan and Other Incentive Measures and the Impacts Thereof

5.13.1 Incentives which were disclosed in announcement without subsequent progress or changes

Not applicable

5.13.2 Incentives which were undisclosed in announcement or might have had subsequent progress

Not applicable

5.14 Significant Related Party Transactions

5.14.1 Related party transactions in ordinary course of business

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Unit: Thousand Currency: RMB

Related parties	Related relationship	Type of related party transaction	Particulars of the related party transaction	Pricing method of related party transaction	Price of related party transaction	Amount of related party transaction	Percentage of transaction value to the same type of transactions *(%)*
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Receipt of labor services	Lease of office premises, etc.	Contract price	24,030	24,030	Less than 1%
China Railway State Assets Management Co., Ltd.	Wholly-owned subsidiary of parent company	Receipt of labor services	Receipt of comprehensive services	Contract price	24,120	24,120	Less than 1%
Total					48,150	48,150	

Description of related party transactions	The above two transactions resulted from the implementation during the reporting period of the Premises Leasing Agreement and Comprehensive Services Agreement renewed by the Company and CREC on 27 December 2018. The term of both agreements is three years. The total transaction amount involved was within the decision-making authority of the Board and was considered and approved at the 18th meeting of the fourth session of the Board, which complied with the relevant requirements of The Rules Governing the Listing of Stock on Shanghai Stock Exchange. Meanwhile, the Premises Leasing Agreement and Comprehensive Services Agreement were exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as the annual caps of such transactions were within the de minimis exemption under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(3) Matters undisclosed in announcement

Not applicable

5.14.2 Related party transactions in relation to acquisition and disposal of assets

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or change

Not applicable

(3) Matters undisclosed in announcement

Not applicable

(4) If agreement upon performance is involved, the performance achievements during the reporting period shall be disclosed

Not applicable

5.14.3 Significant related party transactions in relation to joint external investment

(1) Matters which were disclosed in announcement without subsequent progress or changes

Not applicable

(2) Matters which were disclosed in announcement with subsequent progress or changes

Not applicable

(3) Matters undisclosed in announcement

Not applicable

5.14.4 Amounts due from/to related parties

(1) *Matters which were disclosed in announcement without subsequent progress or changes*

Not applicable

(2) *Matters which were disclosed in announcement with subsequent progress or changes*

Not applicable

(3) *Matters undisclosed in announcement*

Not applicable

5.14.5 Others

(1) *Related party guarantees*

Unit: Thousand Currency: RMB

Guarantor	Guarantee	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled
CREC *(Note)*	China Railway	5,000,000	January 2010	January 2020	No
CREC *(Note)*	China Railway	3,500,000	October 2010	October 2025	No
CREC *(Note)*	China Railway	2,500,000	October 2010	October 2020	No

Note: These are unconditional and irrevocable joint and several liability guarantees provided by CREC for the entire amount of the 10-year 2010 Corporate Bonds (Tranche 1) issued by the Company in January 2010 and the 15-year 2010 Corporate Bonds (Tranche 2) and 10-year 2010 Corporate Bonds (Tranche 2) issued in October 2010. As at 31 December 2019, the remaining payable amount of abovementioned bonds was RMB11,266,893,000 (31 December 2018: RMB11,260,367,000).

As at 27 January 2020, the related party guarantees provided by CREC for the 10-year 2010 Corporate Bonds (Tranche 1) issued by the Company in January 2010 has been released.

(2) Related party transactions in respect of financial services

Unit: Thousand Currency: RMB

Item	**Related Party**	**31 December 2019**	31 December 2018
Loans	CREC	**150,000**	1,950,000

Unit: Thousand Currency: RMB

Item	**Related Party**	**31 December 2019**	31 December 2018
Deposit-taking *(Note)*	CREC	**154,569**	144,681
Deposit-taking *(Note)*	China Railway State Assets Management Co., Ltd.	**110,025**	8,029

Note: In order to increase the Company's utilisation efficiency of funds, reduce settlement fees, lower interest expenses and obtain funding support, the Proposal on the Financial Services Framework Agreement between China Railway Finance Co., Ltd. and China Railway Engineering Group Co., Ltd. was considered and passed at the 18th meeting of the fourth session of the Board convened by the Company on 7 December 2018, in which it was agreed that China Railway Finance Co., Ltd., a subsidiary of the Company, would renew the Financial Services Framework Agreement (the agreement would expire on 31 December 2021) with CREC, the controlling shareholder of the Company, and provide deposits, loans and other financial services to CREC and its subsidiaries pursuant to the agreement. For details, please see the relevant announcement of the Company dated 28 December 2018 published on the website of the Shanghai Stock Exchange.

As at 31 December 2019, the balance of the loan provided by China Railway Finance Co., Ltd. to CREC was RMB150 million. During the reporting period, the daily loan balance (including interest accrued) obtained by CREC from China Railway Finance Co., Ltd. did not exceed the maximum amount stipulated in the Financial Services Framework Agreement; and the maximum daily balance of deposits (including interest accrued) of the deposit service provided by China Railway Finance Co., Ltd. to CREC and its subsidiaries did not exceed the maximum amount stipulated in the Financial Services Framework Agreement.

(3) Other related party transactions

Unit: Thousand Currency: RMB

Item	Related Party	Amount of the current period	Amount of the corresponding period last year
Interest income	CREC	112,266	27,000
Interest expense	CREC	3,344	5,940
Interest expense	China Railway State Assets Management Co., Ltd.	1,701	102
Interest expense on lease liabilities	China Railway State Assets Management Co., Ltd.	416	0

Note: The interest income represents the interest receivable by China Railway Finance Co., Ltd., a subsidiary of the Company, from CREC for the loans to CREC. The interest expenses represent the interest payable by China Railway Finance Co., Ltd. to CREC and China Railway State Assets Management Co., Ltd. for deposit-taking.

5.15 Material Contracts and Their Performance

5.15.1 Trusteeship, contracting and leasing

(1) Trusteeship

Not applicable

(2) Contracting

Not applicable

(3) Leasing

Not applicable

5.15.2 Guarantees

Unit: Thousand Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guarantee	Guarantee amount	Commencement date of guarantee (agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled	Overdue	Overdue amount	Counter-guarantee available	Guarantee provided to related parties	Related party relationship
Guarantee provided by the Company (excluding those provided to subsidiaries)													
China Railway Group Limited	The Company	Linha Railway Co., Ltd.	504,890.00	2008/6/30	2008/6/30	2027/6/20	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Group Limited	The Company	Yunnan Fuyan Expressway Co., Ltd.	749,000.00	2015/4/5	2015/4/5	2027/11/1	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Group Limited	The Company	Shaanxi Yulin Shen-jia-mi Expressway Co., Ltd.	3,459,900.00	2015/4/29	2015/4/29	2038/12/1	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway No.2 Construction Co., Ltd.	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	525,000.00	2007/8/30	2007/8/30	2020/12/20	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway No.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Xuzhou Yingbin Expressway Construction Co., Ltd.	1,190,000.00	2018/10/22	2018/10/30	2028/10/29	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Wuhan Yangsigang Bridge Co., Ltd.	2,325,245.00	2015/12/24	2015/12/24	2023/11/24	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	6,250.00	2019/11/11	2019/11/11	2039/8/23	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Tunnel Group Co., Ltd.	Wholly-owned subsidiary	China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation	60,396.20	2012/12/29	2012/12/29	2020/6/30	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Shanghai Group Co., Ltd.	Wholly-owned subsidiary	Fangchenggang China Railway Diluyuan Investment Development Co., Ltd.	5,000.00	2019/5/8	2019/5/8	2030/12/31	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway International Group Co., Ltd.	Wholly-owned subsidiary	MontagProp Proprietary Limited	71,025.00	2015/7/3	2015/7/3	2020/7/30	Suretyship of joint and several liability	No	No	–	No	No	–
China Railway Communications Investment Group Co., Ltd.	Wholly-owned subsidiary	Henan Pingzheng Expressway Development Co., Ltd.	803,800.00	2016/6/1	2016/6/1	2028/9/30	Suretyship of joint and several liability	No	No	–	No	No	–
China Southern Investment Group Co., Ltd	Wholly-owned subsidiary	Shantou Niutianyang Expressway Investment Development Co., Ltd.	433,690.70	2019/8/7	2019/8/7	2042/8/23	Suretyship of joint and several liability	No	No	–	No	No	–

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	7,456,540.70
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	10,134,196.90
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	2,955,132.90
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	43,875,831.60
Aggregate guarantee of the Company (including those provided to subsidiaries)	
Aggregate guarantee (A+B)	54,010,028.50
Percentage of aggregate guarantee to net assets of the Company (%)	24.39
Representing:	
Amount of guarantee provided to shareholders, ultimate controller and their related parties (C)	0
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratios over 70% (D)	47,374,546.10
Excess amount of aggregate guarantee over 50% of net assets (E)	0
Aggregate amount of the above three categories (C+D+E)	47,374,546.10
Statement on the contingent joint and several liability in connection with unexpired guarantee	
Statement on guarantee	As at 31 December 2019, the aggregate guarantee of China Railway Group Limited (consolidated) in relation to real estate mortgage was RMB36,075,229,100.

5.15.3 Management of cash assets entrusted to third parties

(1) Entrusted wealth management

(i) Overview of entrusted wealth management

Unit: Ten thousand Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Trust financial product	Self-owned funds	349,830.00	348,830.00	1,000.00

Others:

Not applicable

(ii) Breakdown of entrusted wealth management

Unit: Ten thousand Currency: RMB

Trustee	Type of entrusted wealth management	Entrusted wealth management amount	Commencement date	Termination date	Source of funds	Investment target	Determination of returns	Annualized yield rate	Expected gains (if any)	Actual gains or losses	Actual recovery	Whether followed the statutory procedures	Future entrusted wealth management plan available	Amount of impairment provision (if any)
CCB Trust Co., Ltd.	Trust financial product	32,925.00	2016/9/3	2021/9/3	Self-owned funds	Chengdu Metro Line No. 1, 3 & 7	By agreement	–	–	1,593.19	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	1,500.00	2014/9/5	2021/9/5	Self-owned funds	Chongqing Metro Line No. 10	By agreement	–	–	193.14	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	1,500.00	2014/3/11	2021/3/11	Self-owned funds	Chongqing Metro Line No. 5	By agreement	–	–	969.75	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	1,000.00	2015/12/18	2021/6/18	Self-owned funds	BT project of roadwork in Zhaoqing	By agreement	10.00	100.00	586.52	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	12,135.00	2016/11/2	2020/11/2	Self-owned funds	Phase two of PPP project of roadwork in Zhaoqing	By agreement	6.40	776.64	–	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	5,000.00	2015/12/25	2020/12/25	Self-owned funds	BT project of roadwork in Zhaoqing	By agreement	6.90	345.00	–	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	7,500.00	2016/2/2	2021/2/2	Self-owned funds	BT project of roadwork in Zhaoqing	By agreement	6.40	480.00	106.46	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	5,000.00	2017/4/12	2045/4/12	Self-owned funds	PPP project of Pingtan Tunnel	By agreement	6.40	320.00	231.43	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	11,000.00	2017/9/15	2037/9/15	Self-owned funds	Phase three of PPP project of roadwork in Zhaoqing	By agreement	6.10	671.00	331.45	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	9,200.00	2018/6/12	2037/9/15	Self-owned funds	Phase three of PPP project of roadwork in Zhaoqing	By agreement	6.10	561.20	681.73	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	4,390.00	2018/6/21	2020/6/21	Self-owned funds	PPP project of Hancheng National Highway 327	By agreement	6.80	280.96	154.23	–	Yes	No	–
China Railway Trust Co., Ltd.	Trust financial product	30,766.67	2015/12/9	2021/12/9	Self-owned funds	Beijing-Shanghai Expressway – Jinan Link project	By agreement	4.75	13,909.44	2,721.07	30,766.67	Yes	No	–
China Railway Trust Co., Ltd.	Trust financial product	60,000.00	2016/8/3	2023/8/3	Self-owned funds	Shandong Tai'an-Dong'e Expressway project	By agreement	4.90	17,856.91	–	–	Yes	No	–

Trustee	Type of entrusted wealth management	Entrusted wealth management amount	Commencement date	Termination date	Source of funds	Investment target	Determination of returns	Annualized yield rate	Expected gains (if any)	Actual gains or losses	Actual recovery	Whether followed the statutory procedures	Future entrusted wealth management plan available	Amount of impairment provision (if any)
China Railway Trust Co., Ltd.	Trust financial product	51,333.33	2016/11/23	2022/11/23	Self-owned funds	Shandong Weifang-Rizhao Expressway project	By agreement	4.75	15,855.22	9,480.94	25,666.67	Yes	No	–
China Railway Trust Co., Ltd.	Trust financial product	15,000.00	2019/3/19	2021/3/19	Self-owned funds	Renovation of shanty towns in Zunyi	By agreement	10.00	2,820.00	–	–	Yes	No	–
Minmetals International Trust Co., Ltd.	Trust financial product	4,000.00	2019/6/4	2021/6/4	Self-owned funds	Company equity investment in PPP project	By agreement	–	–	5.17	–	Yes	No	–
CITIC Railway Trust Co., Ltd.	Trust financial product	100.00	2014/11/1	2021/12/31	Self-owned funds	BT project of Jiangxi Nanchang Jiulong Lake Tunnel	By agreement	2	8.00	–	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	8,750.00	2016/4/1	2028/4/1	Self-owned funds	PPP project of infrastructure in the Huzhou Economic & Technological Development Zone in Zhejiang Province	By agreement	0	603.75	381.46	8,750.00	Yes	No	–
CITIC Railway Trust Co., Ltd.	Trust financial product	54,220.00	2019/5/20	2022/5/20	Self-owned funds	Shanghai Chunfeng Project in Kunming	By agreement	9.5	–	3,036.20	–	Yes	No	–
CCB Trust Co., Ltd.	Trust financial product	6,400.00	2016/12/28	2031/12/27	Self-owned funds	PPP project of Liuzhou Guantang Bridge	By agreement	5.5	3,520.00	–	–	Yes	No	–
Zhonghai Trust Co., Ltd.	Trust financial product	300.00	2011/4/6	2016/4/7	Self-owned funds	Capital contribution to a joint venture	By agreement	0	–	–	–	Yes	No	–
Zhonghai Trust Co., Ltd.	Trust financial product	700.00	2011/4/6	2016/4/7	Self-owned funds	Capital contribution to a joint venture	By agreement	0	–	–	–	Yes	No	–
CITIC Railway Trust Co., Ltd.	Trust financial product	27,110.00	2019/5/24	2022/5/24	Self-owned funds	Development and construction of plots A11, 12, 13, and 14 on the east coast of Caohai, Kunming	By agreement	9.5	7,733.41	1,519.15	–	Yes	No	–

Others:

Not applicable

(iii) Provision for impairment of entrusted wealth management

Not applicable

(2) Entrusted loans

(i) Overview of entrusted loans

Unit: Ten thousand Currency: RMB

Type	Source of capital	Amount incurred	Unexpired balance	Overdue outstanding amount
Entrusted loans	Self-owned funds	615,000.00	615,000.00	0

Others:

Not applicable

(ii) Breakdown of entrusted loans

Unit: Ten thousand Currency: RMB

Trustee	Type of entrusted loan	Entrusted loan amount	Commencement date	Termination date	Source of capital	Investment target	Determination of returns	Annualized yield rate	Expected gains (if any)	Actual gains or losses	Actual recovery	Whether followed the statutory procedures	Future entrusted loan plan available	Amount of impairment provision (if any)
China Railway Finance Co., Ltd.	Entrusted loans	16,000.00	2019-03-13	2020-03-12	Self-owned funds	Payment of principal and interest by Dianzhong	By agreement	4.79	765.60	623.11	–	Yes	No	83.91
China Railway Finance Co., Ltd.	Entrusted loans	5,600.00	2019-06-18	2020-06-17	Self-owned funds	Payment of principal and interest by Dianzhong	By agreement	4.79	267.96	145.89	–	Yes	No	41.14
Sales Department of Agricultural Bank of China, Hunan Branch	Entrusted loans	20,000.00	2017-09-08	2024-12-20	Self-owned funds	Changsha Metro Line No. 5 Project	By agreement	5.39	7,546.00	1,092.97	–	Yes	No	310.48
Sales Department of Agricultural Bank of China, Hunan Branch	Entrusted loans	10,000.00	2016-09-29	2024-12-20	Self-owned funds	Changsha Metro Line No. 5 Project	By agreement	5.39	4,312.00	546.49	–	Yes	No	155.24
China Railway Finance Co., Ltd.	Entrusted loans	4,800.00	2019-09-06	2020-09-05	Self-owned funds	Payment of principal and interest by Dianzhong	By agreement	4.79	229.68	74.01	–	Yes	No	44.59
China Railway Finance Co., Ltd.	Entrusted loans	28,000.00	2019-11-11	2020-11-10	Self-owned funds	Payment of principal and interest by Dianzhong	By agreement	4.79	1,339.80	186.08	–	Yes	No	273.93
China Railway Finance Co., Ltd.	Entrusted loans	22,000.00	2019-01-18	2020-01-17	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	86.40	–	–	Yes	No	38.97
China Railway Finance Co., Ltd.	Entrusted loans	17,000.00	2019-03-13	2020-03-12	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	213.63	–	–	Yes	No	89.15
China Railway Finance Co., Ltd.	Entrusted loans	10,000.00	2019-05-24	2020-05-23	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	238.77	–	–	Yes	No	57.96
China Railway Finance Co., Ltd.	Entrusted loans	22,500.00	2019-06-11	2020-06-10	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	600.84	–	–	Yes	No	165.23
China Railway Finance Co., Ltd.	Entrusted loans	30,000.00	2019-08-22	2020-08-21	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	1,140.43	–	–	Yes	No	235.52
China Railway Finance Co., Ltd.	Entrusted loans	31,000.00	2019-09-09	2020-09-08	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	1,266.09	–	–	Yes	No	287.76

Trustee	Type of entrusted loan	Entrusted loan amount	Commencement date	Termination date	Source of capital	Investment target	Determination of returns	Annualized yield rate	Expected gains (if any)	Actual gains or losses	Actual recovery	Whether followed the statutory procedures	Future entrusted loan plan available	Amount of impairment provision (if any)
China Railway Finance Co., Ltd.	Entrusted loans	50,000.00	2019-11-11	2020-11-10	Self-owned funds	Payment of principal and interest by Fuyan	By agreement	5.66	2,536.90	–	–	Yes	No	488.95
China Railway Finance Co., Ltd.	Entrusted loans	5,000.00	2019-06-18	2020-06-17	Self-owned funds	Payment of principal and interest by Pingzheng	By agreement	4.35	106.94	–	–	Yes	No	36.74
China Railway Finance Co., Ltd.	Entrusted loans	26,900.00	2019-10-14	2020-10-13	Self-owned funds	Payment of principal and interest by Pingzheng	By agreement	4.35	958.87	–	–	Yes	No	226.05
China Railway Finance Co., Ltd.	Entrusted loans	4,000.00	2019-06-18	2020-06-17	Self-owned funds	Payment of principal and interest by Shen-jia-mi Expressway	By agreement	4.35	85.55	–	–	Yes	No	29.39
China Railway Finance Co., Ltd.	Entrusted loans	5,000.00	2019-06-18	2020-06-17	Self-owned funds	Payment of principal and interest by Yulin-Shenmu highway	By agreement	4.35	106.94	–	–	Yes	No	36.74
China Railway Finance Co., Ltd.	Entrusted loans	51,000.00	2019-07-17	2020-07-16	Self-owned funds	Payment of principal and interest by Miansui Expressway	By agreement	4.35	1,269.48	–	–	Yes	No	326.20
China Railway Finance Co., Ltd.	Entrusted loans	21,000.00	2019-09-17	2020-09-16	Self-owned funds	Payment of principal and interest by Miansui Expressway	By agreement	4.35	680.05	–	–	Yes	No	195.13
China Railway Finance Co., Ltd.	Entrusted loans	23,000.00	2019-11-11	2022-11-10	Self-owned funds	Payment of principal and interest by Miansui Expressway	By agreement	4.75	3,195.56	–	–	Yes	No	331.87
China Railway Finance Co., Ltd.	Entrusted loans	5,000.00	2019-08-22	2020-08-21	Self-owned funds	Payment of principal and interest by Cenxi-Cangwu Expressway	By agreement	4.79	160.83	–	–	Yes	No	39.26
China Railway Finance Co., Ltd.	Entrusted loans	33,000.00	2019-03-28	2020-03-27	Self-owned funds	Payment by Guangxi Expressway for the acquisition of Yulin-Shenmu Highway	By agreement	4.79	416.69	–	–	Yes	No	173.06
China Railway Finance Co., Ltd.	Entrusted loans	58,200.00	2019-11-11	2022-11-10	Self-owned funds	Gap of capital dividends from Guangxi Expressway	By agreement	5.23	8,894.78	–	–	Yes	No	839.26
China Railway Finance Co., Ltd.	Entrusted loans	60,000.00	2019-12-02	2022-12-01	Self-owned funds	Funding cap of subsidiaries of Guangxi Expressway	By agreement	5.23	9,352.75	–	–	Yes	No	890.99
China Railway Finance Co., Ltd.	Entrusted loans	56,000.00	2019-12-03	2022-12-02	Self-owned funds	Funding cap of subsidiaries of Guangxi Expressway	By agreement	5.23	8,737.36	–	–	Yes	No	831.60

Others:

Not applicable

(iii) Provision of impairment of entrusted loans

Not applicable

(3) Others

Not applicable

5.15.4 Other material contracts

(1) Material contracts signed during the reporting period

(i) Infrastructure construction business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Railway						
1	China Railway No. 3 Engineering, China Railway No. 4 Engineering, China Railway Guangzhou, China Railway Shanghai	Construction Headquarters Office of Nanjing Railway Terminal Project of China Railway Shanghai Group Co.,Ltd.	NYJZQ-8 Section, NYJZQ-1 Section, NYJZQ-4 Section, and NYJZQ-10 Section of the civil engineering and relating construction project of the New South Jiangsu Riverside Intercity Railway	2019.04-05	1,064,229	48 months
2	China Railway No. 3 Engineering, China Railway No. 9 Engineering, China Railway Beijing, China Railway No. 8 Engineering, China Railway Electrification, China Railway Construction	Chengdu-Lanzhou Railway Co., Ltd., South Sichuan Intercity Railway Co., Ltd., Zigong City Dongtou Construction Development Co., Ltd.	ZYZQ-1-3 Section of the civil engineering and relating construction project of the Zigong-Yibin Line of the new South Sichuan Intercity Railway; Supplementary contract: CN-3 Section of the civil engineering and relating construction project of the Neijiang-Zigong-Luzhou Line; Lump sum contract of CNSDJC-1 of the "Four Electric" system integration of the Neijiang-Zigong-Luzhou Line and related works; Lump sum contract of CNZF-1 Section of the east Zigong station building of the Neijiang-Zigong-Luzhou Line and related works, the project of supporting facilities for the east Zigong station	2019.01-03 2019.12	970,382	540-1,776 calendar days
3	China Railway Major Bridge Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering, China Railway No. 4 Engineering	Shanghai-Kunming Railway Passenger Line Zhejiang Co., Ltd.	Civil engineering and relating construction project of the new Huzhou-Hangzhou west-Hangzhou-Huangshan High-speed Railway (excluding the early commencement segment); 2 Section, 3 Section, and 4 Section of the civil engineering and relating construction project	2019.10-12	838,826	2019.11-2023.3
Highway						
1	China Railway and its subsidiaries	Shenzhen Traffic Public Facilities Construction Center	2 Section of the Shenzhen Mawan Cross-Sea Passage (Moon Bay Avenue-Yangjiang Expressway) project	2019.03	555,928	1,820 calendar days
2	China Railway No. 1 Engineering, China Railway No. 4 Engineering, China Railway Eryuan Engineering	Shaoxing Infrastructure Construction Investment Co., Ltd.	EPC contract of the improvement project of the intelligent expressway (Hu'an road to Yuexing road) of National Highway 329	2019.01	422,580	995 calendar days
3	China Railway No. 10 Engineering	Macheng Communications and Transportation Bureau	MCJY-1 Section project of the seventh batch of "integrative management of expressway construction and maintenance" (Macheng, the second time) of ordinary highways in Huanggang	2019.11	241,600	900 calendar days

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum *(RMB'0,000)*	Construction period
Municipal Works						
1	China Railway and its subsidiaries	Chengdu Rail Transit Group Co., Ltd.	EPC contract of the phase III project of Line 10 and the phase I project of Line 13 of Chengdu Rail Transit	2019.12	2,124,917	1,635 calendar days for the phase III project of Line 10 1,767 calendar days for the phase I project of Line 13
2	China Railway and its subsidiaries	Development Office of the Industrial Park of Guangzhou Nansha Development Zone	Comprehensive development project of the Qingsheng hub cluster (Qingsheng Sci-Tech education core area project)-EPC Section	2019.05	815,643	1,825 calendar days
3	China Railway and its subsidiaries	Xi'an Rail Transit Group. Co., Ltd.	EPC contract of Section 3 of Xi'an Metro Line 8	2019.11	737,731	1,523 calendar days

(ii) Survey, design and consulting services business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum *(RMB'0,000)*	Construction period
1	China Railway Liuyuan	Hubei Industrial Construction Group Co., Ltd.	EPC contract of design, procurement and construction project of sightseeing train (suspended monorail) Qingyun Cliff in Enshi	2019.10	49,200	24 months
2	China Railway Consulting	Weifang Rail Transit Construction Management Co., Ltd.	Feasibility research, survey and design project of Urban Rail Transit No. 1 (Phase I) and No. 2 in Weifang	2019.01	38,392	Until the terms of the contract are fulfilled
3	China Railway Eryuan	Sichuan Rail Transit Investment Co., Ltd.	Survey and design project of the poverty alleviation project of the mountain rail transit from Dujiangyan Irrigation System to Four Grils Mountain	2019.06	27,933	Until the terms of the contract are fulfilled

(iii) Engineering equipment and component manufacturing business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum *(RMB'0,000)*	Construction period
Engineering machinery						
1	China Railway Engineering Machinery Research & Design Institute	Jiangsu Huaxi Offshore Wind Power Engineering Co., Ltd.	Sales contract of "Warner" wind turbine installation ships	2019.07	9,670	8 months
2	China Railway Engineering Equipment	China Construction Tunnel Corporation Limited	Shield Sales & Purchase Contract	2019.05	8,962	7 months
Turnout						
1	China Railway Baoji Bridge	China Railway Design Corporation	Procurement contract of the turnout of the new Hangzhou-Shaoxing-Taizhou Railway	2019.06	24,505	From April 2019 to the completion of the project
2	China Railway Baoji Bridge	Shandong Weilai High-Speed Railway Co., Ltd.	Procurement contract of the owner-supply merchandise turnout of the civil engineering and relating construction project of the new Weifang-Laixi Railway	2019.08	10,971	From August 2019 to the completion of the project
Manufacturing and installation of steel structures						
1	China Railway Baoji Bridge and China Railway Shanhaiguan Bridge	Shenzhen-Zhongshan Corridor Management Center	G04 Section and G05 Section of the manufacturing of steel box girders of the Shenzhen-Zhongshan Cross-River Corridor project	2019.10	260,095	43 months for G04 Section and 37 months for G05 Section

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum	Construction period
					(RMB'0,000)	
2	China Railway Baoji Bridge	Project manager department for the CN-7 Section of the civil engineering and relating construction project of the port-surrounding Yangtze River Bridge along the Zigong-Yibin Line of the South Sichuan Intercity Railway of Sichuan Road and Bridge Construction Group Company Limited	Manufacturing contract of steel box girders, steel anchor beams, bond beams, and girders for the CN-7 Section of the civil engineering and relating construction project of the port-surrounding Yangtze River Bridge along the Zigong-Yibin Line of the South Sichuan Intercity Railway	2019.12	54,928	35 months

(iv) Property development business

No.	Project name	Province where the project is located	Project type	Planning area
				('0,000 m^2)
1	Land plot for the car depot at Juqu Road Station of Wuxi Metro Line 4	Jiangsu	Mixed residential and commercial project	63.92
2	Phase I of the logistics park project of Xuzhou railway	Jiangsu	Mixed residential and commercial project	47.27
3	Secondary developable plot for the renovation of shanty towns in Wanli Road, Honghuagang District, Zunyi City	Guizhou	Mixed residential and commercial project	43.68
4	No. 6 land of the China Railway Cosmopolitan Exposition project in Qingdao	Shandong	Mixed residential and commercial project	40.84
5	H plot in the Yangluo Economic Development Zone, Xinzhou District, Wuhan	Hubei	Residential	33.46

(2) Material infrastructure investment projects (BOT and PPP projects) signed during the reporting period

No.	Name of contract	Signatory	Contract sum *(RMB'00,000,000)*	Signing date
1	Investment cooperation agreement of the PPP project of phase 1 of Guiyang Rail Transit Line 3	China Railway and other parties	322.3	2019.02
2	Investment agreement of the PPP project of the Yuxi-Chuxiong Section of the G8012 Mile-Chuxiong Expressway	China Railway and other parties	319.0	2019.04
3	PPP project contract of Western section of Yinbin Transit Expressway and Yibin-Yiliang Expressway (in Sichuan)	China Railway and other parties	205.4	2019.01
4	Investment agreement of the PPP project of Chongqing Rail Transit Line 4 (Min'an Avenue-Shichuan)	China Railway and other parties	198.3	2019.05
5	Investment agreement of the PPP project of Guizhou Jinsha-Renhuai-Tongzi Expressway	China Railway and other parties	173.9	2019.04
6	Contract for injecting social capital into the construction project starting from the Dali I Section to Chuxiong Section of the Central Yunnan Water Diversion Project	China Railway and other parties	165.4	2019.11
7	Contract for the PPP project of the ecological restoration and infrastructure construction of Donghu Area of Tangshan City	China Railway and other parties	130.6	2019.07
8	Shareholders' investment agreement of the PPP project of the Yibin-Weixin Expressway (Sichuan Border Section)	China Railway and other parties	130.5	2019.01
9	Contract for injecting social capital into the construction project starting from Chuxiong Section to Honghe Section of the Central Yunnan water diversion project	China Railway and other parties	120.2	2019.11

(3) Material infrastructure investment projects (BOT and PPP projects) operated during the reporting period

No.	Name of contract	Signatory	Contract sum *(RMB'00,000,000)*	Signing date
1	BOT project of the Shaanxi Yulin-Shenmu Expressway	China Railway	51.7	2007.10
2	BOT Project of the Guangxi Cenxi-Xingye Expressway	China Railway	51.6	2005.08
3	BOT project of the Yunnan Funing-Guangnan-Yanshan Expressway	China Railway	64.4	2005.12

(4) *Strategic framework agreements signed during the reporting period*

No.	Signing time	Agreement name	Investment amount agreed *(RMB' 00,000,000)*	Main contents of agreements
1	2019-11	Strategic cooperation framework agreement between the People's Government of Tianjin Municipality and China Railway Group Limited	2,000	Strategic partnerships are established in areas including industrial manufacturing, topside property and comprehensive land development, urban rail transit, railways, characteristic towns, ecological environment, shantytown renovation, integrated pipe corridors, environmental protection water services, and municipal roads, and the principles, ideas, contents and models of cooperation, as well as the rights and obligations of both parties and cooperation mechanisms are specified.
2	2019-07	Strategic cooperation framework agreement between the People's Government of Heze Municipality and China Railway Group Limited	1,173	Strategic partnerships are established in urban development and infrastructure construction as well as in specific projects such as the Heze Rail Transit Project, the Heze Section of the Xiongshang High-Speed Rail Project, and the Heze-Lankao Section of the Lunan High-speed Rail Project, and the principles, contents and models of cooperation, as well as the rights and obligations of both parties and cooperation mechanisms are specified.
3	2019-10	Strategic cooperation framework agreement between the People's Government of Guizhou Province and China Railway Group Limited	1,500	Strategic partnerships are established in engineering fields including highways, railways, rail transit, municipal roads, water conservancy, environmental protection water services, shantytown renovation, underground pipe corridors, sponge cities, airports, and urban development and construction, and the principles, ideas and contents, models of cooperation, as well as the rights and obligations of both parties and cooperation mechanisms are specified.

5.15.5 Particulars of material properties

(1) Property held for development

Name of building or project	Address	Current land use	Site area *(square meters)*	Floor area *(square meters)*	State of completion	Expected completion date	Interests of the Company and its subsidiaries
Sichuan Heilongtan International Eco Tourism Resort Project	Renshou County, Meishan, Sichuan	Comprehensive	22,660,000	14,180,000	Under construction	2027	100%
Guiyang China Railway Yueshan Lake	Guanshan Lake District, Guiyang, Guizhou	Commercial, residential	2,360,000	2,660,000	Under construction	2020	80%
Qingdao West Coast Project	West Coast Central Vitality Zone, Qingdao	Comprehensive	863,900	1,482,700	Under construction	2029	100%
Taiyuan China Railway Nuode Mall	Chaoyang Street, Yingze District, Taiyuan	Commercial, residential	276,600	1,250,000	Under construction	2026	100%
Guiyang Qingzhen Project	Xiangchou Residential Quarters, Vocational Education Area, Qingzhen, Guiyang City, Guizhou	Commercial, residential	454,749	1,048,247	Under construction	2027	90%

(2) Property held for investment

Name	Location	Use	Tenure	Interests of the Company and its subsidiaries
Beijing Nuode Center Phase III Building S1, S2, 16 and 19	No. 1 South Yvren Road, Fengtai District, Beijing	Commercial	Medium term	100%
Tianjin Nuode Center No. 1 Building, No. 2 Building and equipped facilities	No. 50 Lvwei Road, Hebei District, Tianjin	Commercial	Medium term	100%
Beijing China Railway Mansion	No. 3 Yard, South Automobile Museum Road, Fengtai District, Beijing	Commercial	Medium term	100%
Guangzhou Nuode Center	No. 477 East Hanxi Avenue, Nancun Town, Panyu District, Guangzhou City, Guangdong	Commercial	Medium term	100%
Shanghai Nuode International Plaza	3/5 Blcok, 219 Lane, Xinzhuang Town, Minhang District, Shanghai	Commercial	Medium term	100%
Chengdu Nuode No. 1	Intersection of Guangxi Road and Huanhu Road, Shuangliu District, Chengdu, Sichuan	Commercial	Medium term	100%
China Railway Real Estate Qingdao Center	No. 8 Hong Kong Middle Road, South City District, Qingdao, Shandong	Commercial	Medium term	100%

Name	Location	Use	Tenure	Interests of the Company and its subsidiaries
Reeda Plaza	No. 46 South Shengli Road, Heping District, Shenyang, Liaoning	Commercial	Medium term	100%
China Railway South Headquarters Building	No. 3333 Houhai Center Road, Nanshan District, Shenzhen, Guangdong	Commercial	Medium term	100%
Nanjing Lukou Fur Town Shop District A-H, District J, Boutique Business District	No. 47 Xincheng Avenue, Jiangning District, Nanjing, Jiangsu	Commercial	Medium term	100%

5.16 Explanation for Other Significant Events

Not applicable

5.17 Proactive Fulfilment of Social Responsibilities

5.17.1 Poverty Relief efforts of the Company

(1) Targeted poverty alleviation planning

Under the unified arrangements of the Leading Group Office of Poverty Alleviation and Development of the State Council and the SASAC, in response to the call of the Communist Party of China and the State, CREC, our controlling shareholder, together with the Company have been active in fulfilling their social responsibilities and obligations as central enterprises. They have been participating in various targeted poverty alleviation programs since 2002. CREC and the Company have been devoting to targeted poverty alleviation by taking into account the real needs of the local people. They have been making due contributions to the timely poverty alleviation in the targeted counties by fully taking advantages of their corporate strengths and enhancing intelligence support, technical services as well as information and policy guidance. According to the "Notice on the Better Implementation of Precision Poverty Alleviation Work" (Guo Kai Ban Fa [2015] No. 27) as issued jointly by nine ministries including the Leading Group Office of Poverty Alleviation and Development of the State Council, the Company's targeted poverty alleviation counties are Rucheng and Guidong of Hunan Province and Baode of Shanxi Province. In order to better carry out our poverty alleviation work, the Company has formulated the "Implementation Plans on Targeted Poverty Alleviation Work for 2016-2020", insisting on alleviating property through measures including the implementation of poverty labor training and export, donation of fund for schooling, and implementation of industrial assistance. The Company strives to lift all registered impoverished households out of worrying clothing and food, and helps the three targeted counties officially got rid of poverty on schedule.

(2) Summary of annual targeted poverty alleviation

In 2019, a total of 18 secondary of under the Company participated in the poverty alleviation and development work, invested RMB123.66 million of dedicated funds in total, and helped nearly 3,932 registered impoverished people relieve from poverty under the help offered. The Company's headquarters invested RMB74.40 million of dedicated funds to three targeted alleviation counties, to introduce RMB916,200 of assistance funds, to train 93 grass-root cadres and 4,659 technical personnel, to purchase RMB6.6678 million of agricultural products, and to help sell RMB947,300 of agricultural products from poor areas. As the three targeted poverty alleviation counties have got rid of poverty, the Company, centering on how to consolidate the results of poverty alleviation, surpassed the various targets and tasks included in the poverty alleviation statement. An accumulative total number of 41,995 people have been lifted out of poverty in Guidong County, with the poverty incidence reduced to 0.31%; an accumulative total number of 61,773 people have been lifted out of poverty in Rucheng County, with the poverty incidence reduced to 0.46%; and an accumulative total number of 34,042 people have been lifted out of poverty in Baode County, with the poverty incidence reduced to 0.12%.

The Company takes the following major measures: First, the Company continues to increase investment in dedicated funds for poverty alleviation, with the investment in 2019 increasing by RMB31.251 million as compared to the last year. The dedicated funds for poverty alleviation were used to support the expansion and reconstruction project of the X006 Line (Tiaoyulanou to Zengkou) in Guidong County, the student dormitory project of phase II of the new vocational education center in Rucheng County, the auxiliary project of China Railway Xingfu Avenue in Baode County, the regular education projects in the three counties, the establishment of grass roots organizations involved by the first secretary, and the development of an "employment management information system for targeted alleviation". Second, the Company sets up a platform for the sale of agricultural products. The Company holds a fair for featured agricultural products from impoverished counties at the Company's headquarters, plans and carries out the "China Railway Precision Poverty Alleviation at the Community" activity with China Railway Real Estate Co., Ltd., and takes the lead in selling superior-quality featured agricultural products in the supermarkets of Beijing Capital Agribusiness Group. In 2019, the whole system consumed RMB8.3175 million of agricultural products. Third, the Company actively carries out training and labor export. The Company launches knowledge training and practical courses in the forms of "apprenticeship" and "speaking on the stage". It also trains technical personnel by organizing activities such as the precision poverty alleviation drive of "Everyone Has a Skill" in the countryside in Rucheng County, the "Good Driver of Baode" activity in Baode County, and the activity of "With a professional skill, there would be no worry about employment" in Guidong County. Among them, the "Everyone Has a Skill" training program has been awarded as the "brand program for lifelong learning" by the Ministry of Education. Meanwhile, the Company has taken the initiative to establish partnerships with the employment markets in Guangdong and Shenzhen and exported 460 people there for employment. Fourth, the Company provides assistance in solving the prominent problem of "eliminating two worries and providing three guarantees" by upholding the principle that "intelligence development takes precedence over poverty alleviation". In 2019, the Company invested RMB1.004 million to subsidize 1,209 college students from families in financial difficulty in the three counties; provided RMB100,000 to help the Qijiang Primary School in Guidong County update multimedia teaching equipment; and donated RMB100,000 and 336 sets of down jackets to the left-behind children in 11 county schools in remote areas of Baode County. Bai Zhiyong, an employee of the Company honoured as the "National Model Worker and Great National Craftsman", was hired as a visiting senior lecturer at the Vocational Education Training Center in Rucheng County, and a studio was established to promote local education; and a medical team from the Central Hospital of the China Railway No. 3 Engineering was dispatched to Tuanwo Village, Hanjiachuan Town, Baode County for physical exams for permanent residents there free of charge. Fifth, the Company strengthens external exchanges. It attends the conference of advancing poverty alleviation for enterprises from China construction industry, participates in the program of "Central Enterprises Joining Hands to Take Action Targeting Poverty Alleviation" launched by China Media Group, and cooperates with China Foundation for Poverty Alleviation where it introduces RMB580,000 non-reimbursable assistance funds. Sixth, the Company develops an "employment management information system for targeted poverty alleviation", which is tailored to the employment of workers from low income families in the three targeted poverty alleviation counties, namely Baode County, Rucheng County, and Guidong County. Currently, the system has been initially debugged and put online in some units of the Company. There are 10,086 such workers registered in the system and the Company has made public 437 suitable posts through the system. As a result, the Company can choose the impoverished people it wishes to employ and the impoverished people can choose the posts likewise.

(3) Effectiveness of targeted poverty relief efforts

Unit: Ten thousand Currency: RMB

Indicators	**Quantity & Implementation**
I. General	
Including: 1. Fund	12,366
2. Materials converted into cash	1,537
3. Number of registered impoverished people relieved from poverty under the help offered (person)	3,932
II. Investment Breakdown	
1. Poverty alleviation through industrial development	
Including: 1.1 Type of industrial projects for poverty alleviation	☑ Agricultural and forestry poverty alleviation ☐ Tourism poverty alleviation ☐ E-commerce poverty alleviation ☐ Asset income poverty alleviation ☑ Technological poverty alleviation ☑ Others
1.2 Number of industrial projects for poverty alleviation	24
1.3 Amount of investment in industrial projects for poverty alleviation	4,361
1.4 Number of registered impoverished people relieved from poverty under the help offered (person)	3,315
2. Poverty alleviation through transferred employment	
Including: 2.1 Amount of investment in occupational skill training	135.96
2.2 Number of persons receiving vocational skill training (person/time)	5,252
2.3 Number of registered impoverished people getting employed under the help offered (person)	905
3. Poverty alleviation through relocation	
Including: 3.1 Number of employment for relocated household (person)	55
4. Poverty alleviation through education	
Including: 4.1 Amount of investment in financing needy students	285
4.2 Number of poor students financed (person)	2,942
4.3 Amount of investment in improving the educational resources in poverty-stricken areas	3,028.5
5. Poverty alleviation through health	
Including: 5.1 Amount of investment in the medical and health resources of poverty-stricken areas	5.42
6. Poverty alleviation through ecological protection	
Including: 6.1 Name of Project	/
6.2 Amount of investment	–

Indicators	Quantity & Implementation
7. Baseline security	
Including: 7.1 Amount of investment in helping the elderly people, women and left-behind children in rural areas	4.25
7.2 Number of elderly people, women and left-behind children in rural areas helped (person)	380
7.3 Amount of investment in helping needy disabled people	17.50
7.4 Number of needy disabled people helped (person)	20
8. Poverty alleviation through society	
Including: 8.1 Amount of investment in coordinated eastern-western poverty alleviation	275
8.2 Amount of investment in precision poverty alleviation	9,162.48
8.3 Public social charitable fund for poverty alleviation	3
9. Other projects	
Including: 9.1 Number of projects	8
9.2 Amount of investment	122.18
9.3 Number of registered impoverished people relieved from poverty under the help offered (person)	277
9.4 Description about other projects	1 rural road construction project with assistance from China Railway Shanghai totaling RMB100,000. Providing assistance totaling RMB435,000 to 27 needy employees through 1 poverty alleviation project within the Group

III. Awards Received (Nature and Level)

1. China Railway Beijing won the trophy of Rural Revitalization Model Village from China Railway Urumqi Bureau.
2. Wang Zhong from China Railway No. 2 Engineering was named as an outstanding member of the Village Work Team in Sichuan.
3. China Railway won the award of Advanced Assistance Working Group (County Level).
4. The poverty alleviation working team of China Railway No. 4 Engineering resident in the Wangli Village, Yanghu Town, Yingshang County, Anhui Province won the honorary title of Advanced Collective of Poverty Alleviation of Anhui Provincial Unit (Sheng Zhi Gong Ban [2019] No. 97).
5. Zhang Kun, the first secretary and lead of the poverty alleviation working team of China Railway No. 4 Engineering resident in the Wangli Village, Yanghu Town, Yingshang County, Anhui Province won the honorary title of "Outstanding Poverty Alleviation Leader from China Railway" and "Model Worker from China Railway" (Zhong Tie Cheng Ban [2019] No. 51).
6. Zhang Kun, the first secretary and lead of the poverty alleviation working team of China Railway No. 4 Engineering resident in the Wangli Village, Yanghu Town, Yingshang County, Anhui Province won the honorary title of "Outstanding Member of the Communist Party in Yanghu Town, Yinshang County".

(4) Subsequent targeted poverty alleviation plan

The year of 2020 is the final year for poverty alleviation. The Company will earnestly implement the CPC's spirit of poverty alleviation and work hard to overcome difficulties, to achieve a decisive victory in poverty alleviation in 2020. First, the Company will strictly execute the specific assessment requirements of the Leading Group Office of Poverty Alleviation and Development of the State Council, carry out work as required, and ensure the implementation of specific tasks. Second, the Company will continue to do well in the survey, supervision, and inspection of poverty alleviation. Third, the Company will continue to increase investment in funds for poverty alleviation. In 2020, the Company plans to invest no less than RMB50 million funds. Fourth, the Company will give priority to the initiation and implementation of key aid projects, the all-round popularization of the "employment management information system for targeted poverty alleviation", the building of the "Day Care Center for Rural Elders", and etc.

5.17.2 Social responsibility commitments

As a leading enterprise in the construction industry, the Company has always taken being a practitioner, promoter and leader as its corporate social responsibilities. Since 2008, China Railway has started setting up a scientific, regulated, systematic and effective mechanism for corporate social responsibility management system. Based on the ten aspects of social responsibility planning, namely legal corporate governance, quality services, efficiency creation, employee development, safety supervision, technological advancement, environmental protection, charity, win-win cooperation and overseas responsibilities, a series of corporate social responsibility activities was launched in the headquarters and subsidiaries of the Company, with an aim to achieve the goals of complete coverage, full performance, gradual improvement and industry leadership in social responsibilities, making continuous outstanding contribution to the society. During the reporting period, the Company donated a total of RMB85,691,000 (2018: RMB69,233,000) for the fulfillment of social responsibilities. For details in relation to the social responsibility commitments of the Company, please see the Social Responsibility Report and ESG (Environment, Social and Governance) Report of China Railway Group Limited for 2019 as disclosed on the website of Shanghai Stock Exchange together with this announcement by the Company.

5.17.3 Environmental protection information

(1) Description of environmental protection efforts of the highly polluting companies and their key subsidiaries as announced by the environmental protection authority

Not applicable

(2) Description of environmental protection efforts of companies other than highly polluting companies

In 2019, the Company implemented in an all-round way the decisions of the CPC Central Committee and State Council on ecological civilization construction and environmental protection, and learned more about General Secretary Xi Jinping's ecological civilization thought. With ecological environmental protection as an important way to achieve high-quality development for enterprises and a mandatory political task, the Company surmounted difficulties and launched innovative initiatives to actively promote the green development of construction enterprises. By improving the environmental protection mechanism and speeding up green transformation and upgrading, the Company also strengthened prevention and control of environmental pollution. Throughout the year, no environmental pollution and ecological damage accidents were reported, and the situation of the Company's ecological environmental protection was stable and controllable, and continued to move in a positive direction.

In 2019, by identifying and evaluating the environmental factors of projects under construction and workplaces, the Company identified the environmental factors requiring key control, prepared work plans for environmental management of projects, established an ecological environmental monitoring system, and strengthened control over risk sources of ecological environment pollution and pollutant emissions, to protect and improve both the living environment and the ecological environment. The Company pays high attention to the building of the organization and management system for ecological environmental protection by extending the coverage of the system to all secondary and tertiary companies. The project departments and command posts at all levels clearly designate the leading group, competent department, and full-time staff responsible for ecological environmental protection, to ensure the full implementation of ecological environmental protection. The Company also organizes member companies to prepare and revise the Administrative Measures for Ecological Environmental Protection of the Company, urges all subsidiaries and branches to improve the supporting management system, and guides all subordinate units to formulate and refine a series of bylaws including the Administrative Measures for Environmental Protection at Construction and Installation Sites, Administrative Measures for Construction and Environmental Protection, and Administrative Measures for Recycling Waste and Old Materials, to ensure that there are rules to go by, the rules are observed, and supervision is conducted on good grounds in respect of the daily environmental management. The Company strictly implements the reward and punishment system for ecological environmental protection. At the beginning of 2019, the Company set indicators of energy conservation and consumption reduction, requiring various units to decompose the indicators and communicate them to all their tertiary companies, project departments, and command posts. The Company aimed to be impartial in the dispensation of reward and punishment and mobilize each entity's initiative. The Company establishes a statistical monitoring platform for ecological environment protection and collects ecological environment monitoring data on a regular basis, to improve the intuitiveness and truthfulness of the information about ecological environment protection. The Company has conducted seven inspections on ecological and environmental protection, made special inspections on 135 projects throughout the Company, announced the units with potential ecological and environmental risks, and supervised the rectification and elimination of the risks. At the same time, the Company puts a high premium on green construction, scientific and technological research, and exemplary role of engineering projects, and carries out the technical research and development of ecological environmental protection in an all-round way.

For the Company's specific environmental protection work in 2019 and the results achieved, please see the Social Responsibility Report and ESG (Environment, Social and Governance) Report of China Railway Group Limited for 2019 as disclosed on the website of Shanghai Stock Exchange together with this announcement by the Company.

(3) Explanation of reasons for the undisclosed environmental information of the Company other than highly polluting companies

Not applicable

(4) Explanation of the subsequent progress or changes in the disclosure of environmental information content during the Reporting Period

Not applicable

5.17.4 Others

Not applicable

5.18 Convertible Corporate Bonds

Not applicable

6 FINANCIAL REPORT

Consolidated Income Statement

	Note	Year ended 31 December 2019 RMB million	2018 RMB million
Revenue	4	**850,843**	740,383
Cost of sales and services		**(770,979)**	(668,725)
Gross profit		**79,864**	71,658
Other income	5	**1,996**	2,379
Other expenses	5	**(16,511)**	(13,436)
Net impairment losses on financial assets and contract assets	6	**(4,507)**	(7,484)
Other gains, net	7	**5,705**	1,034
Selling and marketing expenses		**(4,605)**	(3,537)
Administrative expenses		**(24,474)**	(21,901)
Operating profit		**37,468**	28,713
Finance income		**2,200**	1,764
Finance costs		**(8,941)**	(7,148)
Share of post-tax profits of joint ventures		**360**	61
Share of post-tax profits of associates		**2,100**	1,555
Profit before income tax		**33,187**	24,945
Income tax expense	8	**(7,808)**	(7,509)
Profit for the year		**25,379**	17,436
Profit attributable to:			
– Owners of the Company		**23,678**	17,198
– Non-controlling interests		**1,701**	238
		25,379	17,436
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	9	**0.950**	0.718
– Diluted	9	**0.950**	0.718

Consolidated Statement of Comprehensive Income

	Note	**Year ended 31 December** **2019** ***RMB million***	2018 *RMB million*
Profit for the year		**25,379**	17,436
Other comprehensive (expenses)/income, net of income tax			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement and other supplemental benefit obligations		**(16)**	(169)
Changes in the fair value of equity investments at fair value through other comprehensive income		**(94)**	(1,021)
Income tax relating to changes in the fair value of equity investments at fair value through other comprehensive income		**17**	273
		(93)	(917)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**114**	(89)
Share of other comprehensive income of associates		**42**	87
Fair value gains/(losses) on cash flow hedging instrument, net of deferred tax		**1**	(2)
		157	(4)
Other comprehensive income/(expenses) for the year, net of tax		**64**	(921)
Total comprehensive income for the year		**25,443**	16,515
Total comprehensive income for the year attributable to:			
– Owners of the Company		**23,736**	16,319
– Non-controlling interests		**1,707**	196
		25,443	16,515

Consolidated Balance Sheet

	Note	As at 31 December 2019 RMB million	2018 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment		**66,154**	64,687
Right-of-use assets		**2,229**	—
Deposits for acquisition of property, plant and equipment		**2,252**	1,664
Lease prepayments		**12,726**	12,439
Deposits for lease prepayments		**472**	270
Deposits for investments		**1,098**	2,187
Investment properties		**11,167**	8,543
Intangible assets		**25,559**	46,200
Mining assets		**3,732**	3,873
Contract assets		**87,885**	67,516
Investments in joint ventures		**29,314**	19,597
Investments in associates		**30,565**	15,672
Goodwill		**1,040**	899
Financial assets at fair value through other comprehensive income		**10,472**	5,792
Other financial assets at amortised cost		**13,929**	12,474
Financial assets at fair value through profit or loss		**8,637**	7,366
Deferred tax assets		**8,012**	6,866
Other prepayments		**345**	415
Trade and other receivables	*11*	**30,683**	14,013
		346,271	290,473
Current assets			
Lease prepayments		**356**	337
Properties held for sale		**25,018**	27,288
Properties under development for sale		**133,776**	99,400
Inventories		**40,945**	38,553
Financial assets at fair value through other comprehensive income		**393**	355
Trade and other receivables	*11*	**203,256**	212,392
Contract assets		**130,155**	122,947
Current income tax recoverable		**2,641**	2,263
Other financial assets at amortised cost		**9,630**	9,732
Financial assets at fair value through profit or loss		**5,441**	4,296
Restricted cash		**19,973**	16,709
Cash and cash equivalents		**138,186**	117,768
		709,770	652,040
Total assets		**1,056,041**	942,513

	Note	As at 31 December 2019 RMB million	2018 RMB million
EQUITY			
Equity attributable to owners of the Company			
Share capital		**24,571**	22,844
Share premium and reserves		**165,204**	136,666
Perpetual notes		**31,535**	32,109
		221,310	191,619
Non-controlling interests		**24,018**	30,362
Total equity		**245,328**	221,981
LIABILITIES			
Non-current liabilities			
Trade and other payables	*12*	**7,681**	2,617
Borrowings		**118,934**	88,808
Lease liabilities		**1,450**	—
Obligations under finance leases		—	160
Retirement and other supplemental benefit obligations		**2,770**	3,029
Provisions		**1,053**	1,002
Deferred government grants and income		**1,007**	1,278
Deferred tax liabilities		**1,784**	1,163
		134,679	98,057
Current liabilities			
Trade and other payables	*12*	**446,037**	421,814
Contract liabilities		**110,370**	91,999
Current income tax liabilities		**5,824**	6,081
Borrowings		**112,311**	102,112
Lease liabilities		**1,037**	—
Obligations under finance leases		—	11
Retirement and other supplemental benefit obligations		**359**	369
Financial liabilities at fair value through profit or loss		**85**	71
Provision		**11**	18
		676,034	622,475
Total liabilities		**810,713**	720,532
Total equity and liabilities		**1,056,041**	942,513

Notes:

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2020.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the IFRS Interpretations Committee ("**IFRS IC**") applicable to companies reporting under IFRS.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards and interpretation adopted by the Group

The following new and amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2019.

	Effective for accounting periods beginning on or after
IFRS 16 "Leases"	1 January 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	1 January 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	1 January 2019
Amendments to IAS 19 "Plan Amendment, curtailment or settlement"	1 January 2019
Amendments to IFRS 3 "Business combinations"	1 January 2019
Amendments to IFRS 11 "Joint arrangements"	1 January 2019
Amendments to IAS 12 "Income taxes"	1 January 2019
Amendments to IAS 23 "Borrowing costs"	1 January 2019
IFRIC 23 "Uncertainty over income tax treatments"	1 January 2019

Except for the new standards as described in Note 3, the adoption of above did not have any material impact on the Group's results for the year ended 31 December 2019 and the Group's financial position as at 31 December 2019 or result in any significant changes in the Group's accounting policies.

(b) New and amended standards not yet adopted by the Group

Certain new and amended standards are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing the consolidated financial statements.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 and IAS 8 "Definition of Material"	1 January 2020
Amendments to IFRS 3 "Definition of a Business"	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 "Insurance Contracts"	1 January 2021
Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	to be determined

The adoption of above new and amended standards will have no material impact on the Group's results and financial position.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.61%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

	RMB million
Operating lease commitments disclosed as at 31 December 2018	2,510
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,410
Add: finance lease liabilities recognised as at 31 December 2018	171
(Less): short-term leases recognised on a straight-line basis as expense	(79)
(Less): low-value leases recognised on a straight-line basis as expense	(91)
Lease liability recognised as at 1 January 2019	2,411
Of which are:	
Current lease liabilities	1,211
Non-current lease liabilities	1,200

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

- Right-of-use assets: Increased by RMB2,662 million
- Property, plant and equipment: Decreased by RMB280 million
- Advances to suppliers: Decreased by RMB142 million
- Lease liabilities: Increased by RMB2,411 million
- Obligations under finance leases: Decreased by RMB171 million

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4 SEGMENT INFORMATION

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

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

(a) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("**Infrastructure construction**");

(b) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("**Survey, design and consulting services**");

(c) Design, research and development, manufacture and sale of turnouts, bridge steel structures, and other railway related equipment, engineering machinery and materials ("**Engineering equipment and component manufacturing**");

(d) Development, sale and management of residential and commercial properties ("**Property development**"); and

(e) Mining, financial business, operation of service concession arrangements, merchandise trading and other ancillary business ("**Other businesses**").

Revenue between segments is carried out at actual transaction prices.

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

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

	For the year ended 31 December 2019						
	Infrastructure construction *RMB million*	**Survey, design and consulting services** *RMB million*	**Engineering equipment and component manufacturing** *RMB million*	**Property development** *RMB million*	**Other businesses** *RMB million*	**Elimination** *RMB million*	**Total** *RMB million*
External revenue	731,562	16,172	16,974	43,031	37,205	–	844,944
Inter-segment revenue	26,950	502	6,860	181	31,713	(66,206)	–
Other revenue	3,276	357	488	450	1,328	–	5,899
Inter-segment other revenue	296	–	–	–	156	(452)	–
Segment revenue	762,084	17,031	24,322	43,662	70,402	(66,658)	850,843
Segment results							
Profit before income tax	20,936	962	1,999	3,652	8,950	(5,166)	31,333
Segment results included:							
Share of profit/(losses) of joint ventures	241	7	70	(21)	63	–	360
Share of profit of associates	944	9	59	36	1,052	–	2,100
Interest income	889	86	58	225	618	(1,014)	862
Interest expenses	(2,214)	(136)	(22)	(2,005)	(3,603)	2,641	(5,339)

	For the year ended 31 December 2018						
	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Elimination *RMB million*	Total *RMB million*
External revenue	624,211	14,610	15,000	43,324	37,869	–	735,014
Inter-segment revenue	19,670	422	5,690	27	28,060	(53,869)	–
Other revenue	2,876	63	97	640	1,693	–	5,369
Inter-segment other revenue	157	–	–	–	108	(265)	–
Segment revenue	646,914	15,095	20,787	43,991	67,730	(54,134)	740,383
Segment results							
Profit before income tax	17,111	1,536	1,532	4,603	755	(2,827)	22,710
Segment results included:							
Share of profit/(losses) of joint ventures	78	11	75	(154)	51	–	61
Share of profit of associates	328	6	146	5	1,070	–	1,555
Interest income	229	71	82	216	537	(275)	860
Interest expenses	(2,317)	(121)	(34)	(1,789)	(3,823)	2,581	(5,503)

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

	2019	2018
	RMB million	*RMB million*
(i) Segment interest income, before inter-segment elimination	**1,876**	1,135
Inter-segment elimination	**(1,014)**	(275)
	862	860
Reconciling items:		
Reclassification of interest income obtained from other financial assets at amortised cost	**1,338**	904
Total consolidated finance income, as reported	**2,200**	1,764
(ii) Segment interest expenses, before inter-segment elimination	**7,980**	8,084
Inter-segment elimination	**(2,641)**	(2,581)
	5,339	5,503
Reconciling item:		
Imputed interest expenses on retention payables	**235**	104
Asset-Backed Medium-term Notes ("**ABN**") & Asset-Backed Securitization ("**ABS**")	**2,805**	1,184
Factoring expense	**562**	357
	3,602	1,645
Total consolidated finance costs, as reported	**8,941**	7,148
(iii) Segment results, before inter-segment elimination	**36,499**	25,537
Inter-segment elimination	**(5,166)**	(2,827)
	31,333	22,710
Reconciling item:		
Land appreciation tax *(Note (a))*	**1,854**	2,235
Total consolidated profit before income tax, as reported	**33,187**	24,945

(a) Land appreciation tax is included as charge to segment results under segment reporting and is classified as income tax expense in the consolidated income statement.

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

	As at 31 December 2019						
	Infrastructure construction *RMB million*	**Survey, design and consulting services** *RMB million*	**Engineering equipment and component manufacturing** *RMB million*	**Property development** *RMB million*	**Other businesses** *RMB million*	**Elimination** *RMB million*	**Total** *RMB million*
Segment assets	**685,225**	**17,361**	**44,947**	**249,778**	**348,864**	**(300,022)**	**1,046,153**
Investments in joint ventures	**19,225**	**71**	**351**	**277**	**9,390**	**–**	**29,314**
Investments in associates	**26,130**	**678**	**476**	**218**	**3,063**	**–**	**30,565**
Unallocated assets							**9,888**
Total assets							**1,056,041**
Segment liabilities	**628,983**	**9,062**	**24,107**	**184,339**	**284,074**	**(324,809)**	**805,756**
Unallocated liabilities							**4,957**
Total liabilities							**810,713**

	As at 31 December 2018						
	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Elimination *RMB million*	Total *RMB million*
Segment assets	627,019	15,888	39,698	228,861	278,720	(256,065)	934,121
Segment assets included:							
Investments in joint ventures	13,634	55	356	183	5,369	–	19,597
Investments in associates	11,898	586	425	174	2,589	–	15,672
Unallocated assets							8,392
Total assets							942,513
Segment liabilities	481,932	8,524	21,685	200,153	248,478	(244,989)	715,783
Unallocated liabilities							4,749
Total liabilities							720,532

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

(a) all assets are allocated to operating segments other than deferred tax assets and current income tax recoverable excluding prepaid land appreciation tax which is allocated to operating segments; and

(b) all liabilities are allocated to operating segments other than deferred tax liabilities and current income tax liabilities excluding land appreciation tax payable which is allocated to operating segments.

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

	2019	2018
	RMB million	*RMB million*
Segment assets, before inter-segment elimination	**1,346,175**	1,190,186
Inter-segment elimination	**(300,022)**	(256,065)
	1,046,153	934,121
Reconciling items:		
Deferred tax assets	**8,012**	6,866
Non-tradable shares reform of subsidiaries *(Note (a))*	**(148)**	(163)
Current income tax recoverable	**2,641**	2,263
Prepaid land appreciation tax included in current income tax recoverable	**(617)**	(574)
	9,888	8,392
Total consolidated assets, as reported	**1,056,041**	942,513
Segment liabilities, before inter-segment elimination	**1,130,565**	960,772
Inter-segment elimination	**(324,809)**	(244,989)
	805,756	715,783
Reconciling items:		
Deferred tax liabilities	**1,784**	1,163
Current income tax liabilities	**5,824**	6,081
Land appreciation tax payable included in current income tax liabilities	**(2,651)**	(2,495)
	4,957	4,729
Total consolidated liabilities, as reported	**810,713**	720,532

(a) Losses on non-tradable shares reform of subsidiaries are recorded in segment assets in segment reporting and were adjusted to other gains and losses in consolidated income statement in prior years.

Other segment information:

	Year ended 31 December 2019					
	Infrastructure construction *RMB million*	**Survey, design and consulting services** *RMB million*	**Engineering equipment and component manufacturing** *RMB million*	**Property development** *RMB million*	**Other businesses** *RMB million*	**Consolidated** *RMB million*
Capital expenditure:						
Property, plant and equipment	**7,045**	**327**	**1,064**	**633**	**2,176**	**11,245**
Lease prepayments	**809**	**151**	**1**	**321**	**(98)**	**1,184**
Investment properties	**364**	**–**	**–**	**220**	**10**	**594**
Intangible assets	**726**	**11**	**256**	**18**	**16,326**	**17,337**
Mining assets	**–**	**–**	**–**	**–**	**24**	**24**
Right-of-use assets	**753**	**53**	**4**	**122**	**406**	**1,338**
Total	**9,697**	**542**	**1,325**	**1,314**	**18,844**	**31,722**
Depreciation and amortisation:						
Property, plant and equipment	**5,465**	**250**	**481**	**323**	**1,434**	**7,953**
Lease prepayments	**235**	**29**	**41**	**51**	**15**	**371**
Investment properties	**75**	**6**	**2**	**251**	**36**	**370**
Intangible assets	**234**	**43**	**27**	**(5)**	**956**	**1,255**
Mining assets	**–**	**–**	**–**	**–**	**166**	**166**
Right-of-use assets	**1,028**	**26**	**–**	**5**	**251**	**1,310**
Other prepayments	**73**	**15**	**14**	**–**	**38**	**140**
Total	**7,110**	**369**	**565**	**625**	**2,896**	**11,565**
Gains on disposal and/or write-off of property, plant and equipment	**(41)**	**(27)**	**(11)**	**–**	**(12)**	**(91)**
(Gains)/losses on disposal of lease prepayments	**(525)**	**–**	**1**	**–**	**–**	**(524)**
Increase in foreseeable losses on contracts	**64**	**–**	**–**	**–**	**–**	**64**
Impairment loss on trade and other receivables	**442**	**506**	**(43)**	**448**	**520**	**1,873**
Impairment loss on other financial assets at amortised cost	**1,891**	**160**	**–**	**7**	**143**	**2,201**
Impairment loss on contract assets	**433**	**–**	**–**	**–**	**–**	**433**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**–**	**70**	**70**

Other segment information:

	Year ended 31 December 2018					
	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Consolidated *RMB million*
Capital expenditure:						
Property, plant and equipment	8,680	268	1,127	2,543	1,835	14,453
Lease prepayments	196	2	263	211	–	672
Investment properties	6	13	20	4	–	43
Intangible assets	42	23	74	3	11,256	11,398
Mining assets	–	–	–	–	9	9
Total	8,924	306	1,484	2,761	13,100	26,575
Depreciation and amortisation:						
Property, plant and equipment	5,556	657	345	192	1,073	7,823
Lease prepayments	244	9	33	19	13	318
Investment properties	93	6	–	103	115	317
Intangible assets	30	20	32	7	939	1,028
Mining assets	–	–	–	–	245	245
Other prepayments	90	5	10	–	39	144
Total	6,013	697	420	321	2,424	9,875
(Gains)/losses on disposal and/or write-off of property, plant and equipment	(72)	(4)	(41)	–	26	(91)
(Gains)/losses on disposal of lease prepayments	(90)	–	(6)	–	–	(96)
Increase in foreseeable losses on contracts	58	–	–	–	–	58
Impairment loss on trade and other receivables	2,063	69	67	249	3,381	5,829
Impairment loss on other financial assets at amortised cost	300	–	–	199	775	1,274
Impairment loss on contract assets	445	–	–	–	–	445
Impairment loss on property, plant and equipment	–	–	–	–	400	400
Impairment loss on investment properties	11	–	–	–	–	11
Impairment loss on lease prepayments	3	–	–	–	–	3

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December 2019					
Type of services and products	**Infrastructure construction** *RMB million*	**Survey, design and consulting services** *RMB million*	**Engineering equipment and component manufacturing** *RMB million*	**Property development** *RMB million*	**Other businesses** *RMB million*	**Total** *RMB million*
Infrastructure construction contracts	**731,562**	**–**	**–**	**–**	**–**	**731,562**
Manufacturing and sales of engineering equipment and component	**–**	**–**	**16,974**	**–**	**–**	**16,974**
Rendering of services	**–**	**16,172**	**–**	**–**	**5,964**	**22,136**
Sales of properties	**–**	**–**	**–**	**43,031**	**–**	**43,031**
Sales of goods and others	**3,276**	**357**	**488**	**450**	**32,569**	**37,140**
Total	**734,838**	**16,529**	**17,462**	**43,481**	**38,533**	**850,843**
Timing of revenue recognition:						
– At a point of time	**3,276**	**357**	**11,937**	**38,440**	**36,818**	**90,828**
– Over time	**731,562**	**16,172**	**5,525**	**5,041**	**–**	**758,300**
Rental income	**–**	**–**	**–**	**–**	**1,715**	**1,715**
Total revenue from contracts with customers	**734,838**	**16,529**	**17,462**	**43,481**	**38,533**	**850,843**

	Year ended 31 December 2018					
Type of services and products	Infrastructure construction *RMB million*	Survey, design and consulting services *RMB million*	Engineering equipment and component manufacturing *RMB million*	Property development *RMB million*	Other businesses *RMB million*	Total *RMB million*
Infrastructure construction contracts	624,211	–	–	–	–	624,211
Manufacturing and sales of engineering equipment and component	–	–	15,000	–	–	15,000
Rendering of services	–	14,610	–	–	6,550	21,160
Sales of properties	–	–	–	43,324	–	43,324
Sales of goods and others	2,876	63	97	640	33,012	36,688
Total	627,087	14,673	15,097	43,964	39,562	740,383
Timing of revenue recognition:						
– At a point of time	2,876	63	13,890	40,126	38,277	95,232
– Over time	624,211	14,610	1,207	3,838	–	643,866
Rental income	–	–	–	–	1,285	1,285
Total revenue from contracts with customers	627,087	14,673	15,097	43,964	39,562	740,383

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

	2019 **_RMB million_**	2018 _RMB million_
Mainland China	**805,766**	697,522
Other regions (including Hong Kong and Macau)	**45,077**	42,861
	850,843	740,383

(iii) Non-current assets other than financial instruments, investments in joint ventures, investments in associates, deposits for investments and deferred tax assets located in the Mainland China and other regions are as follows:

	2019 **_RMB million_**	2018 _RMB million_
Mainland China	**201,527**	195,673
Other regions (including Hong Kong and Macau)	**12,034**	10,833
	213,561	206,506

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

5 OTHER INCOME AND EXPENSES

	2019 **_RMB million_**	2018 _RMB million_
Other income from:		
Government subsidies _(Note (a))_	**1,012**	886
Dividends from financial assets at fair value through profit or loss ("**FVPL**")	**569**	809
Compensation and claims	**129**	114
Dividends from financial assets at fair value through other comprehensive income ("**FVOCI**")	**47**	49
Relocation compensation	**39**	45
Others	**200**	476
	1,996	2,379
Other expenses on:		
Research and development expenditures	**16,511**	13,436

Notes:

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

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

6 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2019	2018
	RMB million	*RMB million*
Other financial assets at amortised cost	**2,201**	1,274
Trade and other receivables (excluding advance to suppliers)	**1,873**	5,765
Contract assets	**433**	445
	4,507	7,484

7 OTHER GAINS/(LOSSES), NET

	2019	2018
	RMB million	*RMB million*
Gains/(losses) on disposal and/or write-off of:		
– Interest in subsidiaries	**4,961**	747
– Interest in associates	**(52)**	5
– Interest in joint ventures	**29**	–
– Lease prepayments	**524**	96
– Property, plant and equipment	**91**	91
(Losses)/gains on disposal of financial assets/liabilities at FVPL	**(32)**	325
Gains arising on change in fair value of financial assets/liabilities at FVPL	**275**	10
Gains on debt restructurings	**15**	208
Impairment loss recognised on:		
– Property, plant and equipment	**(70)**	(400)
– Advance to suppliers	**(26)**	(64)
– Investment properties	**–**	(11)
– Lease prepayments	**–**	(3)
Foreign exchange losses, net	**(40)**	(11)
Negative goodwill arising from acquisition of a subsidiary	**22**	–
Others	**8**	41
	5,705	1,034

8 INCOME TAX EXPENSE

	2019	2018
	RMB million	*RMB million*
Current income tax		
– Enterprise income tax ("**EIT**")	**6,405**	6,335
– Land appreciation tax ("**LAT**")	**1,854**	2,235
– (Over)/under provision in prior years	**(11)**	131
Deferred income tax	**(440)**	(1,192)
Income tax expense	**7,808**	7,509

The majority of the entities in the Group are located in Mainland China. Pursuant to the relevant laws and regulations, the statutory EIT rate of 25% (2018: 25%) is applied to the Group except for certain subsidiaries which were mainly either exempted from EIT or entitled to the preferential tax rate of 20% or 15% (2018: 15%) for the year ended 31 December 2019.

Certain of the Group's overseas entities are located in Israel, Malaysia, Democratic Republic of the Congo, Mongolia, Papua New Guinea, Kenya and Brazil. Pursuant to the relevant laws and regulations of these jurisdictions, the EIT rates of 23%, 24%, 30%, 10%, 37.5%, 30% and 15% (2018: 23%, 24%, 30%, 10%, 37.5%, 30% and 15%) are applied to these entities respectively.

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

The tax charge for the year can be reconciled to profit before income tax per the consolidated income statement as follows:

	2019	2018
	RMB million	*RMB million*
Profit before income tax	**33,187**	24,945
Tax at PRC EIT rate of 25% (2018: 25%)	**8,297**	6,236
Tax effect of:		
Non-deductible expenses	**310**	194
Non-taxable income	**(200)**	(137)
Share of profit of joint ventures	**(90)**	(15)
Share of profit of associates	**(525)**	(389)
Tax losses not recognised as deferred tax assets	**248**	758
Utilisation of tax losses previously not recognised as deferred tax assets	**(161)**	(365)
Other deductible temporary differences not recognised as deferred tax assets	**798**	1,213
Utilisation of other deductible temporary differences previously not recognised as deferred tax assets	**(355)**	(31)
Preferential tax rates on income of group entities and other income tax credits	**(1,872)**	(1,796)
Deferred tax charges resulting from changes in applicable tax rates	**175**	113
LAT	**1,854**	2,235
Tax effect of LAT	**(464)**	(559)
(Over)/under provision in prior years	**(11)**	131
Deductible dividends on perpetual notes	**(379)**	–
Others	**183**	(79)
Income tax expense for the year	**7,808**	7,509

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

The tax charge relating to components of other comprehensive income is as follows:

	2019			2018		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	RMB million	***RMB million***	***RMB million***	*RMB million*	*RMB million*	*RMB million*
Actuarial (losses)/gains on retirement and other supplemental benefit obligations	**(16)**	**(1)**	**(17)**	(169)	39	(130)
Changes in fair value of financial assets at FVOCI	**(94)**	**18**	**(76)**	(1,021)	234	(787)
Fair value gains/(losses) on cash flow hedging instrument	**1**	**–**	**1**	(2)	–	(2)
Share of other comprehensive income of associates	**42**	**–**	**42**	87	–	87
Currency translation differences	**114**	**–**	**114**	(89)	–	(89)
Other comprehensive expenses	**47**	**17**	**64**	(1,194)	273	(921)
Current income tax		**–**			–	
Deferred income tax		**17**			273	
		17			273	

9 EARNINGS PER SHARE

(a) Basic

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

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

	2019	2018
Profit attributable to owners of the Company (RMB million)	**23,678**	17,198
Less: distribution relating to the perpetual notes (RMB million) *(Note i)*	**1,559**	789
Profit used to determine basic earnings per share (RMB million)	**22,119**	16,409
Weighted average number of ordinary shares in issue (millions)	**23,276**	22,844
Basic earnings per share (RMB per share)	**0.950**	0.718

(i) The perpetual notes issued by the Company were classified as equity instruments with deferrable cumulative interest distribution and payment. The perpetual notes interests which have been generated but not yet declared, from issue date to 31 December 2019, were deducted from earnings when calculate the earnings per share for the year ended 31 December 2019.

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during both years.

10 DIVIDENDS

	2019	2018
	RMB million	*RMB million*
Proposed final dividend of RMB0.169 per ordinary share (2018: RMB0.128)	**4,152**	2,924

The dividends paid in 2019 and 2018 were RMB2,924 million (RMB0.128 per ordinary share) and RMB2,581 million (RMB0.113 per ordinary share) respectively. A dividend in respect of the year ended 31 December 2019 of RMB0.169 per ordinary share, amounting to a total dividend of RMB4,152 million, is to be approved at the 2019 annual general meeting of the Company. These financial statements do not reflect this dividend payable.

11 TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB million	*RMB million*
Trade and bills receivables	**148,525**	132,500
Less: Loss allowance	**(9,445)**	(8,114)
Trade and bills receivables – net	**139,080**	124,386
Other receivables (net of impairment)	**67,143**	60,406
Advance to suppliers (net of impairment)	**27,716**	41,613
	233,939	226,405
Less: Amount due after one year included in non-current assets	**(30,683)**	(14,013)
Amount due within one year included in current assets	**203,256**	212,392

(a) Ageing analysis of trade and bills receivables, based on invoice date, is as follows:

	2019	2018
	RMB million	*RMB million*
Less than 1 year	**121,708**	88,254
1 year to 2 years	**12,399**	21,196
2 years to 3 years	**4,643**	9,149
3 years to 4 years	**2,354**	3,842
4 years to 5 years	**1,319**	2,438
More than 5 years	**6,102**	7,621
Total	**148,525**	132,500

Majority of the Group's revenues are generated through infrastructure construction, survey, design and consulting, engineering equipment and component manufacturing contracts. The settlements are made in accordance with the terms specified in the contracts governing the relevant transactions.

(b) Trade and bills receivables of RMB4,491 million (31 December 2018: nil) were pledged to secure borrowings amounting to RMB2,911 million (31 December 2018: nil).

(c) As at 31 December 2019, trade receivables of RMB51,508 million (as at 31 December 2018: RMB29,207 million) had been transferred in accordance with relevant ABN and ABS issuance, and trade receivables of RMB16,062 million (as at 31 December 2018: RMB8,400 million) had been transferred to financial institutions in accordance with relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

(d) As at 31 December 2019, bills receivables – bank acceptance and commercial acceptance notes of RMB315 million (31 December 2018: RMB286 million) were endorsed to suppliers, and RMB21 million (31 December 2018: nil) were discounted with banks. In the opinion of the Directors, as the counter party bears higher credit risk, such transactions did not qualify for derecognition. In addition, as at 31 December 2019, bills receivables – bank acceptance notes of RMB1,754 million (31 December 2018: RMB3,278 million) were endorsed to suppliers, and RMB570 million (31 December 2018: RMB54 million) were discounted with banks. Relevant bills receivables were derecognised as the Directors are of the opinion that the substantial risks and rewards associated with those bank acceptance notes have been transferred and therefore qualified for derecognition.

(e) As at 31 December 2019, trade receivables net of credit loss allowance, which were collectively assessed for impairment, are as follows:

Central-governmental enterprises

	As at	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Less than 1 year	**7,431**	7,476
1 year to 2 years	**1,053**	1,074
2 years to 3 years	**382**	474
3 years to 4 years	**231**	131
4 years to 5 years	**112**	56
More than 5 years	**78**	97
Total	**9,287**	9,308

Locally-administrated state-owned enterprises

	As at	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Less than 1 year	**42,974**	41,831
1 year to 2 years	**5,154**	7,355
2 years to 3 years	**2,307**	2,784
3 years to 4 years	**1,011**	732
4 years to 5 years	**364**	371
More than 5 years	**362**	445
Total	**52,172**	53,518

China State Railway Corporation

	As at	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Less than 1 year	**13,519**	17,800
1 year to 2 years	**2,016**	1,669
2 years to 3 years	**421**	800
3 years to 4 years	**261**	188
4 years to 5 years	**99**	83
More than 5 years	**83**	83
Total	**16,399**	20,623

Overseas enterprises

	As at	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Less than 1 year	**2,075**	2,453
1 year to 2 years	**870**	311
2 years to 3 years	**55**	38
3 years to 4 years	**17**	4
4 years to 5 years	**2**	61
More than 5 years	**6**	4
Total	**3,025**	2,871

Other entities

	As at	
	31 December 2019	31 December 2018
	RMB million	*RMB million*
Less than 1 year	**13,159**	13,331
1 year to 2 years	**2,095**	2,483
2 years to 3 years	**696**	864
3 years to 4 years	**289**	379
4 years to 5 years	**148**	181
More than 5 years	**175**	133
Total	**16,562**	17,371

As at 31 December 2019, the amount of individually impaired trade receivables was RMB9,615 million (31 December 2018: RMB4,150 million) with the provision for loss allowance of RMB3,348 million (31 December 2018: RMB1,932 million).

As at 31 December 2019, bills receivables – bank acceptance notes of RMB533 million (31 December 2018: RMB335 million) were not impaired. Commercial acceptance notes, which were collectively assessed for impairment, were RMB2,766 million (31 December 2018: RMB2,897 million) with the provision for loss allowance of RMB7 million(31 December 2018: RMB6 million).

As at 31 December 2019, the amount of collectively impaired long-term trade receivables was RMB31,188 million (31 December 2018: RMB15,218 million) with the provision for loss allowance of RMB152 million (31 December 2018: RMB76 million). The amount of individually impaired long-term trade receivables was RMB4,261 million (31 December 2018: RMB3,253 million) with the provision for loss allowance of RMB3,221 million (31 December 2018: RMB3,144 million).

(f) The carrying amount of trade and other receivables are denominated in the following currencies:

	2019	2018
	RMB million	*RMB million*
RMB	**223,077**	217,741
USD	**5,964**	3,911
West African CFA Franc	**327**	41
Ethiopian Birr	**246**	142
EUR	**177**	111
HKD	**16**	1,794
JPY	**–**	1
Other currencies	**4,132**	2,664
	233,939	226,405

As at 31 December 2019, other currencies mainly comprised of Bangladesh Taka, Malaysian Ringgit and South African Rand.

12 TRADE AND OTHER PAYABLES

	2019	2018
	RMB million	*RMB million*
Trade and bills payables *(Note (a))*	**353,258**	343,801
Dividend payables	**530**	501
Accrued payroll and welfare	**3,671**	3,609
Other taxes	**4,133**	3,757
Deposit received in advance	**952**	1,021
Advance from customers	**293**	283
Deposit received from CREC and fellow subsidiaries (b)	**265**	153
Other payables	**90,616**	71,306
	453,718	424,431
Analysed for reporting purposes:		
Non-current	**7,681**	2,617
Current	**446,037**	421,814
	453,718	424,431

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB9,697 million (31 December 2018: RMB3,782 million). Retention payables are interest-free and payable at the end of the retention period of the respective infrastructure construction and products manufacturing and installation contracts.

The balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

(a) The ageing analysis of trade and bills payables (including amounts due to related parties of trading nature), based on invoice date, is as follows:

	2019	2018
	RMB million	*RMB million*
Less than 1 year	**328,356**	315,376
1 year to 2 years	**14,270**	17,644
2 years to 3 years	**5,153**	5,243
More than 3 years	**5,479**	5,538
	353,258	343,801

(b) China Railway Finance Co., Ltd. ("**CREC Finance**"), a subsidiary of the Company, accepted deposits from CREC and fellow subsidiaries. These deposits were due within one year with average annual interest rate of 1.3%.

(c) The carrying amount of trade and other payables are denominated in the following currencies:

	2019	2018
	RMB million	*RMB million*
RMB	**437,279**	416,622
USD	**5,348**	4,803
Other currencies	**11,091**	3,006
	453,718	424,431

At 31 December 2019, other currencies mainly consist of Ethiopian Birr, West African Franc and HKD.

7 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2019.

8 DIVIDENDS

The Board of Directors recommended the payment of a final dividend in the amount of RMB0.169 per share (including tax), totalling approximately RMB4.152 billion for the financial year ended 31 December 2019 (2018: RMB0.128 per share (including tax) totalling approximately RMB2.924 billion). In the event of change in total share capital of the Company before the record date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. The Company will make a further announcement on the details of the adjustment. The distribution plan will be implemented upon approval at the 2019 annual general meeting of the Company and the dividend is expected to be paid in around August 2020 to the shareholders of the Company.

9 REPURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries sold any securities of the Company, nor did they repurchase or redeem any of the securities of the Company during the year ended 31 December 2019.

10 COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As a company listed on the Main Board of the Hong Kong Stock Exchange, the Company is committed to comply with the requirements under the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company has complied with all provisions of the Corporate Governance Code during the reporting period.

11 PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2019 Annual Report prepared in accordance with the IFRS will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2019 Annual Report and its abstract prepared in accordance with CAS will be released on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.crec.cn).

By Order of the Board
China Railway Group Limited
Chairman
ZHANG Zongyan

30 March 2020

As at the date of this announcement, the executive directors of the Company are ZHANG Zongyan (Chairman), CHEN Yun, and ZHANG Xian; the independent nonexecutive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and CHUNG Shui Ming Timpson; and the non-executive director is MA Zonglin.