中國交通建設股份有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

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

(Stock Code: 1800)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS[Note]

Revenue of the Group in 2020 amounted to RMB624,495 million, representing an increase of RMB71,381 million or 12.9% from RMB553,114 million in 2019.

Gross profit in 2020 amounted to RMB80,036 million, representing an increase of RMB10,739 million or 15.5% from RMB69,297 million in 2019.

Operating profit in 2020 amounted to RMB34,405 million, representing an increase of RMB273 million or 0.8% from RMB34,132 million in 2019.

Profit before tax in 2020 amounted to RMB26,957 million, compared with RMB27,349 million in 2019.

Profit attributable to owners of the parent in 2020 amounted to RMB16,475 million, compared with RMB19,999 million in 2019.

Earnings per share for the year 2020 amounted to RMB0.92, compared with RMB1.16 for the year 2019.

The value of new contracts of the Group in 2020 amounted to RMB1,066,799 million, representing an increase of 10.6% from RMB964,683 million in 2019.

As at 31 December 2020, the backlog for the Group was RMB2,910,322 million.

The Board has proposed a final dividend of RMB0.18088 per share (tax inclusive) for the year ended 31 December 2020, subject to Shareholders' approval.

Note: In calculating the amount of basic earnings per share, the interests/dividends with an aggregate amount of approximately RMB1,586 million shall be excluded from profits.

CHAIRMAN'S STATEMENT

In 2020, despite the austere and complex external situation and in particular, severe shock from the COVID-19, the Company elaborately and carefully planned and arranged to resume work and production in an orderly manner. Revenue of the Group for the year was RMB624,495 million, representing a year-on-year increase of 12.9%; and the contract conversion rate led peer companies in the industry. Net profit attributable to the shareholders of the Company amounted to RMB16,475 million, representing a year-on-year decrease of 17.6%, which was affected by the domestic toll-free policy on toll roads in the first half of the year, and impact of the COVID-19 on projects under construction outside of China. Entering the second half of the year, however, net profit attributable to the shareholders achieved an increase of 98.6% over the first half of the year, which means the impact brought about by the epidemic has diminished. Earnings per share were RMB0.92 and a cash dividend of approximately RMB1.81 per 10 shares was proposed. The Group's value of new contracts for the year amounted to RMB1,066,799 million, representing a year-on-year growth of 10.6%. As at 31 December 2020, the backlog of the Group amounted to RMB2,910,322 million with sufficient order backlog, which provided strong support and guarantee for sustained and steady development of the Company.

The hard work and progress in the past year is a vivid epitome of the Company's struggle to focus on high-quality development during the Thirteenth Five-Year Plan period and crossing the historical hurdle of "growing from big to strong". In the past five years, the Company has dovetailed with the major strategic deployments such as China with Transport Power, China with Ocean Power and a new type of urbanization. The Company optimized the "experts in five areas" strategic system, focused on three themes of "transport, city and life", and made good efforts in five directions, "overseas development", "bay area layout", "urbanization", "network building" and "people orientation". Our development was fully integrated with China's economic and social development, with total assets and business scale exceeding RMB1 trillion each. The value of new contract, revenue and total profit recorded annual compound growth rate of 7.9%, 9.0% and 3.6% respectively.

As a major holding subsidiary of CCCG, the Company played an important role in the business performance of CCCG. The ranking of CCCG in the Fortune Global 500 jumped from 110th in 2016 to 78th in 2020, and has ranked the first among Chinese enterprises in ENR's Top International Contractors for the fourteenth consecutive years. Insisting on the supremacy of technology innovation, and relying on major projects, the Company made significant breakthroughs in solving the difficult technical problems, which made its voice louder in market competition and broadened space for its sustainable development. During the year 2020, the Company has won 40 National Science and Technology Advancement Awards, 5 National Technological Invention Awards, 93 Zhan Tianyou Awards and 100 Luban Awards.

The development of the Company during the Fourteenth Five-Year Plan period will still embrace important strategic opportunities which outweigh challenges. In line with CCCG's strategic goal of "two maintains and one strive (兩保一爭)" (maintaining its status as the No. 1 international contractor in Asia, maintaining its A-level assessment results as a central enterprise, and striving to enter the Fortune Global 500 during the Fourteenth Five-Year Plan period), we will stride toward worldwide markets and focus on construction, principal business and expertise. In accordance with the "123456" overall development path, we will value the tackling of "six relationships", being strategy and execution, development and safety, growing strong and big, principal business and other businesses, old and new dynamics, and doing things in the right way and doing the right thing. The Company will concentrate on "three majors (三重)" (major projects, major regions and major markets) and emphasize "two macros and two priorities (兩大兩優)" (macro traffic and macro city, as well as overseas priority and rivers, lakes and seas priority). The Company will intensify efforts on investment, project, asset and capital, enhance its core competitiveness, and promote itself to develop in a higher quality, more efficient, more equitable, more sustainable and safer manner, striving to become a globally competitive world-class enterprise with technology, management and quality.

In respect of the operation goals in 2021, the opening year of the Fourteenth Five-Year Plan, the Company plans to achieve a year-on-year growth of no less than 10% in the value of new contracts and revenue. Detailed measures will be formulated for indicators, such as gearing ratio, operating profit margin, intensity of investment in R&D, and overall labour productivity, with a view to fully achieving the assessment targets. The Company will comprehensively implement the "123456" overall development path through doing well in six key aspects including optimising operation and stabilising growth, advancing innovation and building momentum, promoting reform and stimulating vitality, refining management and improving quality and efficiency, preventing risks and guarding the bottom line, and enhancing Party building and cohesion, so as to ensure a good start during the Fourteenth Five-Year Plan period.

All Shareholders, in the face of the new situation, challenges and tasks, the Company will deeply implement General Secretary Xi Jinping's important remarks on the reform and development of state-owned enterprises and Party building. The Company will leverage on the new development stage with new development concept in mind, integrate into the new development landscape, and adhere to the general keynote of seeking progress in a stable manner. Taking the promotion of quality development as the theme, the deepening of supply-side structural reform as the line, and the conduct of reform and innovation as the fundamental force, the Company will coordinate development and safety more effectively, and start a new journey of high-quality development.

MAIN BUSINESS

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

BUSINESS MODEL

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

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

After the project is awarded and the contract is signed, the Company usually collects prepayment at 10% to 30% of the total contract amount before the project commences, and then settles the payment on a monthly or regular basis according to the progress. Payments from customers are usually settled within 1 to 3 months.

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

CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Strong Advantages in the Fields of Principal Businesses

The Group is the world's largest port, road and bridge design and construction company, and the world's largest dredging company. It is also the largest international contractor and the largest highway investor in China, and owns the largest engineering fleet in the world. The Group has 37 principal wholly-owned or holding subsidiaries, and operates businesses in China's all provinces, cities, autonomous regions, Hong Kong Special Administrative Region and Macau Special Administrative Region and 139 countries and regions across the world.

The Group is the world's largest port design and construction company and has a leading professional ability and a complete industry chain. It undertakes the design and construction of most of medium and large ports in coastal zones since the founding of PRC, and participates in the design and construction of many large ports overseas, fostering a strong competitiveness and brand influence. In China, there are limited market players that can compete with the Group.

The Group is the world's largest road and bridge design and construction company and realizes the infrastructure industry layout with full lifecycle, whole-process and integrated services, covering from single industry chain to whole industry chain (planning, feasibility study, investment and financing, survey and design, project construction, operation and maintenance, and asset disposal), from domestic market to overseas market and from road to civil engineering industry. In the field of design and construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges, the Group has leading technologies, adequate financial capacity, outstanding project performance, abundant resource reserves and a good reputation. As social capitals are entering the infrastructure industry at a faster pace amid the country's greater efforts to deepen the reform of investment and financing circulation system, competitors of the Group are not limited to large central enterprises and local state-owned infrastructure enterprises only, and strong private enterprises, financial institutions and other social capitals will also participate in the competition.

The Group is one of the largest railway construction company in China and has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and the two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered the railway construction markets in Africa and Southeast Asia, and several major railway projects have been completed or operated or are under construction, becoming a heavyweight in the market. With regard to the railway infrastructure design, the Group entered the market during the "Eleventh Five-Year" period and it is now making efforts to further improve the market influence and stays in the market cultivation stage currently.

The Group is the world's largest dredging company and enjoys absolute influence in China's coastal dredging market. After years of development, it has strong competitiveness in core equipment, professional advantage, technological strength, credit rating, public image and industry brand, and builds a full industry chain of planning, consultation, investment, design, construction and operation in the fields of port dredging, channel dredging, land reclamation, watershed management, pre-dredging and post-dredging services and environmental protection. Currently, the Group has the largest and most advanced dredging team in China and ranks the first in the global market in terms of the total capacity of trailing suction hopper dredgers and total installed power of cutter suction dredgers.

(II) Advance Towards a World's Leading "Sci-Tech" Enterprise

The Company attaches great importance to technological innovation, continuously improves the technological innovation system and strengthens efforts to achieve breakthrough in core technologies. It is committed to improving the independent innovation capability, continuously deepening the technology system reform, enhancing technological innovation incentive and talent pool construction, taking multiple measures to promote the strategy of innovation-driven development and staying determined to advancing towards a world's leading "sci-tech" enterprise by technological innovation.

The Company has established the leading group for technological innovation and core technology breakthrough and puts great efforts to overcome technology bottleneck. It has a "three-level and three-type" platform system that integrates fundamental application research, technology research and development, and engineering and industrialization research. Meanwhile, the Company builds the high-end technology think tank comprised of academicians of Chinese Academy of Engineering, to serves as the brain trust of the Company and the platform for introducing external high-end technology and promoting technology cooperation. Furthermore, the Company owns 13 post-doctoral research centres and 4 academician research centres and has systematically nurtured a pool of scientific experts and a professional innovation team by leveraging on innovation platforms and the establishment of key scientific research projects and key engineering projects to create a "three-in-one" nurturing model integrating talents, teams and platforms to nurture scientific and technological talents team.

The Company makes significant breakthrough in technologies regarding road construction and maintenance under complicated natural conditions, expressway in high-cold permafrost regions, long-span bridge, long and large mountain tunnel, underwater tunnel, highway-railway bridge, offshore deep-water port, rapid island building in open seas, deep-water submerged tube tunnel, installation and construction of wind power infrastructure, and ranks among the top in the international market. The core technology of super-large diameter tunnel shield machine manufacturing breaks the foreign technology blockade, realizes the domestication and industrialization of the whole machine, and is comparable to top-ranking enterprises of European and American markets. Applied technologies including BIM, Beidou satellite and high-resolution remote sensing witness rapid development and maintain the leading position in the industry domestically.

(III) New Achievements in Business Qualification

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

The Group has obtained a total of 38 extra-grade qualifications, including 10 extra-grade qualifications for general contracting of port and waterway engineering construction, 25 extra-grade qualifications for general contracting of road project construction, 2 extra-grade qualification for general contracting of architectural engineering construction and 1 extra-grade qualification for general contracting of municipal utilities project construction. The Group now has obtained more than 750 qualifications for major engineering contracting and more than 200 qualifications for engineering consulting, survey and design, including 8 comprehensive grade A qualifications for engineering design, and several qualifications for business such as supervision, surveying and mapping, testing, and external operations.

In 2020, the Group obtained 26 first level and above construction qualifications, which greatly supported the pace of market expansion.

BUSINESS OVERVIEW

In 2020, in the face of extremely complex and severe external conditions and the global spread of COVID-19 pandemic, the Company insisted on elaborate planning and deployment, tackled tough problems precisely, coordinated its efforts in both the domestic and overseas markets to continue on expanding its footprints and innovating its business model and to accelerate “two paths” development, namely internal improvement and external growth, and therefore has achieved a new leap in the production and operation. The Company continuously deepen technological innovation, thus the overall development has maintained a good momentum of overall stability and progress.

In 2020, the value of new contracts of the Group amounted to RMB1,066,799 million, representing a year-on-year increase of 10.6%. As at 31 December 2020, the backlog of the Group amounted to RMB2,910,322 million, of which, the value of the contract signed but not yet performed was RMB758,824 million and the value of the contract performed but not yet completed was RMB2,151,498 million.

In 2020, affected by the strong resistance to the epidemic in overseas markets and the complex political environment, the market development was precise and vigorous. The value of new contracts of all businesses from overseas markets of the Group achieved RMB204,989 million (equivalent to approximately USD29,743 million), representing a year-on-year increase of 4.7%, accounting for approximately 19% of the Group's new contracts value. Statistics showed that as at 31 December 2020, the Group operated businesses in 139 countries and regions.

In 2020, the confirmed contract value from infrastructure and other investment projects of the Group amounted to RMB176,928 million[1] (the contract value domestically and overseas recognized amounted to RMB172,326 million and RMB4,602 million[2] respectively), representing a year-on-year decrease of 11.7% and accounting for approximately 17% of the Group's new contract value. The value of construction and installation contracts to be undertaken by the Group was estimated to be RMB198,892 million.

I. BUSINESS REVIEW AND MARKET STRATEGIES

(I) Domestic Market

In 2020, the whole country promoted the epidemic prevention and the economic and social development achieved major achievements. China's economy witnessed a rebound from the previous slowdown and recovered stably, the completion of major indicators was better than expected, and the gross domestic product recorded an increase of 2.3% throughout the year. Fixed asset investment in infrastructure increased by 0.9%. Specifically, investment in the waterborne transport industry increased by 9.5%, investment in ecological protection and environmental improvement increased by 8.6%, investment in water management increased by 4.5%, investment in road transport business increased by 1.8%, investment in public facility management increased by 0.2%, while investment in railway transport business decreased by 2.2%.

1 The confirmed contract value of share participation projects recognized in proportion of shareholding amounted to RMB49,586 million

2 Excluding the projects signed by John Holland

To cope with the impact of COVID-19 and the economic slowdown pressure, the country announced a series of favorable policies in the first half of 2020, including special local government bonds, tax cuts and fee reductions, reducing the proportion of capital in PPP projects and encouraging infrastructure REITs pilot program, all of which brought new opportunities to the industry. Owning to the implementation of reverse stimulation policies including national fiscal and financial policies and multiple measures adopted by local governments to ensure steady growth and the vigorous promotion of new infrastructure construction, new urbanization, major transportation and water projects, new industries, new segments and new growth drivers are taking shape and developing rapidly, major construction investment plans are launched in various districts, and the construction market embraces opportunities to grow for recovering from and offsetting the negative impact and opens greater space for development.

In 2020, the Company was committed to overcoming the current difficulties and demonstrating its responsibility as “A Pillar of the Great Power” in overcoming obstacles. The completion of the installation of the first submerged tube of Dalian Bay Subsea Tunnel realized the first breakthrough in the construction of submerged tube tunnel in cold areas. CCCC’s Nujiang Love-Connection Bridge was officially opened to traffic, setting the record for the largest single-span pushing diameter in Asia. The largest-diameter mud-water balance shield machine “Great Wall” that independently researched and developed, designed, manufactured has successfully launched, marking the end of the era relying on foreign brands for China’s super-large-diameter shield tunnel construction. Every super project and super equipment embodies CCCC’s plan, power, and effort.

(II) Overseas Market

In 2020, as cross affected by the COVID-19 pandemic and economic growth problems, the industrial chain and supply chain was greatly impacted. The external environment was uncertain amid imbalanced foreign policy of major western economies, headwinds from anti-globalization, and superposition of trade protection and populist security threats. Despite of these, major economies across the world still adopted investment and infrastructure development as the important solution to boost economy. China has been promoting the high-quality development of the “Belt and Road Initiative”, and the construction of the road to health, cooperation, recovery and growth has become the direction of joint efforts of all countries under the new situation.

In 2020, the Company actively integrated into the overall situation of national development, deepened international exchanges and cooperation, and pioneered in implementing strategies, setting an example for deepening Sino-foreign economic and trade cooperation and high-quality co-construction of the "Belt and Road Initiative". The Company managed to achieve a rare growth in terms of market expansion against the trend under a severe global economic recession, and maintained a leading position in the industry, as its international business performance ranked in the forefront of ENR's top 250 international contractors for six consecutive years, and ranked first among the largest international engineering contractors in Asia for 14 consecutive years. In 2020, the Company withstood the pressure, fought hard, and steadily promoted the full resumption of the Malaysia East Coast Rail Link Project. Section II of Karakoram Highway Phase II Project was successfully opened to traffic, and the Kenya Mombasa-Nairobi Railway operated safely and efficiently during the pandemic, fully showcasing the Company's responsibility as "A Pillar of the Great Power".

(III) Business Summary

1. Infrastructure Construction Business

The scope of infrastructure construction business mainly consists of the construction of port, road and bridge, railway, urban rail transit, and relevant investment, design, construction, operation and management of municipal infrastructure, construction and environmental protection, etc. at home and abroad. Categorised by project type, it specifically covers port construction, road and bridge construction, railway construction, urban construction, and overseas projects, etc.

In 2020, the value of new infrastructure construction contracts entered into by the Group amounted to RMB950,883 million, representing a year-on-year increase of 11.6%. Wherein, the value of new contracts from overseas markets amounted to RMB201,667 million (equivalent to approximately USD29,261 million); the confirmed value of contracts from infrastructure and other investment projects amounted to RMB175,015 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB197,069 million. As at 31 December 2020, the backlog amounted to RMB2,602,729 million.

Categorised by project type and location, the value of new contracts in terms of port construction, road and bridge construction, railway construction, urban construction and overseas projects amounted to RMB37,942 million, RMB276,907 million, RMB15,455 million, RMB418,912 million and RMB201,667 million, representing 4%, 29%, 2%, 44% and 21% of the total value of new infrastructure construction contracts, respectively.

(1) Port Construction

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

In 2020, the value of new contracts of the Group for port construction projects in Mainland China amounted to RMB37,942 million, representing a year-on-year increase of 33.6%, and accounting for 4% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB3,029 million.

From January to November 2020, according to the data published by the Ministry of Transport, the fixed assets investment in coastal and inland water transportation construction completed amounted to approximately RMB117,842 million, representing a year-on-year increase of 14.4%. Coastal ports gradually developed towards resource integration, smart upgrade and transformation, comprehensive large-scale hub ports and resource-based port construction, which created new market opportunities. Focusing on the strategy of "prioritizing rivers, lakes and seas", the Company concentrated on important regions such as the Yangtze River Delta, Guangdong, Hong Kong and Macao, etc., and responded to the demands of the construction of coastal, riverine and canal hub ports and the upgrade and transformation of terminals to explore potential, expand capacity and increase efficiency, thereby successfully implementing the Project for Channel and Breakwater of Dananhai Eastern Bank in Jieyang Port, the Zaozhuang Section of the Class II Navigation Channel Renovation Project of the Beijing–Hangzhou Grand Canal and other projects. The Company has maintained its position as the leader in the traditional business industry.

(2) Road and Bridge Construction

As one of the largest road and bridge construction enterprises in China, the Group enjoys remarkable technical and scale advantages in construction of expressways, high-grade highways as well as river-crossing and sea-crossing bridges. Major competitors of the Group are some large-scale central enterprises and local state-owned infrastructure enterprises.

In 2020, the value of new contracts of the Group for road and bridge construction projects in Mainland China reached RMB276,907 million, representing a year-on-year increase of 1.6%, and accounting for 29% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB60,696 million.

From January to November 2020, according to the data published by the Ministry of Transport, the fixed assets investment in road transport construction amounted to approximately RMB2,256,907 million, representing a year-on-year increase of 11.5%. The funding of infrastructure investment received strong support from various aspects, such as the effectiveness of a number of steady growth policies introduced during the post-pandemic period and the use of local government bonds, coupled with flexible and precise promotion of proactive fiscal policy and sound monetary policy. The provinces actively facilitated the construction of a strong transportation, expanded busy passages, strengthened inter-provincial passages, improved vertical passages, and implemented the construction project of national expressways to ensure smooth traffic flow.

In 2020, the Company enhanced its capability to expand the spot exchange market, and continued to optimize its regional layout and business portfolio. Leveraging on its advantages in technology, talent and market, the Company successfully secured a number of large-scale projects including the Hefei-Zongyang Section of Dezhou-Shangrao National Expressway, the Jingjiang Yangtze River Tunnel Project in Jiangyin of Jiangsu Province, and the Reconstruction and Expansion Project of Nanjing Section of Provincial Highway 126, consolidating the Company's leading position in the market of high-grade highways and large-scale bridges and tunnels. Meanwhile, the Company further leveraged its advantage in the whole industry chain in the area of transportation infrastructure investment to invest and construct the BOT Project of Dejiang-Yuqing Expressway in Guizhou Province and the BOT Project of Zhanhua-Linzi Expressway in Shandong Province so as to facilitate the Company to upgrade business towards high value-added segments.

(3) Railway Construction

As one of the largest railway construction enterprises in China, the Group has developed into the main force of China's railway construction by virtue of its outstanding construction level and excellent management capability, but a large gap still exists between the Company and two domestic traditional railway infrastructure enterprises in terms of market shares in China. However, as to the overseas market, the Company has successfully entered the railway construction markets in Africa, Southeast Asia, etc., and several major railway projects have been completed or operated or are under construction by the Company, showing vital market influence.

In 2020, the value of new contracts of the Group for railway construction projects in Mainland China reached RMB15,455 million, representing a year-on-year decrease of 8.8%, and accounting for 2% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects amounted to RMB7,736 million.

In 2020, the Company increased the investment in the railway operation, and successfully signed the contracts for the spot exchange projects including the Harbin-Mudanjiang Passenger Railway Pre-Station Project, Lijiang-Shangri-La Railway Pre-Station Project, etc. The Company also invested in the construction of the Naomao Lake–Jiangjun Temple Freight Railway Project in Xinjiang, officially entering the whole industry chain construction market of the freight railway.

The "14th Five-Year Plan" of the railway business focused on improving the construction of the "eight verticals and eight horizontals" high-speed railway network, actively promoting intercity railways, accelerating the development of urban railways, enhancing the road network layout, and implementing a number of major projects such as the Sichuan-Tibet Railway and the New Western Land-Sea Corridor. In the future, the Company will enhance market development, explore the integrated management of construction, investment and operation, and integrated control of market and production to build the brand of "CCCC Railway". We will also put an emphasis on the key projects in key regions, anchor major railway trunk line projects such as the Sichuan-Tibet Railway and the Coastal High-speed Rail Corridor, and strive to achieve greater breakthroughs in performance.

(4) Urban Construction

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

In 2020, the value of new contracts of the Group for urban construction projects, etc. in Mainland China reached RMB418,912 million, representing a year-on-year increase of 21.0%, and accounting for 44% of that of the infrastructure construction business. Wherein, the confirmed value of contracts from infrastructure and other investment projects was RMB98,952 million.

Due to rapid progress of urbanization in China, the country and the people put forward stringent and more requirements for urban construction. Urban construction has started to develop towards vertical in-depth services with the strengthening of urban renewal and an increase in the projects related to people's livelihood and environmental protection. The government continued to increase the proportion of investment in urban public utilities, and the market capacity of municipal businesses covering urban expressway renovation, municipal pipe network construction, city traffic planning, old town renovation, living environment and ecosystem upgrade continued to increase, which created new growth points for the industry.

The Company commenced in-depth participation in the urban renewal initiatives, shifting from project-based activities to urban operation, and moving from satisfying demand to guiding and innovating demand. Focusing on building cultural cities, livable cities, resilient cities, green cities, and smart cities, the Company signed contracts for major urban projects such as the New Energy Smart Vehicle Comprehensive Test Site Project in Shangrao City, the Yinhu Resettlement Housing Project in Fuyang District, Hangzhou City, and the Jinan Changqing Industrial New City Project etc., increasing its influence and discourse power in the industry. The Company continued to exert efforts in developing the urban rail transportation market and successively implemented its plan in Tianjin, Nanjing, Chengdu and other major regions. Through precise measures such as high-end operation, internal synergies, external cooperation and regional in-depth cultivation, etc, the Company successively implemented a number of water environment treatment and water conservancy construction projects, including the Project of County Water Control Engineering in Tangshan City and the Fenghe and Juehe Comprehensive Water Treatment Project in the high-tech zone, etc.

(5) Overseas Projects

The Group's scope of overseas projects in the infrastructure construction business includes all kinds of large-scale infrastructure projects such as road and bridge, port, railway, airport, subway, construction, etc., with remarkable competitive edges in the market.

In 2020, the value of new contracts of the Group for overseas projects in the infrastructure construction business amounted to RMB201,667 million (equivalent to approximately USD29,261 million), representing a year-on-year increase of 7.4%, and accounting for 21% of that of the infrastructure construction business. Wherein, the value of contract of the BOT Project of Kenya Nairobi Expressway Investment confirmed in the form of infrastructure and other investment project amounted to RMB4,602 million (equivalent to approximately USD668 million). In addition, 32 new projects were entered into with each contract value over USD300 million and a total contract value of USD19,175 million, accounting for 64% of total value of all overseas new contracts of the Group.

Categorised by project type, the value of overseas new infrastructure construction contracts for roads and bridges, construction, ports, railways, urban construction, etc. accounted for 31%, 19%, 5%, 4% and 41% of the value of new contracts for overseas projects, respectively.

Categorised by project location, the value of new infrastructure construction contracts for Africa, Southeast Asia, Oceania, Hong Kong/Macau/Taiwan, and other regions accounted for 36%, 20%, 13%, 8% and 23% of the value of new contracts for overseas projects, respectively.

In 2020, faced with exceptionally severe external situation, the Company overcame the impact of the pandemic, and carried out in-depth practices of the overseas priority strategy, which enhanced the brand awareness concerning China Road, China Bridge, China Port and China Island around the world. The Company strengthened its integration with the "Belt and Road" interconnection project, promoted an in-depth deployment in "six corridors and six channels serving multiple countries and ports", and made successive achievements in market development. The Company won the bid of the first contract section of Maya Railway in Mexico by combining Portugal Mota-Engil, achieving the first breakthrough of the Company in the spot exchange project of the Mexican government. The Company also secured the Water Conservancy Project in Moamba, Mozambique, which was another important achievement of China-Africa cooperation. The Company implemented the EPC project for the Tuas Comprehensive Waste Treatment Plant in Singapore, and continued to enhance the entire ecological service system of the city.

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

2. Infrastructure Design Business

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

As the largest port design enterprise in China, as well as the world's leading highway, bridge and tunnel design enterprise, the Group enjoys remarkable competitive edges in related business fields. As compared with the Group, other entities in the market have relatively weak competitiveness. However, more and more competitors are flooding into the medium and low-end markets, leading to the intensification of market competition.

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

In 2020, the value of new contracts of the Group in infrastructure design business reached RMB47,730 million, representing a year-on-year increase of 0.5%. Wherein, the value of new contracts from overseas markets amounted to RMB2,033 million (equivalent to approximately USD295 million), accounting for 4% of the infrastructure design business. The confirmed value of contracts from infrastructure and other investment projects was RMB823 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB790 million. As at 31 December 2020, the backlog amounted to RMB129,743 million.

Categorised by project type, the value of new contracts for survey and design, project supervision, EPC general contracting, and other projects (including PPP projects) amounted to RMB14,274 million, RMB926 million, RMB28,112 million and RMB4,418 million, representing 30%, 2%, 59% and 9% of the value of new contracts for infrastructure design business, respectively. For the corresponding period of 2019, the value of new contracts of the above items accounted for 28%, 2%, 52% and 18%, respectively.

In 2020, the scale of domestic survey and design projects obtained by the Company increased significantly as compared with that in previous year, mainly due to rapid launch of new infrastructure projects that owns higher growth space for infrastructure design and benefits first as the effects of a series of policies to maintain steady growth and make a counter-cyclical adjustment released gradually. The Company played a leading role in planning and design, strengthened internal and external cooperation, optimized construction organization and design, undertook a number of expressway survey and design projects in the southwestern provinces, and continuously promoted the integrated mode of planning, consulting, design and engineering with full-process consulting and high-quality services, securing projects such as the Project of Terminal in Dalanping Operation Area, Qinzhou Port, Guangxi Province and Urban Infrastructure Project in Jiayu County, Xianning City, Hubei Province, etc.

3. Dredging Business

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

As the largest dredging enterprise in China and even in the world in terms of the total capacity of trailing suction hopper dredgers and total installed power of cutter suction dredgers, the Group enjoys absolute influence in China's coastal dredging market.

In 2020, the value of new contracts of the Group in dredging business reached RMB58,837 million, representing a year-on-year increase of 11.5%. Wherein, the value of new contracts from overseas markets amounted to RMB882 million (equivalent to approximately USD128 million), the confirmed contract value from infrastructure and other investment projects amounted to RMB1,090 million, and the value of construction and installation contracts to be undertaken by the Group was estimated to be RMB1,033 million. As at 31 December 2020, the backlog amounted to RMB170,065 million.

In 2020, according to the vessel purchase plan, no large vessel was newly constructed with special purpose to serve in the Group's dredger fleets. As at 31 December 2020, the Group's dredging capacity amounted to approximately 784 million cubic meters under standard operating conditions.

In 2020, the market size of coastal dredging business increased significantly as compared with that in previous years with the market hot areas remaining in the southern region. The business of inland waterways, reservoirs and lake dredging embraced new growth points. The reclamation business remained relatively sluggish due to the control of reclamation and the restriction of marine environmental protection policy.

Facing both challenges and opportunities, the Group upheld the market first principle, explored innovative watershed management projects with its focus on major rivers, lakes and seas, continuously augmented the brand effect, and established a stable development pattern driven by four principles of "tradition, emergence, investment and overseas market". Firstly, the Company secured steady development in the traditional business segment, winning the bid for the Donghaidao Soft Foundation Project in Zhanjiang, Xuwei Waterway Dredging Project of Phase II of 300,000 DWT Waterway Engineering Project in Lianyungang Port, and the Waterway Project of 200,000 DWT of Caofeidian Port, Tangshan and other major projects, achieving zero loss of bids for key tracking projects. Secondly, we secured watershed management projects with water management as the core, and successfully entered new markets such as urban comprehensive development and municipal water conservancy infrastructure, and obtained a number of major projects, including the Wanfu River Comprehensive Water Treatment Project Phase I in Heze, the Comprehensive Improvement Project of the Sub-Standard Water Body in Zhongshan City, and the Comprehensive Watershed Management and Development Project of Yixin Lake C Area in Shuangliu District, Chengdu, which preliminarily constituted the "CCCC plan" for the comprehensive watershed treatment. Thirdly, the overseas business achieved new development and overcame a number of unfavorable factors to successfully facilitate the signing of the Reclamation Project in Manila Bay, Philippines with a contract value of USD780 million, which was the largest reclamation project undertaken by the Group in the overseas market.

4. Other business

In 2020, the value of new contracts of the Group in other business amounted to RMB9,349 million, representing a year-on-year decrease of 25.0%. As at 31 December 2020, the backlog amounted to RMB7,785 million.

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

1. Infrastructure Construction Business

Port Construction

No.	Contract Name	Contract Value
1	PPP Project of Huangma Work Zone and Lingang New City Work Zone (Phase I) in the Urban Harbor District of Huai'an Port in Jiangsu Province	3,029
2	Lot A and Lot B of EPC Project for Western Port Pool Terminal 8~11# of Lusi Work Zone of Nantong Port in Jiangsu Province	2,129
3	Project for Public Entrance Channel of Dananhai Eastern Bank and Breakwater of Public Wharf in Jieyang Port, Guangdong Province	1,231
4	Water Transportation Project of Phase I of Metal Ores Terminal (Continued Construction) in the Bulk Cargo Area of Huanghua Port, Hebei Province	1,200
5	EPC Project of Embankment and Breakwater of Supporting Terminal for Vinyl Oil Refining Expansion Project in Hainan Province	1,050

Road and Bridge Construction

No.	Contract Name	Contract Value
1	BOT Project of Guiyang-Jinsha-Gulin (Guizhou and Sichuan Conjunction) Highway in Guizhou Province	9,999
2	BOT Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong–Daozhen (Chongqing Section) Highway in Chongqing	9,687
3	BOT Project of Dejiang-Yuqing Expressway in Guizhou Province	9,140
4	Project of Pingguo-Nanning Section of Tian'e-Beihai Highway in Guangxi Province	9,024
5	BOT Project of Zhanhua-Linzi Expressway in Shandong Province	5,868

Railway Construction

No.	Contract Name	Contract Value
1	BOO Project of Mengxi Industrial Park–Sanbei Yangchang Railway in Ordos City	3,383
2	BOO Project of Naomao Lake–Jiangjun Temple in Xinjiang	3,313
3	PPP Project of High-speed East Station and Supporting Road Construction in Changzhi, Shanxi Province	1,040

Urban Construction

No.	Contract Name	Contract Value
1	EPC Project of High Speed Railway New City Infrastructure and Public Construction Supporting Investment and Construction in Zhangjiagang City	20,851
2	EPC Project of Connection Works for Coastal Expressway Qianhai Section and Nanping Expressway in Shenzhen	15,900
3	EPC Project of Infrastructure Construction for Zaoyuan Region of Linyi West Town	13,900
4	PPP Project of New Urbanization Construction for Northern New City in Wanzhou District in Chongqing	13,647
5	Jinan Changqing Industrial New City Comprehensive Development Project	8,676

Overseas Projects

No.	Contract Name	Contract Value
1	Phase I of Lot 1 of EPC Project for Tuas Comprehensive Waste Treatment Plant in Singapore	7,512
2	Water Conservancy Project in Moamba, Mozambique	5,713
3	First Section of Maya Railway in Mexico	5,099
4	Reclamation Project in Manila Bay, Philippines	5,038
5	Expressway Project of Novi Sad-Ruma, Serbia	4,933

2. Infrastructure Design Business

No.	Contract Name	Contract Value
1	EPC Project of the Formation of Comprehensive Utilization Area for Public Facilities and Resources in Xiaoyangshan Port, Zhejiang Province	1,111
2	Survey and Design Project of the Golmud-Naqu Section of G6 Expressway	1,089
3	EPC Project of 1–3# Terminal in Dalanping Operation Area, Qinzhou Port in Guangxi Province	985
4	Comprehensive Remediation and Phase II Project of the North Coast Zone in Xiaodao Bay, Qingdao	910
5	EPC Project of Urban Infrastructure Project (Phase I) in Jiayu County, Xianning City, Hubei Province	778

3. Dredging Business

No.	Contract Name	Contract Value
1	Donghaidao Industrial Land Soft Foundation Project (Phase II) in Guangdong Province	2,291
2	Construction Project for Building Heze as A Model City on Urban Black-odor Water Treatment in Shandong Province	2,176
3	Project (Phase I) for Comprehensive Water Treatment, Ecosystem Restoration, Environment Improvement and Integrated Industry Development of Ji Canal River (Jizhou Section) in Tianjin	1,556
4	EPC Project of River Improvement and Supporting Construction for Wanfu River Comprehensive Water Treatment Project Phase I in Heze, Shandong Province	1,524
5	EPC Project (Lot II) of Water Ecological Treatment (Phase I) Project for Jin River in Chengdu, Sichuan Province	1,475

IV. TECHNOLOGY INNOVATION

In performing its primary duty and conducting its main business, the Company attached great importance to the key and core technologies as well as bottleneck problems and followed the guidance of pilot project to build national strength in transportation and the national strategy for promoting new urbanization so as to achieve the goal of self-development, safe development and core competitiveness enhancement while increasing the coordination and integration of technology and digitalization, with an aim to build itself into a technology-based and world-class enterprise.

In 2020, the Company's research and development cost was RMB20,155 million, accounting for 3.2% of the operating income, representing an increase of 0.9 percentage point from last year. During the year, adhering to the guiding principle of "focusing on market, supporting development, coordinating planning, integrating resources, making key breakthroughs and leading the future", the Company stepped up efforts to make breakthroughs in key and core technologies, continuously improved the science and technology innovation system, the science and technology management capability and the construction of science and technology talent team, steadily promoted the transformation as well as promotion and application of science and technology achievements and deepened the reform of the science and technology management system and mechanism, thus effectively enhancing the innovation capability of the Company, which is mainly reflected in the following aspects:

Firstly, the Company systematically reviewed the institutional structure of the science and technology management system and improved the relevant system construction. In 2020, on top of a strengthened top-level design of the institutional structure of science and technology management system and through systematic abolition, revision and establishment, the Company established a science and technology management system consisting of 20 management policies covering the whole chain of science and technology innovation, and a hierarchical and classified technology management system consisting of 11 technology management policies covering the whole process of technology management, providing a sound institutional guarantee for the Company's science and technology innovation and technology management.

Secondly, the Company built a "1+3" decision-making and consultation system for science and technology innovation. A leading group for scientific and technology innovation and core technology breakthroughs, a high-end scientific and technology think tank and a special committee of young scientific and technology backbones were set up, which, together with the Company's expert committee, form a sound "1+3" decision-making and consultation system for science and technology innovation of the Company.

Thirdly, for the first time, three business research bases were approved for certification. The Company's Observation Base of Long Term Performance of Cross-sea Bridges, Observation Base of Long Term Performance of Marine Infrastructure and Observation Base of Frozen Soil Engineering of Qinghai-Tibet Highway were certified as Scientific Observation and Research Bases of Transportation Industry. In particular, the Observation Base of Frozen Soil Engineering of Qinghai-Tibet Highway was selected as a National Observation and Research Station pending for construction by merits-based method.

In 2020, the Company was awarded with 2 second-class prizes of the National Science and Technology Advancement Award, 1 second-class prize of the National Technology Invention Award, 9 Luban Awards, 34 National Quality Project Awards (including 4 golden awards), 5 Zhan Tianyou Awards, 5 Chinese Outstanding Patent Awards and 257 provincial and ministerial technology awards. The Company has participated in the compilation of 3 international standards, 16 national standards, 55 industry standards and 20 local standards that have been promulgated, engaged in the translation and compilation of 10 industry standards and promulgated 7 enterprise technological standards. The Company has been awarded with 2,043 patents, 284 software copyrights and 264 provincial and ministerial construction methods.

Over the years, the Company has been accumulatively awarded with 40 National Science and Technology Advancement Awards, 5 Technological Invention Awards, 100 Luban Awards, 295 National Quality Project Awards (including 31 golden awards), 93 Zhan Tianyou Awards, 2 Chinese Golden Patent Awards and 24 Chinese Outstanding Patent Awards. The Company has accumulatively participated in the compilation of 111 national standards and 406 industry standards that have been promulgated, and had a total of 13,697 authorized patents.[3]

In the future, the Company's science and technology innovation should closely keep abreast of the trends of global leading science and technology and cross-border technology in relevant areas. The Company should closely integrate with the development trend of science and technology, bear the national strategy & security as well as market and field demand in mind, stress value creation and highlight the mutual synergy between the innovation chain and the industrial chain so as to achieve the target of "focusing on priorities, consolidating advantages, addressing inadequacies and shoring up points of weakness" in science and technology innovation. It will make plan for major research and development directions of different hierarchies and classifications to step up efforts to make breakthroughs in key and core technologies, strive to consolidate and maintain its existing technological advantages, cultivate and enhance its emerging technological capabilities, aiming to solve bottleneck technology problems as soon as possible and moving towards a technology-based and world-class enterprise in an all-out effort.

V. FINANCIAL INNOVATION

In 2020, the Company used various innovative financial products to provide financial support to its business development, improve asset structure and reduce financing cost.

The first was to give full play to the unique advantages of funds in investment and financing. It strengthened its connection with existing financing channels, such as the China Life Insurance (國壽), the Social Security Fund and China Public Private Partnerships Fund (政企基金), to provide equity financing for projects of its main business with cost efficiency.

The second was to insist on the development positioning of "financing to promote production and serve the main business". It vigorously rolled out asset-backed securitisation of supply chain, issued RMB17,100 million of ABS/ABNs on accounts receivable and accounts payable, and took the initiative to explore innovative products, such as quality assurance deposit ABS.

3 Statistic from the awards received by the Company and its subsidiaries

The third was to capitalise on the dual benefits of national regulatory policies and sufficient market liquidity. It innovated and carried out different types of financial businesses, such as equity-type and consolidated quasi-REITs and off-balance-sheet quasi-REITs to make good use of the existing infrastructure assets, thus opening up a channel for capital transformation of precipitated assets.

The fourth was to make innovation in the combination of industry and finance boldly and revitalize existing assets steadily. During the year, the fund company set up an industrial fund with China Life making the largest capital contribution to invest in the equity interests in CCCC Guanglian Expressway Investment Development Co., Ltd. The Company made innovation in the combination of industry and finance in the capital market, and revitalized its existing equity investments, which was conducive to improving the quality of the Company's assets.

VI. MAJOR PRODUCTION AND OPERATIONAL DATA *(UNIT: RMB MILLION)*

During the Reporting Period, the Company improved data governance, strengthened data management and enhanced the quality of production and operation data.

(I) Values of Contracts Newly Entered into during the Reporting Period

Business segment	**October-December 2020**		**Accumulated value of this year**		**Accumulated value of 2019**[4]	**Change**
	Number	*Value*	*Number*	*Value*	*Value*	*(%)*
Infrastructure construction business	649	291,203	2,166	950,883	851,924	11.6
Port construction	138	8,199	407	37,942	28,405	33.6
Road and bridge construction	157	88,107	609	276,907	272,622	1.6
Railway construction	20	7,218	28	15,455	16,941	-8.8
Urban construction	258	116,753	859	418,912	346,172	21.0
Overseas projects	76	70,926	263	201,667	187,784	7.4
Infrastructure design business	1,385	22,067	5,105	47,730	47,509	0.5
Dredging business	201	12,715	578	58,837	52,783	11.5
Other businesses	N/A	3,723	N/A	9,349	12,467	-25.0
Total	**N/A**	**329,708**	**N/A**	**1,066,799**	**964,683**	**10.6**

4 As a result of equity interest adjustment, the financial results of CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd. ("**CCCC Tianhe**") has been consolidated into that of the Company under the other businesses segment since June 2020. For the purpose of year-on-year analysis, the data for the corresponding period of the previous year has been adjusted simultaneously. In 2019, CCCC Tianhe recorded a value of new contracts of RMB2,000 million.

Values of contracts newly entered into outside the PRC during the Reporting Period

Region of projects	**Number of projects**	**Total value**
Africa	92	71,981
Southeast Asia	45	39,330
Oceania	30	25,858
Hong Kong, Macao, and Taiwan	41	16,363
South America	18	4,846
Others	37	43,289
Total	263	201,667

Note: the above data of infrastructure construction business was calculated by region.

(II) Completed and Accepted Projects during the Reporting Period

Total number of projects	N/A
Total project value	172,097

		Number	**Value**
Categorised by region	Domestic	N/A	147,785
	Overseas	N/A	24,312
Categorised by business type	Infrastructure construction business	590	153,872
	Infrastructure design business	2,044	9,402
	Dredging business	175	5,550
	Others businesses	N/A	3,273

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

(III) Projects under Construction during the Reporting Period

Total number of projects	N/A
Total project value	4,271,856

		Number	**Value**
Categorised by region	Domestic	N/A	3,332,034
	Overseas	N/A	939,822
Categorised by business type	Infrastructure construction business	5,813	3,824,961
	Infrastructure design business	22,857	232,138
	Dredging business	2,301	209,945
	Others businesses	N/A	4,812

(IV) Outstanding Projects during the Reporting Period

Since 2020, the Company has been using big data tools to achieve online production and operation data collection for outstanding contracts in a more accurate and scientific way.

	Contracted but not yet commenced	**Under construction and not yet completed**
Total number of projects	N/A	N/A
Total project value	758,824	2,151,498

		Number	**Value**	**Number**	**Value**
Categorised by region	Domestic	N/A	539,323	N/A	1,573,581
	Overseas	N/A	219,501	N/A	577,917
Categorised by business type	Infrastructure construction business	802	670,417	4,681	1,932,312
	Infrastructure design business	349	25,147	15,880	104,596
	Dredging business	1,101	56,624	975	113,441
	Others businesses	N/A	6,636	N/A	1,149

(V) Infrastructure and Other Investment Projects

Since 2019, a series of policies such as relaxing restrictions on the issuance of special local government bonds, the reduction of the proportion of capital in some projects and the launch of publicly offered infrastructure REITs pilot programs have been implemented to loosen the restrictions on the funds of governments and enterprises to strengthen infrastructure investments. On the other hand, China accelerated the construction of city clusters and metropolitan circles, increased investments in ecological protection and environmental management and boosted the integrative development of traditional infrastructure and "new infrastructure", so as to create new drivers for the expansion of infrastructure investments.

With a commitment to value-oriented investments, the Company maintained its strategic focus and controlled the scale of its investments, and with a focus on areas of "big transportation and big city" and the new infrastructure and new urbanization initiatives and major projects in China, the Company combined the advantages of its principal business with the development of regional economy, and strived to make use of its capacity for continuous innovation to strengthen and expand investment business. Over the past year, we won the bid for the Project of New Urbanization Construction for Northern New City in Wanzhou District in Chongqing and Jinan Changqing Industrial New City Project, accelerating the development of large-scale projects out of big cities; we were also granted a number of environmental protection projects, including the Project for Protecting the Yangtze River in Yiling District in Yichang, Hubei Province, and the Project for Comprehensive Treatment of Mihe River Basin in Shouguang City, Shandong Province, practicing the philosophy that "lucid waters and lush mountains are invaluable assets"; we prepared the plans for the TOD Project of Linyue Car Depot of Line 2 of Foshan Metro in Guangdong Province and the Comprehensive Development Project of Hangzhou-Huangshan High-speed Railway Sub-district in Fuchunwan New City, Hangzhou, making innovation in the joint development model in the Company's land use and rail transportation.

In 2020, the Company improved its management and control system in a comprehensive way and steadily enhanced supervision across the whole process to strictly control investment risks. The Positive List and Negative List of Investment Business was issued to further strengthen measures for ensuring investment safety. We carried out comprehensive inspection on investment projects under our direct management and key monitoring projects constantly to strictly control the risks of investment projects across their entire life cycles; we advanced the construction of investment management information system to achieve real-time and dynamic project monitoring and pre-warning.

1. *Infrastructure and Other Investment Projects Newly Entered into*

In 2020, in line with national policies and strategic development direction, the Company, with a main task to control total investment, invest in quality new projects and improve investment quality, focused on important regions and expanded major markets to optimize its business layout. The confirmed value of contracts from infrastructure and other investment projects was RMB176,928 million. The value of construction and installation contracts to be undertaken was estimated to be RMB198,892 million, among which, the confirmed values of contracts from BOT projects, government paid projects and urban comprehensive development projects were RMB48,085 million, RMB100,311 million and RMB28,532 million respectively, accounting for 27%, 57% and 16% of that from infrastructure and other investment projects respectively.

2. *Government Paid Projects and Urban Comprehensive Development Projects*

The total value of contracts for government paid projects entered into by the Group amounted to RMB601,918 million, wherein, the accumulative completed investment amounted to RMB269,603 million with cumulatively RMB68,226 million have been recovered.

The total investment value of contracts for urban comprehensive development projects entered into by the Group was estimated to be RMB336,397 million, among which, RMB96,432 million of investment amount had been completed cumulatively, RMB73,902 million of sales amount had been realised and RMB51,499 million had been received by the Group.

3. *Concession Projects*

As at 31 December 2020, according to statistics (the consolidated items contracted and financed by the Group, and the latest statistics shall prevail if there was any change), the total investment amount of the Group's contracted BOT projects was estimated to be RMB434,725 million, wherein, the accumulative completed investment amounted to RMB224,834 million. 24 concession projects together with 12 share-participation projects had been put into operations, and the operating revenue and net loss in 2020 was RMB5,158 million and RMB4,356 million, respectively (the direct impact of the exemption of toll on domestic highways during the epidemic was about RMB1,400 million).

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

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
1	PPP Project of New Urbanization Construction for Northern New City in Wanzhou District in Chongqing	PPP	18,197	13,647	12,508	No	Yes	8	12
2	BOT Project of Guiyang-Jinsha-Gulin (Guizhou and Sichuan Conjunction) Highway in Guizhou Province	BOT	32,493	9,999	23,511	Yes	No	4	30
3	BOT Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong – Daozhen (Chongqing Section) Highway in Chongqing	BOT	64,577	9,687	10,937	Yes	No	5	35
4	BOT Project of Dejiang-Yuqing Highway in Guizhou Province	BOT	14,500	9,140	6,964	Yes	Yes	3	30
5	Urban Comprehensive Development Project of New Industry City in Changqing, Jinan	Comprehensive urban development	8,676	8,676	5,255	No	Yes	1.5	30
6	Comprehensive Urban Development Project in Yongning Area (Zone B of Medical City), Wenjiang District, Chengdu, Sichuan Province	Comprehensive urban development	8,274	7,447	4,691	No	Yes	5	10

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
7	PPP Project of County Water Control Engineering in Tangshan City	PPP	9,584	7,083	7,083	No	Yes	3	22
8	PPP Project of Rapid Transformation of Zhonghuan Road in Chifeng City	PPP	7,236	6,512	5,247	No	Yes	3	27
9	BOT Project of Zhanhua-Linzi Expressway in Shandong Province	BOT	19,561	5,868	8,347	Yes	No	3.5	25
10	TOD Project of Linyue Car Depot of Line 2 of Foshan Metro in Guangdong Province	Comprehensive urban development	5,265	4,739	3,080	No	Yes		
11	Investment Project of Expressway in Nairobi, Kenya	BOT	4,602	4,602	4,602	Yes	Yes	3	27
12	One Square Kilometers Comprehensive Development Project of Hangzhou-Huangshan High-speed Railway Sub-district in Fuchunwan New City, Hangzhou	Comprehensive urban development	4,413	3,972	2,697	No	Yes	3	5
13	Yinhu Resettlement Housing Project in Fuyang District, Hangzhou	PPP	3,860	3,474	2,478	No	Yes	3	4
14	BOO Project of Mengxi Industrial Park–Sanbei Yangchang Railway in Ordos City, Inner Mongolia	BOO	5,639	3,383	3,383	Yes	Yes	4	Long-term

No.	Project Name	Project Type	Total Investment Budget Estimate	Contract Value according to Shareholding Ratio of the Company	Expected Construction and Installation Contract Value	Operating Project or Not	Consolidated or Not	Construction Period *(Year)*	Toll Collection/ Operation Period *(Year)*
15	BOO Project of Naomao Lake–Jiangjun Temple Railway in Xinjiang	BOO	9,698	3,313	4,261	Yes	No	3	Long-term
16	PPP Project of Huangma Work Zone and Lingang New City Work Zone (Phase I) in the Urban Harbor District of Huai'an Port	PPP	3,564	3,029	2,017	No	Yes	3	21
	Others		224,616	72,357	91,831	–	–	–	–
	Total		444,755	176,928	198,892	–	–	–	–

(2) Concession Projects under Development (Unit: RMB million)

No.	Project Name	Total Investment Budget Estimate	Contract Value Confirmed according to Shareholding Ratio	Investment Amount in 2020	Accumulated Investment Value
1	Highways including Taihangshan Highway in Hebei Province	47,000	14,570	–	Share participation
2	Phnom Penh-Port of Sihanoukville Expressway in Cambodia	13,643	13,643	2,712	4,203
3	Kaiping-Yangchun Expressway in Guangdong Province	13,711	12,740	–	Share participation
4	Shiqian-Yuping (Dalong) Expressway in Guizhou Province	12,407	12,407	2,628	7,337
5	CCCC Jiangyu Expressway in Guizhou	11,019	11,019	2,896	7,589
6	Jianhe-Rongjiang Section of Yanhe-Rongjiang Expressway in Guizhou Province	17,816	10,672	–	Share participation
7	Highways including Urumchi-Yuli Highway in Xinjiang	70,841	10,616	–	Share participation
8	BOT Project of Dejiang-Yuqing Highway in Guizhou Province	14,500	9,140	378	378
9	Project of Chongqing-Hunan Parallel Line (City Center to Youyang Section) and Wulong-Daozhen (Chongqing Section) Highway in Chongqing	11,350	9,080	122	122
10	Phase I of PPP Project of Urumchi Rail Transit Line 4	16,249	8,287	–	Share participation
11	West Line of Urumqi Ring Expressway in Xinjiang	15,300	7,803	–	69
12	PPP Project for Fangcheng-Tanghe Section of Jiaozuo-Tanghe Highway in Henan Province	7,788	7,009	–	–
13	Libo-Rongjiang Expressway in Guizhou Province	10,480	6,288	–	Share participation
14	G575 Expressway in Xinjiang	6,017	6,017	802	1,904
15	Hechang Section of Sanhuan Expressway in Chongqing	10,077	5,139	3,118	10,092
16	Quanzhou Section of Quanzhou-Xiamen-Zhangzhou City Alliance Highway in Fujian Province	4,708	4,708	801	4,800
17	BOT Project of Expressway in Nairobi, Kenya	4,602	4,602	425	425
18	Hefei-Zongyang Section of G3W Dezhou-Shangrao Expressway in Anhui Province	9,228	4,522	–	Share participation
19	South Section of Ring Expressway in Wanzhou, Chongqing	4,151	4,151	1,272	1,497
	Others	143,590	54,720	3,012	6,765
	Total	444,477	217,133	18,166	45,181

Note: The breakdown of concession projects under development do not include the concession projects acquired overseas.

(3) Concession Projects in Operation Period (Unit: RMB million)

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period *(Year)*	Completed Toll Collection Rights Period *(Year)*
1	New Songming-Kunming Expressway, Xuanwei-Qujing Expressway, and Mengzi- Wenshan-Yanshan Expressway in Yunnan Province	27,234	719	30	3.0
2	Daozhen-Weng'an Expressway in Guizhou Province	26,499	578	30	5.0
3	Guigang-Long'an Highway in Guangxi Province	17,833	374	30	1.5
4	Jiangkou-Weng'an Expressway in Guizhou Province	14,251	543	30	5.0
5	Guiyang-Qianxi Expressway in Guizhou Province	9,221	365	30	4.0
6	Hubei Jiatong Section Project of Wuhan-Shenzhen Expressway in Hubei Province	8,972	366	30	4.3
7	Zhongxian-Wanzhou Expressway in Chongqing	7,660	64	30	4.0
8	Yanhe-Dejiang Expressway in Guizhou Province	7,567	85	30	5.0
9	Guiyang-Duyun Expressway in Guizhou Province	7,429	485	30	9.8
10	CCCC Yulin-Zhanjiang Expressway in Guangdong Province	6,889	35	25	0.5
11	Tongzhou-Daxing Section Project of the Capital Region Ring Expressway	6,307	253	25	2.5
12	Yongchuan-Jiangjin Expressway in Chongqing	5,998	81	30	6.0
13	Jiulongpo-Yongchuan Highway in Chongqing	5,327	185	30	3.0
14	South-North Highway in Jamaica	4,730	179	50	5.0
15	Zhuankou Yangtze River Bridge Project in Wuhan, Hubei Province	4,778	94	30	3.0
16	Xianning-Tongshan Expressway in Hubei Province	3,128	152	30	7.0
17	Qingxi Bridge and Connecting Line in Guangdong Province	2,931	243	25	2.3
18	Jiayu North Section of Wuhan-Shenzhen Expressway in Hubei Province	2,622	156	30	2.0
19	Project of Wenshan-Maguan Expressway	2,485	10	30	0.2
20	Yicheng-Houma Expressway in Shanxi Province	2,413	136	30	13.0
21	Malong Connecting Line of Xuanwei-Qujing Expressway in Yunnan Province	2,050	26	30	3.0
22	Project of West Tianjin Section of Tianjin-Shijiazhuang Expressway	1,724	–	25	0.1
23	Yumenkou Yellow River Bridge of National Highway 108	1,017	8	28	0.5

No.	Project Name	Accumulated Investment Value	Operating Revenue During the Period	Toll Collection Rights Period *(Year)*	Completed Toll Collection Rights Period *(Year)*
24	Qingshuihe-Dafanpu Section of National Highway G109 in Inner Mongolia Autonomous Region	588	21	26	12.0
25	Fengdu-Zhongxian Expressway in Chongqing	Share participation	–	30	3.0
26	Youyang-Yanhe Expressway in Chongqing	Share participation	–	30	4.0
27	Wangjiang-Qianjiang Expressway in Anhui Province	Share participation	–	25	4.0
28	Tongliang-Yongchuan Expressway in Chongqing	Share participation	–	30	3.7
29	Chongqing Wanzhou-Sichuan Dazhou, Wanzhou-Hubei Lichuan Expressways	Share participation	–	30	5.0
30	Tongliang-Hechuan Expressway in Chongqing	Share participation	–	30	5.0
31	Fengdu-Fuling Expressway in Chongqing	Share participation	–	30	6.0
32	Fengdu-Shizhu Expressway in Chongqing	Share participation	–	30	6.0
33	Foshan-Guangming Expressway in Guangdong Province	Share participation	–	27	11.0
34	Yulin-Jiaxian Expressway in Shaanxi Province	Share participation	–	30	6.0
35	Guiyang-Weng'an Expressway in Guizhou Province	Share participation	–	30	4.0
36	Tongcheng-Jieshang Expressway in Hubei Province	Share participation	–	30	5.3
	Total	179,653	5,158		

VI. BUSINESS PROSPECT

The Chinese economy will sustain long-term growth due to broad market space and strong development resilience. It is clearly stated in the 2021 Report of Work of the Government that China will enhance the quality, efficiency and sustainability of its proactive fiscal policy and keep its prudent monetary policy flexible and targeted and at a reasonable and appropriate level, so as to provide necessary support to economic recovery steadily.

According to the relevant documents of the 14th Five-Year Plan issued recently and the Guidelines on Developing Comprehensive National Transport Network, and combined with the keynote of the Central Economic Working Conference and the Report of Work of the Government, during the 14th Five-Year Plan Period, China will promote the construction of new infrastructure and major projects and fix the weakness in traditional infrastructure in a coordinated way, boost coordinated development of regions and advance the construction of ecological and environmental protection constantly. Specifically, China will promote the framework construction of the comprehensive national transport network and accelerate the construction of comprehensive transportation hub clusters, hub cities and hub ports; investment will be weighted toward projects which will help significantly improve the people's wellbeing and a number of major transportation, energy and water conservancy projects will be launched with a focus on new infrastructure and new urbanization initiatives and major projects; China will clean up sewage outfalls into seas and rivers and black, malodorous water bodies in cities, enhance the capacity to collect urban household sewage and to treat waste water from industrial parks, and carry out major biodiversity protection projects.

The world is experiencing dramatic changes. A new round of scientific and technical revolution and industrial transformation are carried out vigorously, the reconstruction of global industry, supply and value chains is accelerated and peace and development remain as the main theme of this era. Meanwhile, the world enters a turbulent period of changes. The strategic competition between China and America will last a long time and bring more uncertainties, economic globalization encounters headwinds, international trade declines significantly due to the COVID-19 pandemic, and no solid foundation is seen in the recovery of global economy.

Facing complicated economic environment both at home and abroad, the Company will adopt a global version, focus on construction and highlight and concentrate on its principal business, and based on the requirements for the establishment of a "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement, the Company will capture opportunities during transformation to expand domestic and overseas markets and adjust the structure of its business layout, thus increasing its international influence.

Firstly, we will strengthen our leading position with a focus on the construction of national comprehensive transportation corridors, hubs and logistics networks, and adapt to the trend of digital development to continue our exploration and innovation in smart highway and smart port.

Secondly, we will seize the opportunities brought by the construction of rail transit networks in city clusters and metropolitan circles by paying close attention to the demand for constructing rail transit in key regions and the new sector of city railway and aiming at important trunk railway projects including the Sichuan-Tibet Railway.

Thirdly, in addition to strengthening business such as channel dredging and land reclamation, we will put emphasis on areas such as port upgrades, comprehensive treatment of watersheds and lakes, marine ecology protection and the construction of national water network. Close attention will be paid to the construction and planning of major projects such as the Marine Outfall of Xiong'an New Area, the Port-river-sea Combined Transport from Ningbo to Zhoushan and the New Sea-land Corridor in Western China. We will explore and capture the opportunities during the construction of four grand canals, and meet the demand for watershed management of the Fen River, Tai Lake and Dian Lake and obtain quality projects with our new business model and advanced technology.

Fourthly, we will fully upgrade our overseas development system to accelerate overseas reform and adjustment, optimize overseas layout and devote greater efforts to the establishment of strategic ocean transportation corridor.

The year of 2021 marks the beginning of the 14th Five-year Plan, during which there are new developments and changes in opportunities and challenges. The Company will gain accurate understanding of new development stage, deepen the implementation of new development philosophy, speed up the establishment of a new development pattern and promote high-quality development, thus getting off to a good start in comprehensively building itself into a world-class enterprise in terms of technology, management and quality.

VII. BUSINESS PLAN

In 2020, according to statistics, the value of new contracts entered into by the Group amounted to RMB1,066,799 million, accomplishing 103% of our goal. Wherein, the confirmed value of contracts from domestic infrastructure and other investment projects amounted to RMB172,326 million, accomplishing 96% of our goal. Revenue amounted to RMB624,495 million, accomplishing 105% of our goal.

The Group plans to achieve a year-on-year growth rate of not less than 10% in the value of new contracts for the year of 2021, wherein, the planned value of contracts from domestic and overseas infrastructure and other investment projects is planned to be RMB180,000 million and RMB30,000 million, respectively; and the planned year-on-year growth rate of revenue is not less than 10%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

For the year 2020, revenue of the Group increased by 12.9% to RMB624,495 million, among which revenue from external customers attributed to the regions other than PRC amounted to RMB98,532 million, representing 15.8% of the total revenue. Infrastructure construction business, infrastructure design business, dredging business and other businesses accounted for 86.2%, 6.1%, 5.9% and 1.8% of the total revenue in 2020 (all before elimination of inter-segment transactions), respectively.

Gross profit in 2020 amounted to RMB80,036 million, representing an increase of 15.5% from RMB69,297 million in 2019. Gross profit from infrastructure construction business, dredging business and other businesses increased by 14.9%, 35.7%, and 17.6%, while infrastructure design business decreased by 0.3%, respectively from 2019. Gross profit margin for infrastructure construction business, infrastructure design business, dredging business and other businesses in 2020 were 11.7%, 18.0%, 15.4% and 8.9%, respectively, as compared with 11.6%, 19.0%, 12.6% and 9.0% in 2019.

Mainly as a result of the growth in gross profit, operating profit in 2020 amounted to RMB34,405 million, representing an increase of 0.8%, from RMB34,132 million in 2019. Operating profit from infrastructure construction business and dredging business increased by 2.4% and 10.2%, respectively from 2019, while operating profit from infrastructure design business and other businesses decreased by 8.7% and 55.6% from 2019.

For the year 2020, profit attributable to owners of the parent amounted to RMB16,475 million, compared with RMB19,999 million in 2019. For the year 2020, earnings per share of the Group were RMB0.92, compared with RMB1.16 in 2019.

The following is a comparison of financial results between the years ended 31 December 2020 and 2019.

Consolidated Results of Operations

Revenue

Revenue in 2020 increased by 12.9% to RMB624,495 million from RMB553,114 million in 2019. Revenue from infrastructure construction business and infrastructure design business, dredging business and other businesses amounted to RMB560,987 million,RMB40,005 million, RMB38,414 million and RMB11,407 million (all before elimination of inter-segment transactions and unallocated cost), respectively representing a year-on-year increase of 13.8%, 5.2%, 11.1% and 18.5%. Revenue from external customers attributed to the regions other than PRC amounted to RMB98,532 million, representing 15.8% of total revenue.

Cost of Sales and Gross Profit

Cost of sales in 2020 amounted to RMB544,459 million, representing an increase of 12.5%, from RMB483,817 million in 2019. Cost of sales from infrastructure construction business, infrastructure design business, dredging business and other businesses amounted to RMB495,164 million, RMB32,817 million, RMB32,501 million and RMB10,390 million (all before elimination of inter-segment transactions) respectively, representing an increase of 13.7%, 6.5%, 7.5% and 18.6% in 2020.

Cost of sales consisted mainly of subcontracting costs, cost of raw materials and consumables used and employee benefit expenses. For the year 2020, subcontracting costs, cost of raw materials and consumables used and employee benefit expenses increased by 21.0%, 12.3%, and 3.6%.

As a result of the increase in both revenue and cost of sales, gross profit in 2020 amounted to RMB80,036 million, representing an increase of 15.5% from RMB69,297 million in 2019. Gross profit from infrastructure construction business, dredging business and other businesses increase by 14.9%, 35.7% and 17.6%, while infrastructure design business decreased by 0.3% respectively, from the corresponding period of 2019. Gross profit margin increased to 12.8% in 2020 from 12.5% in 2019. Gross profit margin for the infrastructure construction business, infrastructure design business, dredging business and other businesses were 11.7%, 18.0%, 15.4% and 8.9% respectively, as compared with 11.6%, 19.0%, 12.6% and 9.0% in the corresponding period of 2019.

Administrative Expenses

Administrative expenses in 2020 amounted to RMB40,580 million, representing an increase of 15.9% from RMB35,021 million in 2019. This growth was primarily attributable to the increase in research and development costs.

Operating Profit

Operating profit in 2020 amounted to RMB34,405 million, representing an increase of 0.8% from RMB34,132 million in 2019. The increase was mainly due to the increase in gross profit.

For the year 2020, operating profit from infrastructure construction business and dredging business increased by 2.4% and 10.2% (all before elimination of inter-segment transactions and unallocated cost), respectively from 2019; operating profit from infrastructure design businesses and other businesses decreased by 8.7% and 55.6% (before elimination of inter-segment transactions and unallocated cost) from 2019. Operating profit margin decreased to 5.5% in 2020 from 6.2% in 2019.

Finance Income and Costs, net

Finance income in 2020 amounted to RMB10,305 million, representing an increase of 20.7% from RMB8,535 million in 2019. Finance costs in 2020 amounted to RMB17,140 million, representing an increase of 11.5% from RMB15,373 million in 2019.

Net finance costs in 2020 amounted to RMB6,835 million, representing a decrease of 0.04% from RMB6,838 million in 2019. The slight decrease was mainly due to interaction of increased interest income from investment projects and increased interest expenses from borrowings.

Share of Loss of Joint Ventures

Share of loss of joint ventures in 2020 amounted to RMB786 million, as compared with a loss of RMB117 million in 2019. The loss was mainly due to the increased loss of expressway operation projects influenced by COVID-19.

Share of Profit of Associates

Share of profit of associates in 2020 amounted to RMB173 million, as compared with a profit of RMB172 million in 2019.

Profit before Income Tax

Profit before income tax in 2020 amounted to RMB26,957 million, representing a decrease of 1.4% from RMB27,349 million in 2019.

Income Tax Expense

Income tax expense in 2020 amounted to RMB7,328 million, representing an increase of 25.8% from RMB5,824 million in 2019. Effective tax rate for the Group in 2020 increased to 27.2% from 21.3% in 2019, mainly due to an increase in taxable profit, an increase in tax for certain urban comprehensive development projects and an increase in non-taxable share of losses from joint ventures and associates.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests in 2020 amounted to RMB3,154 million compared to RMB1,526 million in 2019. The increase was mainly due to the increasing interest from perpetual bonds and dividend for non-controlling shareholders.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent in 2020 amounted to RMB16,475 million, representing a decrease of 17.6% from RMB19,999 million in 2019.The decrease was mainly due to the decrease of profit for the year and increase of profit attributable to non-controlling interests.

Profit margin with respect to profit attributable to owners of the parent decreased to 2.6% in 2020 from 3.6% in 2019.

Discussion of Segment Operations

The following table sets forth the segment breakdown of revenue, gross profit and operating profit of the Group for the years ended 31 December 2020 and 2019.

Business	Revenue Year ended 31 December		Gross Profit Year ended 31 December		Gross Profit Margin Year ended 31 December		Operating Profit[1] Year ended 31 December		Operating Profit Margin Year ended 31 December	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	(RMB million)	*(RMB million)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*	***(RMB million)***	*(RMB million)*	***(%)***	*(%)*
Infrastructure Construction	**560,987**	492,814	**65,823**	57,270	**11.7**	11.6	**29,030**	28,336	**5.2**	5.7
% of total	**86.2**	85.7	**82.3**	82.3	**–**	–	**83.8**	82.3	**–**	–
Infrastructure Design	**40,005**	38,018	**7,188**	7,210	**18.0**	19.0	**3,433**	3,761	**8.6**	9.9
% of total	**6.1**	6.6	**9.0**	10.3	**–**	–	**9.9**	10.9	**–**	–
Dredging	**38,414**	34,578	**5,913**	4,356	**15.4**	12.6	**1,940**	1,761	**5.1**	5.1
% of total	**5.9**	6.0	**7.4**	6.2	**–**	–	**5.6**	5.1	**–**	–
Other businesses	**11,407**	9,627	**1,017**	865	**8.9**	9.0	**257**	579	**2.3**	6.0
% of total	**1.8**	1.7	**1.3**	1.2	**–**	–	**0.7**	1.7	**–**	–
Subtotal	**650,813**	575,037	**79,941**	69,701	**–**	–	**34,660**	34,437	**–**	–
Intersegment elimination and unallocated profit/(costs)	**(26,318)**	(21,923)	**95**	(404)	**–**	–	**175**	(125)	**–**	–
							(430)	(180)		
Total	**624,495**	553,114	**80,036**	69,297	**12.8**	12.5	**34,405**	34,132	**5.5**	6.2

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

Infrastructure Construction Business

The financial information for the infrastructure construction business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the infrastructure construction business for the years ended 31 December 2020 and 2019.

	2020	2019
	(RMB million)	*(RMB million)*
Revenue	**560,987**	492,814
Cost of sales	**(495,164)**	(435,544)
Gross profit	**65,823**	57,270
Selling and marketing expenses	**(458)**	(410)
Administrative expenses	**(32,536)**	(27,511)
Impairment losses on financial and contract assets	**(4,095)**	(3,790)
Other income/(expense), net and Other gain/(loss), net	**296**	2,777
Segment result	**29,030**	28,336
Depreciation and amortisation	**10,277**	9,918

Revenue. Revenue from the infrastructure construction business in 2020 was RMB560,987 million, representing an increase of 13.8% from RMB492,814 million in 2019. This growth was primarily attributable to the increase of revenue generated from domestic road and urban construction projects.

Cost of sales and gross profit. Cost of sales for the infrastructure construction business in 2020 was RMB495,164 million, representing an increase of 13.7% from RMB435,544 million in 2019. Cost of sales as a percentage of revenue slightly decreased to 88.3% in 2020 from 88.4% in 2019.

Gross profit from the infrastructure construction business in 2020 increased by 14.9% to RMB65,823 million from RMB57,270 million in 2019. Gross profit margin increased to 11.7% in 2020 from 11.6% in 2019.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure construction business in 2020 were RMB458 million, as compared with RMB410 million in 2019.

Administrative expenses. Administrative expenses for the infrastructure construction business were RMB32,536 million in 2020, representing an increase of 18.3% from RMB27,511 million in 2019. The increase was mainly attributable to the increase in research and development cost. Administrative expenses as a percentage of revenue increased to 5.8% in 2020 from 5.6% in 2019.

Impairment losses on financial and contract assets. Impairment losses on financial and contract assets for the infrastructure construction business were RMB4,095 million in 2020, representing an increase of 8.0% from RMB3,790 million in 2019.

Other income/(expense), net and Other gain/(loss), net. Other income/(expense), net and Other gain/(loss), net for the infrastructure construction business decreased to RMB296 million in 2020 from RMB2,777 million in 2019. The decrease was mainly attributable to the foreign exchange losses.

Segment result. As a result of the above, segment result for the infrastructure construction business in 2020 was RMB29,030 million, representing an increase of 2.4% from RMB28,336 million in 2019. Segment result margin decreased to 5.2% in 2020 from 5.7% in 2019.

Infrastructure Design Business

The financial information for the infrastructure design business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for infrastructure design business for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Revenue	**40,005**	38,018
Cost of sales	**(32,817)**	(30,808)
Gross profit	**7,188**	7,210
Selling and marketing expenses	**(365)**	(389)
Administrative expenses	**(3,182)**	(3,131)
Impairment losses on financial and contract assets	**(270)**	(375)
Other income/(expense), net and Other gain/(loss), net	**62**	446
Segment result	**3,433**	3,761
Depreciation and amortisation	**434**	411

Revenue. Revenue from the infrastructure design business in 2020 was RMB40,005 million, representing an increase of 5.2% from RMB38,018 million in 2019, mainly due to the growing scale of comprehensive projects.

Cost of sales and gross profit. Cost of sales for the infrastructure design business in 2020 was RMB32,817 million, representing an increase of 6.5% from RMB30,808 million in 2019. Cost of sales as a percentage of revenue increased to 82.0% in 2020 from 81.0% in 2019.

Gross profit from the infrastructure design business in 2020 was RMB7,188 million, representing a decrease of 0.3% as compared with RMB7,210 million in 2019. Gross profit margin decreased to 18.0% in 2020 from 19.0% in 2019, mainly attributable to the increased proportion of revenue generated from comprehensive contracts, which have lower gross profit margin.

Selling and marketing expenses. Selling and marketing expenses for the infrastructure design business in 2020 decreased to RMB365 million from RMB389 million in 2019.

Administrative expenses. Administrative expenses for the infrastructure design business in 2020 were RMB3,182 million, representing an increase of 1.6% from RMB3,131 million in 2019. Administrative expenses as a percentage of revenue decreased to 8.0% in 2020 from 8.2% in 2019.

Impairment losses on financial and contract assets. Impairment losses on financial and contract assets for the infrastructure design business were RMB270 million in 2020, representing a decrease of 28.0% from RMB375 million in 2019.

Other income/(expense), net and Other gain/(loss), net. Other income/(expense), net and Other gain/(loss), net for the infrastructure design business in 2020 was RMB62 million, as compared with RMB446 million in 2019, which mainly attributes to the foreign exchange losses.

Segment result. As a result of the above, segment result for the infrastructure design business in 2020 was RMB3,433 million, representing a decrease of 8.7% from RMB3,761 million in 2019. Segment result margin decreased to 8.6% in 2020 from 9.9% in 2019.

Dredging Business

The financial information for the dredging business presented in this section is before elimination of inter-segment transactions and unallocated costs. The following table sets out the principal profit and loss information for the dredging business for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Revenue	**38,414**	34,578
Cost of sales	**(32,501)**	(30,222)
Gross profit	**5,913**	4,356
Selling and marketing expenses	**(131)**	(146)
Administrative expenses	**(3,386)**	(2,933)
Impairment losses on financial and contract assets	**(949)**	(276)
Other income/(expense), net and Other gain/(loss), net	**493**	760
Segment result	**1,940**	1,761
Depreciation and amortisation	**1,260**	1,473

Revenue. Revenue from the dredging business in 2020 was RMB38,414 million, representing an increase of 11.1% from RMB34,578 million in 2019. The increase was mainly due to the growing scale of dredging projects.

Cost of sales and gross profit. Cost of sales for the dredging business in 2020 was RMB32,501 million, representing an increase of 7.5% as compared with RMB30,222 million in 2019. Cost of sales as a percentage of revenue for the dredging business in 2020 decreased to 84.6% from 87.4% in 2019.

Gross profit from the dredging business in 2020 was RMB5,913 million, representing an increase of 35.7% from RMB4,356 million in 2019. Gross profit margin for the dredging business increased to 15.4% in 2020 from 12.6% in 2019, mainly attributable to the increase revenue in higher gross profit margin dredging projects.

Selling and marketing expenses. Selling and marketing expenses for the dredging business in 2020 were RMB131 million, as compared with RMB146 million in 2019.

Administrative expenses. Administrative expenses for the dredging business in 2020 were RMB3,386 million, representing an increase of 15.4% from RMB2,933 million in 2019, which mainly attributes to the increase in research and development cost. Administrative expenses as a percentage of revenue increased to 8.8% in 2020 from 8.5% in 2019.

Impairment losses on financial and contract assets. Impairment losses on financial and contract assets for the dredging business were RMB949 million in 2020, representing an increase of 243.8% from RMB276 million in 2019.

Other income/(expense), net and Other gain/(loss), net. Other income/(expense), net and Other gain/(loss), net in 2020 decreased to RMB493 million from RMB760 million in 2019, which mainly attribute to foreign exchange losses and the decrease in dividend income.

Segment result. As a result of the above, segment result for the dredging business in 2020 was RMB1,940 million, representing an increase of 10.2% from RMB1,761 million in 2019, which mainly attributes to the increase in gross profit. Segment result margin was 5.1% in 2020 comparing with 5.1% in 2019.

Other Businesses

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

The following table sets out the revenue, cost of sales and gross profit information for the other businesses for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Revenue	**11,407**	9,627
Cost of sales	**(10,390)**	(8,762)
Gross profit	**1,017**	865

Revenue. Revenue from the other businesses in 2020 was RMB11,407 million, representing an increase of 18.5% from RMB9,627million in 2019.

Cost of sales and gross profit. Cost of sales for the other businesses in 2020 was RMB10,390 million, representing an increase of 18.6% from RMB8,762 million in 2019. Cost of sales as a percentage of revenue increased to 91.1% in 2020 from 91.0% in 2019.

Gross profit from the other businesses in 2020 was RMB1,017 million, representing an increase of 17.6% from RMB865 million in 2019. This increase was due to the increase of revenue. Gross profit margin decreased to 8.9% in 2020 from 9.0% in 2019.

Liquidity and Capital Resources

The Group's business requires a significant amount of working capital to finance the purchase of raw materials and to finance the engineering, construction and other work on projects before payment is received from clients. The Group historically met its working capital and other capital requirements principally from cash provided by operations, while financing the remainder of the Group's requirements primarily through borrowings. As at 31 December 2020, the Group had unutilised credit facilities in the amount of RMB1,234,091 million. The Group's access to financial markets since its public offering in Hong Kong Stock Exchange and Shanghai Stock Exchange has provided additional financing flexibility.

Cash Flow Data

The following table presents selected cash flow data from the Group's consolidated cash flow statements for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Net cash generated from operating activities	**13,851**	5,383
Net cash used in investing activities	**(105,687)**	(66,027)
Net cash generated from financing activities	**93,687**	51,488
Net increase/(decrease) in cash and cash equivalents	**1,851**	(9,156)
Cash and cash equivalents at beginning of year	**118,908**	127,807
Effect of foreign exchange rate changes, net	**(1,248)**	257
Cash and cash equivalents at end of year	**119,511**	118,908

Cash flow from operating activities

During the year 2020, net cash generated from operating activities increased to RMB13,851 million from RMB5,383 million in 2019. The increase of 157.3% was primarily due to increase in revenue in 2020.

Cash flow from investing activities

Net cash used in investing activities in 2020 increased to RMB105,687 million from RMB66,027 million in 2019. The increase of 60.1% was primarily attributable to the increase of purchases of intangible assets, other long-term assets and additional investments in associates and joint ventures.

Cash flow from financing activities

Net cash generated from financing activities in 2020 was RMB93,687 million, representing an increase of 82.0% from RMB51,488 million in 2019. The increase was primarily attributable to the increase in proceeds from financial instruments classified as equity.

Capital Expenditure

The Group's capital expenditure principally comprises expenditure from investment in BOT projects, purchases of machinery, equipment and vessels, and the building of plants. The following table sets forth the Group's capital expenditure by business for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Infrastructure Construction Business	**45,514**	44,427
− BOT projects	**33,290**	31,840
Infrastructure Design Business	**649**	704
Dredging Business	**2,245**	1,313
Other	**408**	1,474
Total	**48,816**	47,918

Capital expenditure in 2020 was RMB48,816 million, as compared with RMB47,918 million in 2019.

Working Capital

Trade and bills receivables and trade and bills payables

The following table sets forth the turnover of the Group's average trade and bills receivable and average trade and bills payable for the years ended 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(Number of days)	*(Number of days)*
Turnover of average trade and bills receivables[(1)]	**60**	62
Turnover of average trade and bills payables[(2)]	**194**	196

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

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

The following table sets forth an ageing analysis of trade and bills receivables, net of provision, as at 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Less than 6 months	**73,279**	67,623
6 months to 1 year	**7,706**	8,305
1 year to 2 years	**12,599**	13,914
2 years to 3 years	**7,379**	5,433
Over 3 years	**5,938**	4,136
Total	**106,901**	99,411

Management closely monitors the recovery of the Group's overdue trade and bills receivables on a regular basis, and, when appropriate, provides for impairment of these trade and bills receivables. As at 31 December 2020, the Group had a provision for impairment of RMB16,129 million, as compared with RMB13,904 million as at 31 December 2019.

The following table sets forth an ageing analysis of trade and bills payables as at 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Within 1 year	**263,688**	241,739
1 year to 2 years	**23,392**	20,813
2 years to 3 years	**6,067**	9,903
Over 3 years	**6,856**	5,504
Total	**300,003**	277,959

The Group's credit terms with its suppliers for the year ended 31 December 2020 remained the same as that for the year ended 31 December 2019. Payments to suppliers and subcontractors may be delayed as a result of delays in settlement from the Group's customers. Nevertheless, there have been no material disputes arising from the non-timely payment of outstanding balances under the Group's supplier contracts or contracts with subcontractors.

Indebtedness

Borrowings

The following table sets out the maturities of the Group's total borrowings as at 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Within 1 year	**82,490**	76,379
1 year to 2 years	**50,026**	43,362
2 years to 5 years	**74,825**	64,382
Over 5 years	**198,037**	157,304
Total borrowings	**405,378**	341,427

The Group's borrowings are primarily denominated in Renminbi, U.S. dollars, and to a lesser extent, Japanese Yen, Euro and Hong Kong dollar. The following table sets out the carrying amounts of the Group's borrowings by currencies as at 31 December 2020 and 2019.

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Renminbi	**385,713**	319,288
U.S. dollar	**12,851**	14,537
Japanese Yen	**3,378**	3,892
Euro	**2,186**	1,169
Hong Kong dollar	**414**	1,490
Others	**836**	1,051
Total borrowings	**405,378**	341,427

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt. The Group's gearing ratio, calculated as net debt divided by total capital, as at 31 December 2020 was 44.4%, as compared with 42.9% as at 31 December 2019.

Contingent Liabilities

	Years ended 31 December	
	2020	2019
	(RMB million)	*(RMB million)*
Pending lawsuits(1)	**1,672**	1,201
Outstanding loan guarantees(2)	**3,540**	2,951
Total	**5,212**	4,152

(1) The Group has been named defendants in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for the above pending lawsuits of RMB1,672 million (2019: RMB1,201 million) as the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable. The Group does not include any pending lawsuits in the contingent liabilities disclosed if the probability of loss is remote or the claim amount is insignificant to the Group.

(2) The Group has acted as the guarantor for several external borrowings made by certain joint ventures and associates of the Group. The above amount represents the maximum exposure to default risk under the financial guarantee.

After the assessment of the financial position of these joint ventures and associates, the directors concluded there is no significant default risk and no provision for such guarantees are required.

(3) The Group has entered into certain agreements with certain financial institution so as to establish asset-backed securities (ABS) and asset-backed notes (ABN). As at 31 December 2020, certain of the ABS and ABN in issue with an aggregate amount of RMB14,969 million (2019: RMB10,387 million) included the ABS and ABN issued to preferential investors of an aggregate amount of RMB13,976 million (2019: RMB9,669 million). For ABS and ABN issued to preferential investors of an aggregate amount of RMB12,226 million (2019: RMB7,919 million) under the clauses of the agreements, the Group is subject to the obligations of liquidity supplementary payments to preferential investors when the cash available for distribution of the principal and fixed return at the due date is not sufficient. The directors of the Company evaluate the possibilities and assume that the obligations of liquidity supplementary payments is low.

(4) The companies in the Group which are engaged in the real estate business provide guarantees to banks for the mortgage loans of the property buyers. As at 31 December 2020, the outstanding balance of guarantees provided by the Group was approximately RMB3,456 million.

Market Risks

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

Marco-economy Risk

The Group's businesses are closely related to the development of macro-economy, especially for infrastructure design and infrastructure construction business, of which the industry development is subject to the effects of macroeconomic factors including investment scale of social fixed assets and the process of urbanization.

In recent years, the national economy has kept a stable growth and the global economy has gradually come out of the shadow of financial crisis and is in the process of recovering. However, the possibility of periodic fluctuations of macro-economy cannot be eliminated. If the global macro-economy was in the down cycle or the national economic growth speed significantly slows down, there would be a gliding risk in the operation performance of the Group.

Market Risk

The Group conducts its business in over 139 countries and regions, with major overseas business in Africa, Southeast Asia, Oceania, Hong Kong, Macao Taiwan, and South America. If the political and economic conditions of such countries and regions changed adversely, daily operation of the Group in those regions could be affected, and the overseas business of the Group in such countries and regions would be exposed to certain risks.

Interest Rate Risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During 2020 and 2019, the Group's borrowings at variable rates were mainly denominated in RMB, USD, Euro and HKD. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Increases in interest rates will increase the cost of new borrowings and the interest expense with respect to the Group's outstanding floating rate borrowings, and therefore could have an adverse effect on the Group's financial position. Management continuously monitors the interest rate position of the Group, and makes decisions with reference to the latest market conditions. From time to time, the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risks in connection with the floating rate borrowings, although the directors did not consider it was necessary to do so in 2020 and 2019.

As at 31 December 2020, the Group's borrowings of approximately RMB221,299 million (2019: RMB215,097 million) were at variable rates. As at 31 December 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been decreased/increased by RMB2,213 million (2019: RMB2,151 million), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign Currency Risk

The functional currency of the majority of the entities within the Group is RMB. Most of the Group's transactions are based and settled in RMB. Foreign currencies are used to settle the Group's revenue from overseas operations, the Group's purchases of machinery and equipment from overseas suppliers, and certain expenses.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC Government.

As at 31 December 2020, the Group's aggregate net assets of RMB25,258 million, including trade and other receivables, cash and bank balances, trade and other payables and borrowings, were denominated in foreign currencies, mainly USD.

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

As at 31 December 2020, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, pre-tax profit for the year would had been decreased/increased by approximately RMB420 million (2019: RMB248 million), mainly as a result of foreign exchange losses/gains on translation of USD-denominated trade and other receivables, cash and cash equivalents.

Price Risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position either as equity investments designated at fair value through other comprehensive income or financial assets or financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Force Majeure Risks

The infrastructure construction business and dredging business principally engaged by the Group are mostly outdoor work. Natural disasters including rainstorm, flooding, earthquake, typhoon, tsunami and fire and public health emergency such as epidemic occurred on the construction sites may cause damages to the site workers as well as property, and adversely affect the quality and progress of relevant businesses of the Group. Thus, force majeure may cause risks on affecting regular productions and operations or on increasing the operation costs.

Since the outbreak of the COVID-19 epidemic in January 2020, Mainland China and other countries and regions have adopted measures to prevent and control the epidemic. The impact of the COVID-19 epidemic on the Group's operations was mainly reflected in the slowdown of project progress, the conduct of business activities and etc. The extent of the impact will depend on factors such as the situation of the epidemic, macro policies and the progress of work and production resumption of enterprises, etc.

The Group has strengthened its efforts on the prevention and control of the COVID-19 epidemic through implementing various policies and arrangements of the central government, and meanwhile steadily promoted the resumption of the projects.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2020** **RMB million**	2019 RMB million
Revenue	*3, 4*	**624,495**	553,114
Cost of sales		**(544,459)**	(483,817)
Gross profit		**80,036**	69,297
Other income	*4*	**5,124**	4,909
Other gains, net	*4*	**(1,129)**	2,184
Selling and marketing expenses		**(1,180)**	(1,175)
Administrative expenses		**(40,580)**	(35,021)
Impairment losses on financial and contract assets, net		**(5,449)**	(4,362)
Other expenses		**(2,417)**	(1,700)
Operating profit		**34,405**	34,132
Finance income	*6*	**10,305**	8,535
Finance costs, net	*7*	**(17,140)**	(15,373)
Share of profits and losses of:			
– Joint ventures		**(786)**	(117)
– Associates		**173**	172
Profit before tax	*5*	**26,957**	27,349
Income tax expense	*8*	**(7,328)**	(5,824)
Profit for the year		**19,629**	21,525
Attributable to:			
– Owners of the parent		**16,475**	19,999
– Non-controlling interests		**3,154**	1,526
		19,629	21,525
Earnings per share attributable to ordinary equity holders of the parent	*10*		
Basic		**RMB0.92**	RMB1.16
Diluted		**RMB0.92**	RMB1.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 *RMB million*	2019 *RMB million*
Profit for the year	**19,629**	21,525
Attributable to:		
– Owners of the parent	**16,475**	19,999
– Non-controlling interests	**3,154**	1,526
Other comprehensive income		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Actuarial gains on retirement benefit obligations	**41**	15
Share of other comprehensive loss of joint ventures and associates	**–**	(4)
Changes in fair value of equity investments designated at fair value through other comprehensive income	**3,624**	5,732
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**3,665**	5,743
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Cash flow hedges	**7**	3
Share of other comprehensive loss of joint ventures and associates	**(43)**	(168)
Exchange differences on translation of foreign operations	**(3,070)**	390
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(3,106)**	225
Other comprehensive income for the year, net of tax	**559**	5,968
Total comprehensive income for the year	**20,188**	27,493
Attributable to:		
– Owners of the parent	**17,227**	25,952
– Non-controlling interests	**2,961**	1,541
	20,188	27,493

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2020**	2019
		RMB million	*RMB million*
Non-current assets			
Property, plant and equipment		**61,040**	60,400
Investment properties		**4,523**	3,973
Right-of-use assets		**15,788**	13,623
Intangible assets		**229,482**	219,227
Investments in joint ventures		**33,534**	24,715
Investments in associates		**34,068**	26,683
Financial assets at fair value through profit or loss		**10,513**	6,723
Debt investments at amortised cost		**124**	111
Equity investments designated at fair value through other comprehensive income		**30,736**	25,018
Trade and other receivables	*11*	**262,698**	178,037
Contract assets		**30,520**	30,265
Deferred tax assets		**6,646**	5,270
Total non-current assets		**719,672**	594,045
Current assets			
Inventories		**72,877**	62,613
Trade and other receivables	*11*	**258,004**	223,768
Contract assets		**124,798**	116,236
Financial assets at fair value through profit or loss		**124**	415
Derivative financial instruments		**640**	799
Restricted bank deposits and time deposits with an initial term of over three months		**8,543**	6,630
Cash and cash equivalents		**119,511**	118,908
Total current assets		**584,497**	529,369
Current liabilities			
Trade and other payables	*12*	**404,230**	362,901
Contract liabilities		**88,558**	82,992
Derivative financial instruments		**11**	12
Tax payable		**7,303**	5,929
Interest-bearing bank and other borrowings		**82,490**	76,379
Retirement benefit obligations		**116**	126
Total current liabilities		**582,708**	528,339
Net current assets		**1,789**	1,030
Total assets less current liabilities		**721,461**	595,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**2020** ***RMB million***	2019 *RMB million*
Total assets less current liabilities		**721,461**	595,075
Non-current liabilities			
Trade and other payables	*12*	**27,917**	23,743
Interest-bearing bank and other borrowings		**322,888**	265,048
Deferred income		**1,078**	1,111
Deferred tax liabilities		**7,721**	6,345
Retirement benefit obligations		**844**	993
Provisions		**3,209**	1,425
Total non-current liabilities		**363,657**	298,665
Net assets		**357,804**	296,410
Equity			
Equity attributable to owners of the parent			
Share capital		**16,166**	16,175
Share premium		**19,625**	19,656
Financial instruments classified as equity		**33,938**	30,423
Reserves		**175,342**	163,662
		245,071	229,916
Non-controlling interests		**112,733**	66,494
Total equity		**357,804**	296,410

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the parent							
		Share capital *RMB million*	Share premium *RMB million*	Financial instruments classified as equity *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
As at 31 December 2019		16,175	19,656	30,423	35,316	128,583	230,153	66,226	296,379
Business combination under common control		–	–	–	(49)	(188)	(237)	268	31
As at 1 January 2020		16,175	19,656	30,423	35,267*	128,395*	229,916	66,494	296,410
Profit for the year		–	–	–	–	16,475	16,475	3,154	19,629
Other comprehensive income/(loss) for the year:									
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax		–	–	–	3,624	–	3,624	–	3,624
Cash flow hedges, net of tax		–	–	–	7	–	7	–	7
Share of other comprehensive loss of joint ventures and associates		–	–	–	(43)	–	(43)	–	(43)
Actuarial gains on retirement benefit obligations, net of tax		–	–	–	41	–	41	–	41
Exchange differences on translation of foreign operations		–	–	–	(2,877)	–	(2,877)	(193)	(3,070)
Total comprehensive income for the year		–	–	–	752	16,475	17,227	2,961	20,188
Final 2019 dividend declared	*9*	–	–	–	–	(3,765)	(3,765)	–	(3,765)
Interests on perpetual securities *(i)*		–	–	–	–	(721)	(721)	(1,780)	(2,501)
Dividends on preference shares		–	–	–	–	(718)	(718)	–	(718)
Dividends to non-controlling shareholders		–	–	–	–	–	–	(1,155)	(1,155)
Shares repurchased *(ii)*		(9)	(31)	–	–	–	(40)	(1,140)	(1,180)
Share of other reserves of joint ventures and associates		–	–	–	12	–	12	–	12
Capital contribution from non- controlling shareholders		–	–	–	–	–	–	5,148	5,148
Acquisition of subsidiaries		–	–	–	–	–	–	1,761	1,761
Issuance of perpetual securities		–	–	17,983	–	–	17,983	51,868	69,851
Redemption of perpetual securities		–	–	(14,468)	(32)	–	(14,500)	(11,514)	(26,014)
Transaction with non-controlling interests		–	–	–	(44)	–	(44)	90	46
Transfer to statutory surplus reserve		–	–	–	1,694	(1,694)	–	–	–
Transfer from general reserve		–	–	–	(248)	248	–	–	–
Transfer to safety production reserve		–	–	–	269	(269)	–	–	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income		–	–	–	(9)	9	–	–	–
Others		–	–	–	–	(279)	(279)	–	(279)
As at 31 December 2020		16,166	19,625	33,938	37,661*	137,681*	245,071	112,733	357,804

* As at 31 December 2020, these reserve accounts comprise the consolidated reserves of RMB175,342 million (2019: RMB163,662 million) in the consolidated statement of financial position.

(i) The Company accrued interest on perpetual securities totalling RMB759 million, of which RMB38 million was distributed to CCCC Finance Company Limited ("**CCCC Finance**"), a subsidiary of the Company.

(ii) From 28 May 2020 to 9 June 2020, the Company repurchased a total of 9,024,000 H shares. As at 31 December 2020, all the repurchased shares have been cancelled.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							
	Share capital *RMB million*	Share premium *RMB million*	Financial instruments classified as equity *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
As at 31 December 2018	16,175	19,656	24,426	26,312	110,609	197,178	42,504	239,682
Business combination under common control	–	–	–	(49)	(93)	(142)	270	128
As at 1 January 2019	16,175	19,656	24,426	26,263	110,516	197,036	42,774	239,810
Profit for the year	–	–	–	–	19,999	19,999	1,526	21,525
Other comprehensive income/(loss) for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	5,732	–	5,732	–	5,732
Cash flow hedges, net of tax	–	–	–	3	–	3	–	3
Share of other comprehensive loss of joint ventures and associates	–	–	–	(172)	–	(172)	–	(172)
Actuarial gains on retirement benefit obligations, net of tax	–	–	–	15	–	15	–	15
Exchange differences on translation of foreign operations	–	–	–	375	–	375	15	390
Total comprehensive income for the year	–	–	–	5,953	19,999	25,952	1,541	27,493
Final 2018 dividend declared	–	–	–	–	(3,733)	(3,733)	–	(3,733)
Interests on perpetual securities	–	–	–	–	(566)	(566)	(1,607)	(2,173)
Dividends on preference shares	–	–	–	–	(718)	(718)	–	(718)
Dividends to non-controlling shareholders	–	–	–	–	–	–	(279)	(279)
Share of other reserves of joint ventures and associates	–	–	–	70	–	70	–	70
Capital contribution from non-controlling shareholders	–	–	–	5,894	–	5,894	18,173	24,067
Acquisition of subsidiaries	–	–	–	–	–	–	996	996
Disposal of subsidiaries	–	–	–	–	–	–	(21)	(21)
Issuance of perpetual securities	–	–	10,960	–	–	10,960	6,980	17,940
Redemption of perpetual securities	–	–	(4,963)	–	–	(4,963)	(2,000)	(6,963)
Transaction with non-controlling interests	–	–	–	(16)	–	(16)	(63)	(79)
Transfer to statutory surplus reserve	–	–	–	358	(358)	–	–	–
Transfer from general reserve	–	–	–	(131)	131	–	–	–
Transfer from safety production reserve	–	–	–	(14)	14	–	–	–
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	–	–	–	(3,110)	3,110	–	–	–
As at 31 December 2019	16,175	19,656	30,423	35,267	128,395	229,916	66,494	296,410

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 RMB million	2019 RMB million
Cash flows from operating activities			
Profit before tax		**26,957**	27,349
Adjustments for:			
– Depreciation of property, plant and equipment, investment properties and right-of-use assets	*5*	**10,130**	10,455
– Amortisation of intangible assets	*5*	**2,212**	1,919
– Gains on disposal of items of property, plant and equipment, intangible assets and other long-term assets	*4*	**(427)**	(527)
– (Gains)/losses on disposal of joint ventures and associates	*4*	**(62)**	2
– Fair value gains on financial assets at fair value through profit or loss	*4*	**(347)**	(614)
– Fair value losses/(gains) on derivative financial instruments	*4*	**132**	(194)
– Gains on disposal of financial assets at fair value through profit or loss	*4*	**(81)**	(9)
– Gains on disposal of subsidiaries	*4*	**(147)**	(741)
– Dividend income from financial assets at fair value through profit or loss	*4*	**(125)**	(119)
– Dividend income from equity investments designated at fair value through other comprehensive income	*4*	**(778)**	(1,087)
– Dividend income on derivative financial instruments	*4*	**(206)**	(247)
– Other income from investing activities		**19**	(39)
– Share of profits of joint ventures and associates, net		**613**	(55)
– Write-down of inventories	*5*	**198**	93
– Provision for impairment of contract assets	*5*	**140**	251
– Provision for impairment of property, plant and equipment		**3**	–
– Provision for impairment of trade and other receivables	*5*	**5,309**	4,107
– Interest income	*6*	**(10,305)**	(8,535)
– Interest expenses	*7*	**15,961**	13,954
– Net foreign exchange (gains)/losses on borrowings	*7*	**(75)**	186
		49,121	46,149

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2020	2019
	RMB million	*RMB million*
Increase in inventories	**(15,719)**	(15,403)
Increase in contract assets	**(11,814)**	(16,819)
(Increase)/decrease in restricted bank deposits	**(967)**	328
Increase in trade and other receivables	**(62,568)**	(61,705)
Increase in trade and other payables	**52,204**	52,705
Decrease in contract liabilities	**5,468**	1,228
Decrease in retirement benefit obligations	**(159)**	(173)
Increase in provisions	**1,784**	208
(Decrease)/increase in deferred income	**(33)**	220
Cash generated from operations	**17,317**	6,738
Interest income from operating activities	**3,594**	3,257
Income tax paid	**(7,060)**	(4,612)
Net cash flows generated from operating activities	**13,851**	5,383

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2020	2019
	RMB million	*RMB million*
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(10,485)**	(10,195)
Purchases of investment properties	**(175)**	(53)
Additions to right-of-use assets	**(2,220)**	(833)
Purchases of intangible assets	**(29,156)**	(27,943)
Purchases of other long-term assets	**(50,149)**	(25,049)
Proceeds from disposal of items of property, plant and equipment	**1,383**	1,395
Proceeds from disposal of right-of-use assets	**58**	49
Proceeds from disposal of intangible assets	**4,907**	2
Acquisition of subsidiaries	**(329)**	(1)
Additional investments in associates	**(8,508)**	(5,530)
Additional investments in joint ventures	**(7,776)**	(6,488)
Disposal of subsidiaries	**221**	17
Disposal of joint ventures and associates	**46**	2
Withdrawal from joint ventures and associates	**660**	20
Purchases of equity investments designated at fair value through other comprehensive income	**(1,063)**	(1,470)
Purchases of financial assets at fair value through profit or loss	**(7,359)**	(1,214)
Purchases of derivative financial instruments	**–**	(583)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	**70**	5,373
Proceeds from disposal of financial assets at fair value through profit or loss	**4,093**	225
Loans to joint ventures, associates and third parties	**(10,037)**	(5,856)
Repayment of loans from joint ventures, associates and third parties	**5,603**	7,274
Interest received	**953**	1,694
Changes in time deposits with an initial term of over three months	**(946)**	(1)
Cash consideration received of concession assets	**2,862**	1,128
Dividends received	**1,660**	2,010
Net cash flows used in investing activities	**(105,687)**	(66,027)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2020 ***RMB million***	2019 *RMB million*
Cash flows from financing activities		
Capital contribution from non-controlling shareholders	**5,148**	22,102
Withdrawal of capital contribution to non-controlling interests	**(1,140)**	–
Dividends paid to non-controlling shareholders	**(1,079)**	(250)
Dividends paid to equity holders of the parent	**(3,765)**	(3,733)
Proceeds from perpetual securities	**69,851**	17,940
Interest paid for perpetual securities	**(3,079)**	(2,612)
Redemption of perpetual securities	**(26,046)**	(6,963)
Proceeds from bank and other borrowings	**278,519**	175,209
Repayments of bank and other borrowings	**(206,807)**	(132,487)
Interest paid for bank and other borrowings	**(17,834)**	(16,047)
Loans from joint ventures, associates and fellow subsidiaries	**2,868**	–
Repayments of joint ventures, associates and fellow subsidiaries borrowings	**(1,325)**	–
Transaction with non-controlling interests	**90**	(79)
H Share repurchase	**(40)**	–
Lease payments	**(1,674)**	(1,592)
Net cash flows generated from financing activities	**93,687**	51,488
Net increase/(decrease) in cash and cash equivalents	**1,851**	(9,156)
Cash and cash equivalents at beginning of year	**118,908**	127,807
Effect of foreign exchange rate changes, net	**(1,248)**	257
Cash and cash equivalents at end of year	**119,511**	118,908

NOTES TO FINANCIAL STATEMENTS

1. Corporate and group information

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

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

In the opinion of the directors, the immediate and ultimate holding company of the Company is CCCG.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Unlisted						
China Harbour Engineering Co., Ltd.	PRC and other regions	Limited liability company	RMB6,000	50.10%	49.90%	Infrastructure construction
China Road and Bridge Corporation	PRC and other regions	Limited liability company	RMB6,000	96.37%	3.63%	Infrastructure construction
CCCC First Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,671	90.09%	–	Infrastructure construction
CCCC Second Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,397	86.64%	–	Infrastructure construction
CCCC Third Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB6,021	89.31%	–	Infrastructure construction
CCCC Fourth Harbour Engineering Co., Ltd.	PRC	Limited liability company	RMB4,966	86.23%	–	Infrastructure construction
CCCC First Highway Engineering Group Co., Ltd.	PRC	Limited liability company	RMB6,077	87.25%	–	Infrastructure construction
CCCC Second Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB3,465	81.94%	–	Infrastructure construction
Road & Bridge International Co., Ltd.	PRC	Limited liability company	RMB3,413	82.75%	–	Infrastructure construction
CCCC Third Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB2,156	70%	–	Infrastructure construction

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CCCC Fourth Highway Engineering Co., Ltd.	PRC	Limited liability company	RMB1,939	79.92%	–	Infrastructure construction
CCCC Water Transportation Consultants Co., Ltd.	PRC	Limited liability company	RMB818	100%	–	Infrastructure design
CCCC Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB730	100%	–	Infrastructure design
CCCC First Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB723	100%	–	Infrastructure design
CCCC Second Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB428	100%	–	Infrastructure design
CCCC Third Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB731	100%	–	Infrastructure design
CCCC Fourth Harbour Consultants Co., Ltd.	PRC	Limited liability company	RMB630	100%	–	Infrastructure design
CCCC First Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB856	100%	–	Infrastructure design
CCCC Second Highway Consultants Co., Ltd.	PRC	Limited liability company	RMB872	100%	–	Infrastructure design
China Highway Engineering Consultants Co., Ltd.	PRC	Limited liability company	RMB750	100%	–	Infrastructure design
China Infrastructure Maintenance Group Co., Ltd.	PRC	Limited liability company	RMB774	92.24%	7.76%	Infrastructure design
CCCC Dredging (Group) Co., Ltd.	PRC	Limited liability company	RMB11,775	99.9%	0.1%	Dredging
CCCC Investment Co., Ltd.	PRC	Limited liability company	RMB12,500	100%	–	Investment holding
CCCC Xi'an Road Construction Machinery Co., Ltd.	PRC	Limited liability company	RMB433	54.31%	45.69%	Manufacture of road construction machinery
China Highway Vehicle & Machinery Co., Ltd.	PRC	Limited liability company	RMB168	100%	–	Trading of motor vehicle spare parts
Chuwa Bussan Co., Ltd.	Japan	Limited liability company	JPY100	99.82%	–	Trading of machinery
CCCC Shanghai Equipment Engineering Co., Ltd.	PRC	Limited liability company	RMB10	55%	–	Maintenance and design of port machinery
CCCC Mechanical & Electrical Engineering Co., Ltd.	PRC	Limited liability company	RMB833	60%	40%	Infrastructure construction

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital *(in million)*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China Communications Materials & Equipment Co., Ltd.	PRC	Limited liability company	RMB1,734	100%	–	Trading of construction materials and equipment
CCCC Finance	PRC	Limited liability company	RMB3,500	95%	–	Financial service
CCCC International Holding Limited	Hong Kong	Limited liability company	HK$2,372	50.98%	49.02%	Investment holding
CCCC Financial Leasing Co., Ltd. (“**CCCC Leasing**”)	PRC	Limited liability company	RMB5,000	45%	25%	Financial leasing
CCCC Fund Management Co., Ltd.	PRC	Limited liability company	RMB100	100%	–	Fund management
CCCC Asset Management Co., Ltd.	PRC	Limited liability company	RMB18,062	21.04%	78.96%	Investment holding
CCCC Urban Investment Co., Ltd.	PRC	Limited liability company	RMB3,710	100%	–	Investment holding
CCCC Beijing-Tianjin-Hebei Investment Development Co., Ltd.	PRC	Limited liability company	RMB300	100%	–	Investment holding

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, equity investments and certain other financial assets which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 Changes in accounting policies and disclosures

The Group has adopted the *Conceptual Framework for Financial Report 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. The amount of reduction in the lease payments arising from rent concessions was not material. The amendment did not have significant impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

3. Operating segment information

Management has determined the operating segments based on the reports reviewed by the President Office that are used to allocate resources to the operating segments and assess their performance.

The President Office considers the business from the service and product perspectives. Management assesses the performance of the following four operating segments:

(a) infrastructure construction of ports, roads, bridges and railways, municipal and environmental engineering and others (the "**Construction**")

(b) infrastructure design of ports, roads, bridges and railways and others (the "**Design**")

(c) dredging (the "**Dredging**")

(d) others

The President Office assesses the performance of the operating segments based on operating profit excluding unallocated income or costs. Other information provided to the President Office is measured in a manner consistent with that in the consolidated financial statements.

Sales between operating segments are carried out on terms with reference to the selling prices used for sales made to third parties. The revenue from external parties reported to the President Office is measured in a manner consistent with that in the consolidated statement of profit or loss.

Operating expenses of a functional unit are allocated to the relevant operating segment which is the predominant user of the services provided by the unit. Operating expenses of shared services which cannot be allocated to a specific operating segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, inventories, receivables, contract assets, equity investments designated at fair value through other comprehensive income, debt investments at amortised cost, financial assets at fair value through profit or loss, derivative financial instruments, and cash and cash equivalents. They exclude deferred tax assets, investments in joint ventures and associates, the assets of the headquarters of the Company and the assets of CCCC Finance, a subsidiary of the Company.

Segment liabilities comprise primarily payables, derivative financial instruments, and contract liabilities. They exclude deferred tax liabilities, tax payable, borrowings, the liabilities of the headquarters of the Company and the liabilities of CCCC Finance.

Capital expenditure comprises mainly additions to property, plant and equipment, investment properties, right-of-use assets and intangible assets.

The segment results for the year ended 31 December 2020 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2020					
	Construction *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Others** *RMB million*	**Eliminations** *RMB million*	**Total** *RMB million*
Total gross segment revenue	560,987	40,005	38,414	11,407	(26,318)	624,495
Intersegment sales	(8,277)	(8,879)	(234)	(8,928)	26,318	–
Revenue *(note 4)*	552,710	31,126	38,180	2,479	–	624,495
Segment results	29,030	3,433	1,940	257	175	34,835
Unallocated income						(430)
Operating profit						34,405
Finance income						10,305
Finance costs, net						(17,140)
Share of profits and losses of joint ventures and associates						(613)
Profit before tax						26,957
Income tax expense						(7,328)
Profit for the year						19,629
Other segment information						
Depreciation	8,114	383	1,262	371	–	10,130
Amortisation	2,161	51	–	–	–	2,212
Write-down of inventories	174	–	–	24	–	198
Impairment losses recognised in the statement of profit or loss:						
Trade and other receivables	3,949	271	949	140	–	5,309
Contract assets	134	6	–	–	–	140
Capital expenditure	45,514	649	2,245	408	–	48,816

The segment results for the year ended 31 December 2019 and other segment information included in the consolidated financial statements are as follows:

	Year ended 31 December 2019					
	Construction	Design	Dredging	Others	Eliminations	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Total gross segment revenue	492,814	38,018	34,578	9,627	(21,923)	553,114
Intersegment sales	(9,289)	(4,287)	(515)	(7,832)	21,923	–
Revenue *(note 4)*	483,525	33,731	34,063	1,795	–	553,114
Segment results	28,336	3,761	1,761	579	(125)	34,312
Unallocated income						(180)
Operating profit						34,132
Finance income						8,535
Finance costs, net						(15,373)
Share of profits and losses of joint ventures and associates						55
Profit before tax						27,349
Income tax expense						(5,824)
Profit for the year						21,525
Other segment information						
Depreciation	8,122	373	1,465	495	–	10,455
Amortisation	1,872	38	9	–	–	1,919
Write-down of inventories	59	–	–	34	–	93
Impairment losses recognised/ (reversed) in the statement of profit or loss:						
Trade and other receivables	3,504	364	261	(22)	–	4,107
Contract assets	229	11	15	(4)	–	251
Capital expenditure	44,427	704	1,313	1,474	–	47,918

The amounts provided to the President Office with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are presented based on the operating segments they are associated with.

The segment assets and liabilities at 31 December 2020 are as follows:

	As at 31 December 2020					
	Construction	**Design**	**Dredging**	**Others**	**Eliminations**	**Total**
	RMB million	***RMB million***	***RMB million***	***RMB million***	***RMB million***	***RMB million***
Segment assets	**992,901**	**52,898**	**101,115**	**83,218**	**(82,295)**	**1,147,837**
Investments in joint ventures						**33,534**
Investments in associates						**34,068**
Other unallocated assets						**88,730**
Total assets						**1,304,169**
Segment liabilities	**481,716**	**29,658**	**44,570**	**5,536**	**(43,986)**	**517,494**
Unallocated liabilities						**428,871**
Total liabilities						**946,365**

Segment assets and liabilities at 31 December 2020 are reconciled to entity assets and liabilities as follows:

	Assets	**Liabilities**
	RMB million	***RMB million***
Segment assets/liabilities	**1,147,837**	**517,494**
Unallocated:		
Investments in joint ventures	**33,534**	**–**
Investments in associates	**34,068**	**–**
Deferred tax assets/liabilities	**6,646**	**7,721**
Tax payable	**–**	**7,303**
Current borrowings	**–**	**82,490**
Non-current borrowings	**–**	**322,888**
Other unallocated assets/liabilities	**82,084**	**8,469**
Total assets/liabilities	**1,304,169**	**946,365**

The segment assets and liabilities as at 31 December 2019 are as follows:

	As at 31 December 2019					
	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Eliminations *RMB million*	Total *RMB million*
Segment assets	856,078	46,613	96,232	72,271	(85,350)	985,844
Investments in joint ventures						24,715
Investments in associates						26,683
Other unallocated assets						86,172
Total assets						1,123,414
Segment liabilities	437,713	28,753	40,463	5,368	(52,447)	459,850
Unallocated liabilities						367,154
Total liabilities						827,004

Segment assets and liabilities as at 31 December 2019 are reconciled to total assets and liabilities as follows:

	Assets *RMB million*	Liabilities *RMB million*
Segment assets/liabilities	985,844	459,850
Unallocated:		
Investments in joint ventures	24,715	–
Investments in associates	26,683	–
Deferred tax assets/liabilities	5,270	6,345
Tax payable	–	5,929
Current borrowings	–	76,379
Non-current borrowings	–	265,048
Other unallocated assets/liabilities	80,902	13,453
Total assets/liabilities	1,123,414	827,004

Geographical information

(a) Revenue from external customers

	2020	2019
	RMB million	*RMB million*
Mainland China	**525,963**	457,396
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	**98,532**	95,718
	624,495	553,114

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

(b) Non-current assets

	2020	2019
	RMB million	*RMB million*
Mainland China	**287,694**	275,510
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	**32,384**	26,080
	320,078	301,590

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

Information about a major customer

No revenue was derived from services or sales to a single customer which accounted for 10% or more of the Group's revenue, including the provision of services or sales to a group of entities which are known to be under common control with any single customer during 2020 and 2019.

4. Revenue, other income and other gains, net

An analysis of revenue is as follows:

	2020	2019
	RMB million	*RMB million*
Revenue from contracts with customers		
Construction	**560,987**	492,814
Design	**40,005**	38,018
Dredging	**38,414**	34,578
Others	**11,407**	9,627
Intersegment eliminations	**(26,318)**	(21,923)
	624,495	553,114

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	**Construction** *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
Type of goods or services					
Infrastructure construction services	**521,835**	**18,781**	**–**	**77**	**540,693**
Infrastructure design services	**1,320**	**11,859**	**734**	**10**	**13,923**
Dredging services	**–**	**–**	**34,838**	**–**	**34,838**
Others	**29,555**	**486**	**2,608**	**2,392**	**35,041**
Total revenue from contracts with customers	**552,710**	**31,126**	**38,180**	**2,479**	**624,495**
Geographical markets					
Mainland China	**457,755**	**30,305**	**35,424**	**2,479**	**525,963**
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	**94,955**	**821**	**2,756**	**–**	**98,532**
Total revenue from contracts with customers	**552,710**	**31,126**	**38,180**	**2,479**	**624,495**
Timing of revenue recognition					
Services transferred over time	**522,689**	**30,609**	**35,179**	**199**	**588,676**
Services transferred at a point in time	**7,417**	**–**	**–**	**–**	**7,417**
Merchandise transferred at a point in time	**22,604**	**517**	**3,001**	**2,280**	**28,402**
Total revenue from contracts with customers	**552,710**	**31,126**	**38,180**	**2,479**	**624,495**

For the year ended 31 December 2019

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Type of goods or services					
Infrastructure construction services	455,219	20,636	–	68	475,923
Infrastructure design services	1,167	12,854	666	25	14,712
Dredging services	–	–	29,073	–	29,073
Others	27,139	241	4,324	1,702	33,406
Total revenue from contracts with customers	483,525	33,731	34,063	1,795	553,114
Geographical markets					
Mainland China	392,628	32,625	30,348	1,795	457,396
Other regions (primarily including Australia, Hong Kong, and countries in Africa, Middle East and South East Asia)	90,897	1,106	3,715	–	95,718
Total revenue from contracts with customers	483,525	33,731	34,063	1,795	553,114
Timing of revenue recognition					
Services transferred over time	474,743	33,688	31,627	228	540,286
Services transferred at a point in time	6,986	–	–	–	6,986
Merchandise transferred at a point in time	1,796	43	2,436	1,567	5,842
Total revenue from contracts with customers	483,525	33,731	34,063	1,795	553,114

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments	**Construction** *RMB million*	**Design** *RMB million*	**Dredging** *RMB million*	**Others** *RMB million*	**Total** *RMB million*
Revenue from contracts with customers					
External customers	**552,710**	**31,126**	**38,180**	**2,479**	**624,495**
Intersegment sales	**8,277**	**8,879**	**234**	**8,928**	**26,318**
Intersegment adjustments and eliminations	**(8,277)**	**(8,879)**	**(234)**	**(8,928)**	**(26,318)**
Total revenue from contracts with customers	**552,710**	**31,126**	**38,180**	**2,479**	**624,495**

For the year ended 31 December 2019

Segments	Construction *RMB million*	Design *RMB million*	Dredging *RMB million*	Others *RMB million*	Total *RMB million*
Revenue from contracts with customers					
External customers	483,525	33,731	34,063	1,795	553,114
Intersegment sales	9,289	4,287	515	7,832	21,923
Intersegment adjustments and eliminations	(9,289)	(4,287)	(515)	(7,832)	(21,923)
Total revenue from contracts with customers	483,525	33,731	34,063	1,795	553,114

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	2020	2019
	RMB million	*RMB million*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction	**36,413**	32,100
Design	**1,151**	1,651
Dredging	**1,908**	1,614
Others	**223**	193
	39,695	35,558

(ii) *Performance obligations*

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

Construction, design and dredging services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over the certain period as stipulated in the contracts.

Other services

Other services mainly include sale of goods. The performance obligation is satisfied upon delivery of the goods and payments is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The remaining performance obligations expected to be recognised relate to construction, design, dredging and other services that are to be satisfied within 1 to 5 years.

Other income

	2020	2019
	RMB million	*RMB million*
Rental income	**660**	616
Revenue from consulting services	**522**	657
Dividend income from equity investments designated at fair value through other comprehensive income		
– Listed equity instruments	**728**	1,037
– Unlisted equity instruments	**50**	50
Government grants	**738**	821
Dividend income from financial assets at fair value through profit or loss	**125**	119
Income from sale of scraps	**147**	143
Dividend income on derivative financial instruments	**206**	247
Income on debt investments at amortised cost	**11**	5
Others	**1,937**	1,214
	5,124	4,909

Other gains, net

	2020	2019
	RMB million	*RMB million*
Gains on disposal of items of property, plant and equipment	**231**	274
Gains on disposal of items of intangible assets and other long-term assets	**196**	253
Gains on disposal of subsidiaries	**147**	741
Gains/(losses) on disposal of joint ventures and associates	**62**	(2)
Fair value gains/(losses), net:		
– Financial assets at fair value through profit or loss	**347**	614
– Derivative financial instruments – transactions not qualifying as hedges	**(132)**	194
Foreign exchange difference, net	**(1,420)**	752
Gains on disposal of financial assets at fair value through profit or loss	**81**	9
Losses on derecognition of financial assets at amortised cost	**(641)**	(651)
	(1,129)	2,184

5. Profit before tax

The Group's profit before tax is arrived at after charging:

	2020 *RMB million*	2019 *RMB million*
Raw materials and consumables used*	**182,249**	162,335
Cost of goods sold	**16,431**	15,443
Subcontracting costs	**234,534**	193,899
Employee benefit expenses*:		
– Salaries, wages and bonuses	**31,109**	30,555
– Pension costs – defined contribution plans	**3,194**	4,164
– defined benefit plans	**35**	42
– Housing benefits	**2,268**	2,024
– Welfare, medical and other expenses	**18,024**	15,944
	54,630	52,729
Equipment and plant usage costs	**14,434**	12,937
Business tax and other transaction tax	**1,568**	2,057
Fuel	**3,157**	3,736
Utilities	**1,753**	1,833
Repair and maintenance expenses	**2,716**	2,339
Research and development costs (including raw materials and consumables used, employee benefit expenses, depreciation and amortisation)	**20,094**	12,617
Depreciation of property, plant and equipment, investment properties and right-of-use assets*	**10,130**	10,455
Amortisation of intangible assets*	**2,212**	1,919
Auditors' remuneration	**26**	24
Write-down of inventories to net realisable value	**198**	93
Impairment of financial and contract assets, net:		
– Impairment of trade and other receivables	**5,309**	4,107
– Impairment of contract assets	**140**	251

* Including the raw materials and consumables used, employee benefit expenses, depreciation and amortisation charged for research and development activities, and those cost and expenses are also summarised in the item of "Research and development costs".

6. Finance income

	2020	2019
	RMB million	*RMB million*
Interest income from:		
– Bank deposits	**702**	832
– Deposit in the Central Bank and interbank placement	**344**	335
– Receivables from Public-Private-Partnership ("**PPP**") contracts	**4,638**	3,016
– Loan receivables	**1,887**	1,262
– Others	**2,734**	3,090
	10,305	8,535

7. Finance costs, net

An analysis of finance costs is as follows:

	2020	2019
	RMB million	*RMB million*
Interest expense incurred	**18,062**	15,938
Less: Interest capitalised	**(2,101)**	(1,984)
Net interest expense	**15,961**	13,954
Representing:		
– Bank borrowings	**13,798**	11,870
– Other borrowings	**200**	172
– Corporate bonds	**979**	1,047
– Debentures	**364**	155
– Non-public debt instruments	**379**	497
– Lease liabilities	**145**	159
– Others	**96**	54
	15,961	13,954
Foreign exchange difference on borrowings, net	**(75)**	186
Others	**1,254**	1,233
	17,140	15,373

Borrowing costs directly attributable to the construction and acquisition of qualifying assets were capitalised as part of the costs of those assets. A weighted average capitalisation rate of 4.54% (2019: 4.34%) per annum was used, representing the costs of the borrowings used to finance the qualifying assets.

Interest capitalised during the year was as follows:

	2020	2019
	RMB million	*RMB million*
Inventories	**548**	336
Concession assets	**1,507**	1,594
Construction-in-progress	**46**	54
	2,101	1,984

8. Income tax

Most of the companies of the Group are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% (2019: 25%) of the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC subsidiaries of the Company, which were taxed at a preferential rate of 15% (2019: 15%).

Certain of the companies of the Group are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2020	2019
	RMB million	*RMB million*
Current		
− PRC enterprise income tax	**7,319**	5,606
− Others	**1,115**	904
	8,434	6,510
Deferred	**(1,106)**	(686)
Total tax charge for the year	**7,328**	5,824

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2020		2019	
	RMB million	*%*	*RMB million*	*%*
Profit before tax	**26,957**		27,349	
Tax at PRC statutory tax rate of 25% (2019: 25%)	**6,739**	**25.0**	6,837	25.0
Tax for the appreciation of land in the PRC	**920**	**3.4**	566	2.1
Profits and losses attributable to joint ventures and associates	**153**	**0.6**	(14)	(0.1)
Income not subject to tax	**(301)**	**(1.1)**	(319)	(1.1)
Additional tax concession on research and development costs	**(890)**	**(3.3)**	(616)	(2.3)
Expenses not deductible for tax	**94**	**0.4**	169	0.6
Temporary differences utilised from previous periods	**(20)**	**(0.1)**	–	–
Temporary differences not recognised	**600**	**2.2**	103	0.4
Tax losses utilised from previous periods	**(220)**	**(0.8)**	(564)	(2.0)
Tax losses not recognised	**1,888**	**7.0**	1,591	5.8
Effect of differences in tax rates applicable to certain domestic and foreign subsidiaries	**(1,850)**	**(6.9)**	(1,986)	(7.3)
Adjustments in respect of current income tax of previous years	**242**	**0.9**	86	0.3
Others	**(27)**	**(0.1)**	(29)	(0.1)
Tax charge at the Group's effective rate	**7,328**	**27.2**	5,824	21.3

9. Dividends

	2020	2019
	RMB million	*RMB million*
Proposed final dividend of RMB0.18088 per ordinary share (2019: RMB0.23276)	**2,924**	3,765

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("**AGM**").

10. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 16,169,656,343 (2019: 16,174,735,425) in issue during the year.

The calculation of basic earnings per share is based on:

	2020	2019
Profit attributable to ordinary equity holders of the parent *(RMB million)*	**16,475**	19,999
Less: Interests on perpetual securities *(RMB million) (i)*	**(868)**	(566)
Dividend relating to preference shares *(RMB million) (ii)*	**(718)**	(718)
	14,889	18,715
Weighted average number of ordinary shares in issue *(million) (iii)*	**16,170**	16,175
Basic earnings per share	**RMB0.92**	RMB1.16

(i) The perpetual securities issued by the Company were classified as equity instruments with deferrable accumulative interest distribution and payment. Interest of RMB868 million on the perpetual securities which has been generated during the year was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2020.

(ii) The preference shares issued by the Company were classified as equity instruments with deferrable and non-cumulative dividend distribution and payment. As the conditions of mandatory distribution were triggered, a dividend of RMB718 million on the preference shares was deducted from earnings when calculating the earnings per share amount for the year ended 31 December 2020.

(iii) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

11. Trade and other receivables

	2020	2019
	RMB million	*RMB million*
Trade and bills receivables *(note a)*	**123,030**	113,315
Impairment	**(16,129)**	(13,904)
	106,901	99,411
Long-term receivables	**322,174**	217,812
Impairment	**(4,301)**	(2,788)
	317,873	215,024
Other receivables:		
Prepayments	**21,262**	26,091
Deposits	**23,559**	23,093
Others	**54,085**	40,641
	98,906	89,825
Impairment	**(2,978)**	(2,455)
	95,928	87,370
	520,702	401,805
Portion classified as non-current		
Long-term receivables	**252,114**	172,224
Other receivables:		
Prepayments	**2,759**	4,319
Deposits	**1,375**	1,446
Others	**6,450**	48
	262,698	178,037
Current portion	**258,004**	223,768

(a) The majority of the Group's revenues are generated through infrastructure construction, infrastructure design and dredging contracts, and settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of trade and bills receivables as at the end of the reporting period, net of provisions, is as follows:

	2020 *RMB million*	2019 *RMB million*
Within 6 months	**73,279**	67,623
6 months to 1 year	**7,706**	8,305
1 year to 2 years	**12,599**	13,914
2 years to 3 years	**7,379**	5,433
Over 3 years	**5,938**	4,136
	106,901	99,411

12. Trade and other payables

	2020 *RMB million*	2019 *RMB million*
Trade and bills payables *(note a)*	**300,003**	277,959
Deposits from suppliers	**33,752**	27,984
Retentions	**34,754**	28,042
Deposits in CCCC Finance	**6,178**	5,374
Other taxes	**28,329**	22,647
Payroll and social security	**2,115**	2,625
Accrued expenses and others	**27,016**	22,013
	432,147	386,644
Portion classified as non-current		
Retentions	**23,894**	20,016
Other taxes	**173**	153
Others	**3,850**	3,574
	27,917	23,743
Current portion	**404,230**	362,901

(a) An ageing analysis of trade and bills payables as at the end of the reporting period is as follows:

	2020	2019
	RMB million	*RMB million*
Within 1 year	**263,688**	241,739
1 year to 2 years	**23,392**	20,813
2 years to 3 years	**6,067**	9,903
Over 3 years	**6,856**	5,504
	300,003	277,959

13. Pledge of assets

(a) At 31 December 2020, the restricted deposits were RMB5,275 million (2019: RMB4,308 million).

(b) Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are as follows:

	2020	2019
	RMB million	*RMB million*
Property, plant and equipment	**5**	110
Investment properties	**–**	1,079
Right-of-use assets	**6,435**	6,040
Concession assets and trade receivables from PPP projects	**254,432**	183,235
Inventories	**6,543**	2,408
Trade and other receivables (excluding PPP projects)	**13,342**	15,989
	280,757	208,861

14. Commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting period was as follows:

	31 December 2020	31 December 2019
	Audited	Audited
	RMB million	*RMB million*
Intangible assets – concession assets	**92,611**	100,846
Property, plant and equipment	**2,385**	1,231
	94,996	102,077

The Group has lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these not commenced lease contracts are RMB1 million (2019: RMB59 million).

15. Events after the reporting period

On 30 March 2021, the board of directors of the Company resolved that a final dividend of RMB0.18088 per share, totalling approximately RMB2,924 million, is to be distributed to shareholders, subject to approval of shareholders at the forthcoming AGM. Such final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

16. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 30 March 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Repurchase of H Shares

During the year ended 31 December 2020, the Company repurchased a total of 9,024,000 H shares on the Hong Kong Stock Exchange at an aggregate consideration of approximately HKD44.19 million (excluding commission and other expenses), pursuant to the general mandate granted to the Board at the 2019 second extraordinary general meeting, 2019 first class meeting for holders of the A shares and 2019 first class meeting for holders of the H shares held by the Company on 15 November 2019. Details of the repurchase are set out below. As at 31 December 2020, all the 9,024,000 repurchased H shares have been cancelled.

Month/year	Number of H shares purchased	Price paid per H share Highest *(HKD)*	Price paid per H share Lowest *(HKD)*	Aggregate consideration *(HKD)*
05/2020	5,000,000	4.93	4.77	24,206,700
06/2020	4,024,000	4.99	4.94	19,983,645
Total	9,024,000	/	/	44,190,345

Redemption of Preference Shares

During the year ended 31 December 2020, the Company redeemed all the preference shares of the Company, i.e., a total of 145,000,000 preference shares that issued in the PRC in 2015 with the par value of RMB100 each and an aggregate amount of RMB14,500 million. Details of the redemption are set out below. As at 31 December 2020, all the 145,000,000 redeemed preference shares have been cancelled and therefore there are no outstanding preference shares of the Company in issue.

Date/month/year	**Number of preference shares redeemed**	**Price paid per preference share** *(RMB)*	**Aggregate consideration** *(RMB)*
26/08/2020	90,000,000	105.10 (including par value and current dividends)	9,459,000,000
16/10/2020	55,000,000	104.70 (including par value and current dividends)	5,758,500,000
Total	145,000,000	/	15,217,500,000

Save as disclosed above, during the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Hong Kong Listing Rules. The Company has made specific inquiry with all of its Directors and Supervisors. Each of the Directors and Supervisors has confirmed his compliance with the requirements set out in the Model Code for the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. The Board believes that, save as disclosed below, the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules ("**Corporate Governance Code**") for the year ended 31 December 2020.

Pursuant to Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman of the board of directors and the chief executive should be separate and should not be performed by the same individual. Pursuant to the announcement of the Company dated 22 September 2020, Mr. Song Hailiang resigned as an executive Director and the president of the Company due to change of work, and Mr. Wang Tongzhou was appointed as the president of the Company. Pursuant to the announcement of the Company dated 22 October 2020, Mr. Liu Qitao resigned as an executive Director and the chairman of the Board due to the attainment of retirement age, and Mr. Wang Tongzhou was elected as the chairman of the Board. Therefore, a deviation from Code Provision A.2.1 occurred. Notwithstanding, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number thereof being independent non-executive Directors. The performance of the roles of the chairman of the Board and the president of the Company concurrently by Mr. Wang Tongzhou temporarily will not impair the balance of power and authority between the Board and the management of the Company. As a commitment to retain high level of corporate governance and continuous efforts to comply with the Hong Kong Listing Rules, the Company will endeavor to find eligible candidates so as to meet the requirements set out in Code Provision A.2.1.

DISTRIBUTIONS AND DIVIDENDS

For the year of 2020, net distributable profit to owners of the Company was approximately RMB14,621 million which is determined based on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, whichever is lower. The Board has proposed a final dividend of RMB0.18088 (equivalent to approximately HKD0.21422, including tax) per share (totaling approximately RMB2,924 million which represents approximately 20% of the above-mentioned distributable net profit attributable to owners of the Company), which is subject to approval by the Shareholders at the forthcoming AGM. The proposed dividend distribution will be expected to distribute to all Shareholders on 6 August 2021, subject to the provisions of the Articles of Association, on the basis of total issued share capital of the Company of 16,165,711,425 shares.

Further details in relation to the date of the AGM, the qualification for the right to attend the AGM, the qualification for the proposed final dividends and the closure of register of member for H shares will be disclosed by the Company after the arrangement of AGM is finalised.

The proposed final dividends are subject to applicable tax. The proposed final dividends will be denominated and declared in Renminbi and will be paid to holders of A shares in RMB and to holders of H shares in HKD. Further information regarding the exchange rate and the applicable tax will be disclosed by the Company in a separate announcement in due course.

ESTIMATED TOTAL AMOUNT OF DAY-TO-DAY RELATED PARTY TRANSACTIONS UNDER THE SHANGHAI STOCK EXCHANGE LISTING RULES

According to the Shanghai Listing Rules, the listed issuer may, prior to disclosure of its annual report for the previous year, estimate reasonably the total amount of day-to-day related party transaction (as defined under the Shanghai Listing Rules) under each category for the current full year and submit the estimated total amount to the board of directors or shareholders' general meeting for consideration and approval. Upon approval, day-to-day related party transactions conducted by the issuer will be exempted from certain review and disclosure requirements under the Shanghai Listing Rules.

As a Shanghai Stock Exchange listed issuer, the Company, in accordance with the Shanghai Listing Rules, estimates reasonably that the total amount of day-to-day related party transactions for the year of 2021 will not exceed RMB45,486 million. The Company will closely monitor the respective related party transactions. If any related party transaction constitutes a connected transaction (as defined under the Hong Kong Listing Rules), and is subject to reporting, announcement or independent Shareholders' approval requirements (as applicable), the Company will, as soon as possible after the terms of the respective connected transaction have been agreed, take immediate steps to ensure compliance with the Hong Kong Listing Rules.

Pursuant to Rule 10.2.5 of the Shanghai Listing Rules, any related party transaction conducted by a listed issuer with the transaction amount exceeding RMB30 million as well as accounting for more than 5% of the absolute value of a listed issuer's latest audited net assets, shall be approved by its shareholders. As the transaction amount for the provision of construction services by the Group to CCCG Group in 2021 under the mutual project contracting framework agreement entered between the Company and CCCG will exceed RMB30 million and be higher than 5% of the absolute value of the Company's latest audited net assets, such related party transaction will be submitted at the AGM for the independent Shareholders' approval by way of an ordinary resolution. Apart from the aforementioned, the estimated total amount of other day-to-day related party transactions is exempted from the requirements of independent Shareholders' approval by way of an ordinary resolution at the AGM.

CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2020, the Group carried out continuing connected transactions with CCCG, CCCC Leasing, CCCC Tianhe and CCCC Intelligence Transportation.

CCCG is the controlling Shareholder of the Company holding approximately 57.99% interests in the issued ordinary shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. CCCC Leasing, CCCC Tianhe and CCCC Intelligence Transportation are all subsidiaries of the Company and are held as to over 10% by CCCG or its subsidiaries. Thus, CCCC Leasing, CCCC Tianhe and CCCC Intelligence Transportation are connected subsidiaries of the Company under Rule 14A.16 of the Hong Kong Listing Rules.

With CCCG

During 2020, according to the five agreements on continuing connected transactions entered into by the Group with CCCG, the Group and CCCG carried out the following continuing connected transactions:

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

On 29 August 2018, in order to renew the transactions under the original mutual project contracting framework agreement, the Company and CCCG entered into the mutual project contracting framework agreement for a term of three years from 1 January 2019 to 31 December 2021, pursuant to which the Group agreed to provide project contracting services to CCCG Group, which may include (i) provision of construction services for real property development projects that may be undertaken by CCCG Group; and (ii) design, construction, operation, management and dismantlement of temporary supporting facilities; and CCCG Group agreed to provide labour and subcontracting services to the Group for its construction projects, which may include (i) provision of labour services; (ii) provision of subcontracting services for those construction projects that may be undertaken by the Group; and (iii) consultancy and management services that may be required for the development of real property projects.

On 31 March 2020, the Company and CCCG entered into a supplemental agreement to the mutual project contracting framework agreement to revise the existing annual caps for project contracting services fees to be received by the Group from CCCG Group and the labour and subcontracting services fees to be received by CCCG Group from the Group thereunder for the year ended 31 December 2020 from RMB3,500 million to RMB16,000 million and from RMB130 million to RMB4,500 million, respectively. In addition, in respect of the project contracting services provided by the Group, the scope will be adjusted from provision of construction services for real property development projects that may be undertaken by CCCG Group to provision of construction, design, consultation and management services for real property and wastewater treatment projects that may be undertaken by CCCG Group; in respect of the labour and subcontracting services provided by CCCG Group, the scope will be adjusted from provision of consultancy and management services that may be required for the development of real property projects to provision of consultancy and management services that may be required for the development of projects.

On 29 October 2020, the Company and CCCG entered into a supplemental agreement to the mutual project contracting framework agreement to revise the existing annual cap for the fees for the labour and subcontracting services provided by CCCG Group to the Group thereunder for the year ended 31 December 2020 from RMB4,500 million to RMB5,200 million.

2. *Mutual Product Sales and Purchase Agreement Entered into by the Company and CCCG*

On 29 August 2018, in order to renew the transactions under the original mutual product sales and purchase agreement, the Company and CCCG entered into the mutual product sales and purchase agreement for a term of three years from 1 January 2019 to 31 December 2021, pursuant to which the Group agreed to sell and CCCG Group agreed to purchase material products, and CCCG Group agreed to sell and the Group agreed to purchase engineering products.

On 31 March 2020, the Company and CCCG entered into a supplemental agreement to the mutual product sales and purchase agreement to revise the existing annual cap for the fees to be received by the Group in respect of sales of material products to CCCG Group thereunder for the year ended 31 December 2020 from RMB360 million to RMB900 million.

On 29 October 2020, the Company and CCCG entered into a supplemental agreement to the mutual product sales and purchase agreement to revise the existing annual cap for the fees receivable by the Group for sales of material products to CCCG Group thereunder for the year ended 31 December 2020 from RMB900 million to RMB1,200 million.

3. Leasing and Asset Management Services Framework Agreement Entered into by the Company and CCCG

On 31 March 2020, the Company and CCCG entered into the leasing and asset management services framework agreement, pursuant to which, CCCG Group agreed to lease certain buildings and plants, auxiliary facilities and equipment for production and operation and other products owned by it to the Group from 31 March 2020 to 31 December 2020 for the Group's operation and office use.

4. Financial Services Agreement Entered into by CCCC Finance and CCCG

On 29 August 2018, in order to renew the transactions under the original financial services agreement, CCCC Finance and CCCG entered into the financial services agreement for a term of three years from 1 January 2019 to 31 December 2021, pursuant to which CCCC Finance agreed to provide deposit services and loan services to CCCG Group.

On 31 March 2020, CCCC Finance entered into a supplemental agreement to the financial services agreement with CCCG to revise the existing maximum daily loan balance (including the interests accrued thereon) thereunder for the year ended 31 December 2020 from RMB1,356 million to RMB2,431 million.

5. Finance Lease and Commercial Factoring Agreement Entered into by CCCC Leasing and CCCG

On 29 August 2018, in order to renew the transactions under the original finance lease framework agreement and to further regulate the commercial factoring services provided by CCCC Leasing to CCCG Group, CCCC Leasing and CCCG entered into the finance lease and commercial factoring agreement for a term of three years from 1 January 2019 to 31 December 2021, pursuant to which CCCC Leasing shall provide finance lease services to CCCG Group in respect of the leased assets through direct leasing, operating lease or sale and leaseback arrangements, and commercial factoring services to CCCG Group in respect of receivables through factoring or reverse factoring arrangements.

With CCCC Leasing

6. ***Finance Lease and Commercial Factoring Framework Agreement Entered into by the Company and CCCC Leasing***

   On 29 August 2018, the Company and CCCC Leasing entered into the finance lease and commercial factoring framework agreement, pursuant to which CCCC Leasing shall provide finance lease services to the Group in respect of the leased assets through direct leasing, operating lease or sale and leaseback arrangements, and commercial factoring services to the Group in respect of receivables through factoring or reverse factoring arrangement for a term of three years from 1 January 2019 to 31 December 2021.

With CCCC Tianhe

During 2020, according to the three agreements on continuing connected transactions entered into by the Company with CCCC Tianhe, the Company carried out the following continuing connected transactions with CCCC Tianhe and its subsidiaries:

7. ***Product Purchase Framework Agreement Entered into by the Company and CCCC Tianhe***

   On 8 July 2020, the Company and CCCC Tianhe entered into the product purchase framework agreement, pursuant to which CCCC Tianhe and its subsidiaries agreed to sell and the Group agreed to purchase engineering products during the period from 8 July 2020 to 31 December 2020.

8. ***Product Leasing Framework Agreement Entered into by the Company and CCCC Tianhe***

   On 8 July 2020, the Company and CCCC Tianhe entered into the product leasing framework agreement, pursuant to which CCCC Tianhe and its subsidiaries agreed to lease engineering products to the Group during the period from 8 July 2020 to 31 December 2020.

9. ***Financial Services Framework Agreement Entered into by CCCC Finance and CCCC Tianhe***

   On 8 July 2020, CCCC Finance and CCCC Tianhe entered into the financial services framework agreement, pursuant to which CCCC Finance agreed to provide deposit services and loan services to CCCC Tianhe and its subsidiaries during the period from 8 July 2020 to 31 December 2020.

With CCCC Intelligence Transportation

10. Financial Services Framework Agreement Entered into by CCCC Finance and CCCC Intelligence Transportation

On 29 October 2020, CCCC Finance and CCCC Intelligence Transportation entered into the financial services framework agreement, pursuant to which CCCC Finance agreed to provide deposit services and loan services to CCCC Intelligence Transportation and its subsidiaries during the period from 29 October 2020 to 31 December 2021.

For details of the above continuing connected transactions, please refer to the announcements of the Company dated 29 August 2018, 31 March 2020, 8 July 2020 and 29 October 2020 as well as the circulars of the Company dated 28 September 2018, 19 October 2018 and 20 May 2020.

The annual caps for the continuing connected transactions described above as compared with the actual transaction amounts for the year ended 31 December 2020 are set out as follows:

		Annual cap for 2020 *(RMB million)*	**Actual amount for 2020** *(RMB million)*
1.	**Mutual Project Contracting Framework Agreement**		
	Project contracting service fees receivable by the Group from CCCG Group	16,000	12,431
	Labour and subcontracting service fees payable by the Group to CCCG Group	5,200	3,500
2.	**Mutual Product Sales and Purchase Agreement**		
	Aggregate amount for the fees receivable by the Group from CCCG Group	1,200	1,058
	Aggregate amount for the fees payable by the Group to CCCG Group	3,500	1,733
3.	**Leasing and Asset Management Services Framework Agreement**		
	Leasing of certain buildings and plants, auxiliary facilities and equipment for production and operation and other products by CCCG Group to the Group	380	244

	Annual cap for 2020 *(RMB million)*	Actual amount for 2020 *(RMB million)*
4. Financial Services Agreement		
Maximum daily loan balance (including the interests accrued thereon) provided by CCCC Finance to CCCG Group	2,431	2,027
5. Finance Lease and Commercial Factoring Agreement		
Aggregate amount of the finance lease services provided by CCCC Leasing to CCCG Group	5,000	1,410
Aggregate amount of the commercial factoring services provided by CCCC Leasing to CCCG Group	5,000	2,869
6. Finance Lease and Commercial Factoring Framework Agreement		
Aggregate amount of the finance lease services provided by CCCC Leasing to the Group	23,250	3,072
Aggregate amount of the commercial factoring services provided by CCCC Leasing to the Group	23,250	8,464
7. Product Purchase Framework Agreement		
Purchase of engineering products by the Group from CCCC Tianhe and its subsidiaries	2,100	174
8. Product Leasing Framework Agreement		
Leasing of engineering products by CCCC Tianhe and its subsidiaries to the Group	2,900	173
9. Financial Services Framework Agreement		
Maximum daily loan balance (including the interests accrued thereon) provided by CCCC Finance to CCCC Tianhe and its subsidiaries	510	0
10. Financial Services Framework Agreement		
Maximum daily loan balance (including the interests accrued thereon) provided by CCCC Finance to CCCC Intelligence Transportation and its subsidiaries	240	0

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

(i) leveraging historical experience and operation plans, the Company enters into continuing connected transaction framework agreements for a term of three years and set annual caps on the basis of the assessment on necessity and fairness of potential connected transactions. These agreements and proposed annual caps are subject to necessary decision-making and approval procedures, including but not limited to review and consideration by independent directors, the audit and internal control committee under the Board, the Board, the supervisory committee and the Shareholders' general meeting of the Company pursuant to their respective authorisation. Implementation will be organized upon approval after review and consideration;

(ii) the Company carries out daily supervision on the overall implementation and actual transaction amounts of continuing connected transactions. For financial services agreement and finance lease and commercial factoring agreement, CCCC Finance and CCCC Leasing (subsidiaries of the Company), as non-bank financial institutions, report actual maximum daily loan balance (including the interests accrued thereon) and actual aggregate amount of finance lease services and commercial factoring services provided on a monthly basis, and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. For other continuing connected transaction agreements, the subsidiaries of the Company report actual transaction amount (including the actual transaction amount of the relevant quarter and accumulated actual transaction amount) and predict the transaction amount of the outstanding period of the relevant year on a quarterly basis. Meanwhile, the Company will allocate the caps of continuing connected transactions for the next year to the implementers of relevant transactions at the end of every year;

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

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

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

AUDIT AND INTERNAL CONTROL COMMITTEE

The audit and internal control committee of the Company is comprised of Mr. NGAI Wai Fung, Mr. LIU Maoxun, Mr. HUANG Long and Mr. ZHENG Changhong, and is chaired by Mr. NGAI Wai Fung. The audit and internal control committee of the Company has reviewed the annual results of the Company.

AUDITORS

Ernst & Young and Ernst & Young Hua Ming LLP were appointed as the international and domestic auditors of the Company for the year ended 31 December 2020, respectively. The financial figures in this announcement extracted from the Group's consolidated financial statements for the year ended 31 December 2020 have been agreed by the Company's international auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL REPORT

This results announcement will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

The annual report of the Company for the year ended 31 December 2020 which contains all the information required by the Hong Kong Listing Rules including audited financial statements will be despatched to Shareholders on or before Friday, 30 April 2021 and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ccccltd.cn).

DEFINITIONS

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

"AGM"	the annual general meeting of the Company for the year 2020 to be held in 2021
"Articles of Association"	the articles of associations of the Company, approved on 8 October 2006, and as amended thereafter
"Board"	the board of directors of the Company
"CCCC Finance"	CCCC Finance Company Limited* (中交財務有限公司), a subsidiary of the Company as at the date of this announcement
"CCCC Intelligence Transportation"	CCCC Intelligence Transportation Company Limited* (中交智運有限公司), a connected subsidiary of the Company as at the date of this announcement
"CCCC Leasing"	CCCC Financial Leasing Co., Ltd.* (中交融資租賃有限公司), a connected subsidiary of the Company as at the date of this announcement
"CCCC Tianhe"	CCCC Tianhe Machinery and Equipment Manufacturing Co., Ltd.* (中交天和機械設備製造有限公司), a connected subsidiary of the Company as at the date of this announcement
"CCCG"	China Communications Construction Group (Limited), a wholly state-owned company incorporated on 8 December 2005 in the PRC which currently holds approximately 57.99% equity interest in the Company
"CCCG Group"	CCCG and its subsidiaries, excluding the Company and its subsidiaries
"Company" or "CCCC"	China Communications Construction Company Limited, a joint stock limited company with limited liability incorporated under the laws of the PRC on 8 October 2006, and except where the context requires otherwise, all of its subsidiaries
"Director(s)"	the director(s) of the Company

"experts in five areas"	the strategy of being "experts in five areas" proposed by CCCG, is the optimisation and re-building of CCCG based on its existing businesses, markets and resources. That is, to build CCCG to be a world-famous engineering contractor, an urban complex developer and operator, a distinctive real estate developer, an integrated infrastructure investor and a general contractor of offshore heavy equipment and port machinery manufacturing and system integration. As an important holding subsidiary of CCCG, CCCC is the significant implementor of such strategy
"Group"	the Company itself and all of its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"PRC"	the People's Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB" or "Renminbi"	the lawful currency of the PRC
"SASAC"	State-owned Assets Supervisor and Administration Commission of the State Council
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Shareholder(s)"	the shareholder(s) of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America

"ZPMC"	Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), a company incorporated on 14 February 1992 in the PRC and listed on the Shanghai Stock Exchange, and a non wholly-owned subsidiary of CCCG
"%"	percent

Note: Any discrepancies between the amounts herein and the amounts set out in the tables herein are due to rounding.

By Order of the Board
China Communications Construction Company Limited
ZHOU Changjiang
Company Secretary

Beijing, the PRC
30 March 2021

As at the date of this announcement, the Directors of the Company are WANG Tongzhou, LIU Maoxun, HUANG Long#, ZHENG Changhong# and NGAI Wai Fung#.

\# *Independent non-executive Directors*